

Oxford Lane Capital Corp.
Form 497
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PROSPECTUS SUPPLEMENT (to Prospectus dated June 23, 2014)

Oxford Lane Capital Corp.

1,800,000 Shares Common Stock

We are offering for sale 1,800,000 shares of our common stock. 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 risk-adjusted 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.

Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. On June 2, 2015, the last reported sales price on the NASDAQ Global Select Market for our common stock was \$15.90 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 March 31, 2015 was \$14.08.

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-15 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 reference 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
Public Offering Price	\$15.65	\$28,170,000
Sales Load (Underwriting Discounts and Commissions) ⁽¹⁾	\$0.56	\$1,008,000
Proceeds, before expenses, to Oxford Lane Capital Corp. ⁽¹⁾	\$15.09	\$27,162,000

(1) We estimate that we will incur approximately \$285,000 (or approximately \$0.16 per share of the shares sold in this offering) of expenses relating to this offering, resulting in net proceeds, after the sales load (underwriting discounts and commissions) and expenses, to us of approximately \$26,877,000 million (or \$14.93 per share of the shares sold in this offering).

We have granted the underwriters the option to purchase up to 270,000 additional shares of common stock on the same terms and conditions set forth above. If the underwriters exercise this option in full, the total public offering price will be \$32,395,500, the total sales load (underwriting discounts and commissions) paid by us will be \$1,159,200, and total proceeds, before expenses, to us will be \$31,236,300.

The underwriters expect to deliver the shares on or about June 9, 2015

Joint Book Running Managers

Deutsche Bank Securities

Ladenburg Thalmann
Co-Managers

Maxim Group LLC

National Securities Corporation
Prospectus Supplement dated June 4, 2015

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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. 333-195652) utilizing a shelf registration process relating to the securities described in this prospectus supplement, which registration statement was declared effective on June 23, 2014. This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering of common stock 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 underwriter has 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 the offering of shares of our common stock 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 the offering of shares of our common stock 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 the shares of common stock we are offering. You should carefully read the sections entitled Risk Factors included in this prospectus supplement and the accompanying prospectus and the section entitled Business and our financial statements included in this prospectus supplement and 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.

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 risk-adjusted total return.

We have 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. Our investment strategy also includes 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 \$5 million to \$50 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, dividends reinvested 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 2016			
May 13, 2015	June 16, 2015	June 30, 2015	\$ 0.60
Total (2016)			0.60
Fiscal 2015			
January 28, 2015	March 17, 2015	March 31, 2015	0.60
November 5, 2014	December 17, 2014	December 31, 2014	0.60
August 1, 2014	September 16, 2014	September 30, 2014	0.60
May 19, 2014	June 16, 2014	June 30, 2014	0.60
Total (2015)			2.40
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
			\$ 9.85

All of our cash distributions to date were funded from net investment income, except approximately \$0.07 per share, \$0.40 per share and \$0.14 per share of the distributions paid on June 29, 2012, June 28, 2013, and June 30, 2014, respectively, which were funded from long term capital gains. The tax characterization of cash distributions for the year ended March 31, 2015 will not be known until the tax return for that year is finalized.

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

For the fiscal year ended March 31, 2015, we paid \$1,344,083, \$5,286,287 and \$2,912,844 on the Series 2017 Term Preferred Shares, the Series 2023 Term Preferred Shares and the Series 2024 Term Preferred Shares, respectively. For fiscal year 2014, we paid \$1,344,083 and \$2,638,151 in preferred dividends on the Series 2017 Term Preferred Shares and the Series 2023 Term Preferred Shares, respectively. For fiscal year 2013, we paid \$459,228 in preferred dividends on the Series 2017 Term Preferred Shares.

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For accounting purposes the distributions declared on our common stock for the fiscal periods ended March 31, 2015, 2014, 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, 2014, 2013, 2012 and 2011, taxable earnings exceeded our distributions, and there was no tax return of capital for these years. The tax characterization of distributions for the year ended March 31, 2015 will not be known until the tax return is finalized. 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 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) 100% of 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" in the accompanying prospectus. 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 primarily by issuing additional shares of our common stock under our distribution reinvestment plan out of assets legally available therefore, unless you elect to receive your dividends and/or long-term capital gains distributions in cash. We reserve the right to purchase shares in the open market in connection with our implementation of the distribution reinvestment plan. See "Distribution 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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Distribution Policy

Oxford Lane is subject to significant and variable differences between its accounting income and its taxable income particularly as it relates to our CLO equity investments. We invest in CLO entities which generally constitute passive foreign investment companies and which are subject to complex tax rules; the calculation of taxable income attributed to a CLO equity investment can be dramatically different from the calculation of income for financial reporting purposes. Taxable income is based upon the distributable share of earnings as determined under tax regulations for each CLO equity investment, which may be consistent with the cash flows generated by those investments (although significant differences are possible), while accounting income is currently based upon an effective yield calculation. The Fund's final taxable earnings for the fiscal year ending March 31, 2015 will not be known until our tax returns are filed but our experience has been that cash flows have historically represented a generally reasonable estimate of taxable earnings. While reportable GAAP investment income from our CLO equity investments for the fiscal year ended March 31, 2015 was approximately \$44.7 million, we received or were entitled to receive approximately \$63.3 million in distributions. In general, we currently expect our annual taxable income to be higher than our GAAP net investment income on the basis of the difference between cash distributions actually received (and record date distributions to be received) and the effective yield income. Our distribution policy is based upon our estimate of our taxable net investment income, with further consideration given to our realized gains or losses, if any, on a taxable basis.

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, Executive Vice President, and Hari Srinivasan and Debdeep Maji, who serve as Managing Directors for Oxford Lane Management. We consider Messrs. Cohen, Rosenthal, Monasebian, Srinivasan and Maji to be Oxford Lane Management's senior investment team.

Messrs. Cohen, Rosenthal, Monasebian, Srinivasan and Maji 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 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.

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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 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 risk-adjusted total return. Our current focus is to seek that return by investing in structured finance investments, specifically the equity and junior debt tranches of CLO vehicles, which are collateralized primarily by a diverse portfolio of Senior Loans, and which generally have very little or no exposure to real estate loans, or mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Our investment strategy also includes investing in 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 corporate debt securities on a direct basis and a variety of other corporate credits.

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 \$837 billion as of June 1, 2015, 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

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 the senior secured corporate loan market has been volatile recently due in part to the oil and gas sector, this volatility may provide opportunities as it has allowed some collateral managers of CLO vehicles to invest in loans at greater discounts to par and at wider loan spreads. We believe that CLO equity and junior debt instruments continue to offer attractive risk-adjusted returns.

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We believe that the market to invest in warehouse financings, which are short and medium-term facilities that are generally expected to form the basis of CLO vehicles (which the Fund may participate in or be repaid by), has created additional attractive risk-adjusted investment opportunities for us.

We believe that investing in CLO securities and CLO equity instruments generally and warehouse facilities in particular, requires a high level of research and analysis. We believe that transacting in this market can only be adequately conducted by knowledgeable market participants since this market and these structures tend to be highly specialized.

We believe that the current credit market for senior secured corporate 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 U.S. risk retention requirements imposed for CLO managers under Section 941 of the Dodd-Frank Act has created some uncertainty in the market in regards to future CLO issuance. Given that certain CLO managers may require capital provider partners to satisfy this requirement when it becomes effective on December 24, 2016, we believe that this may create additional opportunities (and additional risks) for us in the future.

We believe that the U.S. CLO market is relatively large with total assets under management of approximately \$380 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 \$60 billion.

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 and warehouse facilities.

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;

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

1. As of January 20, 2015. Source: Wells Fargo Securities, LLC.
2. Oxford Lane Management has estimated this amount based on certain industry data.

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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, Senior Loans and other high-yield corporate credits involves a variety of risks, any of which may adversely impact our performance;

Our equity investment distributions from CLO vehicles will likely be materially reduced if three month LIBOR increases;

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;

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

We are subject to risks related to the general credit crisis and related liquidity risks.

See Risk Factors beginning on page S-15 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 shares of our common stock.

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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** in the accompanying prospectus. 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** in the accompanying prospectus.

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** in the accompanying prospectus. 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** in the accompanying prospectus.

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

Distributions

On May 13, 2015, our Board of Directors declared a distribution of \$0.60 per share of common stock for the first fiscal quarter of 2016, payable on June 30, 2015 to shareholders of record as of June 16, 2015.

On May 13, 2015, our Board of Directors declared dividends on the Series 2017, Series 2023 and Series 2024 Term Preferred Shares for the months of June, July and August.

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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THE OFFERING

Common stock offered by us

1,800,000 shares (plus up to an additional 270,000 shares of common stock that we may issue and sell upon the exercise of the underwriter's option to purchase additional shares of our common stock in full).

Common stock outstanding prior to this offering

15,972,381 shares

Common Stock to be outstanding after this offering (assuming no exercise of the underwriter's option to purchase 270,000 shares of our common stock)

17,772,381 shares

Use of proceeds

We intend to use the net proceeds from this offering for acquiring investments in accordance with our investment objective and strategies described in this prospectus supplement and for general working capital purposes. Pending these uses, we will invest such net proceeds primarily in cash, cash equivalents, and U.S. government securities or other high-quality debt investments that mature in one year or less from the date of investment. The management fee payable by us to our investment adviser will not be reduced while our assets are invested in such securities. See Use of Proceeds.

Distribution

Assuming that this offering closes on or before June 16, 2015, purchasers of shares in this offering should expect to receive the quarterly dividend (\$0.60 per share) payable on June 30, 2015 to holders of record on June 16, 2015. To the extent that we have income available, we intend to distribute quarterly dividends to our 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. See Price Range of Common Stock and Distributions in this prospectus supplement.

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 status, 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 Price Range of Common Stock and Distributions in this prospectus supplement and Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

NASDAQ Global Select Market symbol of Common Stock

OXLC

Risk factors

An investment in our common stock is subject to risks and involves a heightened risk of total loss of investment. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 17 of the accompanying prospectus, respectively, to read about factors you should consider, including the risk of leverage, before investing in our common stock.

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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 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)	3.58 % ⁽¹⁾
Offering expenses borne by us (as a percentage of offering price)	1.01 % ⁽²⁾
Dividend reinvestment plan expenses	None ⁽³⁾
Total stockholder transaction expenses (as a percentage of offering price)	4.59 %
Annual expenses (as a percentage of net assets attributable to common stock):	
Base management fee	3.71 % ⁽⁴⁾
Incentive fees payable under our investment advisory agreement	2.10 % ⁽⁵⁾
Interest payments on borrowed funds	0.00 % ⁽⁶⁾
Preferred Stock Dividend Payment	5.98 % ⁽⁷⁾
Other expenses (estimated)	1.16 % ⁽⁸⁾
Acquired fund fees and expenses (estimated)	18.19 % ⁽⁹⁾
Total annual expenses (estimated)	31.14 %

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 approximately % 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	\$ 304	\$ 636	\$ 817	\$ 986

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 for illustrative purposes based upon the estimated annual expenses relating thereto as set forth above. If we achieve sufficient returns on our investments to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. 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 [Distribution Reinvestment Plan](#) for additional information regarding our dividend reinvestment plan.

(1) Represents the sales load (underwriting discounts and commissions) which we will pay with respect to the shares of our common stock sold by us in this offering.

(2) The offering expenses of this offering are estimated to be approximately \$285,000.

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

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- Assumes gross assets of \$417.5 million and \$170.4 million of leverage, (including \$150.4 million in preferred stock issued and outstanding as of March 31, 2015, and assumes the issuance of an additional \$20.0 million in preferred stock at 8.125%) and assumes net assets of \$224.9 million. The above calculation reflects our 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.
- (4) 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 year ended March 31, 2015. Based on our current business plan, we 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.
- (5) 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.
- Assumes that we maintain our current level of no outstanding borrowings as of March 31, 2015 other than preferred stock, 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.
- (6) Assumes that we continue to have \$15.8 million of preferred stock outstanding with a preferred rate equal to 8.5% per annum, an aggregate of \$73.9 million of preferred stock with a preferred rate of 7.50% per annum, and an aggregate of \$60.7 million of preferred stock with a preferred rate of 8.125% per annum.
- (7) Also assumes that we issue an additional \$20.0 million in preferred stock at 8.125%.
- (8) Other expenses (\$2.6 million) assumes that other expenses for the year will be proportional to other expenses incurred during the year ended March 31, 2015.
- (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

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prospectus, assuming the CLO equity investments held as of March 31, 2015 and net assets of \$224.9 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 0.40% to 0.50% 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 also includes operating expense ratios of the CLO vehicles of approximately 0.5%. These are only estimates of such operating expenses, as we generally do not have specific expense information on the CLO vehicles in which we invest and the actual amount of such expenses may be significantly different. Operating expenses of CLO vehicles are not routinely reported to shareholders on a basis consistent with the methodology employed for other estimates. 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 application of the risk retention rules to CLOs may have broader effects on the CLO and loan markets in general, potentially resulting in fewer or less desirable investment opportunities for the Company.

Section 941 of the Dodd-Frank Act added a provision to the Securities Exchange Act of 1934, as amended, requiring the seller, sponsor or securitizer of a securitization vehicle to retain no less than five percent of the credit risk in assets it sells into a securitization and prohibits such securitizer from directly or indirectly hedging or otherwise transferring the retained credit risk. The responsible federal agencies adopted final rules implementing these restrictions on October 22, 2014. These rules will become effective with respect to CLOs two years after publication in the Federal Register. Under the final rules, the asset manager of a CLO would be considered the sponsor of a securitization vehicle and would be required to retain five percent of the credit risk in the CLO, which may be retained horizontally in the equity tranche of the CLO or vertically as a five percent interest in each tranche of the securities issued by the CLO. Although the final rules contain an exemption from such requirements for the asset manager of a CLO if, among other things, the originator or lead arranger of all of the loans acquired by the CLO retain such risk at the asset level and, at origination of such asset, takes a loan tranche of at least 20% of the aggregate principal balance, it is possible that the originators and lead arrangers of loans in this market will not agree to assume this risk or provide such retention at origination of the asset in a manner that would provide meaningful relief from the risk retention requirements for CLO managers.

We believe that the U.S. risk retention requirements imposed for CLO managers under Section 941 of the Dodd-Frank Act has created some uncertainty in the market in regards to future CLO issuance. Given that certain CLO managers may require capital provider partners to satisfy this requirement when it becomes effective on December 24, 2016, we believe that this may create additional opportunities (and additional risks) for us in the future.

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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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USE OF PROCEEDS

The net proceeds from our sale of the 1,800,000 shares of common stock in this offering are estimated to be approximately \$26,877,000 million, or approximately \$30,951,300 million if the underwriter's option to purchase up to 270,000 additional shares is exercised in full, at a public offering price of \$15.65 per share, and after deducting the sales load (underwriting discounts and commissions) and estimated offering expenses payable by us.

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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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.

	NAV ⁽¹⁾	Price Range		Premium/ Discount of High Sales Price to NAV ⁽²⁾	Premium/ Discount of Low Sales Price to NAV ⁽²⁾	Cash Distributions Per Share ⁽³⁾
		High	Low			
Fiscal 2016						
First Quarter (through June 2, 2015)	*	\$ 16.07	\$ 14.73	*	*	\$ 0.60
Fiscal 2015						
Fourth Quarter	\$ 14.08	\$ 16.18	\$ 14.53	15 %	3 %	\$ 0.60
Third Quarter	\$ 14.09	\$ 16.50	\$ 13.02	17 %	(8)%	\$ 0.60
Second Quarter	\$ 15.54	\$ 17.20	\$ 15.11	11 %	(3)%	\$ 0.60
First Quarter	\$ 16.07	\$ 17.78	\$ 16.51	11 %	3 %	\$ 0.60
Fiscal 2014						
Fourth Quarter	\$ 16.26	\$ 19.18	\$ 15.90	18 %	(2 %)	\$ 0.70 ⁽⁴⁾
Third Quarter	\$ 16.69	\$ 17.70	\$ 14.76	6 %	(12 %)	\$ 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

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.

(4) Consists of \$0.60 per share regular quarterly dividend and \$0.10 per share special dividend.
* Not determinable at the time of filing.

On June 2, 2015, the last reported sales price of our common stock was \$15.90 per share. As of June 2, 2015, we had 98 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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The following table sets forth:

the actual capitalization of Oxford Lane Capital at March 31, 2015;
the adjusted capitalization of Oxford Lane Capital, reflecting the sale of 1,800,000 shares of our common stock in this offering at a public offering price of \$15.65 per share, after deducting the sales load (underwriting discounts and commissions) of approximately \$1,008,000 and estimated offering expenses of approximately \$285,000 payable by us.

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 March 31, 2015	
	Actual	As Adjusted ⁽²⁾
Assets:		
Total assets	\$397,508,566	\$424,385,566
Liabilities:		
Mandatory redeemable Preferred Stock, par value \$0.01 per share; 10,000,000 shares authorized, 6,014,720 shares issued and outstanding, actual and as adjusted ⁽¹⁾	146,395,297	146,395,297
Other liabilities	26,180,437	26,180,437
Total liabilities	172,575,734	172,575,734
Net Assets	\$224,932,832	\$251,809,832
Net Assets consist of:		
Paid in capital	247,740,471	274,617,471
Accumulated net realized gains (losses) on investments	(8,902,771)	(8,902,771)
Net unrealized depreciation on investments	(4,744,933)	(4,744,933)
Distributions in excess of net investment income	(9,159,935)	(9,159,935)
Total net assets	\$224,932,832	\$251,809,832

Actual amount represents 632,450 shares of Series 2017 Term Preferred Shares, 2,954,770 shares of Series 2023 (1) Term Preferred Shares and 2,427,500 shares of Series 2024 Term Preferred Shares outstanding as of March 31, 2015.

(2) Increase in assets in the As Adjusted column is due to the cash from the net proceeds of this offering.

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Information about our senior securities is shown in the following table as of the end of each fiscal year since our formation. The reports of our independent registered public accounting firm covering the total amount of senior securities outstanding as of March 31, 2015, 2014 and 2013 are attached as exhibits to the registration statement of which this prospectus supplement is a part.

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>				
2015	\$ 15,811,250	2.47	\$ 25	1.03
2014	\$ 15,811,250	3.99	\$ 25	1.05
2013	\$ 15,811,250	8.79	\$ 25	1.03
<u>Series 2023 Term Preferred Shares</u>				
2015	\$ 73,869,250	2.47	\$ 25	0.98
2014	\$ 65,744,250	3.99	\$ 25	0.94
<u>Series 2024 Term Preferred Shares</u>				
2015	\$ 60,687,500	2.47	\$ 25	1.01

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

(2) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and 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.

(4) The Average Market Value Per Unit is calculated by taking the daily average closing price of the security for the respective period and dividing it by \$25 per share to determine a unit price per share consistent with Asset Coverage Per Unit.

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UNDERWRITING

Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc. are acting as the joint book-running managers for this offering. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, the underwriters named below have agreed to purchase and we have agreed to sell to those underwriters, the number of shares of our common stock set forth opposite each underwriter's name.

Underwriter	Shares
Deutsche Bank Securities Inc.	1,080,000
Ladenburg Thalmann & Co. Inc.	594,000
Maxim Group LLC	63,000
National Securities Corporation	63,000
Total	1,800,000

The underwriting agreement provides that the obligations of the underwriter to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the option described below) if they purchase any of the shares.

The underwriters propose to offer some of the shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the shares to dealers at the public offering price less a concession not to exceed \$0.336 per share. The underwriting discount of \$0.56 per share is equal to approximately 3.6% of the initial offering price. If all of the shares are not sold at the initial offering price, the underwriters may change the public offering price and other selling terms. Investors must pay for any shares purchased on or before June 9, 2015. The underwriters have advised us that the underwriters do not intend to confirm any sales to any accounts over which they exercise discretionary authority.

The underwriters hold an option, exercisable for 30 days from the date of this prospectus, to purchase up to an additional 270,000 shares at the public offering price less the underwriting discount. To the extent such option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment.

The Company, and each of our officers and directors, have agreed that, for a period of 90 days from the date of this prospectus supplement, the Company, and each of our officers and directors, will not, without the prior written consent of Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc., offer, pledge, sell, contract to sell or otherwise dispose of or agree to sell or otherwise dispose of, directly or indirectly or hedge any shares of our common stock or any securities convertible into or exchangeable for shares of our common stock. Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc., in their sole discretion may release any of the securities subject to this lock-up agreement at any time without notice.

The 90-day period in the preceding paragraph will be extended if (i) during the last 17 days of the 90-day period we issue an earnings release or material news or a material event relating to Oxford Lane Capital occurs or (ii) prior to the expiration of the 90-day period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 90-day period, in which case the restrictions described in the preceding sentence will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or the occurrence of the material event.

Our shares of common stock are listed on the NASDAQ Global Select Market under the symbol OXLC.

The following table shows the underwriting discounts to be paid to the underwriters in connection with this offering.

These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. In addition, we have agreed to reimburse Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc. an aggregate amount up to \$50,000 for its expenses incurred in connection with this offering. Oxford Lane Management may bear a portion of the sales load in connection

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with the shares of our common stock sold in this offering, which is not reflected in the following table and which will not be subject to reimbursement by us. This offering will conform with the requirements set forth in Financial Industry Regulatory Authority Rule 2310. The sum of all compensation to the underwriters in connection with this offering, including the underwriting discount, will not exceed 10% of the total public offering price of the shares sold in this offering.

	No Exercise	Full Exercise
Per Share	\$ 0.56	\$ 0.56
Total	\$ 1,008,000	\$ 1,159,200

Oxford Lane Capital and our investment adviser have each agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

The underwriters may make a market in the shares. No underwriter is, however, obligated to conduct market-making activities and any such activities may be discontinued at any time without notice, at the sole discretion of the underwriter. No assurance can be given as to the liquidity of, or the trading market for, the shares as a result of any market-making activities undertaken by any underwriter. This prospectus supplement and the accompanying prospectus are to be used by any underwriter in connection with the offering and, during the period in which a prospectus must be delivered, with offers and sales of the shares in market-making transactions in the over-the-counter market at negotiated prices related to prevailing market prices at the time of the sale.

In connection with the offering, Deutsche Bank Securities Inc. may purchase and sell shares of our common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of shares in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Covered short sales are sales of shares made in an amount up to the number of shares represented by the underwriters' option described above. In determining the source of shares to close out the covered syndicate short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option. Transactions to close out the covered syndicate short position involve either purchases of shares in the open market after the distribution has been completed or the exercise of the option. The underwriters may also make naked short sales of shares in excess of the option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when Deutsche Bank Securities Inc. repurchases shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of shares of our common stock. They may also cause the price of shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NASDAQ Global Select Market, or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, it may discontinue them at any time.

We estimate that our portion of the total expenses of this offering, excluding the underwriting discounts and commissions, will be approximately \$285,000. We will pay fees and disbursements of counsel for the underwriters up to \$10,000 (excluding filing fees) in connection with securing any required review by the Financial Regulatory Authority, Inc. of the terms of this offering.

A prospectus in electronic format may be made available on the websites maintained by the underwriters. The underwriters may agree to allocate a number of shares for sale to its online brokerage account holders. The underwriters may make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders.

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Potential Conflicts of Interest

The underwriters and their affiliates have provided, or may in the future provide, various investment banking, commercial banking, financial advisory, brokerage and other services to us and our affiliates for which services they have received, and may in the future receive, customary fees and expense reimbursement. In connection with our initial public offering of common stock, which was consummated on January 25, 2011, Ladenburg Thalmann & Co. Inc. served as the sole book running manager. We paid underwriting discounts and commissions of \$2,555,000 to the underwriters. In connection with our rights offering consummated in August 2011, Ladenburg Thalmann & Co. Inc. served as dealer manager, and we paid fees of \$355,163 to Ladenburg Thalmann & Co. Inc. In connection with our rights offering consummated in April 2012, Ladenburg Thalmann & Co. Inc. served as co-dealer manager, and we paid fees of an aggregate of \$1,379,549 to the co-dealer managers. In connection with our Series 2017 Term Preferred Shares offering consummated in November 2012, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of \$711,506 to the joint book-running managers. In connection with our rights offering consummated in February 2013, Ladenburg Thalmann & Co. Inc. served as dealer manager, and we paid fees of an aggregate of \$1,462,805 to the dealer manager. In connection with our preferred stock offering consummated in June 2013, Ladenburg Thalmann & Co. Inc. served as joint book-running manager, and we paid fees of an aggregate of \$862,000 to the joint book-running managers. In connection with our at the market offering consummated in August 2013, Ladenburg Thalmann & Co. Inc. served as our sales agent, we have agreed to pay Ladenburg Thalmann & Co. Inc. a commission equal to 2.0% of the gross sales price of any shares of our common stock sold through Ladenburg Thalmann & Co. Inc. pursuant to this offering and to reimburse Ladenburg Thalmann & Co. Inc. up to \$50,000 for reasonable out-of-pocket expenses. In connection with our preferred stock offering consummated in November 2013, Ladenburg Thalmann & Co. Inc. and Deutsche Bank Securities Inc. served as joint book-running managers, and we paid fees of an aggregate of \$1,590,993 to the joint book-running managers. In connection with our rights offering that expired on March 3, 2014, Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc. served as the co-dealer managers, and we paid fees of an aggregate of \$2,734,534 to the co-dealer managers. In connection with our common stock offering consummated in March 2014, Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc. served as the joint book-running managers, and we paid fees of an aggregate of \$930,000 to the joint book-running managers. In connection with our preferred stock offering consummated in May 2014, Ladenburg Thalmann & Co. Inc. and Deutsche Bank Securities Inc. served as joint book-running managers, and we paid fees of an aggregate of \$1,070,000 to the underwriters. In connection with our at the market offering consummated in August 2014, Ladenburg Thalmann & Co. Inc. served as our sales agent, we have agreed to pay Ladenburg Thalmann & Co. Inc. a commission equal to 2.0% of the gross sales price of any shares of our common stock sold through Ladenburg Thalmann & Co. Inc. pursuant to such offering and to reimburse Ladenburg Thalmann & Co. Inc. up to \$50,000 for reasonable out-of-pocket expenses. In connection with our preferred stock offering in September 2014, Ladenburg Thalmann & Co. Inc. served as a financial advisor, and we paid fees of an aggregate of \$61,250 to Ladenburg Thalmann & Co. Inc. In connection with our preferred stock offering in November 2014, Ladenburg Thalmann & Co. Inc. and Deutsche Bank Securities Inc. served as joint book-running managers, and we paid fees of an aggregate of \$1,000,000 to the underwriters.

The underwriters and their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of its various business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of our company. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or

short positions in such securities and instruments.

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, 11th Floor, New York, New York 10022.

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The principal business address of Maxim Group LLC is 405 Lexington Avenue, New York, New York 10174.

The principal business address of National Securities Corporation is 120 Broadway, 27th Floor, New York, New York 10271.

Notice to Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any shares which are the subject of the offering contemplated by this prospectus supplement may not be made in that Relevant Member State other than the offers contemplated in the prospectus once the prospectus has been approved by the competent authority in such Member State and published and passported in accordance with the Prospectus Directive as implemented in the Relevant Member State except that an offer to the public in that Relevant Member State of any shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the underwriter to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall result in a requirement for the publication by the Company or the underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Notice to Investors in the United Kingdom

Deutsche Bank Securities Inc. has represented and agreed that (a) it has only communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or the FSMA, received by it in connection with the issue or sale of the shares (i) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order, or (ii) to high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) and (d) of the Order, with all such persons together being referred to as relevant persons, and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom. This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this

document or any of its contents.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and

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Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

where no consideration is or will be given for the transfer; or

where the transfer is by operation of law.

Notice to Prospective Investors in Japan

The shares of common stock have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "FIEL"). Deutsche Bank Securities Inc. has represented and agreed that the shares which it purchases will be purchased by it as principal and that, in connection with the offering, it will not, directly or indirectly, offer or sell any shares in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to

others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

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Notice to Prospective Investors in Switzerland

The prospectus does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations, and the shares will not be listed on the SIX Swiss Exchange. Therefore, the prospectus may not comply with the disclosure standards of the Swiss Code of Obligations and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange. Accordingly, the shares may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe to the shares with a view to distribution.

Notice to Prospective Investors in Qatar

The shares described in this prospectus supplement have not been, and will not be, offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. This prospectus supplement has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. This prospectus supplement is intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Notice to Prospective Investors in Saudi Arabia

No offering, whether directly or indirectly, will be made to an investor in the Kingdom of Saudi Arabia unless such offering is in accordance with the applicable laws of the Kingdom of Saudi Arabia and the rules and regulations of the Capital Market Authority, including the Capital Market Law of the Kingdom of Saudi Arabia. The shares will not be marketed or sold in the Kingdom of Saudi Arabia by us or the underwriter.

This prospectus supplement may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Office of Securities Regulation issued by the Capital Market Authority. The Saudi Arabian Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus supplement and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus supplement. Prospective purchasers of the shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the shares. If you do not understand the contents of this prospectus supplement, you should consult an authorized financial advisor.

Notice to Prospective Investors in the United Arab Emirates

This offering has not been approved or licensed by the Central Bank of the United Arab Emirates (UAE), Securities and Commodities Authority of the UAE and/or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai Financial Services Authority (DFSA), a regulatory authority of the Dubai International Financial Centre (DIFC). The offering does not constitute a public offer of securities in the UAE, DIFC and/or any other free zone in accordance with the Commercial Companies Law, Federal Law No 8 of 1984 (as amended), DFSA Offered Securities Rules and NASDAQ Dubai Listing Rules, accordingly, or otherwise. The shares may not be offered to the public in the UAE and/or any of the free zones.

The shares may be offered and issued only to a limited number of investors in the UAE or any of its free zones who qualify as sophisticated investors under the relevant laws and regulations of the UAE or the free zone concerned.

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DISTRIBUTION REINVESTMENT PLAN

We have adopted a distribution reinvestment plan that provides for reinvestment of our distributions on behalf of our stockholders, unless a stockholder elects to receive cash as provided below. As a result, if our Board of Directors authorizes, and we declare, a cash distribution, our stockholders who have not opted out of our distribution reinvestment plan will have their cash distributions automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions.

No action will be required on the part of a registered stockholder to have his cash distribution reinvested in shares of our common stock. A registered stockholder may elect to receive an entire distribution in cash by notifying Computershare Trust Company, N.A., the plan administrator and our transfer agent and registrar, by telephone, through the Internet or in writing so that such notice is received by the plan administrator no later than the record date for distributions to stockholders. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has not elected to receive distributions in cash and hold such shares in non-certificated form. Upon request by a stockholder participating in the plan, received by telephone, through the Internet or writing prior to the record date, the plan administrator will, instead of crediting shares to the participant's account, issue a certificate registered in the participant's name for the number of whole shares of our common stock and a check for any fractional share, less any applicable fees.

Those stockholders whose shares are held by a broker or other financial intermediary may receive distributions in cash by notifying their broker or other financial intermediary of their election.

We expect to use primarily newly-issued shares to implement the plan, whether our shares are trading at a premium or at a discount to net asset value. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by an amount equal to ninety-five (95%) percent of the market price per share of our common stock at the close of regular trading on the Nasdaq Global Select Market on the valuation date fixed by our Board of Directors for such distribution. Market price per share on that date will be the closing price for such shares on the Nasdaq Global Select Market or, if no sale is reported for such day, at the average of their electronically reported bid and asked prices. We reserve the right to purchase shares in the open market in connection with our implementation of the plan. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of our common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

There is no charge to stockholders for receiving their distributions in the form of additional shares of our common stock. Any transaction fees, brokerage charges, plan administrator's fees or any other charges for handling distributions in stock are paid by us. There are no brokerage charges with respect to shares we have issued directly as a result of distributions payable in stock. If a participant elects by telephonic, Internet or written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a \$2.50 transaction fee plus brokerage charges from the proceeds.

Stockholders who receive distributions in the form of stock are subject to the same federal, state and local tax consequences as are stockholders who elect to receive their distributions in cash. The amount of the distribution for U.S. federal income tax purposes will be equal to the fair market value of the stock received. A stockholder's basis for

determining gain or loss upon the sale of stock received in a distribution from us will be equal to the amount treated as a distribution for U.S. federal income tax purposes.

The plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend or distribution by us. All correspondence concerning the plan should be directed to the plan administrator as follows: through the Internet at *www.computershare/investor*, telephone number is 1-800-426-5523 and written correspondence can be mailed to Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77845.

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CUSTODIAN, TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND REDEMPTION AND PAYING AGENT

Our securities are held under a custody agreement by U.S. Bank National Association. The address of the custodian is One Federal Street, 3rd Floor, Boston, MA 02110. Computershare Trust Company, N.A. acts as our transfer agent, dividend disbursing agent and redemption and paying agent. The principal business address of our transfer agent is 250 Royall Street, Canton, MA 02021.

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 underwriters by Blank Rome LLP, New York, New York.

EXPERTS

The financial statements as of March 31, 2015 and for the year ended March 31, 2015 included in this prospectus supplement 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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OXFORD LANE CAPITAL CORP.

STATEMENT OF ASSETS AND LIABILITIES

	March 31, 2015
ASSETS	
Investments, at fair value (cost: \$374,380,228)	\$369,635,295
Cash and cash equivalents	7,731,747
Distributions receivable	13,298,655
Deferred issuance costs on mandatorily redeemable preferred stock	5,725,567
Deferred offering costs on common stock	360,951
Interest receivable, including accrued interest purchased	324,978
Fee receivable	395,692
Prepaid expenses and other assets	35,681
Total assets	397,508,566
LIABILITIES	
Payable for securities purchased, not settled	21,916,575
Mandatorily redeemable preferred stock, net of discount (10,000,000 shares authorized, and 6,014,720 shares issued and outstanding)	146,395,297
Investment advisory fees payable to affiliate	1,888,456
Incentive fees payable to affiliate	1,643,140
Administrator expense payable	104,331
Directors' fees payable	27,500
Accrued offering costs	27,839
Accrued expenses	572,596
Total liabilities	172,575,734
COMMITMENTS AND CONTINGENCIES (See Note 8)	
NET ASSETS applicable to common stock, \$0.01 par value, 90,000,000 shares authorized, and 15,972,381 shares issued and outstanding	\$224,932,832
NET ASSETS consist of:	
Paid in capital	\$247,740,471
Accumulated net realized gains (losses) on investments	(8,902,771)
Net unrealized depreciation on investments	(4,744,933)
Distributions in excess of net investment income	(9,159,935)
Total net assets	\$224,932,832
Net asset value per common share	\$14.08
Market price per share	\$14.82
Market price premium to net asset value per share	5.26 %

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

**SCHEDULE OF INVESTMENTS
MARCH 31, 2015**

(Continued on next page)

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

**SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2015**

(Continued on next page)

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

**SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2015**

- (1) 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).
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 three-month LIBOR which resets quarterly. For each CLO debt investment, the rate provided is as of March 31, 2015.
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.
- (7) Fair value represents discounted cash flows associated with side letter fees from CLO equity investments.
- (8) Investment has not made inaugural distribution for relevant period end. See Note 2. Summary of Significant Accounting Policies Investment Income Recognition.

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

STATEMENT OF OPERATIONS

	Year Ended March 31, 2015
INVESTMENT INCOME	
Income from securitization vehicles and investments	\$ 43,741,122
Interest income	1,450,991
Other income	1,448,332
Total investment income	46,640,445
EXPENSES	
Interest expense on mandatorily redeemable preferred stock	10,659,152
Investment advisory fees to affiliate	7,375,152
Incentive fees to affiliate	4,714,642
Professional fees	841,498
Administrator expense	883,208
Directors' fees	164,000
General and administrative	583,282
Insurance expense	36,377
Transfer agent and custodian fees	109,106
Total expenses	25,366,417
Net investment income	21,274,028
Net change in unrealized depreciation on investments	(27,097,134)
Net realized gain on investments	9,154,457
Net realized gain and change in unrealized depreciation on investments	(17,942,677)
Net increase in net assets resulting from operations	\$ 3,331,351

See Accompanying Notes

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TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****STATEMENTS OF CHANGES IN NET ASSETS**

	Year Ended March 31, 2015	Year Ended March 31, 2014
Increase in net assets from operations:		
Net investment income	\$21,274,028	\$10,087,821
Net realized gain on investments	9,154,457	7,981,427
Net change in unrealized depreciation on investments	(27,097,134)	4,592,120
Net increase in net assets resulting from operations	3,331,351	22,661,368
Distributions from net investment income	(35,388,398)	(20,202,469)
Distributions from realized gain on investments	(2,159,379)	(3,018,700)
Total distributions to shareholders	(37,547,777)	(23,221,169)
Capital share transaction:		
Issuance of common stock (net of underwriting fees and offering costs \$177,014 and \$3,148,705, respectively)	7,374,103	122,242,178
Repurchase of common stock (including fees)	(1,048,584)	
Reinvestment of dividends	4,994,538	3,007,101
Net increase in net assets from capital share transactions	11,320,057	125,249,279
Total (decrease) increase in net assets	(22,896,369)	124,689,478
Net assets at beginning of period	247,829,201	123,139,723
Net assets at end of period (including distributions in excess of net investment income of \$9,159,935 and \$13,005,133, respectively)	\$224,932,832	\$247,829,201
Capital share activity:		
Shares sold	462,727	7,446,373
Shares repurchased	(71,973)	
Shares issued from reinvestment of dividends	340,898	191,638
Net increase in capital share activity	731,652	7,638,011

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

STATEMENT OF CASH FLOWS

	Year Ended March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase in net assets resulting from operations	\$3,331,351
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Amortization of discounts and premiums	(43,965,685)
Amortization of deferred issuance costs on preferred stock	665,830
Accretion of discount on mandatorily redeemable preferred stock	450,108
Purchases of investments	(393,986,675)
Sales of investments	82,797,705
Repayments of principal and reductions to investment cost value	205,880,693
Net change in unrealized depreciation on investments	27,097,134
Increase in deferred offering costs	(360,951)
Net realized gain on investments	(9,154,457)
Increase in distribution receivable	(9,078,917)
Increase in fee receivable	(395,692)
Increase in interest receivable	(35,344)
Increase in prepaid expenses and other assets	(1,929)
Increase in investment advisory fee payable	692,987
Increase in incentive fee payable	938,465
Increase in administrator expense payable	92,531
Decrease in accrued offering costs	(172,161)
Increase in accrued expenses	103,449
Net cash used in operating activities	(135,101,558)
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions paid (net of stock issued under distribution reinvestment plan of \$4,994,538)	(32,553,239)
Proceeds from the issuance of common stock	7,551,117
Underwriting fees and offering costs for the issuance of common stock	(177,014)
Repurchase of common stock (including fees)	(1,048,584)
Proceeds from the issuance of mandatorily redeemable preferred stock, net of discount	68,650,000
Deferred issuance costs for the issuance of preferred stock	(2,901,493)
Net cash provided by financing activities	39,520,787
Net decrease in cash and cash equivalents	(95,580,771)
Cash and cash equivalents, beginning of period	103,312,518
Cash and cash equivalents, end of period	\$7,731,747
SIGNIFICANT NON-CASH TRANSACTIONS	
Value of shares issued in connection with distribution reinvestment plan	\$4,994,538
Securities purchased not settled	\$21,916,575

SUPPLEMENTAL DISCLOSURES

Cash paid for interest

\$9,543,214

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

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. The Fund is a non-diversified closed-end management investment company that has registered 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 (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). The Fund follows the accounting and reporting requirements of ASC 946, *Financial Services - Investment Companies* (ASC 946), for reporting on Form N-CSR. The Fund's investment objective is to maximize its portfolio's risk adjusted total return and seeks to achieve its investment objective by investing in structured finance investments, specifically collateralized loan obligation (CLO) vehicles which primarily own senior corporate debt securities.

OXLC's investment activities are managed by Oxford Lane Management, LLC (OXLC Management), a registered investment adviser under the Investment Advisers 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 investments with a maturity of three months or less at the time of purchase to be cash equivalents. At March 31, 2015, cash and cash equivalents consisted solely of demand deposits. The Fund maintains its accounting records in U.S. dollars.

INVESTMENT VALUATION

The Fund fair values its investment portfolio in accordance with the provisions of ASC 820, *Fair Value Measurement and Disclosure*. A significant estimate made in the preparation of OXLC's financial statements is the valuation of investments, 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 OXLC makes.

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

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

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

or no market data exists, therefore requiring an entity to develop its own assumptions. OXLC considers the attributes of current market conditions on an on-going basis and has determined that due to the general illiquidity of the market for its investment portfolio, whereby little or no market data exists, almost all of OXLC's investments are based upon Level 3 inputs as of March 31, 2015.

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 OXLC Valuation Committee (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 March 31, 2015, the Fund did not have any direct investments in senior secured loans.

Collateralized Loan Obligations Debt and Equity

OXLC has acquired a number of debt and equity positions in CLO investment vehicles and has previously purchased CLO warehouse facilities. These investments are special purpose financing vehicles. In valuing such investments, OXLC considers the operating metrics of the specific investment vehicle, including compliance with collateralization tests, defaulted and restructured securities, and payment defaults, if any. In addition, OXLC considers the indicative prices provided by a recognized industry pricing service as a primary source, and the implied yield of such prices, supplemented by actual trades executed in the market at or around period-end, as well as the indicative prices provided by the broker who arranges transactions in such investment vehicles. OXLC also considers those instances in which the record date for an equity distribution payment falls on the last day of the period, and the likelihood that a prospective purchaser would require a downward adjustment to the indicative price representing substantially all of the pending distribution. Additional factors include any available information on other relevant transactions including firm bids and offers in the market and information resulting from bids-wanted-in-competition. 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. All information is presented to OXLC's Board of Directors for its determination of fair value of these investments.

SHARE REPURCHASES

In connection with the Fund's share repurchase program, the cost of shares repurchased is charged to capital on the settlement date.

PREFERRED STOCK

The Fund carries its mandatorily redeemable preferred stock at accreted cost on the Statement of Assets and Liabilities, and not fair value. The Fund considers its preferred stock to be a Level 2 liability within the fair value hierarchy. See Note 6. Term Preferred Shares.

PREPAID EXPENSES

Prepaid expenses consist primarily of insurance costs.

INVESTMENT INCOME

Income from Securitization Vehicles and Equity Investments

Income from investments in the equity class securities of CLO vehicles (typically income notes or subordinated notes) is recorded using the effective interest method in accordance with the provisions of

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

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

ASC 325-40, *Beneficial Interests in Securitized Financial Assets*, based upon an estimation of an effective yield to maturity utilizing assumed cash flows, including those CLO equity investments that have not made their inaugural distribution for the relevant period end. The Fund monitors the expected residual payments, and effective yield is determined and updated quarterly, as needed. Accordingly, investment income recognized on CLO equity securities in the GAAP statement of operations differs from both the tax-basis investment income and from the cash distributions actually received by the Fund during the period.

The Fund also records income on its investments in CLO warehouse facilities based on a stated rate as per the underlying note purchase agreement or an estimated rate.

Interest Income

Interest income is recorded on an accrual basis using the contractual rate applicable to each debt investment and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on securities purchased are accreted/amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

Generally, when interest and/or principal payments on a loan become past due, or if the Fund otherwise does not expect the borrower to be able to service its debt and other obligations, the Fund will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to restructuring such that the interest income is deemed to be collectible. The Fund generally restores non-accrual loans to accrual status when past due principal and interest is paid and, in the Fund's judgement, are likely to remain current. As of March 31, 2015, the Fund had no non-accrual assets held in its portfolio.

Other Income

Other income includes distributions from fee letters and success fees associated with portfolio investments. Distributions from CLO equity side letter investments are an enhancement to the return on a CLO equity investment and are based upon a percentage of the collateral manager's fees, and are recorded as other income when earned. The Fund may also earn success fees associated with its investments in CLO warehouse facilities, which are contingent upon a take-out of the warehouse by a permanent CLO structure; such fees are earned and recognized when the take-out is completed.

U.S. FEDERAL INCOME TAXES

The Fund intends to operate so as to qualify to be taxed as a RIC under Subchapter M of the U.S. Tax Code and, as such, to not be subject to U.S. 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 U.S. 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. Our dividend policy is based upon our estimate of our taxable net investment income, which includes actual distributions from our CLO equity class investments, with further consideration given to our realized gains or losses on a taxable basis.

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

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

For the year ended March 31, 2015, the Fund declared and paid dividends on common stock of \$2.40 per share or \$37,547,777. The Fund declared and paid dividends on common stock of \$2.35 per share or \$23,221,169 for the year ended March 31, 2014. The tax character of distributions paid on common stock in 2015 represented \$35,390,921 of ordinary income and \$2,156,856 of capital gains, with no return of capital. The tax character of distributions paid in 2014 represented \$20,202,469 of ordinary income and \$3,018,700 of capital gains, with no return of capital.

For the years ended March 31, 2015 and March 31, 2014 the Fund also declared and paid dividends on preferred stock of \$9,543,214 and \$3,982,234, respectively. The tax character of distributions paid on preferred stock represents ordinary income.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the Act) was enacted which changed various technical rules governing the tax treatment of regulated investment companies. The changes are generally effective for taxable years beginning after the date of enactment. Under the Act, the Fund will be permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period.

However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term losses rather than being considered all short-term as under previous law.

The Fund has available \$3,524,916 of long-term capital losses which can be used to offset future capital gains. Under the current law, capital losses related to securities realized after October 31 and prior to the Fund's fiscal year end may be deferred as occurring the first day of the following fiscal year. For the fiscal year ended March 31, 2015, the Fund has deferred such losses in the amount of \$5,373,498.

As of March 31, 2015, the estimated components of accumulated earnings on a tax basis were as follows:

Distributable ordinary income	\$11,891,049
Distributable long-term capital gains (capital loss carry forward)	(3,524,916)
Unrealized depreciation on investments	(25,789,525)
Other temporary differences	(5,384,247)

The tax basis components of accumulated 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 \$7,833,298; and aggregate gross unrealized depreciation of \$33,622,823. For tax purposes, the cost basis of the portfolio investments at March 31, 2015 was \$395,424,820.

DISTRIBUTIONS

Distributions from net investment income and capital gain distributions are determined in accordance with U.S. federal income tax regulations, which differ from GAAP. Distributions 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. 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 distribution reinvestment plan unless the shareholder has elected to have them paid in cash.

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

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

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

SECURITIES TRANSACTIONS

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

DEFERRED OFFERING COSTS

Deferred offering costs consist principally of legal, accounting, filing and underwriting fees incurred that are related to an offering proposed by the Fund. The deferred offering costs will be charged to capital when the offering takes place or as shares are issued. Costs related to shelf offerings are charged to capital as securities registered are issued. Deferred costs are periodically reviewed and expensed if the related registration is no longer active or if the offering is unsuccessful.

DEFERRED ISSUANCE COSTS

Deferred debt issuance costs consist of fees and expenses incurred in connection with the closing or amending of preferred share offerings, and are capitalized at the time of payment. These costs are amortized using the straight line method over the terms of the respective credit facilities and debt securities. This amortization expense is included in interest expense in the Fund's financial statements. Upon early termination of debt, or a credit facility, the remaining balance of unaccreted fees related to such debt is accelerated into interest expense.

NOTE 3. FAIR VALUE

The Fund's assets measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820-10 at March 31, 2015, were as follows:

Assets	Fair Value Measurements at Reporting Date			Total
	Using	Quoted Prices in Active	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)

	Markets for Identical Assets (Level 1) (\$ in millions)	(\$ in millions)	(\$ in millions)	(\$ in millions)
CLO debt	\$	\$	\$ 15.7	\$ 15.7
CLO equity			353.9	353.9
Total	\$	\$	\$ 369.6	\$ 369.6

Significant Unobservable Inputs for Level 3 Investments

In accordance with ASC 820-10, the following table provides quantitative information about the Fund's Level 3 fair value measurements as of March 31, 2015. 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.

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TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015****NOTE 3. FAIR VALUE (continued)**

		Quantitative Information about Level 3 Fair Value Measurements				
Assets		Fair Value as of March 31, 2015 (\$ in millions)	Valuation Techniques/ Methodologies	Unobservable Input	Range/Weighted Average	
CLO debt		\$13.1	Market quotes	NBIB	(1)	80.2% 91.2%/84.6%
		2.6	Recent transactions	Actual trade	(2)	N/A ⁽³⁾
CLO equity		301.0	Market quotes	NBIB	(1)	55.0% 97.5%/80.7%
		47.8	Recent transactions	Actual trade	(2)	76.4% 86.8%/80.3%
CLO equity side letter investments		4.9	Discounted cash flow	Discount rate		12.1% 14.2%/13.5%
		0.2	Recent transactions	Actual trade	(2)	N/A ⁽³⁾
Total Fair Value for Level 3 Investments		\$369.6				

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

- (1) CLO debt and equity investments, which may be adjusted for pending equity distributions as of valuation date. These bid prices are non-binding, and may not be determinative of fair value. Each bid price is evaluated by the Valuation Committee in conjunction with additional information compiled by OXLC Management, including performance and covenant compliance information as provided by the independent trustee.

- Prices provided by independent pricing service are evaluated in conjunction with actual trades, and in certain cases, (2) the value represented by actual trades may be more representative of fair value as determined by the Valuation Committee.

- (3) Represents a single investment fair value position, and therefore the range/weighted average is not applicable. 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
MARCH 31, 2015****NOTE 3. FAIR VALUE (continued)**

A rollforward of the fair value of investments for the year ended March 31, 2015, utilizing significant unobservable inputs, is as follows:

	Collateralized Loan Obligation Debt Investments (\$ in millions)	Collateralized Loan Obligation Equity Investments (\$ in millions)	Total (\$ in millions)
Balance at March 31, 2014	\$ 22.5	\$ 214.2	\$ 236.7
Realized gains included in earnings ⁽¹⁾	1.2	7.9	9.1
Unrealized depreciation included in earnings	(2.3)	(24.8)	(27.1)
Amortization of discounts and premiums	0.2	43.7	43.9
Purchases	4.6	386.7	391.3
Repayments, sales of principal and reductions to investment cost value	(10.5)	(273.8)	(284.3)
Transfers in and/or out of level 3			
Balance at March 31, 2015	\$ 15.7	\$ 353.9	\$ 369.6
The amount of total losses for the period included in earnings attributable to the change in unrealized losses related to our Level 3 assets still held at the reporting date and reported within the net change in unrealized loss on investments in our Statement of Operations	\$ (1.0)	\$ (13.2)	\$ (14.2)

(1) Includes rounding adjustments to reconcile period balances.

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, 2015.

NOTE 4. 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 manageme