

Oxford Lane Capital Corp.  
Form 497  
September 05, 2014

Filed pursuant to Rule 497  
File No. 333-195652

**PROSPECTUS SUPPLEMENT  
(to Prospectus dated June 23, 2014)**

**Oxford Lane Capital Corp.**

**Preferred Stock  
125,000 Shares, 7.50% Series 2023  
Liquidation Preference \$25 per Share**

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

We are offering 125,000 shares of our 7.50% Series 2023 preferred stock, or the Series 2023 Term Preferred Shares, directly to a single investor. We have not retained any underwriter or placement agent, and we will not pay any commission or underwriting discount in connection with this offering. However, we have agreed to pay Ladenburg Thalmann & Co. Inc. a fee of \$61,250 for financial advisory services provided to us in connection with this offering. See Plan of Distribution beginning on page S-37 of this prospectus supplement for more information regarding this offering.

We pay monthly dividends on the Series 2023 Term Preferred Shares at an annual rate of 7.50% of the \$25 liquidation preference per share, or \$1.875 per Series 2023 Term Preferred Share per year, on the last business day of each month.

We will pay monthly dividends on the Series 2023 Term Preferred Shares offered pursuant to this prospectus supplement, commencing on September 30, 2014.

We are required to redeem all of the outstanding Series 2023 Term Preferred Shares on June 30, 2023 at a redemption price equal to \$25 per share plus an amount equal to accumulated but unpaid dividends, if any, to the date of redemption. We cannot effect any amendment, alteration or repeal of our obligation to redeem all of the Series 2023 Term Preferred Shares on June 30, 2023 without the prior unanimous consent of the holders of Series 2023 Term Preferred Shares. If we fail to maintain an asset coverage ratio of at least 200% (as described in this prospectus supplement), we will redeem a portion of the outstanding Series 2023 Term Preferred Shares in an amount at least equal to the lesser of (1) the minimum number of shares of Series 2023 Term Preferred Shares necessary to cause us

to meet our required asset coverage ratio and (2) the maximum number of Series 2023 Term Preferred Shares that we can redeem out of cash legally available for such redemption. At any time on or after June 30, 2016, at our sole option, we may redeem the Series 2023 Term Preferred Shares at a redemption price per share equal to the sum of the \$25 liquidation preference per share plus an amount equal to accumulated but unpaid dividends, if any, on the Series 2023 Term Preferred Shares.

Each holder of our Series 2023 Term Preferred Shares together with the holders of our 8.50% Series 2017 preferred stock, or the Series 2017 Term Preferred Shares, and our 8.125% Series 2024 preferred stock, or the Series 2024 Term Preferred Shares, (and any other preferred stock we may issue in the future) will be entitled to one vote for each share held by such holder on any matter submitted to a vote of our stockholders, and the holders of all of our outstanding preferred stock and common stock will vote together as a single class. The holders of the Series 2023 Term Preferred Shares together with the holders of our Series 2017 Term Preferred Shares and Series 2024 Term Preferred Shares (and any other preferred stock we may issue in the future), voting separately as a class, will elect at least two of our directors and, upon failure to pay dividends for at least two years, will elect a majority of our directors.

The Series 2023 Term Preferred Shares rank *pari passu*, or equally, in right of payment with our Series 2017 Term Preferred Shares and Series 2024 Term Preferred Shares and all other shares of preferred stock that we may issue in the future, and rank senior in right of payment to all of our common stock.

Our Series 2023 Term Preferred Shares are traded on the NASDAQ Global Select Market under the symbol OXLCO. On September 3, 2014, the last price of our Series 2023 Term Preferred Shares as reported on the NASDAQ Global Select Market was \$24.40 per share. Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. On September 3, 2014, the last sale price of our common stock as reported on NASDAQ Global Select Market was \$16.84 per share. Our Series 2017 Term Preferred Shares are traded on the NASDAQ Global Select Market under the symbol OXLCP. On September 3, 2014, the last sale price of our Series 2017 Term Preferred Shares as reported on NASDAQ Global Select Market was \$25.78 per share. Our Series 2024 Term Preferred Shares are traded on the NASDAQ Global Select Market under the symbol OXLGN. On September 3, 2014, the last sale price of our Series 2024 Term Preferred Shares as reported on NASDAQ Global Select Market was \$25.25 per share.

The Series 2023 Term Preferred Shares are not convertible into our common stock or any other security of our company.

We are required to determine the net asset value per share of our common stock on a quarterly basis. Our net asset value per share of our common stock as of June 30, 2014 was \$16.07.

**An investment in our preferred 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-16 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 preferred stock.**

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

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

accompanying prospectus, and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus. The Securities and Exchange Commission also maintains a website at <http://www.sec.gov> that contains information about us.

	Per Share	Total
Public Offering Price	\$24.50	\$3,062,500
Proceeds, before expenses, to Oxford Lane Capital Corp. <sup>(1)</sup>	\$24.50	\$3,062,500

We estimate that we will incur approximately \$136,250 (or approximately \$1.09 per share of the shares sold in this (1) offering) of expenses relating to this offering, resulting in net proceeds to us of approximately \$2,926,250 (or \$23.41 per share of the shares sold in this offering).

## **Prospectus Supplement dated September 5, 2014.**

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## **ABOUT THIS PROSPECTUS SUPPLEMENT**

We have filed with the SEC 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 preferred 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 before investing in our preferred stock.

**You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not 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 preferred 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 preferred 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 preferred 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 total return.

We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. The CLO vehicles which we focus on are collateralized primarily by senior secured loans made to companies whose debt is unrated or is rated below investment grade (Senior Loans), and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. 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 <sup>(1)</sup>
Fiscal 2015			
August 1, 2014	September 16, 2014	September 30, 2014	\$ 0.60
May 19, 2014	June 16, 2014	June 30, 2014	0.60
Total (2015)			1.20
Fiscal 2014			
November 26, 2013	March 17, 2014	March 31, 2014	0.60
November 26, 2013	March 17, 2014	March 31, 2014	0.10 <sup>(2)</sup>
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
			\$ 8.05

(1) All of our cash distributions to date were funded from net investment income, except approximately \$0.07 per share and \$0.40 per share of the distributions paid on June 29, 2012 and June 28, 2013, respectively, which were funded from long term capital gains. The tax characterization of cash distributions for the year ended March 31, 2014 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 quarter ended June 30, 2014, we paid \$336,021 and \$1,232,705 and accrued \$187,537 on the 8.50% Series 2017 Term Preferred Stock (the Series 2017 Term Preferred Shares), the 7.50% Series 2023 Term Preferred Stock (the Series 2023 Term Preferred Shares) and the 8.125% Series 2024 Term Preferred Stock (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.

For accounting purposes the distributions declared on our common stock for the fiscal periods ended March 31, 2013, 2012 and 2011 were in excess of the reported earnings. However, as a RIC, earnings and distributions are determined on a tax basis. Furthermore, taxable earnings are determined according to tax regulations and differ from reported

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income for accounting purposes. For the fiscal periods ended March 31,

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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, 2014 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.

## **Oxford Lane Management**

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

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

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

Messrs. Cohen, Rosenthal, Monasebian and Srinivasan 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.

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

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

# Investment Focus

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

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

## CLO Structural Elements

Structurally, CLO vehicles are entities 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 \$768 billion as of August 8, 2014, this market remains largely inaccessible to a significant portion of investors that are not lenders or approved institutions. The CLO market permits wider exposure to syndicated Senior Loans, but this market is almost exclusively private and predominantly institutional.

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

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

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

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

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

### **Investment Opportunity**

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

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

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We believe that the recently developed market to invest in warehouse financings, which are short-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 and warehouse financings in particular, requires a high level of research and analysis. We believe that typically this analysis can only be adequately conducted by knowledgeable market participants since that analysis tends to be highly specialized.

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

We believe that the US CLO market is relatively large with total assets under management of approximately \$328 billion.<sup>(1)</sup> 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 \$58 billion.

From January 1, 2014 to August 11, 2014, U.S. CLOs closed stood at approximately \$79 billion across 145 deals (compared to approximately \$49 billion across 99 deals in the same period a year ago).<sup>(2)</sup>

While the post-2010 CLOs generally have a higher cost of capital (which may result in lower returns for the equity investors in those CLOs) compared to pre-2008 CLOs, they may offer certain attractive structural features (including, in certain cases, better credit enhancement and lower leverage) and stronger collateral packages.

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

## **Summary Risk Factors**

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

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

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

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

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

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

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

(1) As of July 25, 2014. Source: RBS Securities, Inc., Intex Solutions, Inc.

(2) As of August 11, 2014. Source: S&P Capital IQ LCD.



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

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

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

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; and

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

An investment in term Preferred Stock with a fixed interest rate bears interest rate risk.

A liquid secondary trading market may not develop for the Series 2023 Term Preferred Shares.

The Series 2023 Term Preferred Shares will not be rated.

The Series 2023 Term Preferred Shares will bear a risk of early redemption by us.

Claims of holders of the Series 2023 Term Preferred Shares will be subject to a risk of subordination relative to holders of our debt instruments.

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

    Holders of the Series 2023 Term Preferred Shares will bear reinvestment risk.

    Holders of the Series 2023 Term Preferred Shares will bear dividend risk.

There is a risk of delay in our redemption of the Series 2023 Term Preferred Shares, and we may fail to redeem such securities as required by their terms.

See Risk Factors beginning on page S-16 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.

## **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**

### **Dividends**

On August 1, 2014, our Board of Directors declared a distribution of \$0.60 per share of common stock for the second fiscal quarter of 2015, payable on September 30, 2014 to shareholders of record as of September 16, 2014.

On August 1, 2014, our Board of Directors declared dividends on the Series 2017, Series 2023 and Series 2024 Term Preferred Shares for the months of September 2014, October 2014 and November 2014.

### **At the Market Offering**

We have entered into an equity distribution agreement, dated August 15, 2014, with Ladenburg Thalmann & Co. Inc. pursuant to which we may offer and sell shares of our common stock having an aggregate offering price of up to

\$45,000,000 from time to time through Ladenburg Thalmann & Co. Inc., as our sales agent. Sales of our common stock, if any, under this equity distribution agreement may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on the NASDAQ Global Select Market or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

Ladenburg Thalmann & Co. Inc. will receive a

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commission from us equal to 2.0% of the gross sales price of any shares of our common stock sold through Ladenburg Thalmann & Co. Inc. under the equity distribution agreement and we have agreed to reimburse Ladenburg Thalmann & Co. Inc. for its reasonable out-of-pocket expenses, including fees and disbursements of counsel, incurred by Ladenburg Thalmann & Co. Inc. in connection with the at the market offering; provided that such reimbursements shall not exceed \$50,000. As of September 3, 2014, we have sold 133,301 shares of our common stock through this at the market offering.

### **Direct Registered Offering of Preferred Stock**

On September 4, 2014, we issued 200,000 shares of our Series 2023 Term Preferred Shares at \$24.50 per share in a direct registered offering to a single investor. The net proceeds of the offering were approximately \$4,825,000. We did not retain any underwriter or placement agent, and did not pay any commission or underwriting discount in connection with this offering.

### **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

The following is a brief summary of the terms of this offering. For a more complete description of the rights, preferences and other terms of the Series 2023 Term Preferred Shares, see Description of the Series 2023 Term Preferred Stock in this prospectus supplement.

### Issuer

Oxford Lane Capital Corp.

### Listing

Our Series 2023 Term Preferred Shares trade on the NASDAQ Global Select Market under the symbol OXLCO. Our Series 2017 Term Preferred Shares are currently listed on the NASDAQ Global Select Market under the symbol OXLCP. Our Series 2024 Term Preferred Shares are currently listed on the NASDAQ Global Select Market under the symbol OXLGN. Our common stock is currently listed on the NASDAQ Global Select Market under the symbol OXLC.

### Securities Offered

125,000 shares of 7.50% Series 2023 Term Preferred Shares.

### Liquidation Preference

\$25 per share, plus accrued but unpaid dividends, if any. In the event of any liquidation, dissolution or winding up of our affairs, holders of the Series 2023 Term Preferred Shares, pari passu, or equally, with the holders of the Series 2017 Term Preferred Shares and the Series 2024 Term Preferred Shares, will be entitled to receive a liquidation distribution per share equal to \$25 per share (which we refer to in this prospectus supplement as the Liquidation Preference), plus an amount equal to all accrued but unpaid dividends, if any, and distributions accumulated to (but excluding) the date fixed for distribution or payment, whether or not earned or declared by us, but excluding interest on any such distribution or payment. See Description of the Series 2023 Term Preferred Stock Liquidation Rights.

### Dividends

The Series 2023 Term Preferred Shares pay a monthly dividend at a fixed annual rate of 7.50% of the Liquidation Preference, or \$1.875 per share per year, which we refer to as the Fixed Dividend Rate. The Fixed Dividend Rate is subject to adjustment under certain circumstances.

Cumulative cash dividends or distributions on each Series 2023 Term Preferred Share are payable monthly, when, as and if declared, or under authority granted, by our Board of Directors out of funds legally available for such payment. We will pay monthly dividends on the Series 2023 Term Preferred Shares offered pursuant to this prospectus supplement, commencing on September 30, 2014.

### Ranking

The Series 2023 Term Preferred Shares are senior securities that constitute capital stock of the Company.

The Series 2023 Term Preferred Shares rank:

senior to our common stock in priority of payment of dividends and as to the distribution of assets upon dissolution, liquidation or the winding-up of our affairs; and

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equal in priority with the Series 2017 Term Preferred Shares, the Series 2024 Term Preferred Shares and all other future series of Preferred Stock we may issue, which we refer to in this prospectus supplement, collectively with the Series 2023 Term Preferred Shares, as the Preferred Stock, as well as any other series of Term Preferred Shares (as such term is defined in the Articles Supplementary, the Term Preferred Stock) as to priority of payment of dividends and as to distributions of assets upon dissolution, liquidation or the winding-up of our affairs.

We may issue additional shares of Preferred Stock, but we may not issue additional classes of capital stock that rank senior or junior to the Series 2023 Term Preferred Shares (other than Common Stock) as to priority of payment of dividends and as to distribution of assets upon dissolution, liquidation or winding-up of our affairs. We may, however, issue additional Preferred Stock only so long as the ratio of (1) the value of total assets less all liabilities and indebtedness not represented by senior securities to (2) the sum of all senior securities representing indebtedness and the outstanding Series 2017 Term Preferred Shares and Series 2023 Term Preferred Shares multiplied by \$25 per share is at least 200%. In addition, we may borrow funds from banks and other lenders so long as the ratio of (1) the value of total assets less all liabilities and indebtedness not represented by senior securities to (2) the sum of all senior securities representing indebtedness is at least 300%.

**Term Redemption**

We are required to redeem all outstanding Series 2023 Term Preferred Shares on June 30, 2023 at a redemption price equal to the Liquidation Preference plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) to, but excluding, the redemption date. We cannot effect any amendment, alteration or repeal of our obligation to redeem all of the Series 2023 Term Preferred Shares on June 30, 2023 without the prior unanimous vote or consent of holders of the Series 2023 Term Preferred Shares. See Description of the Series 2023 Term Preferred Stock Redemption and Voting Rights.

**Mandatory Redemption for Asset Coverage**

If we fail to maintain an asset coverage ratio (as defined below) of at least 200% as of the close of business on any Business Day on which asset coverage is required to be calculated, and such failure is not cured by the close of business on the date that is 30 calendar days following such Business Day (referred to in this prospectus supplement as an Asset Coverage Cure Date), then we are required to redeem, within 90 calendar days of the Asset Coverage Cure Date, shares of Preferred Stock equal to the lesser of (1) the minimum number of shares of Preferred Stock that will result in our having an asset coverage ratio of at least 200% and (2) the maximum number of shares of Preferred Stock that can be redeemed out of funds legally

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available for such redemption. Also, at our sole discretion, we may redeem such number of shares of Preferred Stock (including shares of Preferred Stock required to be redeemed) that will result in our having an asset coverage ratio of up to and including 285%. The Preferred Stock to be redeemed may include, at our sole option, any number or proportion of the Series 2023 Term Preferred Shares and other series of Preferred Stock. If the Series 2023 Term Preferred Shares are to be redeemed in such an event, they will be redeemed at a redemption price equal to their liquidation preference per share plus accumulated but unpaid dividends, if any, on such liquidation preference (whether or not declared, but excluding, interest on accrued but unpaid dividends, if any) to, but excluding, the date fixed for such redemption.

Asset coverage for purposes of our Preferred Stock is a ratio calculated under Section 18(h) of the 1940 Act. We estimate that, on the Date of Original Issue, our asset coverage, based on the composition and value of our portfolio as of March 31, 2014, and after giving effect to: (1) the issuance of Series 2023 Term Preferred Shares in this offering, (2) the issuance of 1,277,500 Series 2024 Term Preferred Shares in June 2014, (3) the issuance of 78,767 shares of our common stock in connection with our dividend reinvestment plan on June 30, 2014 and sale of 133,301 shares of our common stock in an at-the-market offering as of September 3, 2014, (4) the issuance of 200,000 Series 2023 Term Preferred Shares on September 4, 2014, and (5) the payment of offering costs payable by us of \$136,250 in connection with this offering, will be 303%. See Description of the Series 2023 Term Preferred Stock Asset Coverage.

**Optional Redemption**

At any time on or after June 30, 2016, at our sole option, we may redeem, from time to time, the Series 2023 Term Preferred Shares in whole or in part, out of funds legally available for such redemption, at a price per share equal to the sum of the Liquidation Preference plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) to, but excluding, the date fixed for such redemption. See Description of the Series 2023 Term Preferred Stock Redemption Optional Redemption. See Description of the Series 2023 Term Preferred Stock Redemption.

**Voting Rights**

Except as otherwise provided in our Articles of Amendment and Restatement to the Articles of Incorporation or as otherwise required by law, (1) each holder of Preferred Stock (including the Series 2023 Term Preferred Shares, the Series 2017 Term Preferred Shares and the Series 2024 Term Preferred Shares) will be entitled to one vote for each share of Preferred Stock held by such holder on each matter submitted to a vote of our stockholders and (2) the holders of all outstanding Preferred Stock and our common stock will vote together as a single class; provided that holders of Preferred Stock, voting separately as a class, will elect two of our directors and will be

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entitled to elect a majority of our directors if we fail to pay dividends on any outstanding shares of Preferred Stock in an amount equal to two full years of dividends and continuing during that period until we correct that failure. Preferred Stock holders will also vote separately as a class on any matter that materially and adversely affects any preference, right or power of holders of Preferred Stock. See Description of the Series 2023 Term Preferred Stock Voting Rights.

### **Conversion Rights**

The Series 2023 Term Preferred Shares will have no conversion rights.

### **Use of Proceeds**

We intend to use the net proceeds from this offering (after the payment of estimated expenses of the offering of approximately \$136,250) for acquiring investments in accordance with our investment objective and strategies described in this prospectus supplement and for general working capital purposes. See Use of Proceeds.

### **Leverage**

Although we have no current intention to do so, we may borrow funds to make investments. In addition, we may issue additional shares of Preferred Stock, which may be considered a form of leverage, after completion of this offering. As a result, we will be exposed to the risks of leverage, which may be considered a speculative investment technique. In addition, the CLO vehicles in which we invest will be leveraged, which will indirectly expose us to the risks of leverage. The use of leverage magnifies the potential gain and loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with use of leverage, including any increase in the management fee payable to our investment adviser, Oxford Lane Management, will be borne by our common stockholders. Under the 1940 Act, we are only permitted to incur additional indebtedness to the extent our asset coverage with respect to our outstanding senior securities representing indebtedness, as defined under the 1940 Act, is at least 300% immediately after each such borrowing. In addition, we are only permitted to issue additional Preferred Stock to the extent our asset coverage with respect to such Preferred Stock, as defined under the 1940 Act, which also reflects any outstanding borrowings, is at least 200% immediately after each such issuance. See Regulation as a Registered Closed-End Investment Company in the accompanying prospectus.

### **U.S. Federal Income Taxes**

Prospective investors are urged to consult their own tax advisors regarding these matters in light of their personal investment circumstances.

We have elected to be treated, and intend to continue to so qualify each year, as a RIC under Subchapter M of the Code, and we generally do not expect to be subject to U.S. federal income tax.

### **Risk Factors**

Investing in the Series 2023 Term Preferred Shares involves risks. You should carefully consider the information set forth in the sections of this prospectus supplement and the

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accompanying prospectus entitled Risk Factors before deciding whether to invest in our Series 2023 Term Preferred Shares. See Risk Factors beginning on page S-16 of this prospectus supplement and page 17 of the accompanying prospectus.

**Information Rights**

During any period in which we are not subject to the reporting requirements of the Exchange Act and any Series 2023 Term Preferred Shares are outstanding, we will provide holders of Series 2023 Term Preferred Shares, without cost, copies of our annual, semi-annual and quarterly reports, proxy statements and other information that we would have been required to file with the SEC pursuant to the Exchange Act if we were subject to such requirements.

**Redemption and Paying Agent**

We have entered into an amendment to our Transfer Agency and Service Agreement with Computershare Trust Company, N.A., which we refer to as the Redemption and Paying Agent in this prospectus supplement. Under this amendment, the Redemption and Paying Agent will serve as transfer agent and registrar, dividend disbursing agent and redemption and paying agent with respect to the Series 2023 Term Preferred Shares.

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## **RISK FACTORS**

*You should carefully consider the risks described below, and the risks described in **Risk Factors** beginning on page 17 of the accompanying prospectus, before deciding to invest in the Series 2023 Term Preferred Shares. The risks and uncertainties described below and in the accompanying prospectus are not the only ones 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 and the value of the Series 2023 Term Preferred Shares. If any of the following risks or the risks described in the accompanying prospectus actually occur, our business, financial condition or results of operations could be materially adversely affected, and the value of the Series 2023 Term Preferred Shares may be impaired. If that happens, the trading price of the Series 2023 Term Preferred Shares could decline, and you may lose all or part of your investment.*

### **An investment in term Preferred Stock with a fixed interest rate bears interest rate risk.**

Term Preferred Stock pays dividends at a fixed dividend rate. Prices of fixed income investments vary inversely with changes in market yields. The market yields on securities comparable to the Series 2023 Term Preferred Shares may increase, which would likely result in a decline in the secondary market price of the Series 2023 Term Preferred Shares prior to the term redemption date. For additional information concerning dividends on the Series 2023 Term Preferred Shares, see **Description of the Series 2023 Term Preferred Stock** **Dividends and Dividend Periods**.

### **A liquid secondary trading market may not develop for the Series 2023 Term Preferred Shares.**

Although the Series 2017 Term Preferred Shares, the Series 2023 Term Preferred Shares and the Series 2024 Term Preferred Shares are traded on the NASDAQ Global Select Market, they have a limited trading market. As a result, we cannot predict the trading patterns of the Series 2023 Term Preferred Shares, and a liquid secondary market may not develop. Holders of the Series 2023 Term Preferred Shares may be able to sell such shares only at substantial discounts from the Liquidation Preference. There is a risk that the Series 2023 Term Preferred Shares may be thinly traded, and the market for such shares may be relatively illiquid compared to the market for other types of securities, with the spread between the bid and asked prices considerably greater than the spreads of other securities with comparable terms and features.

### **The Series 2023 Term Preferred Shares will not be rated.**

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

### **The Series 2023 Term Preferred Shares will bear a risk of early redemption by us.**

We may voluntarily redeem some or all of the Series 2023 Term Preferred Shares on or after June 30, 2016 and we may be forced to redeem some or all of the Series 2023 Term Preferred Shares to meet regulatory requirements and the asset coverage requirements of such shares. Any such redemptions may occur at a time that is unfavorable to

holders of the Series 2023 Term Preferred Shares. We may have an incentive to redeem the Series 2023 Term Preferred Shares voluntarily before the Term Redemption Date if market conditions allow us to issue other Preferred Stock or debt securities at a rate that is lower than the Fixed Dividend Rate on the Series 2023 Term Preferred Shares. For further information regarding our ability to redeem the Term Preferred Stock, see Description of the Series 2023 Term Preferred Stock Redemption and Asset Coverage.

**Claims of holders of the Series 2023 Term Preferred Shares will be subject to a risk of subordination relative to holders of our debt instruments.**

Rights of holders of Series 2023 Term Preferred Shares will equal to the rights of holders of Series 2017 Term Preferred Shares and Series 2024 Term Preferred Shares. However, rights of holders of the Series 2023 Term Preferred Shares, the Series 2017 Term Preferred Shares and the Series 2024 Term Preferred Shares will be subordinated to the rights of holders of our indebtedness. Therefore, dividends, distributions and other

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payments to holders of Term Preferred Shares in liquidation or otherwise may be subject to prior payments due to the holders of our indebtedness. In addition, under some circumstances the 1940 Act may provide debt holders with voting rights that are superior to the voting rights of holders of the Series 2023 Term Preferred Shares.

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

General market uncertainty and extraordinary conditions in the credit markets may impact the liquidity of our investment portfolio. In turn, during extraordinary circumstances, this uncertainty could impact our distributions and/or ability to redeem the Series 2023 Term Preferred Shares in accordance with their terms. Further, there may be market imbalances of sellers and buyers of Series 2023 Term Preferred Shares during periods of extreme illiquidity and volatility in the credit markets. Such market conditions may lead to periods of thin trading in any secondary market for the Series 2023 Term Preferred Shares and may make valuation of the Series 2023 Term Preferred Shares uncertain. As a result, the spread between bid and ask prices is likely to increase significantly such that an investor in the Series 2023 Term Preferred Shares may have difficulty selling his or her shares. Less liquid and more volatile trading environments could also result in sudden and significant valuation declines in the Series 2023 Term Preferred Shares.

**Holders of the Series 2023 Term Preferred Shares will bear reinvestment risk.**

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

**Holders of Series 2023 Term Preferred Shares will bear dividend risk.**

We may be unable to pay dividends on the Series 2023 Term Preferred Shares under some circumstances. The Series 2017 Term Preferred Shares are subject to redemption by us approximately eighteen months before the Series 2023 Term Preferred Shares are subject to redemption by us. As a result, our redemption of the Series 2017 Term Preferred Shares may impact our ability to continue to pay dividends on the Series 2023 Term Preferred Shares. In addition, the terms of any future indebtedness we may incur could preclude the payment of dividends in respect of equity securities, including the Series 2023 Term Preferred Shares, under certain conditions.

**There is a risk of delay in our redemption of the Series 2023 Term Preferred Shares, and we may fail to redeem such securities as required by their terms.**

We will generally make investments in CLO vehicles whose securities are not traded in any public market. Substantially all of the investments we presently hold and the investments we expect to acquire in the future are, and will be, subject to legal and other restrictions on resale and will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to obtain cash equal to the value at which we record our investments quickly if a need arises. If we are unable to obtain sufficient liquidity prior to the Term Redemption Date, we may be forced to engage in a partial redemption or to delay a required redemption. If such a partial redemption or delay were to occur, the market price of the Series 2023 Term Preferred Shares might be adversely affected.



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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain 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



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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 125,000 Series 2023 Term Preferred Shares in this offering will be approximately \$2,926,250 after deducting estimated offering expenses of approximately \$136,250 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, and may pay other expenses such as due diligence expenses of potential new investments, from the net proceeds of this offering.

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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TABLE OF CONTENTS**CAPITALIZATION**

The following table sets forth:

the actual capitalization of Oxford Lane Capital at March 31, 2014; the adjusted capitalization of Oxford Lane Capital, reflecting the sale of 1,277,500 shares of Series 2024 Term Preferred Shares in June 2014, the issuance of 78,767 shares of common stock in connection with our dividend reinvestment plan on June 30, 2014, the sale of 133,301 shares of common stock in an at-the-market offering as of September 3, 2014, and the issuance of 200,000 Series 2023 Term Preferred Shares on September 4, 2014; and the further adjusted capitalization of Oxford Lane Capital, reflecting the sale of 125,000 shares of our Series 2023 Term Preferred Shares in this offering at a public offering price of \$24.50 per share, after deducting the estimated offering expenses of approximately \$136,250 payable by us.

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

	As of March 31, 2014		
	Actual	As Adjusted <sup>(2)</sup>	As Further Adjusted <sup>(3)</sup>
Assets:			
Total assets	\$352,362,232	\$392,659,895	\$395,722,395
Liabilities:			
Mandatory redeemable Preferred Stock, par value \$0.01 per share; 5,000,000 shares authorized, 3,262,220, 4,739,720 and 4,864,720 shares issued and outstanding, as adjusted, respectively <sup>(1)</sup>	77,295,190	114,132,690	117,195,190
Other liabilities	27,237,841	27,237,841	27,237,841
Total liabilities	104,533,031	141,370,531	144,433,031
Net Assets	\$247,829,201	\$251,289,364	\$251,289,364
Net Assets consist of:			
Paid in capital	236,710,605	240,170,768	240,170,768
Net realized gain on investments	1,771,528	1,771,528	1,771,528
Net unrealized appreciation on investments	22,352,201	22,352,201	22,352,201
Distributions in excess of net investment income	(13,005,133 )	(13,005,133 )	(13,005,133 )
Total net assets	\$247,829,201	\$251,289,364	\$251,289,364

(1) Actual amount represents 632,450 shares of Series 2017 Term Preferred Shares and 2,629,770 shares of Series 2023 Term Preferred Shares outstanding as of March 31, 2014.

(2) As Adjusted column reflects 1,277,500 shares of Series 2024 Term Preferred Shares issued in June 2014, 78,767 shares of common stock issued in connection with our dividend reinvestment plan on June 30, 2014, 133,301 shares of common stock sold in an at-the-market offering as of September 3, 2014, and the issuance of 200,000 Series 2023 Term Preferred Shares on September 4, 2014.

(3) Increase in assets in the As Further Adjusted column is due to cash from the net proceeds of this offering, as well as capitalized debt issuance costs.

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## RATIOS OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

The following table contains our ratio of earnings to fixed charges and preferred dividends for the periods indicated, computed as set forth below. You should read these ratios of earnings to fixed charges and preferred dividends in connection with our financial statements, including the notes to those statements, included in this prospectus supplement and the accompanying prospectus.

	For the Year Ended March 31, 2014	For The Year Ended March 31, 2013	For The Year Ended March 31, 2012	For the Period January 25, 2011 (Commencement of Operations) through March 31, 2011
Earnings to Fixed Charges and Preferred Dividends <sup>(1)</sup>	6.1	46.4	346.9	55.8

(1) Earnings include net realized and unrealized gains or losses. Net realized and unrealized gains or losses can vary substantially from period to period.

For purposes of computing the ratios of earnings to fixed charges and preferred dividends, earnings represent net increase in net assets resulting from operations plus (or minus) income tax expense (benefit) including excise tax expense plus fixed charges. Fixed charges include interest and amortization of debt issuance costs and one-third of rent expense, which management estimates to represent the interest component of rent expense.

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## **DESCRIPTION OF THE SERIES 2023 TERM PREFERRED STOCK**

*The following is a brief description of the terms of our Term Preferred Stock, including specific terms of the Series 2023 Term Preferred Shares. This is not a complete description and is subject to, and entirely qualified by reference to, our Articles of Amendment and Restatement to the Articles of Incorporation, the Articles Supplementary, Appendix A to the Articles Supplementary, Appendix B to the Articles Supplementary and Appendix C to the Articles Supplementary, which will be dated as of September 8, 2014. The final form of Articles Supplementary and Appendix A, Appendix B and Appendix C, thereto are attached to this prospectus supplement and the final Articles Supplementary and Appendix A, Appendix B and Appendix C will be filed with the SEC as an exhibit to our registration statement of which this prospectus supplement and the accompanying prospectus are a part. You may obtain copies of these documents as described under Available Information.*

### **General**

We are authorized to issue 5,000,000 shares of Term Preferred Stock. We are designating 125,000 of these shares as additional Series 2023 Term Preferred Shares. We currently have 2,829,770 shares of the Series 2023 Term Preferred Shares outstanding. We also currently have 632,450 shares of the Series 2017 Term Preferred Shares and 1,277,500 shares of the Series 2024 Term Preferred Shares outstanding. Terms of the Term Preferred Stock are set forth in the Articles Supplementary. Terms of the Series 2017 Term Preferred Shares, Series 2023 Term Preferred Shares and Series 2024 Term Preferred Shares are the same as those of the Term Preferred Stock except as set forth in Appendix A, Appendix B and Appendix C to the Articles Supplementary dated as of September 3, 2014.

At the time of issuance, any Term Preferred Stock, including the Series 2023 Term Preferred Shares, will be fully paid and non-assessable and will have no preemptive, conversion, or exchange rights or rights to cumulative voting. The Series 2023 Term Preferred Shares will rank equally with shares of the Series 2017 Term Preferred Shares, the Series 2024 Term Preferred Shares and all our other Preferred Stock that might be issued in the future, as to payment of dividends and the distribution of our assets upon dissolution, liquidation or winding up of our affairs. The Term Preferred Stock is, and all other Preferred Stock that we may issue in the future will be, senior as to dividends and distributions to the Common Stock. We may issue additional series of Term Preferred Stock or other Preferred Stock in the future.

Except in certain limited circumstances, holders of the Term Preferred Stock will not receive certificates representing their ownership interest in such shares, and the shares of Term Preferred Stock will be represented by a global certificate to be held by the Securities Depository for the Term Preferred Stock. The Depository Trust Company will initially act as Securities Depository with respect to the Term Preferred Stock.

### **Dividends and Dividend Periods**

*General.* The holders of the Term Preferred Stock will be entitled to receive cumulative cash dividends and distributions on such shares, when, as and if declared by, or under authority granted by, our Board of Directors out of funds legally available for payment and in preference to dividends and distributions on Common Stock, calculated separately for each Dividend Period for such Term Preferred Stock at the Dividend Rate for such Term Preferred Stock in effect during such Dividend Period, in an amount equal to the Liquidation Preference for such Term Preferred Stock. The Dividend Rate is computed on the basis of a 360-day year consisting of twelve 30-day months.

Dividends so declared and payable will be paid to the extent permitted under state law and our Articles of Incorporation, and to the extent available, in preference to and priority over any dividend declared and payable on the Common Stock. If we are unable to distribute the full dividend amount due in a Dividend Period on the Series 2023 Term Preferred Shares, the Series 2017 Term Preferred Shares and the Series 2024 Term Preferred Shares, the dividends will be distributed on a pro rata basis among the holders of the Series 2023 Term Preferred Shares, the Series 2017 Term Preferred Shares and the Series 2024 Term Preferred Shares.

*Fixed Dividend Rate.* The Fixed Dividend Rate is an annual rate of 7.50% for the Series 2023 Term Preferred Shares. The Fixed Dividend Rate for Term Preferred Stock may be adjusted in certain circumstances, including upon the occurrence of certain events resulting in a Default Period (as defined below).

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*Payment of Dividends and Dividend Periods.* The first Dividend Period for the Series 2023 Term Preferred Shares commenced on June 21, 2013 and ended on July 31, 2013 and each subsequent Dividend Period will be a calendar month (or the portion thereof occurring prior to the redemption of such Series 2023 Term Preferred Shares).

Dividends will be payable monthly in arrears on the Dividend Payment Date the last Business Day of the month of the Dividend Period and upon redemption of the Term Preferred Stock. Except for the first Dividend Period, dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of Term Preferred Stock as their names shall appear on our registration books at the close of business on the applicable record date, which shall be such date designated by our Board of Directors that is not more than 20, nor less than 10, calendar days prior to such

Dividend Payment Date. Dividends with respect to the Series 2023 Term Preferred Shares offered pursuant to this prospectus supplement will be paid on September 30, 2014 to holders of record of such Series 2023 Term Preferred Shares as their names appear on our registration books at the close of business on September 19, 2014.

Only holders of Term Preferred Stock on the record date for a Dividend Period will be entitled to receive dividends and distributions payable with respect to such Dividend Period, and holders of Term Preferred Stock who sell shares before such a record date and purchasers of Term Preferred Stock who purchase shares after such a record date should take the effect of the foregoing provisions into account in evaluating the price to be received or paid for such Term Preferred Stock.

Although dividends will accrue and be paid monthly, the record date for holders of Term Preferred Stock entitled to receive dividend payments may vary from month-to-month. We will notify holders of the Term Preferred Stock of each record date by issuance of a quarterly press release.

*Mechanics of Payment of Dividends.* Not later than 12:00 noon, New York City time, on a Dividend Payment Date, we are required to deposit with the Redemption and Paying Agent sufficient funds for the payment of dividends in the form of Deposit Securities. Deposit Securities will generally consist of (1) cash or cash equivalents; (2) direct obligations of the United States or its agencies or instrumentalities that are entitled to the full faith and credit of the United States, which we refer to as the U.S. Government Obligations; (3) investments in money market funds registered under the 1940 Act that qualify under Rule 2a-7 under the 1940 Act and certain similar investment vehicles that invest in U.S. Government Obligations or any combination thereof; or (4) any letter of credit from a bank or other financial institution that has a credit rating from at least one ratings agency that is the highest applicable rating generally ascribed by such ratings agency to bank deposits or short-term debt of similar banks or other financial institutions, in each case either that is a demand obligation payable to the holder on any Business Day or that has a maturity date, mandatory redemption date or mandatory payment date, preceding the relevant Redemption Date, Dividend Payment Date or other payment date. We do not intend to establish any reserves for the payment of dividends.

All Deposit Securities paid to the Redemption and Payment Agent for the payment of dividends will be held in trust for the payment of such dividends to the holders of Term Preferred Stock. Dividends will be paid by the Redemption and Payment Agent to the holders of Term Preferred Stock as their names appear on our registration books. Dividends that are in arrears for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date. Such payments are made to holders of Term Preferred Stock as their names appear on our registration books on such date, not exceeding 20 nor less than 10 calendar days preceding the payment date thereof, as may be fixed by our Board of Directors. Any payment of dividends in arrears will first be credited against the earliest accumulated but unpaid dividends. No interest or sum of money in lieu of interest will be payable in respect of any dividend payment or payments on any Term Preferred Stock which may be in arrears. See Adjustment to Fixed Dividend Rate Default Period.

Upon failure to pay dividends for at least two years, the holders of Term Preferred Stock will acquire certain additional voting rights. See **Voting Rights** below. Such rights shall be the exclusive remedy of the holders of Term Preferred Stock upon any failure to pay dividends on Term Preferred Stock.

*Adjustment to Fixed Dividend Rate Default Period.* Subject to the cure provisions below, a Default Period with respect to Term Preferred Stock will commence on a date we fail to deposit the Deposit Securities as required as described above. A Default Period with respect to a Dividend Default or a Redemption Default

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shall end on the Business Day on which, by 12:00 noon, New York City time, an amount equal to all unpaid dividends and any unpaid redemption price shall have been deposited irrevocably in trust in same-day funds with the Redemption and Paying Agent. In the case of a Default, the applicable dividend rate for each day during the Default Period will be equal to the Default Rate. The Default Rate for any calendar day will be equal to the applicable Dividend Rate in effect on such day plus two percent (2%) per annum.

No Default Period with respect to a Dividend Default or Redemption Default will be deemed to commence if the amount of any dividend or any redemption price due (if such Default is not solely due to our willful failure) is deposited irrevocably in trust, in same-day funds with the Redemption and Paying Agent by 12:00 noon, New York City time, on a Business Day that is not later than three Business Days after the applicable Dividend Payment Date or Redemption Date, together with an amount equal to the Default Rate applied to the amount and period of such non-payment based on the actual number of calendar days comprising such period divided by 360.

## **Restrictions on Dividend, Redemption, Other Payments and Issuance of Debt**

No full dividends and distributions will be declared or paid on Term Preferred Stock for any Dividend Period, or a part of a Dividend Period, unless the full cumulative dividends and distributions due through the most recent dividend payment dates for all outstanding shares of Preferred Stock (including shares of other series of Term Preferred Stock, if any) have been, or contemporaneously are, declared and paid through the most recent dividend payment dates for each share of Preferred Stock. If full cumulative dividends and distributions due have not been paid on all outstanding shares of Preferred Stock of any series, any dividends and distributions being declared and paid on Term Preferred Stock will be declared and paid as nearly pro rata as possible in proportion to the respective amounts of dividends and distributions accumulated but unpaid on the shares of each such series of Preferred Stock on the relevant dividend payment date. No holders of Term Preferred Stock will be entitled to any dividends and distributions in excess of full cumulative dividends and distributions as provided in the Articles Supplementary.

For so long as any shares of Term Preferred Stock are outstanding, we will not: (x) declare any dividend or other distribution (other than a dividend or distribution paid in Common Stock) in respect of the Common Stock, (y) call for redemption, redeem, purchase or otherwise acquire for consideration any such Common Stock, or (z) pay any proceeds of the liquidation of the Company in respect of such Common Stock, unless, in each case, (A) immediately thereafter, we will be in compliance with the 200% asset coverage limitations set forth under the 1940 Act with respect to a class of senior security which is stock, after deducting the amount of such dividend or distribution or redemption or purchasing price or liquidation proceeds, (B) all cumulative dividends and distributions of shares of all series of Term Preferred Stock and all other series of Preferred Stock, if any, ranking on parity with the Term Preferred Stock due on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition shall have been declared and paid (or shall have been declared and sufficient funds or Deposit Securities as permitted by the terms of such Preferred Stock for the payment thereof shall have been deposited irrevocably with the applicable paying agent) and (C) we have deposited Deposit Securities with the Redemption and Paying Agent in accordance with the requirements described herein with respect to outstanding Term Preferred Stock of any series to be redeemed pursuant to a Term Redemption or asset coverage mandatory redemption resulting from the failure to comply with the asset coverage requirements as described below for which a Notice of Redemption shall have been given or shall have been required to be given in accordance with the terms described herein on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition.

Except as required by law, we will not redeem any shares of Term Preferred Stock unless all accumulated and unpaid dividends and distributions on all outstanding shares of Term Preferred Stock and other series of Preferred Stock, if

any, ranking on parity with the Term Preferred Stock with respect to dividends and distributions for all applicable past dividend periods (whether or not earned or declared by us) (x) will have been or are contemporaneously paid or (y) will have been or are contemporaneously declared and Deposit Securities or sufficient funds (in accordance with the terms of such Preferred Stock) for the payment of such dividends and distributions will have been or are contemporaneously deposited with the Redemption and Paying Agent or other applicable paying agent, provided, however, that the foregoing will not prevent the purchase or acquisition of outstanding shares of Term Preferred Stock pursuant to an otherwise lawful

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purchase or exchange offer made on the same terms to holders of all outstanding shares of Term Preferred Stock and any other series of Preferred Stock, if any, for which all accumulated and unpaid dividends and distributions have not been paid.

We may issue debt in one or more classes or series. Under the 1940 Act, we may not (1) declare any dividend with respect to any Preferred Stock if, at the time of such declaration (and after giving effect thereto), our asset coverage with respect to any of our borrowings that are senior securities representing indebtedness (as determined in accordance with Section 18(h) under the 1940 Act), would be less than 200% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities representing indebtedness of a closed-end investment company as a condition of declaring dividends on its Preferred Stock) or (2) declare any other distribution on the Preferred Stock or purchase or redeem Preferred Stock if at the time of the declaration or redemption (and after giving effect thereto), asset coverage with respect to such borrowings that are senior securities representing indebtedness would be less than 200% (or such higher percentage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities representing indebtedness of a closed-end investment company as a condition of declaring distributions, purchases or redemptions of its shares). Senior securities representing indebtedness generally means any bond, debenture, note or similar obligation or instrument constituting a security (other than shares of capital stock) and evidencing indebtedness and could include our obligations under any borrowings. For purposes of determining our asset coverage for senior securities representing indebtedness in connection with the payment of dividends or other distributions on or purchases or redemptions of stock, the term senior security does not include any promissory note or other evidence of indebtedness issued in consideration of any loan, extension or renewal thereof, made by a bank or other person and privately arranged, and not intended to be publicly distributed. The term senior security also does not include any such promissory note or other evidence of indebtedness in any case where such a loan is for temporary purposes only and in an amount not exceeding 5% of the value of our total assets at the time when the loan is made; a loan is presumed under the 1940 Act to be for temporary purposes if it is repaid within 60 calendar days and is not extended or renewed; otherwise such loan is presumed not to be for temporary purposes.

## **Asset Coverage**

If we fail to maintain asset coverage of at least 200% as of the close of business on the last Business Day of a Calendar Quarter, the Term Preferred Stock may become subject to mandatory redemption as provided below. Asset coverage means asset coverage of a class of senior security which is a stock, as defined for purposes of Section 18(h) of the 1940 Act as in effect on the date of the Articles Supplementary. For purposes of this determination, no shares of Term Preferred Stock or other Preferred Stock, if any, will be deemed to be outstanding for purposes of the computation of asset coverage if, prior to or concurrently with such determination, either sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Preferred Stock) to pay the full redemption price for such Preferred Stock (or the portion thereof to be redeemed) will have been deposited in trust with the paying agent for such Preferred Stock and the requisite notice of redemption for such Preferred Stock (or the portion thereof to be redeemed) will have been given or sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Preferred Stock) to pay the full redemption price for such Preferred Stock (or the portion thereof to be redeemed) will have been segregated by us and our custodian, or Custodian, from our assets, by means of appropriate identification on the Custodian's books and records or otherwise in accordance with the Custodian's normal procedures. In such event, the Deposit Securities or other sufficient funds so deposited or segregated will not be included as our assets for purposes of the computation of asset coverage.

## Redemption

*Term Redemption.* We are required to provide for the mandatory redemption, or the Term Redemption, of all of the Series 2023 Term Preferred Shares on June 30, 2023, which we refer to as the Term Redemption Date, at a redemption price equal to the Liquidation Preference per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the Term Redemption Date, which we refer to as the Term Redemption Price.

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**Mandatory Redemption for Asset Coverage**

*Asset Coverage.* If we fail to have asset coverage of at least 200% as provided in the Articles Supplementary and such failure is not cured as of the close of business on the Asset Coverage Cure Date, we will fix a redemption date and proceed to redeem the number of shares of Preferred Stock as described below at a price per share equal to the liquidation price per share of the applicable Preferred Stock, which in the case of the Term Preferred Stock is equal to the Liquidation Preference per share plus accumulated but unpaid dividends and distributions thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for redemption by our Board of Directors. We will redeem out of funds legally available the number of shares of Preferred Stock (which may include at our sole option any number or proportion of Term Preferred Stock) equal to the lesser of (i) the minimum number of shares of Preferred Stock, the redemption of which, if deemed to have occurred immediately prior to the opening of business on the Asset Coverage Cure Date, would result in us having asset coverage of at least 200% and (ii) the maximum number of shares of Preferred Stock that can be redeemed out of funds expected to be legally available in accordance with our Articles of Incorporation and applicable law. Notwithstanding the foregoing sentence, in the event that shares of Preferred Stock are redeemed pursuant to the Articles Supplementary, we may at our sole option, but are not required to, redeem a sufficient number of shares of Term Preferred Stock that, when aggregated with other shares of Preferred Stock redeemed by us, permits us to have with respect to the shares of Preferred Stock (including Term Preferred Stock) remaining outstanding after such redemption, asset coverage on such Asset Coverage Cure Date of as much as 285%. We will effect a redemption on the date fixed by us, which date will not be later than 90 calendar days after the Asset Coverage Cure Date, except that if we do not have funds legally available for the redemption of all of the required number of shares of Term Preferred Stock and other shares of Preferred Stock which have been designated to be redeemed or we otherwise are unable to effect such redemption on or prior to 90 calendar days after the Asset Coverage Cure Date, we will redeem those shares of Term Preferred Stock and other shares of Preferred Stock which we were unable to redeem on the earliest practicable date on which we are able to effect such redemption.

*Optional Redemption.* On or after June 30, 2016 (any such date, an Optional Redemption Date), we may redeem in whole or from time to time in part outstanding Term Preferred Stock, at a redemption price equal to the Liquidation Preference, plus an amount equal to all unpaid dividends and distributions accumulated to (but excluding) the Optional Redemption Date (whether or not earned or declared by us, but excluding interest thereon) (the Optional Redemption Price ).

Subject to the provisions of the Articles Supplementary and applicable law, our Board of Directors will have the full power and authority to prescribe the terms and conditions upon which shares of Term Preferred Stock will be redeemed from time to time.

We may not on any date deliver a notice of redemption to redeem any shares of Term Preferred Stock pursuant to the optional redemption provisions described above unless on such date we have available Deposit Securities for the Optional Redemption Date contemplated by such notice of redemption having a Market Value not less than the amount (including any applicable premium) due to holders of shares of Term Preferred Stock by reason of the redemption of such shares of Term Preferred Stock on such Optional Redemption Date.

*Redemption Procedures.* We will file a notice of our intention to redeem with the SEC so as to provide the 30 calendar day notice period contemplated by Rule 23c-2 under the 1940 Act, or such shorter notice period as may be permitted by the SEC or its staff.

If we shall determine or be required to redeem, in whole or in part, shares of Term Preferred Stock, we will deliver a

notice of redemption, or a Notice of Redemption, by overnight delivery, by first class mail, postage prepaid or by electronic means to the holders of such shares of Term Preferred Stock to be redeemed, or request the Redemption and Paying Agent, on our behalf, to promptly do so by overnight delivery, by first class mail or by electronic means. A Notice of Redemption will be provided not more than 45 calendar days prior to the date fixed for redemption in such Notice of Redemption, which we refer to as the Redemption Date. If fewer than all of the outstanding shares of Term Preferred Stock are to be redeemed pursuant to either the asset coverage mandatory redemption provisions or the optional redemption provisions, the shares of Term Preferred Stock to be redeemed will be selected either (1) pro rata among Term Preferred Stock, (2) by lot or

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(3) in such other manner as our Board of Directors may determine to be fair and equitable. If fewer than all shares of Term Preferred Stock held by any holder are to be redeemed, the Notice of Redemption mailed to such holder shall also specify the number of shares of Term Preferred Stock to be redeemed from such holder or the method of determining such number. We may provide in any Notice of Redemption relating to a redemption contemplated to be effected pursuant to the Articles Supplementary that such redemption is subject to one or more conditions precedent and that we will not be required to effect such redemption unless each such condition has been satisfied. No defect in any Notice of Redemption or delivery thereof will affect the validity of redemption proceedings except as required by applicable law.

If we give a Notice of Redemption, then at any time from and after the giving of such Notice of Redemption and prior to 12:00 noon, New York City time, on the Redemption Date (so long as any conditions precedent to such redemption have been met or waived by us), we will (i) deposit with the Redemption and Paying Agent Deposit Securities having an aggregate Market Value at the time of deposit no less than the redemption price of the shares of Term Preferred Stock to be redeemed on the Redemption Date and (ii) give the Redemption and Paying Agent irrevocable instructions and authority to pay the applicable redemption price to the holders of shares of Term Preferred Stock called for redemption on the Redemption Date. Notwithstanding the foregoing, if the Redemption Date is the Term Redemption Date, then such deposit of Deposit Securities will be made no later than 15 calendar days prior to the Term Redemption Date.

Upon the date of the deposit of Deposit Securities by us for purposes of redemption of shares of Term Preferred Stock, all rights of the holders of Term Preferred Stock so called for redemption shall cease and terminate except the right of the holders thereof to receive the Term Redemption Price, Mandatory Redemption Price or Optional Redemption Price thereof, as applicable (any of the foregoing referred to in this prospectus supplement as the Redemption Price, and such shares of Term Preferred Stock will no longer be deemed outstanding for any purpose whatsoever (other than the transfer thereof prior to the applicable Redemption Date and other than the accumulation of dividends on such stock in accordance with the terms of the Term Preferred Stock up to (but excluding) the applicable Redemption Date). We will be entitled to receive, promptly after the Redemption Date, any Deposit Securities in excess of the aggregate Redemption Price of shares of Term Preferred Stock called for redemption on the Redemption Date. Any Deposit Securities so deposited that are unclaimed at the end of 90 calendar days from the Redemption Date will, to the extent permitted by law, be repaid to us, after which the holders of shares of Term Preferred Stock so called for redemption shall look only to us for payment of the Redemption Price. We will be entitled to receive, from time to time after the Redemption Date, any interest on the Deposit Securities so deposited.

On or after a Redemption Date, each holder of shares of Term Preferred Stock in certificated form (if any) that are subject to redemption will surrender the certificate(s) evidencing such shares of Term Preferred Stock to us at the place designated in the Notice of Redemption and will then be entitled to receive the Redemption Price, without interest, and in the case of a redemption of fewer than all shares of Term Preferred Stock represented by such certificate(s), a new certificate representing shares of Term Preferred Stock that were not redeemed.

If any redemption for which a Notice of Redemption has been provided is not made by reason of the absence of our legally available funds in accordance with the Articles Supplementary and applicable law, such redemption shall be made as soon as practicable to the extent such funds become available. No Redemption Default will be deemed to have occurred if we have failed to deposit in trust with the Redemption and Paying Agent the applicable Redemption Price with respect to any shares where (1) the Notice of Redemption relating to such redemption provided that such redemption was subject to one or more conditions precedent and (2) any such condition precedent has not been satisfied at the time or times and in the manner specified in such Notice of Redemption. Notwithstanding the fact that a Notice of Redemption has been provided with respect to any shares of Term Preferred Stock, dividends may be declared and paid on such shares of Term Preferred Stock in accordance with their terms if Deposit Securities for the

payment of the Redemption Price of such shares of Term Preferred Stock shall not have been deposited in trust with the Redemption and Paying Agent for that purpose.

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We may, in our sole discretion and without a stockholder vote, modify the redemption procedures with respect to notification of redemption for the Term Preferred Stock, provided that such modification does not materially and adversely affect the holders of Term Preferred Stock or cause us to violate any applicable law, rule or regulation.

## **Liquidation Rights**

In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, the holders of the S