

# Oxford Lane Capital Corp. Presentation of Certain Financial Information of the Investment Portfolio as of December 31, 2011

GREENWICH, CT--(Marketwire -01/25/12)- Oxford Lane Capital Corp. (NASDAQ: [OXLC](#) - [News](#)) (the "Fund" or the "Company") is providing below certain financial information about the Company's investment portfolio as of December 31, 2011. On that date, the Company held 21 investments in Collateralized Loan Obligation ("CLO") vehicles, consisting of 12 junior debt investments and 9 equity investments (presented in the table below with the percentage of each CLO investment shown as a percentage of the Company's Net Asset Value - "NAV").

Investment	S&P / Moody's Original Ratings	S&P / Moody's Current Ratings	Stated Maturity	Manager	NAV %*
Waterfront CLO 2007 - Class D Notes	BB/Ba2	B-/Ba3	8/2/2020	Grandview Capital Management	9.9%
CIFC Funding 2006-1X Class B2L Notes	BB/Ba2	B+/Ba3	10/20/2020	Commercial Industrial Finance Corp.	9.8%
Hewett Island CLO III - Class D Notes	BB/Ba2	CCC-/B2	8/9/2017	CypressTree Investment Management Co	7.5%
Harbourview CLO 2006-1 Sub Notes	NR	NR	12/27/2019	Harbourview Asset Management Corp	7.3%
Jersey Street CLO 2007- 1A Income Notes	NR	NR	10/20/2018	MFS Investment Management	6.1%
Emporia III, Ltd. 2007- 3A Class E Notes	BB/Ba2	B+/B1	4/23/2021	Emporia Capital Management	5.7%
Octagon XI CLO 2007-1A Income Notes	NR	NR	8/25/2021	Octagon Credit Investors	5.2%
Mountain Capital 2005- 4X Class B2L Notes	BB/Ba2	CCC-/B1	3/15/2018	Mountain Capital Advisors	5.0%
Kingsland IV, Ltd. 2007-4A Sub Notes	NR	NR	4/16/2021	Kingsland Capital Management	4.8%
Hillmark Funding Ltd. 2006-1A Sub Notes	NR	NR	5/21/2021	HillMark Capital Management	3.9%
Lightpoint CLO VII, Ltd. 2007-7X Sub Notes	NR	NR	5/15/2021	LightPoint Capital Management	3.7%

Kingsland V, Ltd. 2007-5X Class E Notes	BB/Ba2	CCC-/Ba3	7/14/2021	Kingsland Capital Management	3.6%
GSC VIII - Class D Notes	BB/Ba2	CCC-/B1	4/17/2021	Black Diamond Capital Management	3.4%
Canaras Summit CLO 2007-1 - Income Notes	NR	NR	6/19/2021	Canaras Management	3.4%
Rampart CLO 2007-1A Sub Notes	NR	NR	10/25/2021	Stone Tower Debt Advisors	3.3%
PPM Grayhawk CLO 2007 - Class D Notes	BB/Ba2	CCC+/Ba3	4/18/2021	PPM America	2.9%
Hewett's Island CLO IV - Class E Notes	BB/Ba2	CCC+/Ba3	5/9/2018	LCM Asset Management	2.7%
Cent CDO 15 - Class D Notes	BB/Ba2	BB/Ba3	3/11/2021	RiverSource Investments	2.6%
Gale Force 4 CLO 2007-4A Income Notes	NR	NR	8/20/2021	GSO/Blackstone Debt Funds Management	2.6%
Bridgeport CLO II - Class D Notes	BB/Ba2	BB/Ba3	6/18/2021	Deerfield Capital Management	1.7%
Canaras Summit CLO 2007-1 - Class E Notes	BB/Ba2	B+/Ba3	6/19/2021	Canaras Management	1.2%
Cash					4.5%

Source: Bloomberg L.P. ("Bloomberg"), Standard & Poor's Ratings Services ("S&P"), and Moody's Investors Service, Inc. ("Moody's")

NR - Not Rated.

\* NAV % adds up to greater than 100% due to liabilities on the balance sheet.

### Investment Composition

The investments held by the CLO vehicles were invested primarily in companies domiciled in the United States (approximately 95%(1)). The top 10 aggregate industry exposures of the CLO vehicles accounted for approximately 60%(1) of combined investments while the top 10 aggregate single obligor investments accounted for less than 3%(1) (refer to the two tables on the next page). This results in a weighted average diversity score of 69(2) for our portfolio (which we believe is broadly comparable to industry diversity scores for other similar CLO vehicles).

Top Ten Industry Exposures\*(3)

Healthcare, Education &

Ten Largest U.S. Debt Securities(3)

Univision Communications Inc -

Childcare	11.3%	TL	0.43%
Broadcasting and Entertainment	8.8%	Charter Communications - TL C	0.37%
Telecommunications	6.0%	HCA - TL B3	0.34%
Diversified/Conglomerate Services	5.8%	Cequel Communications - TL	0.26%
Electronics	5.3%	Supervalu - TL B3	0.25%
Retail Stores	5.2%	Transdigm - TL	0.25%
Chemicals, Plastics & Rubber	4.8%	Seminole Hard Rock Entertainment. - TL	0.25%
Utilities	4.8%	RPI Finance Trust - TL	0.24%
Finance	4.6%	Community Health - Non-Extended TL	0.24%
Automobile	3.5%	Chrysler Group - TL B	0.22%
Total	60.1%	Total	2.85%

Source: Intex

Source: Intex

\* Reflects industry classifications established by Moody's.

### **CLO Compliance**

As of December 31, 2011, each of the CLO vehicles was in material compliance with all of its respective collateral and coverage tests that were necessary for full payments to be made to the Company by each CLO vehicle.(4) The current weighted average over-collateralization ("OC") cushion for the Company's CLO equity and debt investments was approximately 1.8% and 4.3%, respectively, as of December 31, 2011. As long as each CLO vehicle maintains a positive OC cushion with respect to the OC test associated with that CLO investment, a full payment is expected to be made to the Company.(5)

### **CLO Credit Quality**

The current weighted average percentage of defaulted securities held by the CLOs (as reported by each CLO) was approximately 0.8% (80 bps) as of December 31, 2011. The CLO vehicles which the Company has invested in have a weighted average WARF score (Weighted Average Rating Factor) of 2514 which is equivalent to a Moody's credit rating of between B1 and B2 (see ratings charts on the next page), based on a ratings factor scale provided by Moody's. We believe the weighted average

WARF score of our portfolio is broadly comparable to industry WARF scores for other similar CLO vehicles.

### Company Profitability

The Company received cash payments of approximately \$387,000 and \$1,577,000 from its junior debt and equity tranche investments, respectively, for the quarter ending December 31, 2011. These payments represented a quarterly cash return of approximately 1.9% and 10.5% of the junior debt and equity tranche investments at market value (as of December 31, 2011), respectively, and on a combined basis, represented a quarterly cash return of approximately 5.5% of the Company's total portfolio at market value (as of December 31, 2011). For the quarter ending December 31, 2011 the Company received a full payment from each CLO vehicle (see table below).

	% NAV
-----	
Distributions paid by the CLOs for the 3-months ending 12/31/11	100.0%
-----	
Distributions diverted for 3-months ending 12/31/11	0.0%
-----	

The approximate weighted average WAS (Weighted Average Spread above LIBOR) for the CLO vehicles in which the Company has an equity investment was 3.5% and the approximate weighted averaged WACC (Weighted Average Cost of Capital above LIBOR) was 0.5% resulting in approximately a 3.0% margin (before CLO vehicle expenses) as of December 31, 2011. The weighted average reinvestment end date for the Company's equity positions was December 31, 2013 (with a final legal weighted average maturity date of October 1, 2020) which potentially allows for two more years of full equity distribution payments followed by 6 3/4 years of decreasing distribution payments to the Company, subject to CLO covenant compliance. During the quarter ending December 31, 2011, the Company received a weighted average cash distribution payment on its equity portfolio of approximately 7.7% (of par) with a price markdown of approximately 0.5% (of par) from the prior quarter-end valuations (see table below). In each of the Company's CLO equity investments, the distribution payment received exceeded any markdown (if applicable) from the prior quarter.

Equity Investments	Stated Maturity	Payments in Q3 as a % of par	Change from 9/30/11 Mark
-----			
Canaras Summit CLO 2007-1 - Income Notes	6/19/2021	10.50	3.00

Gale Force 4 CLO 2007-4A Income Notes	8/20/2021	6.41	0.00
Harbourview CLO 2006-1 Sub Notes	12/27/2019	6.18	-4.00
Hillmark Funding Ltd. 2006-1A Sub Notes	5/21/2021	8.36	-2.00
Jersey Street CLO 2007-1A Income Notes	10/20/2018	8.10	-0.50
Kingsland IV, Ltd. 2007-4A Sub Notes	4/16/2021	5.92	3.25
Lightpoint CLO VII, Ltd. 2007-7X Sub Notes	5/15/2021	8.45	-5.50
Octagon XI CLO 2007-1A Income Notes	8/25/2021	9.17	5.00
Rampart CLO 2007-1A Sub Notes	10/25/2021	8.96	1.00
Weighted Average	10/1/2020	7.72	-0.51

Source: Bloomberg

### **Oxford Lane Capital Corp.**

Oxford Lane Capital Corp. is a publicly-traded registered closed-end management investment company. It seeks to achieve its investment objective of maximizing total return by investing primarily in senior secured loans made to companies whose debt is unrated or is rated below investment grade, with an emphasis on current income. Those investments may take a variety of forms, including the direct purchases of such loans (either in the primary or secondary markets) or through investments in entities that in turn own a pool of such loans.

### **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.

### **Disclaimer**

This document has been prepared by Oxford Lane Capital Corp. and is the sole responsibility of the Company. No liability whatsoever (whether in negligence or otherwise) arising directly or indirectly from the use of this document is accepted and no representation, warranty or undertaking, express or implied, is or will be made by the Company or any of their respective directors, officers, employees, advisers, representatives or other agents ("Agents") for any information or any of the opinions contained herein or for any errors, omissions or misstatements. The Company has relied on certain information provided from Intex, Bloomberg, S&P and Moody's but makes no representation with respect to the accuracy of such information provided by Intex, Bloomberg, S&P or Moody's. Neither the Company nor any of its respective Agents makes or has been authorized to make any representation or warranties (express or implied) in relation to the Company or as to the truth, accuracy or completeness of this document, or any other written or oral statement provided. In particular, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on any projections, targets, estimates or forecasts contained in this document and nothing in this document is or should be relied on as a promise or representation as to the future.

(1) These percentages are based on the amount of CLO vehicles' underlying assets on a weighted average basis, without regard to the amount of the Company's investments in these CLO vehicles.

(2) Source: Intex Solutions, Inc. ("Intex").

(3) These percentages are based on the amount of CLO vehicles' underlying assets on a weighted average basis, without regard to the amount of the Company's investments in these CLO vehicles.

(4) The CLO vehicles' indentures have a variety of covenant tests which those CLO vehicles may not be in compliance with in the future should credit markets deteriorate, the loans held by the CLO vehicles fail to make expected payments or otherwise not perform, or for a variety of other reasons. If these covenants are violated, it could result in principal paydowns of the CLO vehicles' notes and/or interest diversion which may result in partial or non-payment of the quarterly payments due to the Company.

(5) Although we expect each of our current CLO equity and debt investments to maintain a positive OC cushion through maturity, there can be no assurance that such OC cushions will not be reduced to zero, either as a result of a deterioration in general economic conditions or other factors specific to the industries or specific companies in which such CLOs have invested. If that were to occur, our

ability to receive payments on such CLO investments would be impaired, and we may lose a portion or all of our investment in such CLOs.