

Oxford Lane Capital Corp. Announces Net Asset Value and Selected Financial Results as of March 31, 2017

May 17, 2017

GREENWICH, CT -- (Marketwired) -- 05/17/17 -- Oxford Lane Capital Corp. ("Oxford Lane," "Fund," "we," "us" or "our") (NASDAQ: OXLC) (NASDAQ: OXLCO) (NASDAQ: OXLCN) announced today the following financial results and related information:

- Net asset value per share as of March 31, 2017 stood at \$10.20 compared with a net asset value per share at December 31, 2016 of \$10.74.
- Net investment income, calculated in accordance with generally accepted accounting principles ("GAAP"), was approximately \$9.8 million, or approximately \$0.45 per share, for the quarter ended March 31, 2017 and approximately \$30.1 million, or approximately \$1.51 per share, for the year ended March 31, 2017.
- Our core net investment income ("Core NII") was approximately \$9.3 million, or approximately \$0.43 per share, for the quarter ended March 31, 2017, and approximately \$54.1 million, or approximately \$2.72 per share, for the year ended March 31, 2017.
 - Core NII represents net investment income adjusted for additional cash distributions received, or entitled to be received (if any, in either case), on our collateralized loan obligation ("CLO") equity investments. (See additional information under "Supplemental Information Regarding Core Net Investment Income" below).
 - While our experience has been that cash flow distributions have historically represented useful indicators of our CLO equity investments' annual taxable income, we believe that current and future cash flow distributions may provide less useful indications as to the final determination of taxable income with respect to our CLO equity investments.
- Total investment income, calculated in accordance with GAAP, amounted to approximately \$17.3 million for the quarter ended March 31, 2017.
 - For the quarter ended March 31, 2017, we recorded GAAP investment income from our portfolio as follows:
 - approximately \$16.7 million from our CLO equity investments,
 - approximately \$0.3 million from our CLO debt investments, and
 - approximately \$0.3 million from other sources.
 - The weighted average yield of our CLO debt investments at current cost was approximately 9.6% as of March 31, 2017.
 - The weighted average effective yield of our CLO equity investments at current cost was approximately 19.4% as of March 31, 2017.
 - The weighted average cash yield of our CLO equity investments at current cost was approximately 22.4% as of March 31, 2017.
- Net increase in net assets from operations was approximately \$0.8 million, or approximately \$0.04 per share, for the quarter ended March 31, 2017, and approximately \$105.2 million, or approximately \$5.28 per share, for the year ended March 31, 2017, including:
 - Net investment income of approximately \$9.8 million and \$30.1 million for the quarter ended March 31, 2017, and for the year ended March 31, 2017, respectively;
 - Net realized losses of approximately \$2.4 million and \$5.6 million for the quarter ended March 31, 2017 and for the year ended March 31, 2017, respectively; and
 - Net unrealized depreciation of approximately \$6.7 million and unrealized appreciation of approximately \$80.7 million for the quarter ended March 31, 2017 and for the year ended March 31, 2017, respectively.
- During the quarter ended March 31, 2017, we made additional CLO equity investments of approximately \$91.1 million.
- During the quarter ended March 31, 2017, we received approximately \$68.5 million from sales and repayments on our CLO investments.
- During the quarter ended March 31, 2017, we issued a total of 1,281,912 shares of common stock pursuant to an "at-the-market" offering, resulting in net proceeds of approximately \$14.4 million after deducting the sales agent's commissions and offering expenses.
- During the quarter ended March 31, 2017, we issued a total of 600,000 shares of our Series 2023 Term Preferred Shares and 1,300 shares of our Series 2024 Term Preferred Shares pursuant to an "at-the-market" offering, resulting in aggregate net proceeds of approximately \$14.9 million after deducting the sales agent's commissions and offering expenses.
- Our Board of Directors has previously declared the following distributions on our common stock:

Quarter Ending	Record Date	Payment Date	Amount Per Share
June 30, 2017	June 16, 2017	June 30, 2017	\$0.40
September 30, 2017	September 15, 2017	September 29, 2017	\$0.40

- These distributions reflect our operating performance during the quarter ended March 31, 2017, and our projections of the impact of the recent rise in the 3-month LIBOR (and the corresponding loss of the benefit from LIBOR floors) and compression in corporate loan spreads on our taxable income in 2017. We note that all but one of our CLO equity positions made full distributions in the quarter ended March 31, 2017. Going forward, we intend to declare and pay special distributions to our shareholders on an as-needed basis, in order to comply with our income distribution requirements as a regulated investment company.

Our Board of Directors has also declared the required monthly dividends on our Series 2023 Term Preferred Shares and Series 2024 Term Preferred Shares (each, a "Share"), as follows:

	Per Share Dividend Amount Declared	Record Dates	Payment Dates
Series 2023	\$0.15625	June 16, July 17, August 17	June 30, July 31, August 31
Series 2024	\$0.16930	June 16, July 17, August 17	June 30, July 31, August 31

In accordance with their terms, each of the Series 2023 Term Preferred Shares and Series 2024 Term Preferred Shares will pay a monthly dividend at a fixed rate of 7.50% and 8.125%, respectively, of the \$25.00 per share liquidation preference, or \$1.875 and \$2.03125 per share per year, respectively. This fixed annual dividend rate is subject to adjustment under certain circumstances, but will not in any case be lower than 7.50% and 8.125% per year, respectively, for each of the Series 2023 Term Preferred Shares and Series 2024 Term Preferred Shares.

Supplemental Information Regarding Core Net Investment Income

On a supplemental basis, we provide information relating to core net investment income, which is a non-GAAP measure. This measure is provided in addition to, but not as a substitute for, net investment income determined in accordance with GAAP. Our non-GAAP measures may differ from similar measures by other companies, even if similar terms are used to identify such measures. Core net investment income represents net investment income adjusted for additional cash distributions received, or entitled to be received (if any, in either case), on our CLO equity investments.

Income from investments in the "equity" class securities of CLO vehicles, for GAAP purposes, is recorded using the effective interest method based upon an effective yield to the expected redemption utilizing estimated cash flows compared to the cost, resulting in an effective yield for the investment; the difference between the actual cash received or distributions entitled to be received and the effective yield calculation is an adjustment to cost. Accordingly, investment income recognized on CLO equity securities in the GAAP statement of operations differs from the cash distributions actually received by us during the period (referred to below as "CLO equity adjustments").

Further, in order to continue to qualify to be taxed as a regulated investment company ("RIC"), we are required, among other things, to distribute at least 90% of our investment company taxable income annually. Therefore, core net investment income may provide a better indication of estimated taxable income for a reporting period than does GAAP net investment income, although we can offer no assurance that will be the case as the ultimate tax character of our earnings cannot be determined until tax returns are prepared after the end of a fiscal year. We note that these non-GAAP measures may not be useful indicators of taxable earnings, particularly during periods of market disruption and volatility.

The following table provides a reconciliation of net investment income to core net investment income for the three months ended March 31, 2017:

	Three Months Ended March 31, 2017		Year Ended March 31, 2017	
	Amount	Per Share Amounts	Amount	Per Share Amounts
Net investment income	\$ 9,834,904	\$ 0.451	\$ 30,142,425	\$ 1.512
CLO equity adjustments	(506,665)	(0.024)	24,001,621	1.204
Core net investment income	<u>\$ 9,328,239</u>	<u>\$ 0.427</u>	<u>\$ 54,144,046</u>	<u>\$ 2.716</u>

A presentation containing further detail regarding our quarterly results of operations has been posted to our website under the Investor Relations section at [oxfordlanepresentation](#)

We will host a conference call to discuss our fourth fiscal quarter results today, Wednesday, May 17, 2017 at 10:00 AM. Please call 1-844-792-3730 to participate. A replay of the call will be available for 30 days. If you are interested in hearing the replay, please dial 1-877-344-7529. The replay passcode is 10107563.

About Oxford Lane Capital Corp.

Oxford Lane Capital Corp. is a publicly-traded registered closed-end management investment company. It currently seeks to achieve its investment objective of maximizing risk-adjusted total return by investing in securitization vehicles which, in turn, primarily invest in senior secured loans made to companies whose debt is unrated or is rated below investment grade.

Forward-Looking Statements

This press release contains forward-looking statements subject to the inherent uncertainties in predicting future results and conditions. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should also be considered to be forward-looking statements. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements. These factors are identified from time to time in our filings with the Securities and Exchange Commission. We undertake no obligation to update such statements to reflect subsequent events, unless required to do so by law.

Contact:
Bruce Rubin
203-983-5280

Source: Oxford Lane Capital Corp.