

Oxford Lane Capital Corp.  
Form 497  
November 20, 2012

**Filed pursuant to Rule 497  
File No. 333-183228**

**PROSPECTUS SUPPLEMENT  
(to Prospectus dated October 10, 2012)**

**\$15,000,000**

**Oxford Lane Capital Corp.**

**Preferred Stock  
600,000 Shares, 8.50% Series 2017  
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 seek to achieve our investment objective by investing primarily in senior, secured loans made to companies whose debt is unrated or is rated below investment grade ( Senior Loans ), with an emphasis on current income. Those investments may take a variety of forms, including the direct purchases of Senior Loans (either in the primary or secondary markets) or through investments in entities that in turn own a pool of Senior Loans. We have initially implemented our investment objective by purchasing in the secondary market portions of equity and junior debt tranches of collateralized loan obligation ( CLO ) vehicles. Structurally, CLO vehicles are entities that were formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit.

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

We are offering 600,000 shares of our 8.50% Series 2017 preferred stock, or the Series 2017 Term Preferred Shares. We will pay monthly dividends on the Series 2017 Term Preferred Shares at an annual rate of 8.50% of the \$25 liquidation preference per share, or \$2.125 per Series 2017 Term Preferred Share per year, on the last business day of each month, commencing on December 31, 2012.

We are required to redeem all of the outstanding Series 2017 Term Preferred Shares on December 31, 2017 at a redemption price equal to \$25 per share plus an amount equal to accumulated but unpaid dividends, if any, to the date of redemption. We cannot effect any amendment, alteration or repeal of our obligation to redeem all of the Series 2017 Term Preferred Shares on December 31, 2017 without the prior unanimous consent of the holders of Series 2017 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 2017 Term Preferred Shares in an amount at least equal to the lesser of (1) the minimum number of shares of Series 2017 Term Preferred Shares necessary to cause us to meet our required asset coverage ratio and (2) the maximum number of Series 2017 Term Preferred Shares that we can redeem out of cash legally available for such redemption. At any time on or after December 31, 2014, at our sole

option, we may redeem the Series 2017 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 2017 Term Preferred Shares.

Each holder of our Series 2017 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 2017 Term Preferred Shares (together with 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 2017 Term Preferred Shares will rank equally in right of payment with all other shares of preferred stock that we may issue and will rank senior in right of payment to all of our common stock.

We have applied to list the Series 2017 Term Preferred Shares on the NASDAQ Global Select Market and we currently expect trading to commence thereon within 30 days after the date of initial delivery of the Series 2017 Term Preferred Shares under the symbol OXLCP. Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. On November 19, 2012, the last sale price of our common stock as reported on NASDAQ Global Select Market was \$15.59 per share. The Series 2017 Term Preferred Shares will not be 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, 2012 was \$14.60.

**An investment in our preferred stock is subject to risks and involves a heightened risk of total loss of investment. Shares of closed-end investment companies frequently trade at a discount to their net asset value. In addition, the CLO securities in which we invest are subject to special risks. See Risk Factors beginning on page 16 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our preferred stock.**

Please read this prospectus supplement and the accompanying prospectus before investing in our preferred stock 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 preferred stock. 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.

**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.**

	Per Share	Total <sup>(2)</sup>
Public Offering Price	\$25.000	\$15,000,000
Sales Load (Underwriting Discounts and Commissions)	\$1.125	\$675,000
Proceeds to the Company (before expenses) <sup>(1)</sup>	\$23.875	\$14,325,000

\$15,000,000

(1) Total expenses of the offering payable by us, excluding underwriting discounts and commissions, are estimated to be \$165,000.

We have granted the underwriters a 30-day option to purchase up to an additional 90,000 Series 2017 Term Preferred Shares from us on the same terms and conditions set forth above to cover over-allotments, if any. If such option is exercised in full, the public offering price, underwriting discounts and commissions and proceeds, before expenses, to us would be \$17,250,000, \$776,250 and \$16,473,750, respectively. See Underwriting on page S-31 of this prospectus supplement.

The underwriters expect to deliver the shares on or about November 28, 2012.

*Joint Book-Running Managers*

**Ladenburg Thalmann & Co. Inc. Maxim Group LLC MLV & Co. National Securities Corporation JMP Securities**

**Prospectus Supplement dated November 19, 2012.**

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## **ABOUT THIS PROSPECTUS SUPPLEMENT**

We have filed with the Securities and Exchange Commission a registration statement on Form N-2 (file No. 333-183228) utilizing a shelf registration process relating to the securities described in this prospectus supplement, which registration statement was declared effective on October 10, 2012. This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering of Series 2017 Term Preferred Shares and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from or is additional to the information contained in the accompanying prospectus, you should rely only on the information contained in this prospectus supplement. Please carefully read this prospectus supplement and the accompanying prospectus together with the additional information described under the headings Available Information and Risk Factors included in this prospectus supplement and the accompanying prospectus, respectively, before investing in the Series 2017 Term Preferred Shares.

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

**The Series 2017 Term Preferred Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

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## SUMMARY

*The following summary contains basic information about our company and 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, including the Articles Supplementary Establishing and Fixing the Rights and Preferences of Oxford Lane Capital Corp. Term Preferred Shares, or the Articles Supplementary, which is attached as Appendix A to this prospectus supplement, 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 we are offering. You should carefully read the section entitled Risk Factors included in this prospectus supplement and the accompanying prospectus and the section entitled Business and our consolidated financial statements included in the accompanying prospectus.*

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

## 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 seek to achieve our investment objective by investing primarily in senior, secured loans made to companies whose debt is unrated or is rated below investment grade ( Senior Loans ), with an emphasis on current income. Those investments may take a variety of forms, including the direct purchases of Senior Loans (either in the primary or secondary markets) or through investments in entities that in turn own a pool of Senior Loans. We believe that recent dislocations in the credit market have created opportunities to purchase our targeted investments at attractive risk adjusted returns.

We have initially implemented our investment objective by purchasing in the secondary market portions of equity and junior debt tranches of collateralized loan obligation ( CLO ) vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities that were formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB ) and equity. The CLO vehicles which we focus on are collateralized primarily by Senior Loans, and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. We may also invest, on an opportunistic basis, in other corporate credits of a variety of types. We expect that each of our investments will range in size from \$1 million to \$12 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 avoid 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 at least 90% of our ordinary income and short-term capital gains to our stockholders on an annual basis.

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

Date Declared	Record Date	Payment Date	Amount
Fiscal 2013			
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)			1.65
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
			\$ 3.95

For accounting purposes the distributions declared for the fiscal periods ended March 31, 2012 and 2011 were in excess of the reported earnings. However, as a RIC, earnings and distributions are determined on a tax basis. For tax purposes, the distribution declared in March 2011 and paid in April 2011 is considered a distribution for the tax year 2012. Furthermore, taxable earnings are determined according to tax regulations and differ from reported income for accounting purposes. Therefore, for the fiscal period ended March 31, 2011 distributions were spilled-back for tax purposes in an amount equal to taxable earnings. Based on current estimates of taxable earnings for fiscal 2012 and 2013, we do not expect that any portion of the above-referenced dividends will represent a tax return of capital to our stockholders; however, there can be no assurance that actual results will not differ materially from the projections and assumptions upon which the amount of such dividend was based. To the extent that taxable earnings for any fiscal year are less than the amount of the dividends paid during the year, there would be a tax return of capital to shareholders. The tax character of any distributions will be determined after the end of the fiscal year.

## Use of Proceeds From Prior Offerings

Since the closing of our initial public offering on January 25, 2011 and including two subsequent rights offerings on August 26, 2011 and April 27, 2012, through October 26, 2012 we have invested approximately \$72.6 million of the cumulative net proceeds we received from our initial public offering (including the proceeds received from the underwriters' partial exercise of the over-allotment option) and subsequent rights offerings, representing approximately 97% of those cumulative proceeds. Consistent with our investment objective, these investments were made in junior debt and equity tranches of CLOs.

## Oxford Lane Management

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

on our performance. See Investment Advisory Agreement.

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

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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 Senior Managing Director and Managing Director, respectively, for Oxford Lane Management. We consider Messrs. Cohen, Rosenthal, Monasebian and Srinivasan to be Oxford Lane Management's senior investment team.

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

Charles M. Royce is a non-managing member of Oxford Lane Management. Mr. Royce has served as President since 1972, and a member of the Board of Managers since 2001, of Royce & Associates, LLC ( Royce & Associates ). He also serves as Royce & Associates' Co-Chief Investment Officer and manages or co-manages twelve of Royce & Associates' open- and closed-end registered funds. Mr. Royce currently serves on the Board of Directors of The Royce Funds and TICC Capital Corp. Mr. Royce is also a non-managing member of TICC Management, LLC, the investment adviser for TICC Capital Corp. Mr. Royce, as a non-managing member of Oxford Lane Management, does not take part in the management or participate in the operations of Oxford Lane Management; however, Mr. Royce may be available from time to time to Oxford Lane Management to provide certain consulting services without compensation. Royce & Associates is a wholly owned subsidiary of Legg Mason, Inc.

In addition, we will pay BDC Partners, an affiliate of Oxford Lane Management, our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under an administration agreement by and among us and BDC Partners (the Administration Agreement ), including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation 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 seek to achieve our investment objective by investing primarily in Senior Loans, with an emphasis on current income. Those investments may take a variety of forms, including the direct purchases of Senior Loans (either in the primary or secondary markets) or through investments in entities that in turn own a pool of Senior Loans. We have initially implemented our investment objective by investing principally in the equity and junior debt tranches of CLO vehicles, which are collateralized primarily by a diverse portfolio of leveraged corporate loans, and which generally have very little or no exposure to real estate or mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. We may invest in securities issued by foreign entities, including foreign CLO vehicles.

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

## **CLO Structural Elements**

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

A CLO vehicle is formed by raising multiple tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB-) 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

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vehicle meets or exceeds required collateral coverage levels (or other similar covenants) the remaining funds may be paid to the equity tranche. The contractual provisions setting out this order of payments are set out in detail in the CLO vehicle's indenture. These provisions are referred to as the priority of payments or the waterfall and determine any other obligations that may be required to be paid ahead of payments of interest and principal on the securities issued by a CLO vehicle. In addition, for payments to be made to each tranche, after the most senior tranche of debt, there are various tests which must be complied with, which are different for each CLO vehicle.

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

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

## **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 \$522 billion as of October 22, 2012, 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.

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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.