

Oxford Lane Capital Corp.
Form 497
September 05, 2014

Filed pursuant to Rule 497
File No. 333-195652

PROSPECTUS SUPPLEMENT
(to Prospectus dated June 23, 2014)

Oxford Lane Capital Corp.

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

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

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

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

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

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

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

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

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

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

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

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

An investment in our preferred stock is subject to risks and involves a heightened risk of total loss of investment. Common shares of closed-end investment companies frequently trade at a discount to their net asset value. In addition, the CLO securities in which we invest are subject to special risks. See Risk Factors beginning on page S-16 of this prospectus supplement and page 17 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our preferred stock.

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

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

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

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

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

Prospectus Supplement dated September 5, 2014.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We have filed with the SEC a registration statement on Form N-2 (File No. 333-195652) utilizing a shelf registration process relating to the securities described in this prospectus supplement, which registration statement was declared effective on June 23, 2014. This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering of preferred stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from or is additional to the information contained in the accompanying prospectus, you should rely only on the information contained in this prospectus supplement. Please carefully read this prospectus supplement and the accompanying prospectus together with the additional information described under the headings *Available Information* and *Risk Factors* included in this prospectus supplement and the accompanying prospectus before investing in our preferred stock.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus supplement or the accompanying prospectus.

If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus supplement and the accompanying prospectus is accurate as of the dates on their respective covers. Our financial condition, results of operations and prospects may have changed since those dates. To the extent required by law, we will amend or supplement the information contained in this prospectus supplement and the accompanying prospectus to reflect any material changes subsequent to the date of this prospectus supplement and the accompanying prospectus and prior to the completion of any offering pursuant to this prospectus supplement and the accompanying prospectus.

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SUMMARY

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

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

Overview

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

We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. The CLO vehicles which we focus on are collateralized primarily by senior secured loans made to companies whose debt is unrated or is rated below investment grade (Senior Loans), and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Our investment strategy also includes warehouse facilities, which are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. We may also invest, on an opportunistic basis, in other corporate credits of a variety of types. We expect that each of our investments will range in size from \$5 million to \$50 million, although the investment size may vary consistent with the size of our overall portfolio.

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

Distributions

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

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

Date Declared	Record Date	Payment Date	Amount ⁽¹⁾
Fiscal 2015			
August 1, 2014	September 16, 2014	September 30, 2014	\$ 0.60
May 19, 2014	June 16, 2014	June 30, 2014	0.60
Total (2015)			1.20
Fiscal 2014			
November 26, 2013	March 17, 2014	March 31, 2014	0.60
November 26, 2013	March 17, 2014	March 31, 2014	0.10 ⁽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
			\$ 8.05

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

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

For the fiscal quarter ended June 30, 2014, we paid \$336,021 and \$1,232,705 and accrued \$187,537 on the 8.50% Series 2017 Term Preferred Stock (the Series 2017 Term Preferred Shares), the 7.50% Series 2023 Term Preferred Stock (the Series 2023 Term Preferred Shares) and the 8.125% Series 2024 Term Preferred Stock (the Series 2024 Term Preferred Shares), respectively. For fiscal year 2014, we paid \$1,344,083 and \$2,638,151 in preferred dividends on the Series 2017 Term Preferred Shares and the Series 2023 Term Preferred Shares, respectively. For fiscal year 2013, we paid \$459,228 in preferred dividends on the Series 2017 Term Preferred Shares.

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

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

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2013, 2012 and 2011, taxable earnings exceeded our distributions, and there was no tax return of capital for these years. The tax characterization of distributions for the year ended March 31, 2014 will not be known until the tax return is finalized. To the extent that taxable earnings for any fiscal year are less than the amount of the dividends paid during the year, there would be a tax return of capital to shareholders. Distributions in excess of current and accumulated taxable earnings and profits will generally not be taxable to the shareholders, because a tax return of capital represents a return of a portion of a shareholder's original investment in our common stock to the extent of a shareholder's basis in our stock. Generally, a tax return of capital will reduce an investor's basis in our stock for federal tax purposes, which will result in the shareholder recognizing additional gain (or less loss) when the stock is sold. Assuming that a shareholder holds our stock as a capital asset, any such additional gain would be a capital gain. Shareholders should not assume that the source of all distributions is from our net profits and shareholders may periodically receive the payment of a dividend consisting of a return of capital. The tax character of any distributions will be determined after the end of the fiscal year. Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

Oxford Lane Management

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

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

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

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

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

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

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

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

Investment Focus

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

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

CLO Structural Elements

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

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

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

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

The Syndicated Senior Loan Market

We believe that while the syndicated leveraged corporate loan market is relatively large, with Standard and Poor's estimating the total par value outstanding at approximately \$768 billion as of August 8, 2014, this market remains largely inaccessible to a significant portion of investors that are not lenders or approved institutions. The CLO market permits wider exposure to syndicated Senior Loans, but this market is almost exclusively private and predominantly institutional.

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

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

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

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

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

Investment Opportunity

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

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

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

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

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

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

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

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

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

Summary Risk Factors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may experience fluctuations in our quarterly results;

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

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

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

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

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

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

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

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

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

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

The Series 2023 Term Preferred Shares will not be rated.

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

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

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

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

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

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

See Risk Factors beginning on page S-16 of this prospectus supplement and page 17 of the accompanying prospectus.

In addition, the other information included in this prospectus supplement and the accompanying prospectus contains a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

Operating and Regulatory Structure

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

Our investment activities are managed by Oxford Lane Management and supervised by our Board of Directors.

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

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

Recent Developments

Dividends

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

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

At the Market Offering

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

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

Ladenburg Thalmann & Co. Inc. will receive a

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

Direct Registered Offering of Preferred Stock

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

Our Corporate Information

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

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THE OFFERING

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

Issuer

Oxford Lane Capital Corp.

Listing

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

Securities Offered

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

Liquidation Preference

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

Dividends

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

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

Ranking

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

The Series 2023 Term Preferred Shares rank:

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

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

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

Term Redemption

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

Mandatory Redemption for Asset Coverage

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

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

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

Optional Redemption

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

Voting Rights

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

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entitled to elect a majority of our directors if we fail to pay dividends on any outstanding shares of Preferred Stock in an amount equal to two full years of dividends and continuing during that period until we correct that failure.

Preferred Stock holders will also vote separately as a class on any matter that materially and adversely affects any preference, right or power of holders of Preferred Stock. See Description of the Series 2023 Term Preferred Stock Voting Rights.

Conversion Rights

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

Use of Proceeds

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

Leverage

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

U.S. Federal Income Taxes

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

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

Risk Factors

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

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

Information Rights

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

Redemption and Paying Agent

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

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RISK FACTORS

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

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

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

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

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

The Series 2023 Term Preferred Shares will not be rated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement or the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors in the accompanying prospectus and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking

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statements, which apply only as of the respective dates of this prospectus supplement and the accompanying prospectus. However, we will update this prospectus supplement and the accompanying prospectus to reflect any material changes to the information contained herein. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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USE OF PROCEEDS

The net proceeds from our sale of the 125,000 Series 2023 Term Preferred Shares in this offering will be approximately \$2,926,250 after deducting estimated offering expenses of approximately \$136,250 payable by us.

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

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

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The following table sets forth:

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

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

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

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

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

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

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RATIOS OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

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

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

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

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

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DESCRIPTION OF THE SERIES 2023 TERM PREFERRED STOCK

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

General

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

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

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

Dividends and Dividend Periods

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Coverage

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

Redemption

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

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Mandatory Redemption for Asset Coverage

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidation Rights

In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, the holders of the Series 2023 Term Preferred Shares will be entitled to receive, *pari passu*, or equally, with the holders of the Series 2017 Term Preferred Shares and the Series 2024 Term Preferred Shares, out of our assets available for distribution to stockholders, after satisfying claims of creditors but before any distribution or payment will be made in respect of the Common Stock, a liquidation distribution equal to the Liquidation Preference of \$25 per share, plus an amount equal to all unpaid dividends and distributions accumulated to (but excluding) the date fixed for such distribution or payment (whether or not earned or declared by us, but excluding interest thereon), and such holders will be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up. If, upon any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, our assets available for distribution among the holders of all Term Preferred Stock, and any other outstanding shares of Preferred Stock, if any, will be insufficient to permit the payment in full to such holders of Term Preferred Stock of the Liquidation Preference plus accumulated and unpaid dividends and distributions and the amounts due upon liquidation with respect to such other shares of Preferred Stock, then the available assets will be distributed among the holders of such Term Preferred Stock and such other series of Preferred Stock ratably in proportion to the respective preferential liquidation amounts to which they are entitled. In connection with any liquidation, dissolution or winding up of our affairs whether voluntary or involuntary, unless and until the Liquidation Preference on each outstanding share of Term Preferred Stock plus accumulated and unpaid dividends and distributions has been paid in full to the holders of Term Preferred Stock, no dividends, distributions or other payments will be made on, and no redemption, repurchase or other acquisition by us will be made by us in respect of, the Common Stock.

Neither the sale of all or substantially all of the property or business of the Company, nor the merger, consolidation or our reorganization into or with any other business or corporation, statutory trust or other entity, nor the merger, consolidation or reorganization of any other business or corporation, statutory trust or other entity into or with us will be a dissolution, liquidation or winding up, whether voluntary or involuntary, for purposes of the provisions relating to liquidation set forth in the Articles Supplementary.

Voting Rights

Except as otherwise provided in our Articles of Incorporation, the Articles Supplementary, or as otherwise required by applicable law, each holder of Term Preferred Stock will be entitled to one vote for each share of Term Preferred Stock held by such holder on each matter submitted to a vote of our stockholders and the holders of outstanding shares of any Preferred Stock, including the Term Preferred Stock, will vote together with holders of Common Stock as a single class. Under applicable rules of NASDAQ, we are currently required to hold annual meetings of stockholders.

In addition, the holders of outstanding shares of any Preferred Stock, including the Term Preferred Stock, will be entitled, as a class, to the exclusion of the holders of all other securities and classes of Common Stock, to elect two of our directors at all times (regardless of the total number of directors serving on the Board of Directors). We refer to these directors as the Preferred Directors. The holders of outstanding shares of Common Stock and Preferred Stock, including Term Preferred Stock, voting together as a single class, will elect the balance of our directors. Under our bylaws, our directors are divided into three classes. Each class consists, as nearly as possible, of one-third of the total

number of directors, and each class has a three year term. At each annual meeting of our stockholders, the successors to the class of directors whose term expires at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. One of the Preferred Directors was re-elected in 2014, and the other Preferred Director will be up for election in 2016.

In the event we owe accumulated dividends (whether or not earned or declared) on our Preferred Stock equal to at least two full years of dividends (and sufficient cash or securities have not been deposited with a

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paying agent for the payment of the accumulated dividends) the number of directors constituting the board will be increased by the number of directors, which we refer to as the New Preferred Directors, that when added to the Preferred Directors will constitute a majority. We will then call a special meeting of shareholders to permit the election of the New Preferred Directors. The term of the New Preferred Directors will last for so long as we are in arrears on our dividends as described above. The ability of the Term Preferred Stockholders to elect the New Preferred Directors will also terminate, subject to reinstatement, once we have a Dividend Payment Date on which we are no longer in arrears on our dividends to the extent described above.

Notwithstanding the foregoing, if (1) at the close of business on any dividend payment date for dividends on any outstanding share of any Preferred Stock, including any outstanding shares of Term Preferred Stock, accumulated dividends (whether or not earned or declared) on the shares of Preferred Stock, including the Term Preferred Stock, equal to at least two full years' dividends shall be due and unpaid and sufficient cash or specified securities shall not have been deposited with the Redemption and Paying Agent or other applicable paying agent for the payment of such accumulated dividends; or (2) at any time holders of any shares of Preferred Stock are entitled under the 1940 Act to elect a majority of our directors (a period when either of the foregoing conditions exists, a Voting Period), then the number of members constituting our Board of Directors will automatically be increased by the smallest number that, when added to the two directors elected exclusively by the holders of shares of any Preferred Stock, including the Term Preferred Stock, as described above, would constitute a majority of our Board of Directors as so increased by such smallest number; and the holders of the shares of Preferred Stock, including the Term Preferred Stock, will be entitled as a class on a one-vote-per-share basis, to elect such additional directors. The terms of office of the persons who are directors at the time of that election will not be affected by the election of the additional directors. If we thereafter shall pay, or declare and set apart for payment, in full all dividends payable on all outstanding shares of Preferred Stock, including Term Preferred Stock, for all past dividend periods, or the Voting Period is otherwise terminated, (1) the voting rights stated above shall cease, subject always, however, to the reversion of such voting rights in the holders of shares of Preferred Stock upon the further occurrence of any of the events described herein, and (2) the terms of office of all of the additional directors so elected will terminate automatically. Any Preferred Stock, including Term Preferred Stock, issued after the date hereof will vote with Term Preferred Stock as a single class on the matters described above, and the issuance of any other Preferred Stock, including Term Preferred Stock, by us may reduce the voting power of the holders of Term Preferred Stock.

As soon as practicable after the accrual of any right of the holders of shares of Preferred Stock to elect additional directors as described above, we will call a special meeting of such holders and notify the Redemption and Paying Agent and/or such other person as is specified in the terms of such Preferred Stock to receive notice, (i) by mailing or delivery by electronic means or (ii) in such other manner and by such other means as are specified in the terms of such Preferred Stock, a notice of such special meeting to such holders, such meeting to be held not less than 10 nor more than 30 calendar days after the date of the delivery by electronic means or mailing of such notice. If we fail to call such a special meeting, it may be called at our expense by any such holder on like notice. The record date for determining the holders of shares of Preferred Stock entitled to notice of and to vote at such special meeting shall be the close of business on the fifth Business Day preceding the calendar day on which such notice is mailed. At any such special meeting and at each meeting of holders of shares of Preferred Stock held during a Voting Period at which directors are to be elected, such holders, voting together as a class (to the exclusion of the holders of all our other securities and classes of capital stock), will be entitled to elect the number of additional directors prescribed above on a one-vote-per-share basis.

Except as otherwise permitted by the terms of the Articles Supplementary, so long as any shares of Term Preferred Stock are outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of shares of Term Preferred Stock, voting as a separate class, amend, alter or repeal the provisions of the Articles of Incorporation or the Articles Supplementary, whether by merger, consolidation or otherwise, so as to materially and

adversely affect any preference, right or power of the Term Preferred Stock or the holders thereof; provided, however, that (i) a change in our capitalization as described under the heading Issuance of Additional Preferred Stock will not be considered to materially and adversely affect the rights and preferences of Term Preferred Stock, and (ii) a division of a share of Term Preferred Stock will be

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deemed to affect such preferences, rights or powers only if the terms of such division materially and adversely affect the holders of Term Preferred Stock. For purposes of the foregoing, no matter shall be deemed to adversely affect any preference, right or power of a share of Term Preferred Stock of such series or the holder thereof unless such matter (i) alters or abolishes any preferential right of such share of Term Preferred Stock, or (ii) creates, alters or abolishes any right in respect of redemption of such Term Preferred Stock (other than as a result of a division of such Term Preferred Stock). So long as any shares of Term Preferred Stock are outstanding, we will not, without the affirmative vote or consent of at least 66 2/3% of the holders of the shares of Term Preferred Stock outstanding at the time, voting as a separate class, file a voluntary application for relief under federal bankruptcy law or any similar application under state law for so long as we are solvent and does not foresee becoming insolvent.

The affirmative vote of the holders of at least a majority of the shares of Preferred Stock, including the shares of Term Preferred Stock outstanding at the time, voting as a separate class, will be required (i) to approve us ceasing to be, or to withdraw our election as, a registered investment company, or (ii) to approve any plan of reorganization (as such term is defined in Section 2(a)(33) of the 1940 Act) adversely affecting such shares of Preferred Stock. For purposes of the foregoing, the vote of a majority of the outstanding shares of Preferred Stock means the vote at an annual or special meeting duly called of (a) 67% or more of such shares present at a meeting, if the holders of more than 50% of such outstanding shares are present or represented by proxy at such meeting, or (b) more than 50% of such outstanding shares, whichever is less.

For purposes of determining any rights of the holders of Term Preferred Stock to vote on any matter, whether such right is created by the Articles Supplementary, by the provisions of the Articles of Incorporation, by statute or otherwise, no holder of Term Preferred Stock will be entitled to vote any shares of Term Preferred Stock and no share of Term Preferred Stock will be deemed to be outstanding for the purpose of voting or determining the number of shares required to constitute a quorum if, prior to or concurrently with the time of determination of shares entitled to vote or the time of the actual vote on the matter, as the case may be, the requisite Notice of Redemption with respect to such Term Preferred Stock will have been given in accordance with the Articles Supplementary, and the Redemption Price for the redemption of such shares of Term Preferred Stock will have been irrevocably deposited with the Redemption and Paying Agent for that purpose. No shares of Term Preferred Stock held by us will have any voting rights or be deemed to be outstanding for voting or for calculating the voting percentage required on any other matter or other purposes.

Unless otherwise required by law or the Articles of Incorporation, holders of Term Preferred Stock will not have any relative rights or preferences or other special rights with respect to voting other than those specifically set forth in the Voting Rights section of the Articles Supplementary. The holders of shares of Term Preferred Stock will have no rights to cumulative voting. In the event that we fail to declare or pay any dividends on Term Preferred Stock, the exclusive remedy of the holders will be the right to vote for additional directors as discussed above; provided that the foregoing does not affect our obligation to accumulate and, if permitted by applicable law and the Articles Supplementary, pay dividends at the Default Rate as discussed above.

Issuance of Additional Preferred Stock

So long as any shares of Term Preferred Stock are outstanding, we may, without the vote or consent of the holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of our senior securities representing stock under Section 18 of the 1940 Act, ranking on parity with the Term Preferred Stock as to payment of dividends and distribution of assets upon dissolution, liquidation or the winding up of our affairs, in addition to then outstanding shares of Term Preferred Stock, including additional series of Term Preferred Stock, and authorize, issue and sell additional shares of any such series of Preferred Stock then outstanding or so established and created,

including additional Term Preferred Stock, in each case in accordance with applicable law, provided that we will, immediately after giving effect to the issuance of such additional Preferred Stock and to its receipt and application of the proceeds thereof, including to the redemption of Preferred Stock with such proceeds, have asset coverage of at least 200%.

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Actions on Other than Business Days

Unless otherwise provided in the Articles Supplementary, if the date for making any payment, performing any act or exercising any right is not a Business Day, such payment will be made, act performed or right exercised on the next succeeding Business Day, with the same force and effect as if made or done on the nominal date provided therefor, and, with respect to any payment so made, no dividends, interest or other amount will accrue for the period between such nominal date and the date of payment.

Modification

The Board of Directors, without the vote of the holders of Term Preferred Stock, may interpret, supplement or amend the provisions of the Articles Supplementary or any appendix thereto to supply any omission, resolve any inconsistency or ambiguity or to cure, correct or supplement any defective or inconsistent provision, including any provision that becomes defective after the date hereof because of impossibility of performance or any provision that is inconsistent with any provision of any other Preferred Stock.

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ADDITIONAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

This discussion serves as a supplement to the discussion in the accompanying prospectus under the heading "Material U.S. Federal Income Tax Considerations." The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares of Preferred Stock. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, we have not described tax consequences that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, a trader in securities that elects to use a market-to-market method of accounting for its securities holdings, pension plans and trusts, and financial institutions. This summary assumes that investors hold our Preferred Stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service regarding this offering. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

A U.S. preferred stockholder generally is a beneficial owner of shares of our Preferred Stock who is for U.S. federal income tax purposes:

A citizen or individual resident of the United States;

A corporation or other entity treated as a corporation, for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof (and an entity organized outside of the United States that is treated as a U.S. corporation under specialized sections of the Code);

A trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantive decisions of the trust (or a trust that has made a valid election to be treated as a U.S. trust); or

An estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A Non-U.S. preferred stockholder generally is a beneficial owner of shares of our Preferred Stock who is not a U.S. preferred stockholder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our Preferred Stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder that is a partner of a partnership holding shares of our Preferred Stock should consult his, her or its tax advisers with respect to the purchase, ownership and disposition of shares of our Preferred Stock.

Tax matters are complicated and the tax consequences to an investor of an investment in our Preferred Stock will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisers 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.

Election to be Taxed as a RIC

We have elected to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any income that we distribute to our stockholders (including preferred stockholders) as dividends. The requirements to qualify as a RIC are described in the accompanying prospectus under the heading **Material U.S. Federal Income Tax Considerations**. The remainder of this discussion assumes that we qualify as a RIC.

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Taxation of U.S. Preferred Stockholders

Distributions by us generally are taxable to U.S. preferred stockholders as ordinary income or capital gains. Distributions of our investment company taxable income (which is, generally, our net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses) will be taxable as ordinary income to U.S. preferred stockholders to the extent of our current or accumulated earnings and profits. To the extent such distributions paid by us to non-corporate stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions (Qualifying Dividends) may be eligible for a maximum tax rate of 20%. In this regard, it is anticipated that distributions paid by us will generally not be attributable to dividends and, therefore, generally will not qualify for the 20% maximum rate applicable to Qualifying Dividends. Distributions of our net capital gains (which are generally our realized net long-term capital gains in excess of realized net short-term capital losses) and properly reported by us as capital gain dividends will be taxable to a U.S. preferred stockholder as long-term capital gains that are currently taxable at a maximum rate of 20% in the case of individuals, trusts or estates, regardless of the U.S. preferred stockholder's holding period for his, her or its Preferred Stock. Distributions in excess of our earnings and profits first will reduce a U.S. preferred stockholder's adjusted tax basis in such stockholder's Preferred Stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. preferred stockholder.

Any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. preferred stockholders on December 31 of the year in which the dividend was declared.

A U.S. preferred stockholder generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares of our Preferred Stock. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the Preferred Stock sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our Preferred Stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our Preferred Stock may be disallowed if other shares of our Preferred Stock are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition.

Gain or loss, if any, resulting from our redemption of the Preferred Stock will generally be taxed as gain or loss from a sale or exchange of the Preferred Stock rather than as a dividend, but only if the redemption distribution (a) is deemed not to be essentially equivalent to a dividend, (b) is in complete redemption of a holder's interest in us, (c) is substantially disproportionate with respect to the holder, or (d) with respect to non-corporate holders, is in partial liquidation of us. For purposes of (a), (b) and (c) above, a U.S. preferred stockholder's ownership of our common stock will be taken into account.

A portion of the amount received by a U.S. preferred stockholder on either the sale, or our redemption, of the Preferred Stock may be characterized as dividend income to the extent it is attributable to declared but unpaid dividends.

The maximum rate of tax on long-term capital gains for non-corporate U.S. preferred stockholders is currently 20%, which is less than the maximum rate of tax as ordinary income for such stockholders. In addition, non-corporate U.S. preferred stockholders that are individuals with income in excess of \$200,000 (\$250,000 in the case of married individuals filing jointly) and certain estates and trusts are subject to an additional 3.8% tax on their net investment income, which generally includes net income from interest, dividends, annuities, royalties, and rents, and net capital gains (other than certain amounts earned from trades or businesses). Corporate U.S. preferred stockholders currently are subject to federal income tax on net capital gain at the maximum 35% rate also applied to ordinary income. Non-corporate U.S. preferred stockholders with net capital losses for a year (i.e., capital losses in excess of capital gains) generally may deduct up to

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\$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate U.S. preferred stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate U.S. preferred stockholders generally may not deduct any net capital losses for a year against ordinary income, but may carry back such losses for three years or carry forward such losses for five years so as to use them as offsets to capital gains.

We or the applicable withholding agent will report to each of our U.S. preferred stockholders, as promptly as possible after the end of each calendar year, the amounts includible in such U.S. preferred stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the federal tax status of each year's distributions generally will be reported to the Internal Revenue Service (including the amount of dividends, if any, eligible for the 20% maximum rate). Dividends paid by us generally will not be eligible for the dividends-received deduction or the preferential tax rate applicable to Qualifying Dividends because our income generally will not consist of dividends. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. preferred stockholder's particular situation.

We may be required to withhold federal income tax (backup withholding) from all distributions to any U.S. preferred stockholder (other than a corporation, a financial institution, or a stockholder that otherwise qualifies for an exemption) (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the Internal Revenue Service notifies us that such stockholder has failed to properly report certain interest and dividend income to the Internal Revenue Service and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. preferred stockholder's federal income tax liability, provided that proper information is provided to the Internal Revenue Service.

Taxation of Non-U.S. Preferred Stockholders

Whether an investment in our Preferred Stock is appropriate for a Non-U.S. preferred stockholder will depend upon that person's particular circumstances. An investment in our Preferred Stock by a Non-U.S. preferred stockholder may have adverse tax consequences. Non-U.S. preferred stockholders should consult their tax advisers before investing in our Preferred Stock.

Distributions of our investment company taxable income to Non-U.S. preferred stockholders (including interest income and realized net short-term capital gains in excess of realized long-term capital losses, which generally would be free of withholding if received directly by Non-U.S. preferred stockholders directly) will be subject to withholding of federal tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits unless an applicable exception applies. If the distributions are effectively connected with a U.S. trade or business of the Non-U.S. preferred stockholder, we will not be required to withhold federal tax if the Non-U.S. preferred stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to federal income tax at the rates applicable to U.S. persons. (Special certification requirements apply to a Non-U.S. preferred stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers).

In addition, for taxable years beginning on or prior to December 31, 2013, U.S. source withholding taxes were not imposed on dividends paid by RICs to the extent the dividends are reported as interest-related dividends or short-term capital gain dividends. Under this exemption, interest-related dividends and short-term capital gain dividends generally represented distributions of interest or short-term capital gains that would not have been subject to U.S.

withholding tax at the source if they had been received directly by a foreign person, and that satisfied certain other requirements. The exemption applied to dividends with respect to taxable years of RICs beginning before January 1, 2014. No assurance can be given as to whether this extension of the exemption will be extended for taxable years after 2013. In addition, no assurance can be given whether any of our distributions will be reported as eligible for this exemption from withholding tax (if extended).

Distributions of our net capital gains to a stockholder that is a Non-U.S. preferred stockholder, and gains realized by a Non-U.S. preferred stockholder upon the sale or redemption of our Preferred Stock, will not be subject to U.S. federal income tax unless the distributions or gains, as the case may be, are effectively

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connected with a U.S. trade or business of the Non-U.S. preferred stockholder (and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the Non-U.S. preferred stockholder in the United States,) or, in the case of an individual, the Non-U.S. preferred stockholder was present in the United States for 183 days or more during the taxable year and certain other conditions are met. However, to the extent that a redemption or sale of our Preferred Stock would be treated as a dividend pursuant to the rules discussed above with respect to U.S. preferred stockholders, such amounts will be dividends for purposes of the withholding tax rules discussed above.

For a corporate Non-U.S. preferred stockholder, distributions (both actual and deemed), and gains realized upon the sale or redemption of our Preferred Stock that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or at a lower rate if provided for by an applicable treaty).

A Non-U.S. preferred stockholder who is a non-resident alien individual, and who is otherwise subject to withholding of federal tax, may be subject to information reporting and backup withholding of federal income tax on dividends unless the Non-U.S. preferred stockholder provides us or the dividend paying agent with an IRS Form W-8BEN, IRS Form W-8BEN-E, or an acceptable substitute form or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. preferred stockholder or otherwise establishes an exemption from backup withholding.

A 30% withholding tax may be imposed on payments of certain types of income to foreign financial institutions that fail to enter into an agreement with the United States Treasury to report certain required information with respect to accounts held by United States persons (or held by foreign entities that have United States persons as substantial owners). The types of income subject to the tax include U.S. source interest and dividends, and the gross proceeds from the sale of any property that could produce U.S.-source interest or dividends received after December 31, 2016.

The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, a 30% withholding tax may also be on payments to foreign entities that are not financial institutions unless the foreign entity certifies that it does not have a greater than 10% U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. When these provisions become effective, depending on the status of a Non-U.S. preferred stockholder and the status of the intermediaries through which it holds its units, a Non-U.S. preferred stockholder could be subject to this 30% withholding tax with respect to distributions on our Preferred Stock and proceeds from the sale of our Preferred Stock. Under certain circumstances, a Non-U.S. preferred stockholder might be eligible for refunds or credits of such taxes.

Non-U.S. persons should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

Tax matters are very complicated and the tax consequences to an investor of an investment in our securities 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.

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PLAN OF DISTRIBUTION

We are selling the shares of our Series 2023 Term Preferred Shares under this prospectus supplement directly to a single investor in a negotiated transaction in which no party is acting as an underwriter, dealer or agent. We will not pay any commission or underwriting discount in connection with this offering. However, we have agreed to pay Ladenburg Thalmann & Co. Inc. a fee of \$61,250 for financial advisory services provided to us in connection with this offering. Subject to the terms of the subscription agreement with this investor, we have agreed to sell 125,000 shares of our Series 2023 Term Preferred Shares at a price of \$24.50 per share in cash. We determined the per share price through negotiations with this investor.

We expect to have our transfer agent deliver the shares of our Series 2023 Term Preferred Shares after we receive the payment of the total purchase price therefor in immediately available funds.

Our Series 2023 Term Preferred Shares are listed on the Nasdaq Global Select Market under the symbol OXLCO.

We will bear all of the expenses that we incur in connection with the offering of our shares of Series 2023 Term Preferred Shares under this prospectus supplement. We estimate the total expenses payable by us in connection with the offering will be approximately \$136,250.

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

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

MISCELLANEOUS

To the extent that a holder of Term Preferred Stock is directly or indirectly a beneficial owner of more than 10% of any class of our outstanding shares (meaning, for purposes of holders of Term Preferred Stock, more than 10% of our outstanding Preferred Stock), such 10% beneficial owner would be subject to the short-swing profit rules that are imposed pursuant to Section 16 of the Exchange Act (and related reporting requirements). These rules generally provide that such a 10% beneficial owner may have to disgorge any profits made on purchases and sales, or sales and purchases, of our equity securities (including Term Preferred Stock, the Series 2017 Term Preferred Shares, the Series 2023 Term Preferred Shares, the Series 2024 Term Preferred Shares and Common Stock) within any six-month time period. Investors should consult with their own counsel to determine the applicability of these rules.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, DC.

EXPERTS

The financial statements as of March 31, 2014 and for the year ended March 31, 2014 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2 together with all amendments and related exhibits under the Securities Act. The registration statement contains additional information about us and the securities being offered by this prospectus supplement and the accompanying prospectus.

We are required to file with or submit to the SEC annual, semi-annual and quarterly reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing to the SEC's Public Reference Section, Washington, D.C. 20549. This information is also available free of charge by contacting us at Oxford Lane Capital Corp., 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, by telephone at (203) 983-5275, or on our website at <http://www.oxfordlanecapital.com>.

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**OXFORD LANE CAPITAL CORP.
SCHEDULE OF INVESTMENTS
JUNE 30, 2014
(unaudited)**

COMPANY ⁽¹⁾	INDUSTRY INVESTMENT	PRINCIPAL AMOUNT	COST	FAIR VALUE ⁽²⁾	% of Net Assets
<u>Collateralized Loan Obligation Debt Investments</u>					
AMMC CLO XII, Ltd.	structured finance	CLO secured notes Class F ⁽³⁾⁽⁴⁾⁽⁵⁾ (5.33%, due May 10, 2025)	\$2,500,000	\$2,176,513	\$2,103,000
Carlyle Global Market Strategies CLO 2013-2, Ltd.	structured finance	CLO secured notes Class F ⁽³⁾⁽⁴⁾⁽⁵⁾ (5.71%, due April 18, 2025)	6,000,000	5,156,739	5,241,600
Emporia III, Ltd. 2007-3A	structured finance	CLO secured notes Class E ⁽³⁾⁽⁴⁾⁽⁵⁾ (4.00%, due April 23, 2021)	3,594,000	2,929,696	3,248,257
Neuberger Berman CLO Ltd. 2012-13A	structured finance	CLO secured notes Class F ⁽³⁾⁽⁴⁾⁽⁵⁾ (6.86%, due January 23, 2024)	4,500,000	3,887,004	4,236,750
Telos CLO 2013-3, Ltd.	structured finance	CLO secured notes Class F ⁽³⁾⁽⁴⁾⁽⁵⁾ (5.74%, due January 17, 2024)	3,000,000	2,704,294	2,574,300
			16,854,246	17,403,907	7.07%

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Total Collateralized Loan Obligation Debt
Investments

<u>Collateralized Loan Obligation</u>		<u>Equity Investments</u>			
ACA CLO 2007-1A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 26.23%, maturity June 15, 2022)	12,212,500	5,912,807	6,716,875
ACAS CLO 2013-1A, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 20.50%, maturity April 20, 2025)	4,000,000	3,041,191	4,040,000
AIMCO CLO, Series 2014-A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 10.54%, maturity July 20, 2026)	26,000,000	22,313,826	22,002,500
AMMC CLO XII, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 14.29%, maturity May 10, 2025)	7,178,571	5,149,228	5,886,428
APID 2013-14A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 17.23%, maturity April 15, 2025)	2,272,500	1,922,627	2,363,400
Ares XXV CLO Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 9.40%, maturity January 17, 2024)	15,500,000	11,677,674	12,710,000
Ares XXVI CLO Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 14.70%,	7,500,000	5,462,812	6,300,000

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Ares XXIX CLO Ltd.	structured finance	maturity April 15, 2025) CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 12.72%, maturity April 17, 2026)	12,750,000	11,596,766	11,730,000
Benefit Street Partners CLO IV Ltd.	structured finance	CLO preference shares ⁽⁴⁾⁽⁶⁾ (Estimated yield 10.36%, maturity July 20, 2026)	17,000,000	15,729,065	16,192,500
Canaras Summit CLO 2007-1X	structured finance	CLO income notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 55.55%, maturity June 19, 2021)	1,500,000	615,294	1,155,000
Carlyle Global Market Strategies CLO 2011-1X	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 30.35%, maturity August 10, 2021)	6,000,000	4,225,553	6,795,000
Carlyle Global Market Strategies CLO 2013-2, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 22.14%, maturity April 18, 2025)	9,250,000	7,263,404	9,712,500
Cedar Funding III CLO, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 7.88%, maturity May 20, 2026)	25,000,000	21,718,741	19,297,550
Emerson Park CLO	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 15.08%, maturity July 15, 2025)	12,250,000	9,133,068	10,412,500

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GUGG2 2011-1A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 13.53%, maturity May 15, 2030)	4,000,000	4,169,344	4,800,000
Harbourview CLO 2006-1	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 57.75%, maturity December 27, 2019)	4,380,000	1,722,814	3,241,200
Ivy Hill Middle Market Credit 7	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 13.19%, maturity October 20, 2025)	7,000,000	6,442,790	6,930,000

(Continued on next page)

See Accompanying Notes

TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.**

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2014
(unaudited)

COMPANY ⁽¹⁾	INDUSTRY	INVESTMENT	PRINCIPAL AMOUNT	COST	FAIR VALUE ⁽²⁾	% of Net Assets
<u>Collateralized Loan Obligation</u>						
<u>Equity Investments</u>						
<u>(continued)</u>						
Mountain Hawk CLO 2013-2	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 12.79%, maturity July 20, 2024)	\$10,000,000	\$10,934,768	\$11,490,000	
Mountain Hawk III CLO, LLC	structured finance	CLO income notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 9.58%, maturity April 18, 2025)	15,000,000	13,807,492	13,800,000	
	structured finance	CLO M notes ⁽⁷⁾ (Maturity April 18, 2025)	2,389,676		707,071	
Neuberger Berman CLO Ltd. 2012-13A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 10.89%, maturity January 23, 2024)	6,255,000	3,797,793	4,128,300	
North End CLO Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated	3,187,500	2,515,589	2,871,300	

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Ocean Trails 2013-4	structured finance	yield 15.65%, maturity July 17, 2025) CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 13.27%, maturity August 13, 2025) CLO income notes ⁽⁴⁾⁽⁶⁾	4,000,000	3,205,746	3,640,400
Octagon XI CLO 2007-1A	structured finance	(Estimated yield 47.68%, maturity August 25, 2021) CLO subordinated notes ⁽⁴⁾⁽⁶⁾	2,025,000	1,064,923	1,721,250
OZLM VIII Ltd.	structured finance	(Estimated yield 8.51%, maturity July 17, 2026) CLO subordinated notes ⁽⁴⁾⁽⁶⁾	22,450,000	21,017,601	20,934,625
Seneca Park CLO	structured finance	(Estimated yield 9.90%, maturity July 17, 2026) CLO income notes ⁽⁴⁾⁽⁶⁾	32,000,000	30,406,347	30,080,000
Shackleton CLO 2012-2	structured finance	(Estimated yield 12.25%, maturity October 20, 2023)	10,000,000	8,946,940	9,380,000
Telos CLO 2013-3, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 13.06%, maturity January 17,	6,333,334	5,506,776	6,143,334

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Telos CLO 2013-4, Ltd.	structured finance	2024) CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 16.72%, maturity July 17, 2024)	8,700,000	6,536,528	8,091,000	
Venture 2013-3A CLO, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 15.05%, maturity June 10, 2025)	9,500,000	7,324,190	8,740,000	
Venture 2014-16A CLO, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 9.45%, maturity April 15, 2026)	15,000,000	14,796,482	14,550,000	
Venture XVII CLO	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 10.61%, maturity July 15, 2026)	9,000,000	8,244,150	8,098,200	
Venture XVIII CLO	structured finance	Class C preference shares ⁽⁴⁾⁽⁶⁾ (Estimated yield 20.00%, maturity August 17, 2015)	25,000,000	25,000,000	25,000,000	
Other CLO equity related investments	structured finance	CLO other ⁽⁷⁾	2,052,450		2,052,450	
Total Collateralized Loan Obligation Investments		Equity		301,202,329	321,713,383	130.67%
Total Investments				\$318,056,575	\$339,117,290	137.74%
LIABILITIES IN EXCESS OF OTHER ASSETS					(92,913,887)	
NET ASSETS (equivalent to \$16.07 per share based on 15,319,496 shares of common stock outstanding)					\$246,203,403	

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

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

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

(3) Notes bear interest at variable rates.

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

**SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2014
(unaudited)**

- (4) Cost value reflects accretion of original issue discount or market discount, and amortization of premium.
- (5) The CLO secured notes generally bear interest at a rate determined by reference to 3 month LIBOR which resets quarterly. For each CLO debt investment, the rate provided is as of June 30, 2014.
The CLO subordinated notes and income notes are considered equity positions in the CLO funds. Equity investments are entitled to recurring distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's securities less contractual payments to debt holders and fund expenses.
- (6) The estimated yield indicated is based upon a current projection of the amount and timing of these recurring distributions and the estimated amount of repayment of principal upon termination. Such projections are periodically reviewed and adjusted, and the estimated yield may not ultimately be realized.
- (7) Fair value represents discounted cash flows associated with fees earned from CLO equity investments

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014
(unaudited)**

NOTE 1. INVESTMENT VALUATION

The most significant estimates made in the preparation of Oxford Lane Capital Corp. (OXLC , we or the Fund) financial statements are the valuation of investments and the effective yield calculation, as well as the related amounts of unrealized appreciation and depreciation of investments recorded. OXLC believes that there is no single definitive method for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments that OXLC makes. The Fund is required to specifically fair value each individual investment on a quarterly basis.

The Fund complies with ASC 820-10, *Fair Value Measurements and Disclosure*, which establishes a three-level valuation hierarchy for disclosure of fair value measurements. ASC 820-10 clarified the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and quoted prices for identical securities in markets that are not active; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Fund has determined that due to the general illiquidity of the market for the Fund's investment portfolio, whereby little or no market data exists, all of the Fund's investments are valued based upon Level 3 inputs as of June 30, 2014. The Fund's Board of Directors determines the value of OXLC's investment portfolio each quarter. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold, and these differences could be material to the Fund's financial statements.

OXLC has acquired a number of debt and equity positions in CLO investment vehicles, which are special purpose financing vehicles. In valuing such investments, OXLC considers indicative prices provided by a recognized industry pricing service as well as the indicative prices provided by the broker who arranges transactions in such investment vehicles, to the extent available, as well as any available information on other relevant transactions including trades, if any, and firm bids and offers in the market. In addition, OXLC considers the range of yields for such investments across the market, the operating metrics of the specific investment vehicle, including, but not limited to, net asset value, projected cash flows, compliance with collateralization tests, and defaulted and CCC-rated securities, if any.

Using the pricing service's indicative price as a starting point, if the implied yield is outside the market range, the valuation may be adjusted to a point within the market range. However, the impact of other market information, such as broker prices, actual trades and firm bids and offers as well as operating metrics of such investment, may also affect the valuation. On occasion, an indicative price that results in an implied yield that is within the market range may also

be adjusted, depending upon the reliability and volume of other market information. Oxford Lane Management, LLC (OXLC Management) or the Valuation Committee may request an additional analysis by a third-party firm to assist in the valuation process of CLO investment vehicles. This information is presented to the Board for its determination of fair value of these investments.

The Fund may also invest directly in senior secured loans (either in the primary or secondary markets). In valuing such investments, OXLC Management will prepare an analysis of each loan, including a financial summary, covenant compliance review, recent trading activity in the security, if known, and other business developments related to the portfolio company. Any available information, including non-binding indicative bids obtained from a recognized industry pricing service and agent banks which may not be considered reliable, will be presented to the Valuation Committee of the Board to consider in its determination of fair value. In some instances, there may be limited trading activity in a security even though the market for the

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TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014
(unaudited)****NOTE 1. INVESTMENT VALUATION (continued)**

security is considered not active. In such cases the Board will consider the number of trades, the size and timing of each trade and other circumstances around such trades, to the extent such information is available, in its determination of fair value. At June 30, 2014, the Fund did not have any direct investments in senior secured loans.

ASC 820-10-35, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, provides guidance on factors that should be considered in determining when a previously active market becomes inactive and whether a transaction is orderly. In accordance with ASC 820-10-35, the Fund's valuation procedures specifically provide for the review of indicative quotes supplied by the brokers or agent banks that make a market for each security.

The Fund's assets measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820-10-35 at June 30, 2014, were as follows:

Assets	Fair Value Measurements at Reporting Date			Total
	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	
	(\$ in millions)	(\$ in millions)	(\$ in millions)	(\$ in millions)
CLO debt	\$	\$	\$ 17.4	\$ 17.4
CLO equity			321.7	321.7
Total	\$	\$	\$ 339.1	\$ 339.1

Significant Unobservable Inputs for Level 3 Investments

In accordance with ASU 2011-04, the following table provides quantitative information about the Fund's Level 3 fair value measurements as of June 30, 2014. The Fund's valuation policy, as described above, establishes parameters for the sources and types of valuation analysis, as well as the methodologies and inputs that the Fund uses in determining fair value. If the Valuation Committee or OXLC Management determines that additional techniques, sources or inputs are appropriate or necessary in a given situation, such additional work may be undertaken. The table, therefore, is not all-inclusive, but provides information on the significant Level 3 inputs that are pertinent to the Fund's fair value measurements. The weighted average calculations in the table below are based on principal balances for all CLO debt and equity investments.

Quantitative Information about Level 3 Fair Value Measurements					
Assets	Fair Value as of June 30, 2014 (\$ in millions)	Valuation Techniques/ Methodologies	Unobservable Input	Range/Weighted Average	
CLO debt	\$17.4	market quotes	NBIB ⁽¹⁾ recent transactions, firm bids/offers	84.12%	94.15%/88.8%
CLO equity	180.1	market quotes/ net present value ⁽²⁾	NBIB ⁽¹⁾ recent transactions, firm bids/offers	55.0%	120.00%/90.5%
	141.6	recent transactions	recent transactions	n/a	
Total Fair Value for Level 3 Investments	\$339.1				

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014
(unaudited)**

NOTE 1. INVESTMENT VALUATION (continued)

The Fund generally uses prices provided by an independent pricing service or broker or agent bank non-binding indicative bid prices (NBIB) on or near the valuation date as the primary basis for the fair value determinations for CLO debt and equity investments. These bid prices are non-binding, and may not be determinative of fair value.

(1) Each bid price is evaluated by the Valuation Committee in conjunction with additional information compiled by OXLC Management, including actual trades and firm bids and offers, if any, financial performance, recent business developments, and, in the case of CLO debt and equity investments, performance and covenant compliance information as provided by the independent trustee.

The Fund will calculate the fair value of certain CLO equity investments based upon the net present value of (2) expected contractual payment streams discounted using estimated market yields for the equity tranche of the respective CLO vehicle.

Significant increases or decreases in any of the unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.

NOTE 2. INVESTMENT INCOME RECOGNITION

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

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

NOTE 3. FEDERAL INCOME TAXES

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

Because federal income tax regulations differ from accounting principles generally accepted in the United States, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized

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for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statement to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

As of June 30, 2014, the federal tax cost and net unrealized appreciation on securities were as follows:

Cost for federal income tax purposes	\$325,434,257
Gross unrealized appreciation	\$20,387,349
Gross unrealized depreciation	(6,704,316)
Net unrealized appreciation	\$13,683,033

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Exhibit A

OXFORD LANE CAPITAL CORP.

**ARTICLES SUPPLEMENTARY
ESTABLISHING AND FIXING THE RIGHTS AND
PREFERENCES
OF TERM PREFERRED SHARES
DATED AS OF SEPTEMBER , 2014**

Oxford Lane Capital Corp. (the Corporation), a Maryland corporation, certifies to the State Department of Assessments and Taxation of Maryland that:

RECITALS

FIRST: The Corporation is authorized under Article V of the Corporation's Articles of Amendment and Restatement to the Articles of Incorporation of the Corporation (which, as amended or hereafter restated or amended from time to time, are herein called the Articles), to issue up to 100,000,000 shares of capital stock, with a par value of one cent (\$0.01) per share (Capital Stock).

SECOND: Pursuant to Article V of the Articles, all 100,000,000 such shares of Capital Stock were initially classified as Common Stock (as defined in the Articles); and

THIRD: Pursuant to the authority expressly vested in the Board of Directors of the Corporation (the Board of Directors which term as used herein shall include any duly authorized committee of the Board of Directors) by Article V of the Articles, the Board of Directors has, by resolution, reclassified from unissued Common Stock and authorized the issuance of 5,000,000 Preferred Shares, par value \$0.01 per share, such class of stock to be classified as Term Preferred Shares, and such Term Preferred Shares to be issued in one or more series.

FOURTH: The preferences, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, of each Series of Term Preferred Shares are set forth in these Articles Supplementary, as modified, amended or supplemented from time to time in any Appendix (each an Appendix and collectively the Appendices) to these Articles Supplementary specifically relating to such Series (each such Series being referred to herein as a Series of Term Preferred Shares , Term Preferred Shares of a Series or a Series and shares of all such Series being referred to herein individually as a Term Preferred Share and collectively as the Term Preferred Shares).

FIFTH: These Articles Supplementary shall become effective as of p.m. Eastern time on September , 2014.

DEFINITIONS

1.1 *Definitions*. Unless the context or use indicates another or different meaning or intent and except with respect to any Series as specifically provided in the Appendix applicable to such Series, each of the following terms when used in these Articles Supplementary shall have the meaning ascribed to it below, whether such term is used in the singular or plural and regardless of tense:

1940 Act means the Investment Company Act of 1940, as amended, or any successor statute.

1940 Act Asset Coverage means the Asset Coverage specified in Section 18(a)(2)(B) of the 1940 Act as in effect on the date hereof.

Appendices and *Appendix* shall have the respective meanings as set forth in the Recitals of these Articles Supplementary.

Articles shall have the meaning as set forth in the Recitals of these Articles Supplementary.

Articles Supplementary means these Oxford Lane Capital Corp. Articles Supplementary Establishing and Fixing the Rights and Preferences of Term Preferred Shares, as they may be amended from time to time in accordance with their terms.

Asset Coverage shall mean the asset coverage of a class of senior security which is stock, as specified in Section 18 of the 1940 Act as in effect on the date hereof.

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Asset Coverage Cure Date means, with respect to the failure by the Corporation to maintain Asset Coverage as of the close of business on the last Business Day of a Calendar Quarter (as required by Section 2.4(a)), the date that is thirty (30) calendar days following the Filing Date with respect to such Calendar Quarter.

Board of Directors shall have the meaning as set forth in the Recitals of these Articles Supplementary.

Business Day means any calendar day on which the New York Stock Exchange is open for trading.

Calendar Quarter shall mean any of the three month periods ending March 31, June 30, September 30, or December 31, of each year.

Capital Stock shall have the meaning as set forth in the Recitals of these Articles Supplementary.

Commission means the U.S. Securities and Exchange Commission.

Common Stock means the shares of common stock, with a par value of one cent (\$0.01) per share, of the Corporation.

Corporation shall have the meaning as set forth in the Preamble to these Articles Supplementary.

Custodian means a bank, as defined in Section 2(a)(5) of the 1940 Act, that has the qualifications prescribed in paragraph 1 of Section 26(a) of the 1940 Act, or such other entity as shall be providing custodian services to the Corporation as permitted by the 1940 Act or any rule, regulation, or order thereunder, and shall include, as appropriate, any similarly qualified sub-custodian duly appointed by the Custodian.

Custodian Agreement means the Custodian Agreement by and among the Custodian and the Corporation.

Date of Original Issue means, with respect to any Series, the date specified as the Date of Original Issue for such Series in the Appendix for such Series.

Default shall have the meaning as set forth in Section 2.2(g)(i).

Default Period shall have the meaning as set forth in Section 2.2(g)(i).

Default Rate shall have the meaning as set forth in Section 2.2(g)(i).

Deposit Securities means, as of any date, any United States dollar-denominated security or other investment of a type described below that either (i) is a demand obligation payable to the holder thereof on any Business Day or (ii) has a maturity date, mandatory redemption date or mandatory payment date, on its face or at the option of the holder, preceding the relevant Redemption Date, Dividend Payment Date or other payment date in respect of which such security or other investment has been deposited or set aside as a Deposit Security:

(i) cash or any cash equivalent;

(ii) any U.S. Government Obligation;

(iii) any Short-Term Money Market Instrument;

- (iv) any investment in any money market fund registered under the 1940 Act that qualifies under Rule 2a-7 under the 1940 Act, or similar investment vehicle described in Rule 12d1-1(b)(2) under the 1940 Act, that invests principally in Short-Term Money Market Instruments or U.S. Government Obligations or any combination thereof; or
- (v) any letter of credit from a bank or other financial institution that has a credit rating from at least one rating agency that is the highest applicable rating generally ascribed by such rating agency to bank deposits or short-term debt of similar banks or other financial institutions as of the date of these Articles Supplementary (or such rating's future equivalent).

Dividend Default shall have the meaning as set forth in Section 2.2(g)(i).

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Dividend Payment Date means, with respect to any Series, each of the Dividend Payment Dates for such Series set forth in the Appendix for such Series.

Dividend Period means, with respect to any Series, the Dividend Period for such Series set forth in the Appendix for such Series.

Dividend Rate means, with respect to any Series and as of any date, the Fixed Dividend Rate for that Series as adjusted, if a Default Period shall be in existence on such date, in accordance with the provisions of Section 2.2(g).

Electronic Means means email transmission, facsimile transmission or other similar electronic means of communication providing evidence of transmission (but excluding online communications systems covered by a separate agreement) acceptable to the sending party and the receiving party, in any case if operative as between any two parties, or, if not operative, by telephone (promptly confirmed by any other method set forth in this definition), which, in the case of notices to the Redemption and Paying Agent and the Custodian, shall be sent by such means to each of its representatives set forth in the Redemption and Paying Agent Agreement and the Custodian Agreement, respectively.

Filing Date means, with respect to any Calendar Quarter, the date of filing of the Corporation's SEC Report with respect to such Calendar Quarter.

Fixed Dividend Rate means, with respect to any Series, the rate per annum specified as the Fixed Dividend Rate for such Series in the Appendix for such Series.

Holder means, with respect to the Term Preferred Shares of any Series or any other security issued by the Corporation, a Person in whose name such security is registered in the registration books of the Corporation maintained by the Redemption and Paying Agent or otherwise.

Liquidation Preference means, with respect to any Series, the amount specified as the liquidation preference per share for that Series in the Appendix for such Series.

Mandatory Redemption Price shall have the meaning as set forth in Section 2.5(b)(i).

Market Value of any asset of the Corporation means, for securities for which market quotations are readily available, the market value thereof determined by an independent third-party pricing service designated from time to time by the Board of Directors. Market Value of any asset shall include any interest accrued thereon. The pricing service shall value portfolio securities at the mean between the quoted bid and asked price or the yield equivalent when quotations are readily available. Securities for which quotations are not readily available shall be valued at fair value as determined by the pricing service using methods that include consideration of: yields or prices of securities of comparable quality, type of issue, coupon, maturity and rating; indications as to value from dealers; and general market conditions. The pricing service may employ electronic data processing techniques or a matrix system, or both, to determine recommended valuations.

Non-Call Period means, with respect to any Series, the period (if any) during which such Series shall not be subject to redemption at the option of the Corporation, as set forth in the Appendix for such Series.

Notice of Redemption shall have the meaning as set forth in Section 2.5(d).

Optional Redemption Date shall have the meaning as set forth in Section 2.5(c)(i).

Optional Redemption Premium means, with respect to any Series, the premium (expressed as a percentage of the Liquidation Preference of the shares of such Series), if any, payable by the Corporation upon the redemption of Term Preferred Shares of such Series at the option of the Corporation, as set forth in the Appendix for such Series.

Optional Redemption Price shall have the meaning as set forth in Section 2.5(c)(i).

Outstanding means, as of any date with respect to Term Preferred Shares of any Series, the number of Term Preferred Shares of such Series theretofore issued by the Corporation except (without duplication):

- (i) any shares of such Series theretofore cancelled or redeemed or delivered to the Redemption and Paying Agent for cancellation or redemption in accordance with the terms hereof;

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(ii) any shares of such Series as to which the Corporation shall have given a Notice of Redemption and irrevocably deposited with the Redemption and Paying Agent sufficient Deposit Securities to redeem such shares in accordance with Section 2.5 hereof;

(iii) any shares of such Series as to which the Corporation shall be the Holder or the beneficial owner; and

(iv) any shares of such Series represented by any certificate in lieu of which any new certificate has been executed and delivered by the Corporation.

Person means and includes an individual, a partnership, a trust, a corporation, a limited liability company, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

Preferred Stock means any Capital Stock of the Corporation classified as preferred stock, including shares of each Series of Term Preferred Shares, shares of any other series of such preferred stock now or hereafter issued by the Corporation, and any other shares of Capital Stock hereafter authorized and issued by the Corporation of a class having priority over any other class as to distribution of assets or payments of dividends.

Redemption and Paying Agent means, with respect to any Series, Computershare Trust Company, N.A. and its successors or any other redemption and paying agent appointed by the Corporation with respect to such Series.

Redemption and Paying Agent Agreement means, with respect to any Series, the Redemption and Paying Agent Agreement or other similarly titled agreement by and among the Redemption and Paying Agent for such Series and the Corporation with respect to such Series.

Redemption Date shall have the meaning as set forth in Section 2.5(d).

Redemption Default shall have the meaning as set forth in Section 2.2(g)(i).

Redemption Price shall mean the Term Redemption Price, the Mandatory Redemption Price or the Optional Redemption Price, as applicable.

SEC Report means, with respect to any Calendar Quarter, the Corporation's Annual Report on Form N-CSR, Semi-Annual Report on Form N-SAR, or Quarterly Report on Form N-Q, as applicable, filed by the Corporation with the Securities and Exchange Commission with respect to the fiscal period ending as of the last day of such Calendar Quarter.

Securities Depository shall mean The Depository Trust Company and its successors and assigns or any other securities depository selected by the Corporation that agrees to follow the procedures required to be followed by such securities depository as set forth in these Articles Supplementary with respect to the Term Preferred Shares.

Senior Security shall have the meaning specified in Section 18 under the 1940 Act, as in effect on the date hereof.

Series shall have the meaning as set forth in the Recitals of these Articles Supplementary.

Short-Term Money Market Instruments means the following types of instruments if, on the date of purchase or other acquisition thereof by the Corporation, the remaining term to maturity thereof is not in excess of 180 days:

(i) commercial paper rated A-1 if such commercial paper matures in 30 days or A-1+ if such commercial paper matures in over 30 days;

(ii) demand or time deposits in, and banker's acceptances and certificates of deposit of (A) a depository institution or trust company incorporated under the laws of the United States of America or any state thereof or the District of Columbia or (B) a United States branch office or agency of a foreign depository institution (provided that such branch office or agency is subject to banking regulation under the laws of the United States, any state thereof or the District of Columbia); and (iii) overnight funds.

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Term Preferred Shares shall have the meaning as set forth in the Recitals of these Articles Supplementary.

Term Redemption Date means, with respect to any Series, the date specified as the Term Redemption Date in the Appendix for such Series.

Term Redemption Price shall have the meaning as set forth in Section 2.5(a).

U.S. Government Obligations means direct obligations of the United States or of its agencies or instrumentalities that are entitled to the full faith and credit of the United States and that, other than United States Treasury Bills, provide for the periodic payment of interest and the full payment of principal at maturity or call for redemption.

Voting Period shall have the meaning as set forth in Section 2.6(b)(i).

With respect to any Series, any additional definitions specifically set forth in the Appendix relating to such Series and any amendments to any definitions specifically set forth in the Appendix relating to such Series, as such Appendix may be amended from time to time, shall be incorporated herein and made part hereof by reference thereto, but only with respect to such Series.

1.2 Interpretation. The headings preceding the text of Articles and Sections included in these Articles Supplementary are for convenience only and shall not be deemed part of these Articles Supplementary or be given any effect in interpreting these Articles Supplementary. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of these Articles Supplementary. The use of the terms including or include shall in all cases herein mean including, without limitation or include, without limitation, respectively. Reference to any Person includes such Person's successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually. Reference to any agreement (including these Articles Supplementary), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. Except as otherwise expressly set forth herein, reference to any law means such law as amended, modified, codified, replaced or re-enacted, in whole or in part, including rules, regulations, enforcement procedures and any interpretations promulgated thereunder. Underscored references to Articles or Sections shall refer to those portions of these Articles Supplementary. The use of the terms hereunder, hereof, hereto and words of similar import shall refer to these Articles Supplementary as a whole and not to any particular Article, Section or clause of these Articles Supplementary.

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TERMS APPLICABLE TO ALL SERIES OF TERM PREFERRED SHARES

Except for such changes and amendments hereto with respect to a Series of Term Preferred Shares that are specifically contemplated by the Appendix relating to such Series, each Series of Term Preferred Shares shall have the following terms:

2.1 Number of Shares; Ranking.

(a) The number of authorized shares constituting any Series of Term Preferred Shares shall be as set forth with respect to such Series in the Appendix hereto relating to such Series. No fractional Term Preferred Shares shall be issued.

(b) The Term Preferred Shares of each Series shall rank on parity with shares of each other Series of Term Preferred Shares and with shares of any other series of Preferred Stock as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Corporation. The Term Preferred Shares of each Series shall have preference with respect to the payment of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Corporation over the Common Stock as set forth herein.

(c) No Holder of Term Preferred Shares shall have, solely by reason of being such a Holder, any preemptive or other right to acquire, purchase or subscribe for any Term Preferred Shares or shares of Common Stock or other securities of the Corporation which it may hereafter issue or sell.

2.2 Dividends and Distributions.

(a) The Holders of any Term Preferred Shares of any Series shall be entitled to receive, when, as and if declared by, or under authority granted by, the Board of Directors, out of funds legally available therefor and in preference to dividends and distributions on the Common Stock, cumulative cash dividends and distributions on each share of such Series, calculated separately for each Dividend Period for such Series at the Dividend Rate in effect from time to time for such Series during such Dividend Period, computed on the basis of a 360-day year consisting of twelve 30-day months, on an amount equal to the Liquidation Preference for a share of such Series, and no more. Dividends and distributions on the Term Preferred Shares of any Series shall accumulate from the Date of Original Issue with respect to such Series and shall be payable monthly in arrears as provided in Section 2.2(f). Dividends payable on any Term Preferred Shares of any Series for any period of less than a full monthly Dividend Period, upon any redemption of such shares on any Redemption Date other than on a Dividend Payment Date, or, in the case of the first Dividend Period, more than a full monthly period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months and the actual number of days elapsed for any period of less than, or, in the case of the first Dividend Period, greater than, one month.

(b) Dividends on shares of each Series of Term Preferred Shares with respect to any Dividend Period shall be declared to the Holders of record of such shares as their names shall appear on the registration books of the Corporation at the close of business on the applicable record date, which shall be such date designated by the Board of Directors that is not more than twenty (20) nor less than ten (10) calendar days prior to the Dividend Payment Date with respect to such Dividend Period, and shall be paid as provided further in Section 2.2(f) hereof.

(c) (i) No full dividends and distributions shall be declared or paid on shares of a Series of Term Preferred Shares for any Dividend Period or part thereof unless full cumulative dividends and distributions due through the most recent

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

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Holders of Term Preferred Shares shall be entitled to any dividends and distributions, whether payable in cash, property or shares, in excess of full cumulative dividends and distributions as provided in this Section 2.2(c)(i) on such Term Preferred Shares.

(ii) For so long as any Term Preferred Shares are Outstanding, the Corporation shall not: (x) declare any dividend or other distribution (other than a dividend or distribution paid in shares of Common Stock) in respect of the Common Stock, (y) call for redemption, redeem, purchase or otherwise acquire for consideration any Common Stock, or (z) pay any proceeds of the liquidation of the Corporation in respect of the Common Stock, unless, in each case, (A) immediately thereafter, the Corporation shall have 1940 Act Asset Coverage after deducting the amount of such dividend or distribution or redemption or purchase price or liquidation proceeds, (B) all cumulative dividends and distributions on all Term Preferred Shares and all other Preferred Stock ranking on a parity with the Term Preferred Shares due on or prior to the earlier of the declaration, record or payment date, as applicable, of the applicable dividend, distribution, redemption, purchase or acquisition shall have been declared and paid (or shall have been declared and Deposit Securities or sufficient funds (in accordance with the terms of such Preferred Stock) for the payment thereof shall have been deposited irrevocably with the paying agent for such Preferred Stock) and (C) the Corporation shall have deposited Deposit Securities pursuant to and in accordance with the requirements of Section 2.5(d)(ii) hereof with respect to Outstanding Term Preferred Shares of any Series to be redeemed pursuant to Section 2.5(a) or Section 2.5(b) hereof for which a Notice of Redemption shall have been given or shall have been required to be given in accordance with the terms hereof on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition.

(iii) Any dividend payment made on shares of a Series of Term Preferred Shares shall be credited against the dividends and distributions accumulated with respect to the Dividend Period or Dividend Periods for such Series for which dividends and distributions have not been paid, in chronological order.

(d) Not later than 12:00 noon, New York City time, on the Dividend Payment Date for a Series of Term Preferred Shares, the Corporation shall deposit with the Redemption and Paying Agent Deposit Securities having an aggregate Market Value on such date sufficient to pay the dividends and distributions that are payable on such Dividend Payment Date in respect of such Series. The Corporation may direct the Redemption and Paying Agent with respect to the investment or reinvestment of any such Deposit Securities prior to the Dividend Payment Date, provided that such investment or reinvestment consists exclusively of Deposit Securities and provided further that the proceeds of any such investment will be available as same day funds at the opening of business on such Dividend Payment Date.

(e) All Deposit Securities paid to the Redemption and Paying Agent for the payment of dividends payable on a Series of Term Preferred Shares shall be held in trust for the payment of such dividends by the Redemption and Paying Agent for the benefit of the Holders of such Series entitled to the payment of such dividends pursuant to Section 2.2(f). Any moneys paid to the Redemption and Paying Agent in accordance with the foregoing but not applied by the Redemption and Paying Agent to the payment of dividends, including interest earned on such moneys while so held, will, to the extent permitted by law, be repaid to the Corporation as soon as possible after the date on which such moneys were to have been so applied, upon request of the Corporation.

(f) Dividends on shares of a Series of Term Preferred Shares shall be paid on each Dividend Payment Date for such Series to the Holders of shares of such Series as their names appear on the registration books of the Corporation at the close of business on the applicable record date for such dividend, which record date shall be determined as set forth in Section 2.2(b). Dividends in arrears on shares of a Series of Term Preferred Shares for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date, to the Holders of shares of such Series as their names appear on the registration books of the Corporation on such date, not exceeding twenty (20) nor less than ten (10) calendar days preceding the payment date thereof, as may be fixed by the Board of Directors. No

interest or sum of money in lieu of interest will be payable in respect of any dividend payment or payments on shares of any Series of Term Preferred Shares which may be in arrears.

(g) (i) The Dividend Rate on a Series of Term Preferred Shares shall be adjusted to the Default Rate (as defined below) in the following circumstances. Subject to the cure provisions below, a Default Period with

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respect to a Series of Term Preferred Shares shall commence on any date the Corporation fails to deposit with the Redemption and Paying Agent by 12:00 noon, New York City time, on (A) a Dividend Payment Date for such Series, Deposit Securities that will provide funds available to the Redemption and Paying Agent on such Dividend Payment Date sufficient to pay the full amount of any dividend on such Series payable on such Dividend Payment Date (a Dividend Default) or (B) an applicable Redemption Date for such Series, Deposit Securities that will provide funds available to the Redemption and Paying Agent on such Redemption Date sufficient to pay the full amount of the Redemption Price payable in respect of such Series on such Redemption Date (a Redemption Default and together with a Dividend Default, hereinafter referred to as Default). Subject to the cure provisions of Section 2.2(g)(ii) below, a Default Period with respect to a Dividend Default or a Redemption Default on a Series of Term Preferred Shares shall end on the Business Day on which, by 12:00 noon, New York City time, an amount equal to all unpaid dividends on such Series and any unpaid Redemption Price on such Series shall have been deposited irrevocably in trust in same-day funds with the Redemption and Paying Agent. In the case of any Default on a Series of Term Preferred Shares, the Dividend Rate for such Series for each calendar day during the Default Period will be equal to the Default Rate. The Default Rate on a Series of Term Preferred Shares for any calendar day shall be equal to the Fixed Dividend Rate for such Series plus two percent (2%) per annum.

(ii) No Default Period for a Series of Term Preferred Shares with respect to any Default on such Series shall be deemed to commence if the amount of any dividend or any Redemption Price due in respect of such Series (if such Default is not solely due to the willful failure of the Corporation) is deposited irrevocably in trust, in same-day funds, with the Redemption and Paying Agent by 12:00 noon, New York City time, on a Business Day that is not later than three (3) Business Days after the applicable Dividend Payment Date or Redemption Date for such Series with respect to which such Default occurred, together with an amount equal to the Default Rate on such Series applied to the amount and period of such non-payment on such Series, based on the actual number of calendar days comprising such period divided by 360.

2.3 Liquidation Rights.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the Holders of Term Preferred Shares shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders, after satisfying claims of creditors but before any distribution or payment shall be made in respect of the Common Stock, a liquidation distribution equal to the Liquidation Preference for such shares, plus an amount equal to all unpaid dividends and distributions on such shares accumulated to (but excluding) the date fixed for such distribution or payment on such shares (whether or not earned or declared by the Corporation, but excluding interest thereon), and such Holders shall be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up.

(b) If, upon any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation available for distribution among the Holders of all Outstanding Term Preferred Shares and any other outstanding Preferred Stock shall be insufficient to permit the payment in full to such Holders of the Liquidation Preference of such Term Preferred Shares plus accumulated and unpaid dividends and distributions on such shares as provided in Section 2.3(a) above and the amounts due upon liquidation with respect to such other Preferred Stock, then such available assets shall be distributed among the Holders of such Term Preferred Shares and such other Preferred Stock ratably in proportion to the respective preferential liquidation amounts to which they are entitled. In connection with any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, unless and until the Liquidation Preference on each Outstanding Term Preferred Share plus accumulated and unpaid dividends and distributions on such shares as provided in Section 2.3(a) above have been paid in full to the Holders of such shares, no dividends, distributions or other payments will be made on, and no redemption, purchase or other acquisition by the Corporation will be made by the Corporation in respect of,

shares of the Common Stock.

(c) Neither the sale of all or substantially all of the property or business of the Corporation, nor the merger, consolidation or reorganization of the Corporation into or with any other business or statutory trust, corporation or other entity, nor the merger, consolidation or reorganization of any other business or statutory

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trust, corporation or other entity into or with the Corporation shall be a dissolution, liquidation or winding up, whether voluntary or involuntary, for the purpose of this Section 2.3.

2.4 Coverage Test.

(a) Asset Coverage Requirement. For so long as any shares of a Series of Term Preferred Shares are Outstanding, the Corporation shall have Asset Coverage of at least 200% as of the close of business on the last Business Day of each Calendar Quarter. If the Corporation shall fail to maintain such Asset Coverage as of any time as of which such compliance is required to be determined as aforesaid, the provisions of Section 2.5(b)(i) shall be applicable, which provisions shall constitute the sole remedy for the Corporation's failure to comply with the provisions of this Section 2.4(a).

(b) Calculation of Asset Coverage. For purposes of determining whether the requirements of Section 2.4(a) are satisfied, (i) no Term Preferred Shares of any Series or other Preferred Stock shall be deemed to be Outstanding for purposes of any computation required by Section 2.4(a) if, prior to or concurrently with such determination, either (x) sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Series or other Preferred Stock) to pay the full redemption price for such Series or other Preferred Stock (or the portion thereof to be redeemed) shall have been deposited in trust with the paying agent for such Series or other Preferred Stock and the requisite notice of redemption for such Series or other Preferred Stock (or the portion thereof to be redeemed) shall have been given or (y) sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Series or other Preferred Stock) to pay the full redemption price for such Series or other Preferred Stock (or the portion thereof to be redeemed) shall have been segregated by the Custodian and the Corporation from the assets of the Corporation, by means of appropriate identification on the Custodian's books and records or otherwise in accordance with the Custodian's normal procedures, and (ii) the Deposit Securities or other sufficient funds that shall have been deposited with the applicable paying agent and/or segregated by the Custodian, as applicable, as provided in clause (i) of this sentence shall not be included as assets of the Corporation for purposes of such computation.

2.5 Redemption. Each Series of Term Preferred Shares shall be subject to redemption by the Corporation as provided below:

(a) Term Redemption. The Corporation shall redeem all shares of a Series of Term Preferred Shares on the Term Redemption Date for such Series, at a price per share equal to the Liquidation Preference per share of such Series plus an amount equal to all unpaid dividends and distributions on such share of such Series accumulated to (but excluding) the Term Redemption Date for such Series (whether or not earned or declared by the Corporation, but excluding interest thereon) (the Term Redemption Price).

(b) Asset Coverage Mandatory Redemption.

(i) If the Corporation fails to comply with the Asset Coverage requirement as provided in Section 2.4(a) as of the last Business Day of any Calendar Quarter and such failure is not cured as of the Asset Coverage Cure Date, the Corporation shall, to the extent permitted by the 1940 Act and Maryland law, by the close of business on such Asset Coverage Cure Date, fix a redemption date and proceed to redeem in accordance with the terms of such Preferred Stock, a sufficient number of shares of Preferred Stock, which at the Corporation's sole option (to the extent permitted by the 1940 Act and Maryland law) may include any number or proportion of Term Preferred Shares of any Series, to enable it to meet the requirements of Section 2.5(b)(ii). In the event that any shares of a Series of Term Preferred Shares then Outstanding are to be redeemed pursuant to this Section 2.5(b)(i), the Corporation shall redeem such shares at a price per share equal to the Liquidation Preference per share of such Series plus an amount equal to all unpaid dividends and distributions on such share of such Series accumulated to (but excluding) the date fixed for such

redemption by the Board of Directors (whether or not earned or declared by the Corporation, but excluding interest thereon) (the Mandatory Redemption Price).

(ii) On the Redemption Date for a redemption contemplated by Section 2.5(b)(i), the Corporation shall redeem, out of funds legally available therefor, such number of shares of Preferred Stock (which may include at the sole option of the Corporation any number or proportion of Term Preferred Shares of any Series) as shall be equal to the lesser of (x) the minimum number of shares of Preferred Stock, the redemption of which,

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if deemed to have occurred immediately prior to the opening of business on the Asset Coverage Cure Date, would result in the Corporation having Asset Coverage on such Asset Coverage Cure Date of at least 200% (provided, however, that if there is no such minimum number of Term Preferred Shares and other shares of Preferred Stock the redemption or retirement of which would have such result, all Term Preferred Shares and other shares of Preferred Stock then outstanding shall be redeemed), and (y) the maximum number of shares of Preferred Stock that can be redeemed out of funds expected to be legally available therefor in accordance with the Articles and applicable law.

Notwithstanding the foregoing, in the event that shares of Preferred Stock are redeemed pursuant to this Section 2.5(b), the Corporation may at its sole option, but is not required to, redeem a sufficient number of shares of any Series of Term Preferred Shares pursuant to this Section 2.5(b) that, when aggregated with other shares of Preferred Stock redeemed by the Corporation, would result, if deemed to have occurred immediately prior to the opening of business on the Asset Coverage Cure Date, in the Corporation having Asset Coverage on such Asset Coverage Cure Date of up to and including 285%. The Corporation shall effect such redemption on the date fixed by the Corporation therefor, which date shall not be later than ninety (90) calendar days after such Asset Coverage Cure Date, except that if the Corporation does not have funds legally available for the redemption of all of the required number of Term Preferred Shares and other shares of Preferred Stock which have been designated to be redeemed or the Corporation otherwise is unable to effect such redemption on or prior to ninety (90) calendar days after such Asset Coverage Cure Date, the Corporation shall redeem those Term Preferred Shares and other shares of Preferred Stock which it was unable to redeem on the earliest practicable date on which it is able to effect such redemption. If fewer than all of the Outstanding Term Preferred Shares of a Series are to be redeemed pursuant to this Section 2.5(b), the number of Term Preferred Shares of such Series to be redeemed shall be redeemed (A) from each Holder pro rata based upon the number of Outstanding shares of such Series held by such Holder, (B) by lot or (C) in such other manner as the Board of Directors may determine to be fair and equitable.

(c) Optional Redemption.

(i) Subject to the provisions of Section 2.5(c)(ii), on any Business Day following the expiration of the Non-Call Period (if any) for a Series of Term Preferred Shares (any such Business Day referred to in this sentence, an Optional Redemption Date), the Corporation may redeem in whole or from time to time in part the Outstanding Term Preferred Shares of such Series, at a redemption price per Term Preferred Share (the Optional Redemption Price) equal to (x) the Liquidation Preference per Term Preferred Share of such Series plus (y) an amount equal to all unpaid dividends and distributions on such Term Preferred Share of such Series accumulated to (but excluding) the Optional Redemption Date (whether or not earned or declared by the Corporation, but excluding interest thereon) plus (z) the Optional Redemption Premium per share (if any) with respect to an optional redemption of Term Preferred Shares of such Series that is effected on such Optional Redemption Date.

(ii) If fewer than all of the outstanding shares of a Series of Term Preferred Shares are to be redeemed pursuant to Section 2.5(c)(i), the shares of such Series to be redeemed shall be selected either (A) from each Holder pro rata based upon the number of Outstanding shares of such Series held by such Holder, (B) by lot or (C) in such other manner as the Board of Directors may determine to be fair and equitable. Subject to the provisions of these Articles Supplementary and applicable law, the Board of Directors will have the full power and authority to prescribe the terms and conditions upon which Term Preferred Shares will be redeemed pursuant to this Section 2.5(c) from time to time.

(iii) The Corporation may not on any date deliver a Notice of Redemption pursuant to Section 2.5(d) in respect of a redemption contemplated to be effected pursuant to this Section 2.5(c) unless on such date the Corporation has available Deposit Securities for the Optional Redemption Date contemplated by such Notice of Redemption having a Market Value not less than the amount (including any applicable premium) due to Holders of Term Preferred Shares by reason of the redemption of such Term Preferred Shares on such Optional Redemption Date.

(d) Procedures for Redemption.

(i) If the Corporation shall determine or be required to redeem, in whole or in part, Term Preferred Shares of a Series pursuant to Section 2.5(a), (b) or (c), the Corporation shall deliver a notice of redemption (the Notice of Redemption), by overnight delivery, by first class mail, postage prepaid or by Electronic

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Means to Holders thereof, or request the Redemption and Paying Agent, on behalf of the Corporation, to promptly do so by overnight delivery, by first class mail, postage prepaid or by Electronic Means. A Notice of Redemption shall be provided not more than forty-five (45) calendar days prior to the date fixed for redemption in such Notice of Redemption (the Redemption Date). Each such Notice of Redemption shall state: (A) the Redemption Date; (B) the Series and number of Term Preferred Shares to be redeemed; (C) the CUSIP number for Term Preferred Shares of such Series; (D) the applicable Redemption Price on a per share basis; (E) if applicable, the place or places where the certificate(s) for such shares (properly endorsed or assigned for transfer, if the Board of Directors requires and the Notice of Redemption states) are to be surrendered for payment of the Redemption Price; (F) that dividends on the Term Preferred Shares to be redeemed will cease to accumulate from and after such Redemption Date; and (G) the provisions of these Articles Supplementary under which such redemption is made. If fewer than all Term Preferred Shares held by any Holder are to be redeemed, the Notice of Redemption delivered to such Holder shall also specify the number of Term Preferred Shares to be redeemed from such Holder or the method of determining such number.

The Corporation may provide in any Notice of Redemption relating to a redemption contemplated to be effected pursuant to these Articles Supplementary that such redemption is subject to one or more conditions precedent and that the Corporation shall not be required to effect such redemption unless each such condition has been satisfied at the time or times and in the manner specified in such Notice of Redemption. No defect in the Notice of Redemption or delivery thereof shall affect the validity of redemption proceedings, except as required by applicable law.

(ii) If the Corporation shall give a Notice of Redemption, then at any time from and after the giving of such Notice of Redemption and prior to 12:00 noon, New York City time, on the Redemption Date (so long as any conditions precedent to such redemption have been met or waived by the Corporation), the Corporation shall (A) deposit with the Redemption and Paying Agent Deposit Securities having an aggregate Market Value on the date thereof no less than the Redemption Price of the Term Preferred Shares to be redeemed on the Redemption Date and (B) give the Redemption and Paying Agent irrevocable instructions and authority to pay the applicable Redemption Price to the Holders of the Term Preferred Shares called for redemption on the Redemption Date. The Corporation may direct the Redemption and Paying Agent with respect to the investment or reinvestment of any Deposit Securities prior to the Redemption Date, provided that such investment or reinvestment consists exclusively of Deposit Securities and provided further that the proceeds of any such investment shall be available at the opening of business on the Redemption Date as same day funds.

(iii) Upon the date of the deposit of such Deposit Securities, all rights of the Holders of the Term Preferred Shares so called for redemption shall cease and terminate except the right of the Holders thereof to receive the Redemption Price thereof and such Term Preferred Shares shall no longer be deemed Outstanding for any purpose whatsoever (other than (A) the transfer thereof prior to the applicable Redemption Date and (B) the accumulation of dividends thereon in accordance with the terms hereof up to (but excluding) the applicable Redemption Date, which accumulated dividends shall be payable only as part of the applicable Redemption Price on the Redemption Date). The Corporation shall be entitled to receive, promptly after the Redemption Date, any Deposit Securities in excess of the aggregate Redemption Price of the Term Preferred Shares called for redemption on the Redemption Date. Any Deposit Securities so deposited that are unclaimed at the end of ninety (90) calendar days from the Redemption Date shall, to the extent permitted by law, be repaid to the Corporation, after which the Holders of the Term Preferred Shares so called for redemption shall look only to the Corporation for payment of the Redemption Price thereof. The Corporation shall be entitled to receive, from time to time after the Redemption Date, any interest on the Deposit Securities so deposited.

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

(v) Notwithstanding the other provisions of this Section 2.5, except as otherwise required by law, the Corporation shall not redeem any Term Preferred Shares unless all accumulated and unpaid dividends and distributions on all Outstanding Term Preferred Shares and other series of Preferred Shares ranking on a parity

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with the Term Preferred Shares with respect to dividends and distributions for all applicable past dividend periods (whether or not earned or declared by the Corporation) (x) shall have been or are contemporaneously paid or (y) shall have been or are contemporaneously declared and Deposit Securities or sufficient funds (in accordance with the terms of such Preferred Stock) for the payment of such dividends and distributions shall have been or are contemporaneously deposited with the Redemption and Paying Agent or other applicable paying agent for such Preferred Stock in accordance with the terms of such Preferred Stock, provided, however, that the foregoing shall not prevent the purchase or acquisition of Outstanding Term Preferred Shares pursuant to an otherwise lawful purchase or exchange offer made on the same terms to Holders of all Outstanding Term Preferred Shares and any other series of Preferred Stock for which all accumulated and unpaid dividends and distributions have not been paid.

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

(e) Redemption and Paying Agent as Trustee of Redemption Payments by Corporation. All Deposit Securities transferred to the Redemption and Paying Agent for payment of the Redemption Price of Term Preferred Shares called for redemption shall be held in trust by the Redemption and Paying Agent for the benefit of Holders of Term Preferred Shares so to be redeemed until paid to such Holders in accordance with the terms hereof or returned to the Corporation in accordance with the provisions of Section 2.5(d)(iii) above.

(f) Compliance With Applicable Law. In effecting any redemption pursuant to this Section 2.5, the Corporation shall use its best efforts to comply with all applicable conditions precedent to effecting such redemption under the 1940 Act and any applicable Maryland law, but shall effect no redemption except in accordance with the 1940 Act and any applicable Maryland law.

(g) Modification of Redemption Procedures. Notwithstanding the foregoing provisions of this Section 2.5, the Corporation may, in its sole discretion and without a shareholder vote, modify the procedures set forth above with respect to notification of redemption for the Term Preferred Shares, provided that such modification does not materially and adversely affect the Holders of the Term Preferred Shares or cause the Corporation to violate any applicable law, rule or regulation; and provided further that no such modification shall in any way alter the rights or obligations of the Redemption and Paying Agent without its prior consent.

2.6 Voting Rights.

(a) One Vote Per Term Preferred Share. Except as otherwise provided in the Articles or as otherwise required by law, (i) each Holder of Term Preferred Shares shall be entitled to one vote for each Term Preferred Share held by such Holder on each matter submitted to a vote of shareholders of the Corporation, and (ii) the holders of outstanding shares of Preferred Stock, including Outstanding Term Preferred Shares, and of outstanding shares of Common Stock shall vote together as a single class; provided, however, that the holders of outstanding shares of Preferred Stock, including Outstanding Term Preferred Shares, shall be entitled, voting as a separate class on a one-vote-per-share

basis (to the exclusion of the Holders of all other securities and classes of Capital Stock of the Corporation), to elect two Directors of the Corporation at all times. Subject to Section 2.6(b), the Holders of outstanding shares of Common Stock and Preferred Stock, including Term Preferred Shares, voting together as a single class, shall elect the balance of the Directors.

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(b) Voting For Additional Directors.

(i) Voting Period. During any period in which any one or more of the conditions described in clauses (A) or (B) of this Section 2.6(b)(i) shall exist (such period being referred to herein as a Voting Period), the number of Directors constituting the Board of Directors shall be automatically increased by the smallest number that, when added to the two Directors elected by the Holders of Preferred Stock, including Term Preferred Shares, would constitute a majority of the Board of Directors as so increased by such smallest number; and the Holders of Preferred Shares, including Term Preferred Shares, shall be entitled, voting as a separate class on a one-vote-per-share basis (to the exclusion of the Holders of all other securities and classes of Capital Stock of the Corporation), to elect such smallest number of additional Directors, together with the two Directors that such Holders are in any event entitled to elect. A Voting Period shall commence:

(A) if, at the close of business on any dividend payment date for any outstanding Preferred Share including any Outstanding Term Preferred Share, accumulated dividends (whether or not earned or declared) on such outstanding share of Preferred Stock equal to at least two (2) full years' dividends shall be due and unpaid and sufficient cash or specified securities shall not have been deposited with the Redemption and Paying Agent or other applicable paying agent for the payment of such accumulated dividends; or

(B) if at any time Holders of shares of Preferred Stock are otherwise entitled under the 1940 Act to elect a majority of the Board of Directors.

Upon the termination of a Voting Period, the voting rights described in this Section 2.6(b)(i) shall cease, subject always, however, to the revesting of such voting rights in the Holders of shares of Preferred Stock upon the further occurrence of any of the events described in this Section 2.6(b)(i).

(ii) Notice of Special Meeting. As soon as practicable after the accrual of any right of the Holders of shares of Preferred Stock to elect additional Directors as described in Section 2.6(b)(i), the Corporation shall call a special meeting of such Holders and notify the Redemption and Paying Agent and/or such other Person as is specified in the terms of such Preferred Stock to receive notice (i) by mailing or delivery by Electronic Means or (ii) in such other manner and by such other means as are specified in the terms of such Preferred Stock, a notice of such special meeting to such Holders, such meeting to be held not less than ten (10) nor more than thirty (30) calendar days after the date of the delivery by Electronic Means or mailing of such notice. If the Corporation fails to call such a special meeting, it may be called at the expense of the Corporation by any such Holder on like notice. The record date for determining the Holders of shares of Preferred Stock entitled to notice of and to vote at such special meeting shall be the close of business on the fifth (5th) Business Day preceding the calendar day on which such notice is mailed. At any such special meeting and at each meeting of Holders of shares of Preferred Stock held during a Voting Period at which Directors are to be elected, such Holders, voting together as a class (to the exclusion of the Holders of all other securities and classes of capital stock of the Corporation), shall be entitled to elect the number of Directors prescribed in Section 2.6(b)(i) on a one-vote-per-share basis.

(iii) Terms of Office of Existing Directors. The terms of office of the incumbent Directors of the Corporation at the time of a special meeting of Holders of the shares of Preferred Stock to elect additional Directors in accordance with Section 2.6(b)(i) shall not be affected by the election at such meeting by the Holders of Term Preferred Shares and such other Holders of shares of Preferred Stock of the number of Directors that they are entitled to elect, and the Directors so elected by the Holders of Term Preferred Shares and such other Holders of shares of Preferred Stock, together with the two (2) Directors elected by the Holders of shares of Preferred Stock in accordance with Section 2.6(a) hereof and the remaining Directors elected by the holders of the shares of Common Stock and Preferred Stock, voting together as a single class, shall constitute the duly elected Directors of the Corporation.

(iv) Terms of Office of Certain Directors to Terminate Upon Termination of Voting Period. Simultaneously with the termination of a Voting Period, the terms of office of the additional Directors elected by the Holders of the shares of Preferred Stock pursuant to Section 2.6(b)(i) shall terminate, the remaining Directors shall constitute the Directors of the Corporation and the voting rights of the Holders of shares of Preferred Stock to elect additional Directors pursuant to Section 2.6(b)(i) shall cease, subject to the provisions of the last sentence of Section 2.6(b)(i).

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(c) Holder of Term Preferred Shares to Vote on Certain Matters.

- (i) Certain Amendments Requiring Approval of Term Preferred Shares. Except as otherwise permitted by the terms of these Articles Supplementary, so long as any Term Preferred Shares are Outstanding, the Corporation shall not, without the affirmative vote or consent of the Holders of at least two-thirds (2/3) of the Term Preferred Shares of all Series Outstanding at the time, voting together as a separate class, amend, alter or repeal the provisions of the Articles, or these Articles Supplementary, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power of such Term Preferred Shares or the Holders thereof; provided, however, that (i) a change in the capitalization of the Corporation in accordance with Section 2.7 hereof shall not be considered to materially and adversely affect the rights and preferences of the Term Preferred Shares, and (ii) a division of a Term Preferred Share shall be deemed to affect such preferences, rights or powers only if the terms of such division materially and adversely affect the Holders of the Term Preferred Shares. For purposes of the foregoing, no matter shall be deemed to adversely affect any preference, right or power of a Term Preferred Share of such Series or the Holder thereof unless such matter (i) alters or abolishes any preferential right of such Term Preferred Share, or (ii) creates, alters or abolishes any right in respect of redemption of such Term Preferred Share (other than as a result of a division of a Term Preferred Share). So long as any Term Preferred Shares are Outstanding, the Corporation shall not, without the affirmative vote or consent of at least two-thirds (2/3) of the Holders of the Term Preferred Shares Outstanding at the time, voting as a separate class, file a voluntary application for relief under Federal bankruptcy law or any similar application under state law for so long as the Corporation is solvent and does not foresee becoming insolvent.
- (ii) 1940 Act Matters. Unless a higher percentage is provided for in the Articles, the affirmative vote of the Holders of at least a majority of the outstanding shares of Preferred Stock, as determined in accordance with Section 2(a)(42) of the 1940 Act, including Term Preferred Shares Outstanding at the time, voting as a separate class, shall be required to approve (A) any plan of reorganization (as such terms is used in the 1940 Act) adversely affecting such shares, or (B) any action requiring a vote of security holders of the Corporation pursuant to Section 13(a) of the 1940 Act.
- (iii) Certain Amendments Requiring Approval of Specific Series of Term Preferred Shares. Except as otherwise permitted by the terms of these Articles Supplementary, so long as any Term Preferred Shares of a Series are Outstanding, the Corporation shall not, without the affirmative vote or consent of the Holders of at least two-thirds (2/3) of the Term Preferred Shares of such Series, Outstanding at the time, voting as a separate class, amend, alter or repeal the provisions of the Appendix relating to such Series, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power set forth in such Appendix of the Term Preferred Shares of such Series or the Holders thereof; provided, however, that (i) a change in the capitalization of the Corporation in accordance with Section 2.7 hereof shall not be considered to materially and adversely affect the rights and preferences of the Term Preferred Shares of such Series, and (ii) a division of a Term Preferred Share shall be deemed to affect such preferences, rights or powers only if the terms of such division materially and adversely affect the Holders of the Term Preferred Shares of such Series; and provided, further, that no amendment, alteration or repeal of the obligation of the Corporation to (x) pay the Term Redemption Price on the Term Redemption Date for a Series, or (y) accumulate dividends at the Dividend Rate (as set forth in these Articles Supplementary and the applicable Appendix hereto) for a Series shall be effected without, in each case, the prior unanimous vote or consent of the Holders of such Series of Term Preferred Shares. For purposes of the foregoing, no matter shall be deemed to adversely affect any preference, right or power of a Term Preferred Share of a Series or the Holder thereof unless such matter (i) alters or abolishes any preferential right of such Term Preferred Share, or (ii) creates, alters or abolishes any right in respect of redemption of such Term Preferred Share.
- (d) Voting Rights Set Forth Herein Are Sole Voting Rights. Unless otherwise required by law or the Articles, the Holders of Term Preferred Shares shall not have any relative voting rights or preferences or other special rights with

respect to voting other than those expressly set forth in this Section 2.6.

(e) No Cumulative Voting. The Holders of Term Preferred Shares shall have no rights to cumulative voting.

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(f) *Voting for Directors Sole Remedy for Corporation's Failure to Declare or Pay Dividends.* In the event that the Corporation fails to declare or pay any dividends on any Series of Term Preferred Shares on the Dividend Payment Date therefor, the exclusive remedy of the Holders of the Term Preferred Shares shall be the right to vote for Directors pursuant to the provisions of this Section 2.6. Nothing in this Section 2.6(f) shall be deemed to affect the obligation of the Corporation to accumulate and, if permitted by applicable law, the Articles and these Articles Supplementary, pay dividends at the Default Rate in the circumstances contemplated by Section 2.2(g) hereof.

(g) *Holders Entitled to Vote.* For purposes of determining any rights of the Holders of Term Preferred Shares to vote on any matter, whether such right is created by these Articles Supplementary, by the Articles, by statute or otherwise, no Holder of Term Preferred Shares shall be entitled to vote any Term Preferred Share and no Term Preferred Share shall be deemed to be Outstanding for the purpose of voting or determining the number of shares required to constitute a quorum if, prior to or concurrently with the time of determination of shares entitled to vote or the time of the actual vote on the matter, as the case may be, the requisite Notice of Redemption with respect to such Term Preferred Share shall have been given in accordance with these Articles Supplementary and Deposit Securities for the payment of the Redemption Price of such Term Preferred Share shall have been deposited in trust with the Redemption and Paying Agent for that purpose. No Term Preferred Share held by the Corporation shall have any voting rights or be deemed to be outstanding for voting or for calculating the voting percentage required on any other matter or other purposes.

(h) *Maryland General Corporation Law Matters.* The Corporation shall take such actions as may be necessary to effect the provisions of this Section 2.6 in accordance with Maryland General Corporation Law.

2.7 Issuance of Additional Preferred Stock.

So long as any Term Preferred Shares are Outstanding, the Corporation may, without the vote or consent of the Holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of senior securities of the Corporation representing stock under Section 18 of the 1940 Act, ranking on a parity with Term Preferred Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or the winding up of the affairs of the Corporation, in addition to then Outstanding Series of Term Preferred Shares, including additional Series of Term Preferred Shares, and authorize, issue and sell additional shares of any such series of Preferred Stock then outstanding or so established and created, including additional Term Preferred Shares of any Series, in each case in accordance with applicable law, provided that the Corporation shall, immediately after giving effect to the issuance of such additional shares of Preferred Stock and to its receipt and application of the proceeds thereof, including to the redemption of shares of Preferred Stock with such proceeds, have Asset Coverage (calculated in the same manner as is contemplated by Section 2.4(b) hereof) of at least 200%.

2.8 Status of Redeemed or Repurchased Term Preferred Shares.

Term Preferred Shares that at any time have been redeemed or purchased by the Corporation shall, after such redemption or purchase, have the status of authorized but unissued shares of Capital Stock.

2.9 Global Certificate.

For so long as any Term Preferred Shares are Outstanding (i) all shares of any Series of Term Preferred Shares Outstanding from time to time shall be represented by one global certificate for such Series registered in the name of the Securities Depository or its nominee and (ii) no registration of transfer of shares of such Series of Term Preferred Shares shall be made on the books of the Corporation to any Person other than the Securities Depository or its nominee. The foregoing restriction on registration of transfer shall be conspicuously noted on the face or back of the global certificates.

2.10 *Notice.*

All notices or communications hereunder, unless otherwise specified in these Articles Supplementary, shall be sufficiently given if in writing and delivered in person, by telecopier, by Electronic Means or by overnight mail or delivery or mailed by first-class mail, postage prepaid. Notices delivered pursuant to this

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Section 2.10 shall be deemed given on the date received or, if mailed by first class mail, on the date five (5) calendar days after which such notice is mailed.

2.11 Termination.

In the event that no shares of a Series of Term Preferred Shares are Outstanding, all rights and preferences of the shares of such Series established and designated hereunder shall cease and terminate, and all obligations of the Corporation under these Articles Supplementary with respect to such Series shall terminate.

2.12 Appendices.

The designation of each Series of Term Preferred Shares shall be set forth in an Appendix to these Articles Supplementary. The Board of Directors may, by resolution duly adopted, without shareholder approval (except as otherwise provided by these Articles Supplementary or required by applicable law) (1) amend the Appendix to these Articles Supplementary relating to a Series so as to reflect any amendments to the terms applicable to such Series including an increase in the number of authorized shares of such Series and (2) add additional Series of Term Preferred Shares by including a new Appendix to these Articles Supplementary relating to such Series.

2.13 Actions on Other than Business Days.

Unless otherwise provided herein, if the date for making any payment, performing any act or exercising any right, in each case as provided for in these Articles Supplementary, is not a Business Day, such payment shall be made, act performed or right exercised on the next succeeding Business Day, with the same force and effect as if made or done on the nominal date provided therefor, and, with respect to any payment so made, no dividends, interest or other amount shall accrue for the period between such nominal date and the date of payment.

2.14 Modification.

The Board of Directors, without the vote of the Holders of Term Preferred Shares, may interpret, supplement or amend the provisions of these Articles Supplementary or any Appendix hereto to supply any omission, resolve any inconsistency or ambiguity or to cure, correct or supplement any defective or inconsistent provision, including any provision that is inconsistent or otherwise conflicts with any provision of the 1940 Act, the rules and regulations promulgated thereunder, any order issued thereunder by the Commission, or any interpretive position of the staff of the Commission pertaining thereto, in each case, that is applicable to the Corporation, or any provision that becomes defective after the date hereof because of impossibility of performance or any provision that is inconsistent with any provision of any other Capital Stock of the Corporation.

2.15 No Additional Rights.

Unless otherwise required by law or the Articles, the Holders of Term Preferred Shares shall not have any relative rights or preferences or other special rights other than those specifically set forth in these Articles Supplementary.

[Signature Page Begins on the Following Page]

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In Witness Whereof, Oxford Lane Capital Corp. has caused these presents to be signed as of September , 2014 in its name and on its behalf by its President or a Vice President and witnessed by its Secretary or Assistant Secretary.

Oxford Lane Capital Corp.

Name: Saul B. Rosenthal
Title: President

Witness:

Name: Patrick F. Conroy
Title: Chief Financial Officer, Chief
Compliance Officer and Corporate
Secretary

The undersigned President or a Vice President of Oxford Lane Capital Corp., who executed on behalf of the Corporation the foregoing Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles Supplementary to be the corporate act of the Corporation, and states under penalties of perjury that to the best of his knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects.

Name: Saul B. Rosenthal
Title: President

[Signature Page to the Articles Supplementary Establishing and Fixing the Rights and Preferences of Term Preferred Shares]

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APPENDIX A

OXFORD LANE CAPITAL CORP.

**CUMULATIVE TERM PREFERRED SHARES, 8.50%
SERIES 2017 TERM PREFERRED SHARES**

This Appendix establishes a Series of Cumulative Term Preferred Shares of Oxford Lane Capital Corp.. Except as set forth below, this Appendix incorporates by reference the terms set forth with respect to all Series of such Cumulative Term Preferred Shares in those Articles Supplementary Establishing and Fixing the Rights and Preferences of Term Preferred Shares dated September , 2014 (the TP Articles Supplementary). This Appendix has been adopted by resolution of the Board of Directors of Oxford Lane Capital Corp. Capitalized terms used herein but not defined herein have the respective meanings therefor set forth in the TP Articles Supplementary.

Section 1. Designation as to Series.

Cumulative Term Preferred Shares, 8.50% Series 2017 Term Preferred Shares: A series of 632,450 shares of Capital Stock classified as Term Preferred Shares is hereby designated as the Series 2017 Term Preferred Shares. Each share of such Series shall have such preferences, voting powers, restrictions, limitations as to dividends and distributions, qualifications and terms and conditions of redemption, in addition to those required by applicable law and those that are expressly set forth in the Articles and the TP Articles Supplementary (except as the TP Articles Supplementary may be expressly modified by this Appendix), as are set forth in this Appendix A. The Series 2017 Term Preferred Shares shall constitute a separate series of Capital Stock and of the Cumulative Term Preferred Shares and each Series 2017 Term Preferred Share shall be identical. The following terms and conditions shall apply solely to the Series 2017 Term Preferred Shares:

Section 2. Number of Authorized Shares of Series.

The number of authorized shares is 632,450.

Section 3. Date of Original Issue with respect to Series.

The Date of Original Issue is November 28, 2012.

Section 4. Fixed Dividend Rate Applicable to Series.

The Fixed Dividend Rate is 8.50%.

Section 5. Liquidation Preference Applicable to Series.

The Liquidation Preference is \$25.00 per share.

Section 6. Term Redemption Date Applicable to Series.

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The Term Redemption Date is December 31, 2017.

Section 7. Dividend Payment Dates Applicable to Series.

The Dividend Payment Dates are the last Business Day of the month of the Dividend Period.

Section 8. Non-Call Period Applicable to Series.

The Non-Call Period is the period beginning on the Date of Original of Issue and ending at the close of business on December 31, 2014.

Section 9. Exceptions to Certain Definitions Applicable to the Series.

The following definitions contained under the heading Definitions in the TP Articles Supplementary are hereby amended as follows:

Not applicable.

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Section 10. Additional Definitions Applicable to the Series.

The following terms shall have the following meanings (with terms defined in the singular having comparable meanings when used in the plural and vice versa), unless the context otherwise requires:

Dividend Period means, with respect to each Series 2017 Term Preferred Share, in the case of the first Dividend Period, the period beginning on the Date of Original Issue for such Series and ending on and including December 31, 2012 and for each subsequent Dividend Period, the period beginning on and including the first calendar day of the month following the month in which the previous Dividend Period ended and ending on and including the last calendar day of such month.

Section 11. Amendments to Terms of Term Preferred Shares Applicable to the Series.

The following provisions contained under the heading Terms of the Term Preferred Shares in the TP Articles Supplementary are hereby amended as follows:

Not applicable.

Section 12. Additional Terms and Provisions Applicable to the Series.

The following provisions shall be incorporated into and be deemed part of the TP Articles Supplementary:

Not applicable.

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IN WITNESS WHEREOF, Oxford Lane Capital Corp. has caused this Appendix to the Corporation's TP Articles Supplementary to be signed on September 1, 2014 in its name and on its behalf by a duly authorized officer. The Articles and the TP Articles Supplementary are on file with the Secretary of State of the State of Maryland.

Oxford Lane Capital Corp.

Name: Saul B. Rosenthal

Title: President

Witness:

Name: Patrick F. Conroy

Title: Chief Financial Officer, Chief
Compliance Officer and Corporate
Secretary

The undersigned duly authorized officer of Oxford Lane Capital Corp., who executed on behalf of the Corporation the foregoing Appendix to the Corporation's TP Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Appendix to the Articles Supplementary to be the corporate act of the Corporation, and states under penalties of perjury that to the best of his knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects.

Oxford Lane Capital Corp.

Name: Saul B. Rosenthal

Title: President

[Signature Page to the Appendix Establishing and Fixing the Rights and
Preferences of Series 2017 Term Preferred Shares]

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APPENDIX B

OXFORD LANE CAPITAL CORP.

**CUMULATIVE TERM PREFERRED SHARES, 7.50%
SERIES 2023 TERM PREFERRED SHARES**

This Appendix establishes a Series of Cumulative Term Preferred Shares of Oxford Lane Capital Corp. Except as set forth below, this Appendix incorporates by reference the terms set forth with respect to all Series of such Cumulative Term Preferred Shares in those Articles Supplementary Establishing and Fixing the Rights and Preferences of Term Preferred Shares dated September , 2014 (the TP Articles Supplementary). This Appendix has been adopted by resolution of the Board of Directors of Oxford Lane Capital Corp. Capitalized terms used herein but not defined herein have the respective meanings set forth in the TP Articles Supplementary.

Section 1. Designation as to Series.

Cumulative Term Preferred Shares, 7.50% Series 2023 Term Preferred Shares: A series of 2,954,770 shares of Capital Stock classified as Term Preferred Shares is hereby designated as the Series 2023 Term Preferred Shares. Each share of such Series shall have such preferences, voting powers, restrictions, limitations as to dividends and distributions, qualifications and terms and conditions of redemption, in addition to those required by applicable law and those that are expressly set forth in the Articles and the TP Articles Supplementary (except as the TP Articles Supplementary may be expressly modified by this Appendix), as are set forth in this Appendix B. The Series 2023 Term Preferred Shares shall constitute a separate series of Capital Stock and of the Cumulative Term Preferred Shares and each Series 2023 Term Preferred Share shall be identical. The following terms and conditions shall apply solely to the Series 2023 Term Preferred Shares:

Section 2. Number of Authorized Shares of Series.

The number of authorized shares is 2,954,770.

Section 3. Date of Original Issue with respect to Series.

The Date of Original Issue is June 21, 2013.

Section 4. Fixed Dividend Rate Applicable to Series.

The Fixed Dividend Rate is 7.50%.

Section 5. Liquidation Preference Applicable to Series.

The Liquidation Preference is \$25.00 per share.

Section 6. Term Redemption Date Applicable to Series.

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The Term Redemption Date is June 30, 2023.

Section 7. Dividend Payment Dates Applicable to Series.

The Dividend Payment Dates are the last Business Day of the month of the Dividend Period.

Section 8. Non-Call Period Applicable to Series.

The Non-Call Period is the period beginning on the Date of Original of Issue and ending at the close of business on June 30, 2016.

Section 9. Exceptions to Certain Definitions Applicable to the Series.

The following definitions contained under the heading Definitions in the TP Articles Supplementary are hereby amended as follows:

Not applicable.

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Section 10. Additional Definitions Applicable to the Series.

The following terms shall have the following meanings (with terms defined in the singular having comparable meanings when used in the plural and vice versa), unless the context otherwise requires:

Dividend Period means, with respect to each Series 2023 Term Preferred Share, in the case of the first Dividend Period, the period beginning on the Date of Original Issue for such Series and ending on and including July 31, 2013 and for each subsequent Dividend Period, the period beginning on and including the first calendar day of the month following the month in which the previous Dividend Period ended and ending on and including the last calendar day of such month.

Section 11. Amendments to Terms of Term Preferred Shares Applicable to the Series.

The following provisions contained under the heading Terms of the Term Preferred Shares in the TP Articles Supplementary are hereby amended as follows:

Not applicable.

Section 12. Additional Terms and Provisions Applicable to the Series.

The following provisions shall be incorporated into and be deemed part of the TP Articles Supplementary:

Not applicable.

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IN WITNESS WHEREOF, Oxford Lane Capital Corp. has caused this Appendix to the Corporation's TP Articles Supplementary to be signed on September 1, 2014 in its name and on its behalf by a duly authorized officer. The Articles and the TP Articles Supplementary are on file with the Secretary of State of the State of Maryland.

Oxford Lane Capital Corp.

Name: Saul B. Rosenthal
Title: President

Witness:

Name: Patrick F. Conroy
Title: Chief Financial Officer, Chief
Compliance Officer and Corporate
Secretary

The undersigned duly authorized officer of Oxford Lane Capital Corp., who executed on behalf of the Corporation the foregoing Appendix to the Corporation's TP Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Appendix to the Articles Supplementary to be the corporate act of the Corporation, and states under penalties of perjury that to the best of his knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects.

Oxford Lane Capital Corp.

Name: Saul B. Rosenthal
Title: President

[Signature Page to the Appendix Establishing and Fixing the Rights and Preferences of Series 2023 Term Preferred Shares]

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APPENDIX C

OXFORD LANE CAPITAL CORP.

**CUMULATIVE TERM PREFERRED SHARES, 8.125%
SERIES 2024 TERM PREFERRED SHARES**

This Appendix establishes a Series of Cumulative Term Preferred Shares of Oxford Lane Capital Corp. Except as set forth below, this Appendix incorporates by reference the terms set forth with respect to all Series of such Cumulative Term Preferred Shares in those Articles Supplementary Establishing and Fixing the Rights and Preferences of Term Preferred Shares dated September , 2014 (the TP Articles Supplementary). This Appendix has been adopted by resolution of the Board of Directors of Oxford Lane Capital Corp. Capitalized terms used herein but not defined herein have the respective meanings set forth in the TP Articles Supplementary.

Section 1. Designation as to Series.

Cumulative Term Preferred Shares, 8.125% Series 2024 Term Preferred Shares: A series of 1,277,500 shares of Capital Stock classified as Term Preferred Shares is hereby designated as the Series 2024 Term Preferred Shares. Each share of such Series shall have such preferences, voting powers, restrictions, limitations as to dividends and distributions, qualifications and terms and conditions of redemption, in addition to those required by applicable law and those that are expressly set forth in the Articles and the TP Articles Supplementary (except as the TP Articles Supplementary may be expressly modified by this Appendix), as are set forth in this Appendix C. The Series 2024 Term Preferred Shares shall constitute a separate series of Capital Stock and of the Cumulative Term Preferred Shares and each Series 2024 Term Preferred Share shall be identical. The following terms and conditions shall apply solely to the Series 2024 Term Preferred Shares:

Section 2. Number of Authorized Shares of Series.

The number of authorized shares is 1,277,500.

Section 3. Date of Original Issue with respect to Series.

The Date of Original Issue is June 5, 2014.

Section 4. Fixed Dividend Rate Applicable to Series.

The Fixed Dividend Rate is 8.125%.

Section 5. Liquidation Preference Applicable to Series.

The Liquidation Preference is \$25 per share.

Section 6. Term Redemption Date Applicable to Series.

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The Term Redemption Date is June 30, 2024.

Section 7. Dividend Payment Dates Applicable to Series.

The Dividend Payment Dates are the last Business Day of the month of the Dividend Period.

Section 8. Non-Call Period Applicable to Series.

The Non-Call Period is the period beginning on the Date of Original of Issue and ending at the close of business on June 30, 2017.

Section 9. Exceptions to Certain Definitions Applicable to the Series.

The following definitions contained under the heading Definitions in the TP Articles Supplementary are hereby amended as follows:

Not applicable.

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Section 10. Additional Definitions Applicable to the Series.

The following terms shall have the following meanings (with terms defined in the singular having comparable meanings when used in the plural and vice versa), unless the context otherwise requires:

Dividend Period means, with respect to each Series 2024 Term Preferred Share, in the case of the first Dividend Period, the period beginning on the Date of Original Issue for such Series and ending on and including July 31, 2014 and for each subsequent Dividend Period, the period beginning on and including the first calendar day of the month following the month in which the previous Dividend Period ended and ending on and including the last calendar day of such month.

Section 11. Amendments to Terms of Term Preferred Shares Applicable to the Series.

The following provisions contained under the heading Terms of the Term Preferred Shares in the TP Articles Supplementary are hereby amended as follows:

Not applicable.

Section 12. Additional Terms and Provisions Applicable to the Series.

The following provisions shall be incorporated into and be deemed part of the TP Articles Supplementary:

Not applicable.

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IN WITNESS WHEREOF, Oxford Lane Capital Corp. has caused this Appendix to the Corporation's TP Articles Supplementary to be signed on September 1, 2014 in its name and on its behalf by a duly authorized officer. The Articles and the TP Articles Supplementary are on file with the Secretary of State of the State of Maryland.

Oxford Lane Capital Corp.

Name: Saul B. Rosenthal

Title: President

Witness:

Name: Patrick F. Conroy

Title: Chief Financial Officer, Chief
Compliance Officer and Corporate
Secretary

The undersigned duly authorized officer of Oxford Lane Capital Corp., who executed on behalf of the Corporation the foregoing Appendix to the Corporation's TP Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Appendix to the Articles Supplementary to be the corporate act of the Corporation, and states under penalties of perjury that to the best of his knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects.

Oxford Lane Capital Corp.

Name: Saul B. Rosenthal

Title: President

[Signature Page to the Appendix Establishing and Fixing the Rights and
Preferences of Series 2024 Term Preferred Shares]

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