

Oxford Lane Capital Corp.
Form 497
January 23, 2014

Filed pursuant to Rule 497
File No. 333-189805

PROSPECTUS SUPPLEMENT
(to Prospectus dated August 22, 2013)

Oxford Lane Capital Corp.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deutsche Bank Securities

Ladenburg Thalmann & Co. Inc.

Prospectus Supplement dated January 23, 2014.

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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SUMMARY

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

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

The Rights Offering

The Offer

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

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

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

Subscription Price

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

Over-Subscription Privilege

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

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

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Purpose of the Offer

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

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

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

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

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

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

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

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

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

the general condition of the securities markets; and

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

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

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

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

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Non-Transferability of Rights

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

Use of Proceeds

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

Dilutive Effects

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

Amendments and Termination

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

How to Obtain Subscription Information

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

How to Subscribe

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

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

Subscription Agent

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

Information Agent

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

Distribution Arrangements

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

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

Important Dates to Remember

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

(1) Unless the offer is extended.

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

Business Overview

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

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

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

Distributions

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

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

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

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

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

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

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

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

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

Use of Proceeds From Prior Offerings

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

Oxford Lane Management

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

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

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

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

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

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

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

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

Investment Focus

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

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

CLO Structural Elements

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

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

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

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

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

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The Syndicated Senior Loan Market

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

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

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

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

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

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

Investment Opportunity

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

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

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

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

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

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

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

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

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

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

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

Summary Risk Factors

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

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

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

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

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

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

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

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

3. Source: Nomura Securities International, Inc.

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

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

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

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

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

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

We may experience fluctuations in our quarterly results;

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

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

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

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

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

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

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

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

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

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

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

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

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

Operating and Regulatory Structure

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

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

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

Recent Developments

Direct Registered Offering

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

Dividend

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

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

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

Financial Results as of September 30, 2013

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

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

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

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

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

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

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

GAAP Earnings vs. Taxable Earnings

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

Investment Portfolio Update

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

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

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

2014.

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

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

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

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

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

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

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

(3) Percentage as of quarter end at cost.

At the Market Offering

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

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

TABLE OF CONTENTS**FEES AND EXPENSES**

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

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

Example

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

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

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

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

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

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

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

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

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

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

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

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

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

would increase. See also note 7 below.

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

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

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

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

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RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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THE OFFER

Purpose of the Offer

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

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

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

the dilution to be experienced by non-exercising stockholders;

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

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

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

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

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

the general condition of the securities markets; and

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

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

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

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

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Terms of the Offer

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

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

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

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

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

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

Over-Subscription Privilege

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

Stockholder s Record Date Position

Total Record Date Position of All Over-Subscribers

x Remaining Shares