

CENTURY ALUMINUM CO
Form 11-K
June 29, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark
One)

Annual report pursuant to Section 15(d) of the
Securities Exchange Act of 1934 for the fiscal year
ended December 31, 2009

OR

Transition report pursuant to Section 15(d) of the
Securities Exchange Act of 1934

Commission File Number 0-27918

A. Full title of the Plan and the address of the Plan, if different from that
of the issuer named below:

CENTURY ALUMINUM 401(k) PLAN

2511 Garden Road
Building A, Suite 200
Monterey, California 93940

B. Name of issuer of the common stock issued pursuant to the Plan and
the address of its principal executive office:

Century Aluminum Company

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2511 Garden Road
Building A, Suite 200
Monterey, California 93940

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of Century Aluminum 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of the Century Aluminum 401(k) Plan (the "Plan") as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of (1) assets (held at end of year) as of December 31, 2009, and (2) reportable transactions for the year ended December 31, 2009, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2009 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

Pittsburgh, Pennsylvania
June 29, 2010

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CENTURY ALUMINUM 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS:		
Investments at fair value:		
Investments in mutual funds	\$24,668,982	\$19,750,688
Century Aluminum Company common stock	8,576,237	2,070,008
Common trust funds	5,372,219	5,078,663
Participant loans	1,591,640	1,563,726
Total investments	40,209,078	28,463,085
Receivables:		
Employee contributions	107,244	168,952
Employer contributions	—	18,750
Total receivables	107,244	187,702
Net assets available for benefits at fair value	40,316,322	28,650,787
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(161,326)	47,608
Net assets available for benefits	\$40,154,996	\$28,698,395

See notes to financial statements.

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CENTURY ALUMINUM 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Net assets available for benefits — Beginning of year	\$28,698,395	\$40,778,528
Additions:		
Investment income:		
Net appreciation in fair value	11,272,635	—
Interest and dividends	737,931	1,013,820
Net investment income	12,010,566	1,013,820
Employee contributions	2,717,646	4,030,104
Employer contributions	62,557	886,198
Other contributions	—	245,962
Total additions	14,790,769	6,176,084
Deductions:		
Net depreciation in fair value	—	15,600,883
Benefit payments	3,324,383	2,634,788
Net transfers	9,785	20,546
Total deductions	3,334,168	18,256,217
Net change	11,456,601	(12,080,133)
Net assets available for benefits — End of year	\$40,154,996	\$28,698,395

See notes to financial statements.

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CENTURY ALUMINUM 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. DESCRIPTION OF THE PLAN

The following brief description of the Century Aluminum 401(k) Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete description of the Plan’s provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

General — The Plan, established June 1, 1989, is a defined contribution plan for all salaried employees of Century Aluminum Company (the “Company”), Century Aluminum of West Virginia, Inc. and Century Aluminum of Kentucky, LLC, as well as the hourly employees of Century Aluminum of Kentucky, LLC and all other domestic employees who are not covered by a collective bargaining agreement with the Company. The Plan’s trustee is T. Rowe Price.

Contributions — Plan participants can elect to have the Company defer up to 100% of their compensation subject to limitations as determined by Internal Revenue Service regulations for the purpose of making pre-tax contributions to the Plan. Annual plan pre-tax contributions were limited to \$16,500 and \$15,500 for 2009 and 2008, respectively; participants 50 years of age or over may make additional catch-up contributions of \$5,500 and \$5,000 for 2009 and 2008, respectively.

The Company suspended matching contributions for the 2009 plan year. For 2008, the Company’s matching contribution was an amount equal to the sum of (1) 100% of each eligible participant’s contributions (including “catch-up contributions”) that did not exceed 3% of their compensation for the year, plus (2) 50% of each eligible participant’s contributions (including “catch-up contributions”) that exceeded 3% of their compensation for the year but did not exceed 5% percent of their compensation for the year. Contributions made by the Company were allocated 50% to Century Aluminum Company common stock (participants may reallocate such investments, subject to securities law restrictions) and 50% by fund in proportion to the participants' contributions election.

In 2009, although the Company suspended matching contributions, plan participants received some employer matching contributions. These employer contributions represented a “true-up” of the 2008 employer matching contributions that were calculated based upon the plan participants’ 2008 contributions and their total eligible compensation for the plan year.

Vesting — Plan participants are fully vested in employee pre-tax contributions made to the Plan. Pre-tax participant contributions are nonforfeitable. Company contributions are also fully vested and nonforfeitable.

Participant Accounts — Participants may elect to have pre-tax participant contributions invested in one or all of the funds listed in Note 4 and Century Aluminum Company common stock.

Payment of Benefits — Subject to provisions in the Plan, participants are entitled to distributions upon reaching age 59 ½, or earlier in the case of retirement, death, termination, or hardship. Upon proof of an immediate and heavy financial need, amounts contributed may be withdrawn for a hardship purpose. Certain income tax penalties may apply to withdrawals or distributions (including participant loan defaults) prior to age 59½.

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Participant Loans — Participants may borrow from their fund account a minimum of \$1,000 to a maximum amount of \$50,000 or 50% of their vested account balance, whichever is less. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Participant Loan Fund. Loan terms range from one to five years or up to 25 years for the purchase of a primary residence. The interest rate will be established at the inception of the loan and will be set at the prime lending rate as posted in the Wall Street Journal (or similar financial publication) when the loan is made. The interest rate will be fixed and will not change for the duration of the loan. The interest rate for loan transactions in 2009 and 2008 ranged from 3.25% to 7.25%. Principal and interest is paid ratably through payroll deductions.

Partial Termination — On February 4, 2009, the Company announced the curtailment of plant operations at the Ravenswood facility. Furloughs for the majority of Ravenswood's employees were completed by February 20, 2009. While the Company has determined that the loss of Plan participants as a result of the plant curtailment has caused the Plan to experience a partial termination, all active and furloughed Plan participants are already 100% vested in their account balances.

Forfeited Accounts — In 2008, employer contributions were reduced by \$38,792 from forfeited amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Fully Benefit-Responsive Investment Contracts — As required by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946-210-45, the statements of net assets available for benefits presents investment contracts at fair value as well as an additional line item showing an adjustment of fully benefit-responsive contracts from fair value to contract value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive under the terms of the Plan. The statement of changes in net assets available for benefits is presented on a contract value basis.

Investment Valuation and Income Recognition — The Plan's investments are reported at fair value, except for fully benefit-responsive investment contracts, which are adjusted from fair value to contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay Plan benefits. Investments in mutual funds are stated at the funds' net asset values per share on the last business day of the Plan's year-end. Investments in common stock of Century Aluminum Company are valued at the last reported sales price on the last business day of the year. Participant loans are valued at cost, which approximates fair value. See Note 3 and Note 5 for a discussion of the valuation of the investments in the common trust funds.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a component of net appreciation (depreciation) in the fair market value of such investments.

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Use of Estimates — The preparation of financial statements in accordance with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Administrative Expenses — Administrative expenses of the Plan are paid by the Company.

New Accounting Standards Adopted — The accounting standards initially adopted in the 2009 financial statements described below affected certain note disclosures but did not impact the statements of net assets available for benefits or the statement of changes of net assets available for benefits.

Accounting Standards Codification — The FASB ASC became effective on July 1, 2009. At that date, the ASC became FASB's official source of authoritative GAAP applicable to all public and nonpublic nongovernmental entities, superseding existing guidance issued by the FASB, the American Institute of Certified Public Accountants, the Emerging Issues Task Force and other related literature. The FASB also issues Accounting Standards Updates (ASU). An ASU communicates amendments to the ASC. An ASU also provides information to help a user of GAAP understand how and why GAAP is changing and when the changes will be effective.

Subsequent Events — In May 2009, the FASB issued ASC 855, "Subsequent Events" (originally issued as FASB Statement No. 165, "Subsequent Events") to establish general standards of accounting for and disclosing events that occur after the balance sheet date, but prior to the issuance of financial statements. ASC 855 provides guidance on when financial statements should be adjusted for subsequent events and requires companies to disclose subsequent events and the date through which subsequent events have been evaluated. ASC 855 is effective for periods ending after June 15, 2009.

In February 2010, the FASB issued FASB Accounting Standards Update 2010-09, "Subsequent Events: Amendments to Certain Recognition and Disclosure Requirements" (ASU 2010-09), which amends FASB ASC 855. The update provides that SEC filers, as defined in ASU 2010-09, are no longer required to disclose the date through which subsequent events have been evaluated. The update also requires SEC filers to evaluate subsequent events through the date the financial statements are issued rather than the date the financial statements are available to be issued.

Updates to Fair Value Measurements and Disclosures — In 2009, FASB Staff Position 157-4, "Disclosures 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," was issued and later codified into ASC 820, which expanded disclosures and required that major category for debt and equity securities in the fair value hierarchy table be determined on the basis of the nature and risks of the investments.

New Accounting Standards to Be Adopted — In January 2010, the FASB issued FASB ASU 2010-06, "Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements" (ASU 2010-06), which amends FASB ASC 820, "Fair Value Measurements and Disclosures." The update provides additional disclosures for transfers into and out of Levels 1 and 2 fair value hierarchy and separate disclosures about purchases, issuances and settlements relating to Level 3 fair value hierarchy measurements and clarifies certain other existing disclosure requirements. In addition ASU 2010-06 amends guidance on employers' disclosures about postretirement benefit plan assets to require that disclosures be provided by classes of assets instead of by major categories of assets. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Plan is currently evaluating the impact ASU No. 2010-06 will have on future financial statements.

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3. FAIR VALUE MEASUREMENTS

Fair value measurements are based on GAAP using an established framework for measuring and disclosing fair value for the various financial instruments within the Plan.

Fair value is defined 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.” Fair value represents an exit price and that exit price should reflect all the assumptions that market participants would use in pricing the asset or liability.

Valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s judgment about future events. These two types of inputs create the following fair value hierarchy:

Level 1 – Valuations are based on quoted prices for identical assets or liabilities in an active market.

Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations for which all significant inputs are observable or can be corroborated by observable market data.

Level 3 – Assets or liabilities whose significant inputs are unobservable. Valuations are determined using pricing models and discounted cash flow models and includes management judgment and estimation which may be significant.

The asset’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methods used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2009.

Common trust funds: The fair value of the investments in the common trust funds is determined by the fund trustee based on the fair value of the underlying securities within the fund, which represent the net asset value of the shares held by the Plan at year-end.

Mutual funds: The fair value of the investments in the mutual funds are based on observable market quotations and are valued at the closing price reported on the actin: 0; text-align: justify; text-indent: 0.25in">

Our corporate governance documents are available on our website at <http://www.oxfordlanecapital.com> and are also available to any stockholder who requests them by writing to Oxford Lane Capital Corp., c/o Bruce L. Rubin, Corporate Secretary, 8 Sound Shore Drive, Suite 255, Greenwich, Connecticut 06830.

Code of Ethics

We have adopted a code of ethics which applies to, among others, our senior officers, including our Chief Executive Officer and Chief Financial Officer, as well as every officer, director and employee of OXLC. Our code of ethics can be accessed via our website at <http://www.oxfordlanecapital.com>.

Director Independence

In accordance with rules of the NASDAQ Stock Market, our Board of Directors will annually determine each director's independence. We do not consider a director independent unless the Board of Directors has determined that he or she has no material relationship with us. We will monitor the relationships of our directors and officers through a questionnaire each director completes no less frequently than annually and updates periodically as information provided in the most recent questionnaire changes.

In order to evaluate the materiality of any such relationship, the Board of Directors uses the definition of director independence set forth in the rules promulgated by the NASDAQ Stock Market. Rule 5605(a)(2) provides that a director of an investment company shall be considered to be independent if he or she is not an "interested person" of Oxford Lane Capital, as defined in Section 2(a)(19) of the 1940 Act.

The Board of Directors has determined that each of the directors is independent and has no relationship with us, except as a director and stockholder, with the exception of Jonathan H. Cohen and Saul B. Rosenthal, as a result of their respective positions as Chief Executive Officer and President of Oxford Lane Capital and Oxford Lane Management, Oxford Lane Capital's investment adviser, and as the managing member and non-managing member, respectively, of Oxford Funds, the administrator for Oxford Lane Capital.

Evaluation

The Company's directors perform an evaluation and assessment, no less frequently than annually, of the effectiveness of the Board of Directors and its committees.

Communication with the Board of Directors

Stockholders with questions about Oxford Lane Capital are encouraged to contact Oxford Lane Capital Corp.'s Investor Relations Department. However, if stockholders believe that their questions have not been addressed, they may communicate with our Board of Directors by sending their communications to Oxford Lane Capital Corp., c/o Saul B. Rosenthal, President, 8 Sound Shore Drive, Suite 255, Greenwich, Connecticut 06830. All stockholder communications received in this manner will be delivered to one or more members of the Board of Directors, as appropriate.

Committees of the Board of Directors

Our Board of Directors has established an Audit Committee and a Valuation Committee. We require each director to make a diligent effort to attend all Board and committee meetings, as well as each annual meeting of stockholders. The Board of Directors met on seven occasions during the fiscal year ended March 31, 2018. All directors attended at least 75% of the aggregate number of meetings of our Board of Directors and of the respective committees on which they served.

Audit Committee

The Audit Committee operates pursuant to a charter approved by our Board of Directors, a copy of which is available on our website at <http://www.oxfordlanecapital.com>. The charter sets forth the responsibilities of the Audit Committee. The Audit Committee's responsibilities include

recommending the selection of our independent registered public accounting firm, reviewing with such independent registered public accounting firm the planning, scope and results of their audit of our financial statements, pre-approving the fees for services performed, reviewing with the independent registered public accounting firm the adequacy of internal control systems, reviewing our annual financial statements and periodic filings, and receiving the audit reports covering our financial statements. The Audit Committee is presently composed of three persons: Messrs. Shin, Ashenfelter and Reardon, all of whom are considered independent under the rules promulgated by the NASDAQ Stock Market. Our Board of Directors has determined that Mr. Shin is an “audit committee financial expert” as that term is defined under Item 407 of Regulation S-K of the Exchange Act. Mr. Shin meets the current independence and experience requirements of Rule 10A-3 of the Exchange Act and, in addition, is not an “interested person” of Oxford Lane Capital as defined in Section 2(a)(19) of the 1940 Act. Mr. Shin currently serves as Chairman of the Audit Committee. The Audit Committee met on four occasions during the fiscal year ended March 31, 2018.

Valuation Committee

The Valuation Committee establishes guidelines and makes recommendations to our Board of Directors regarding the valuation of investments. Our portfolio investments will generally not be publicly traded securities. As a result, there will not be a readily determinable market value for these securities. Thus, as required by the 1940 Act for such securities, we will value these securities at fair value as determined in good faith by our Board of Directors based upon the recommendation of the Valuation Committee.

Our Board of Directors will determine the value of our investment portfolio each quarter, after consideration of our Valuation Committee’s recommendation of fair value. Oxford Lane Management will compile relevant information, including a financial summary, covenant compliance review and recent trading activity in the security, if known. All available information, including non-binding indicative bids which may not be considered reliable, will be presented to the Valuation Committee to consider in making its recommendation of fair value to the Board of Directors. In some instances, there may be limited trading activity in a security even though the market for the security is considered not active. In such cases the Valuation Committee 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 making its recommendation of fair value to the Board of Directors. We may elect to engage third-party valuation firms to provide assistance to our Valuation Committee and Board of Directors in valuing certain of our investments. The Valuation Committee will evaluate the impact of such additional information, and factor it into its consideration of fair value.

The Valuation Committee is presently composed of Messrs. Ashenfelter, Shin and Reardon. Mr. Ashenfelter currently serves as Chairman of the Valuation Committee. The Valuation Committee met on four occasions during the fiscal year ended March 31, 2018.

Compensation Committee

We do not have a compensation committee and we do not engage any compensation consultants because our executive officers do not receive any direct compensation from OXLC.

Nominating and Corporate Governance Procedures

We do not have a Nominating and Corporate Governance Committee because a majority of the independent directors of the Board of Directors, in accordance with the NASDAQ Global Select Market listing standards, recommends candidates for election as directors. We do not currently have a charter or written policy with regard to the nomination process or stockholder recommendations. The absence of such a policy does not mean, however, that a stockholder recommendation would not be considered if one is received.

Our independent directors will consider qualified director nominees recommended by stockholders when such recommendations are submitted in accordance with our bylaws and any applicable law, rule or regulation regarding director nominations. When submitting a nomination for consideration, a stockholder must provide certain information that would be required under applicable SEC rules, including the following minimum information for each director nominee: full name, age and address; principal occupation during the past five years; current directorships on publicly held companies and investment companies; number of shares of our Common Stock and Preferred Stock owned, if any; and, a written consent of the individual to stand for election if nominated by our Board of Directors and to serve if elected by the stockholders.

In evaluating director nominees, our independent directors consider the following factors:

- the appropriate size and composition of our Board of Directors;
- whether or not the person is an “interested person” of Oxford Lane Capital as defined in Section 2(a)(19) of the 1940 Act;
- the needs of Oxford Lane Capital with respect to the particular talents and experience of its directors;
- the knowledge, skills and experience of nominees in light of the Company’s business and strategic direction and the knowledge, skills and experience already possessed by other members of the Board of Directors;
- high character and integrity;
- familiarity with national and international business matters;
- experience with accounting rules and practices;
 - appreciation of the relationship of our business to the changing needs of society;
- the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members; and
- all applicable laws, rules, regulations, and listing standards.

The Board of Directors’ goal is to assemble a Board of Directors that brings to Oxford Lane Capital a variety of perspectives and skills derived from high quality business and professional experience.

Other than the foregoing, there are no stated minimum criteria for director nominees, although our independent directors may also consider such other factors as they may deem are in the best interests of Oxford Lane Capital and its stockholders. The Board of Directors also believes it appropriate for certain key members of our management to participate as members of the Board of Directors.

The independent members of the Board of Directors identify nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board of Directors with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective. If any member of the Board of Directors does not wish to continue in service or if the Board of Directors decides not to re-nominate a member for re-election, the independent members of the Board of Directors identify the desired skills and experience of a new nominee in light of the criteria above. The entire Board of Directors is polled for suggestions as to individuals meeting the aforementioned criteria. Research may also be performed to identify qualified individuals. To date, the Board of Directors has not engaged third parties to identify or evaluate or assist in identifying potential nominees although it reserves the right in the future to retain a third party search firm, if necessary.

The Board of Directors has not adopted a formal policy with regard to the consideration of diversity in identifying director nominees. In determining whether to recommend a director nominee, the Board of Directors considers and discusses diversity, among other factors, with a view toward the needs of the board of directors as a whole. The Board of Directors generally conceptualizes diversity expansively to include, without limitation, concepts such as race, gender, national origin, differences of viewpoint, professional experience, education, skill and other qualities that contribute to the Board of Directors, when identifying and recommending director nominees. The Board of Directors believes that the inclusion of diversity as one of many factors considered in selecting director nominees is consistent with the Board of Directors' goal of creating a Board of Directors that best serves the needs of Oxford Lane Capital and the interests of its stockholders.

Compensation of Directors

The following table sets forth compensation of the Company's directors for the year ended March 31, 2018.

Name	Fees Earned or All Other		Total
	Paid in Cash ⁽¹⁾	Compensation ⁽²⁾	
Interested Directors			
Jonathan H. Cohen	—	—	—
Saul B. Rosenthal	—	—	—
Independent Directors			
Mark J. Ashenfelter	\$ 93,000	—	\$93,000
John Reardon	\$ 93,000	—	\$93,000
David S. Shin	\$ 103,000	—	\$103,000

(1) For a discussion of the independent directors' compensation, see below.

(2) We do not maintain a stock or option plan, non-equity incentive plan or pension plan for our directors.

The independent directors receive an annual fee of \$75,000 (which was increased to \$90,000 effective as of August 1, 2018). In addition, the independent directors receive \$2,000 plus reimbursement of reasonable

out-of-pocket expenses incurred in connection with attending each Board of Directors meeting, \$1,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each Valuation Committee meeting and \$1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each Audit Committee meeting. The Chairman of the Audit Committee also receives an additional annual fee of \$10,000. No compensation is paid to directors who are interested persons of Oxford Lane Capital as defined in the 1940 Act.

Compensation of Chief Executive Officer and Other Executive Officers

We do not have a compensation committee because our executive officers do not receive any direct compensation from Oxford Lane Capital. Mr. Cohen, our Chief Executive Officer, and Mr. Rosenthal, our President, through their ownership interest in Oxford Funds, the managing member of Oxford Lane Management, are entitled to a portion of any profits earned by Oxford Lane Management, which includes any fees payable to Oxford Lane Management under the terms of the Investment Advisory Agreement, less expenses incurred by Oxford Lane Management in performing its services under the Investment Advisory Agreement. Messrs. Cohen and Rosenthal do not receive any additional compensation from Oxford Lane Management in connection with the management of our portfolio.

The compensation of Mr. Rubin, our Chief Financial Officer, Treasurer and Corporate Secretary, is paid by our administrator, Oxford Funds, subject to reimbursement by us of an allocable portion of such compensation for services rendered by Mr. Rubin to Oxford Lane Capital.

Mr. Cummins, our Chief Compliance Officer, is a director of Alaric, and performs his functions under the terms of an agreement between us and Alaric.

Legal Proceedings

None of us, our investment adviser or administrator, is currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us, or against our investment adviser or administrator. From time to time, we, our investment adviser or administrator, may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted, we do not expect that these proceedings will have a material effect upon our financial statements.

Board Consideration of the Investment Advisory Agreement

At an in-person meeting of our Board of Directors held on July 31, 2018, our Board of Directors unanimously voted to approve the Investment Advisory Agreement. In reaching a decision to approve the Investment Advisory Agreement, the Board of Directors reviewed a significant amount of information and considered and concluded, among other things:

The nature, quality and extent of the advisory and other services to be provided to us by Oxford Lane Management, including the responses in a questionnaire regarding Oxford Lane Management's investment process and Oxford Lane Management's policies and guidelines currently in place to monitor and manage the risk and volatility associated with the Company's portfolio, and the qualifications and abilities of the professional personnel of Oxford Lane Management and the compensation structure for such personnel, and concluded that such services are satisfactory;

The investment performance of OXLC and Oxford Lane Management including a comparison to the performance of OXLC's peer group, and concluded that OXLC's performance is reasonable in comparison to its peers; Comparative data with respect to advisory fees or similar expenses paid by other management investment companies with similar investment objectives, and concluded that the total advisory fees paid by OXLC to Oxford Lane

Management were reasonable;

Our historical and projected operating expenses and expense ratio compared to management investment companies with similar investment objectives, and concluded that our operating expenses were reasonable;

Any existing and potential sources of indirect income to Oxford Lane Management or Oxford Funds from their relationships with OXLC and the profitability of those relationships, and concluded that Oxford Lane Management's profitability was not excessive with respect to us;

The services to be performed and the personnel performing such services under the Investment Advisory Agreement, and concluded that the services to be performed and the personnel performing such services were satisfactory;

The organizational capability and financial condition of Oxford Lane Management and its affiliates, and concluded that the organizational capability and financial condition of Oxford Lane Management were reasonable;

The due diligence-related expenses, travel expenses, and expenses associated with investigating and monitoring investments, and concluded that such expenses were reasonable; and

The possibility of obtaining similar services from other third party service providers or through an internally managed structure, and concluded that our current externally managed structure with Oxford Lane Management as our investment advisor was satisfactory.

Based on the information reviewed and the discussions detailed above, the Board of Directors, including all of the directors who are not "interested persons" as defined in the 1940 Act, concluded that the fees payable to Oxford Lane Management pursuant to the Investment Advisory Agreement were reasonable, and comparable to the fees paid by other management investment companies with similar investment objectives, in relation to the services to be provided. The Board of Directors did not assign relative weights to the above factors or the other factors considered by it. Individual members of the Board of Directors may have given different weights to different factors.

Independent Registered Public Accounting Firm

The Audit Committee and the independent directors of the Board of Directors have selected PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm for the Company for the fiscal year ending March 31, 2019.

PricewaterhouseCoopers LLP has advised us that neither the firm nor any present member or associate of it has any material financial interest, direct or indirect, in the Company or its affiliates. It is expected that a representative of PricewaterhouseCoopers LLP will be present at the Annual Meeting and will have an opportunity to make a statement if he or she chooses and will be available to answer questions.

	Fiscal Year	Fiscal Year
	Ended	Ended
	March 31,	March 31,
	2018	2017
Audit Fees	\$ 469,082	\$ 534,285
Audit-Related Fees	—	—
Tax Fees	\$ 62,375	\$ 55,750
All Other Fees	—	—
Total Fees:	\$ 531,457	\$ 590,035

Audit Fees. Audit fees consist of fees billed for professional services rendered for the audit of our year-end financial statements and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements for the fiscal years ended March 31, 2018 and 2017. These fees include services provided in connection with securities offerings.

Audit-Related Fees. Audit-related services consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.” These services include attest services that are not required by statute or

regulation and consultations concerning financial accounting and reporting standards. No such fees were billed for the fiscal years ended March 31, 2018 and 2017.

Tax Fees. Tax fees consist of fees billed for professional services for tax compliance (including federal, state and local tax compliance), tax advice and tax planning for the fiscal years ended March 31, 2018 and 2017.

All Other Fees. All other fees would include fees for products and services other than the services reported above. No such fees were billed for the fiscal years ended March 31, 2018 and 2017.

Audit Committee Report

The Audit Committee of the Board of Directors of Oxford Lane Capital Corp. operates under a written charter adopted by the Board of Directors. The Audit Committee is currently composed of Messrs. Ashenfelter, Reardon and Shin.

Management is responsible for the Company's internal controls and the financial reporting process. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB") and expressing an opinion on the conformity of those audited financial statements in accordance with accounting principles generally accepted in the United States. The Audit Committee's responsibility is to monitor and oversee these processes. The Audit Committee is also directly responsible for the appointment, compensation and oversight of the Company's independent registered public accounting firm.

Audit Firm Selection/Ratification

At least annually, the Audit Committee reviews the Company's independent registered public accounting firm to decide whether to retain such firm on behalf of the Company. PricewaterhouseCoopers LLP has been the Company's independent registered public accounting firm since 2010.

When conducting its latest review of PricewaterhouseCoopers LLP, the Audit Committee actively engaged with PricewaterhouseCoopers LLP's engagement partners and considered, among other factors:

- the professional qualifications of PricewaterhouseCoopers LLP and that of the lead audit partner and other key engagement members relative to the current and ongoing needs of the Company;

- PricewaterhouseCoopers LLP's historical and recent performance on the Company's audits, including the extent and quality of PricewaterhouseCoopers LLP's communications with the Audit Committee related thereto;
- senior management's assessment of PricewaterhouseCoopers LLP's performance;

- the appropriateness of PricewaterhouseCoopers LLP's fees relative to both efficiency and audit quality;

- PricewaterhouseCoopers LLP's independence policies and processes for maintaining its independence;

- PCAOB audit quality inspection reports on PricewaterhouseCoopers LLP;
- PricewaterhouseCoopers LLP's tenure as the Company's independent registered public accounting firm and its related depth of understanding of the Company's businesses, operations and systems and the Company's accounting policies and practices;

- PricewaterhouseCoopers LLP's professional integrity and objectivity;
- the relative benefits, challenges, overall advisability and potential impact of selecting a different independent registered public accounting firm.

As a result of this evaluation, the Audit Committee approved the appointment of PricewaterhouseCoopers LLP for 2018.

Audit Engagement Partner Selection

Under SEC rules and PricewaterhouseCoopers LLP's practice, the lead engagement audit partner is required to change every five years.

Pre-Approval Policy

The Audit Committee has established a pre-approval policy that describes the permitted audit, audit-related, tax and other services to be provided by PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm. The policy requires that the Audit Committee pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such service does not impair the auditor's independence.

Any requests for audit, audit-related, tax and other services that have not received general pre-approval must be submitted to the Audit Committee for specific pre-approval, irrespective of the amount, and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings of the Audit Committee. However, the Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accounting firm to management.

During the year ended March 31, 2018, the Audit Committee pre-approved 100% of non-audit services in accordance with the pre-approval policy described above.

Review with Management

The Audit Committee has reviewed the audited financial statements and met and held discussions with management regarding the audited financial statements. Management has represented to the Audit Committee that the Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States.

Review and Discussion with Independent Registered Public Accounting Firm

The Audit Committee has discussed with PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, matters required to be discussed by standards promulgated by the American Institute of Certified Public Accountants and the PCAOB, including PCAOB Auditing Standard No. 1301 "Communications with Audit Committees." The Audit Committee received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board (United States) and has discussed with the auditors the auditors' independence. The Audit Committee has also considered the compatibility of non-audit services with the auditors' independence.

The Audit Committee met with members of senior management and the independent registered public accounting firm to review the certifications provided by the Chief Executive Officer and Chief Financial Officer under the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), the rules and regulations of the SEC and the overall certification process. At this meeting, company officers reviewed each of the Sarbanes-Oxley certification requirements concerning internal control over financial reporting and any fraud, whether or not material, involving management or other employees with a significant role in internal control over financial reporting.

Conclusion

Based on the Audit Committee's discussion with management and the independent registered public accounting firm, the Audit Committee's review of the audited financial statements, the representations of management and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited financial statements in the Company's Annual Report on Form N-CSR for the fiscal year ended March 31, 2018 for filing with the SEC. The Audit Committee has also recommended the selection of PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm for the year ending March 31, 2019.

Respectfully Submitted,

The Audit Committee

David S. Shin

Mark J. Ashenfelter

John Reardon

The material contained in the foregoing Audit Committee Report is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

OTHER MATTERS

Stockholder Proposals

Any stockholder proposals submitted pursuant to the SEC's Rule 14a-8 for inclusion in the Company's proxy statement and form of proxy for the 2019 annual meeting of stockholders must be received by the Company on or before April 30, 2019. Such proposals must also comply with the requirements as to form and substance established by the SEC if such proposals are to be included in the Company's proxy statement and form of proxy. The submission of a proposal does not guarantee its inclusion in the Company's proxy statement or presentation at the 2019 annual meeting of stockholders. Any such proposal should be mailed to: Oxford Lane Capital Corp., c/o Bruce L. Rubin, Corporate Secretary, 8 Sound Shore Drive, Suite 255, Greenwich, Connecticut 06830. In order for any proposal by a stockholder made outside of Rule 14a-8 under the Exchange Act to be considered "timely" within the meaning of Rule 14a-4(c) under the Exchange Act, it must be received by us not later than July 14, 2019. If your proposal is not "timely" within the meaning of Rule 14a-4(c), then proxies solicited by us for the 2019 annual meeting of stockholders may confer discretionary authority to us to vote on that proposal.

Stockholder proposals or director nominations for the Company to be presented at the 2019 annual meeting of stockholders, other than stockholder proposals submitted pursuant to the SEC's Rule 14a-8, must be delivered to, or mailed and received at, the principal executive offices of the Company not less than 120 days nor more than 150 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting of stockholders. For the 2019 annual meeting of stockholders, the Company must receive such proposals and nominations between March 31, 2019 and April 30, 2019. If the date of the mailing of the notice for the 2019 annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of mailing of the notice for the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of mailing of the notice for the 2019 annual meeting and not later than the close of business on the later of the 120th day prior to the date of mailing of the notice for the 2019 annual meeting or the 10th day following the day on which public announcement of the date of mailing of the notice for such meeting is first made. Proposals must also comply with the other requirements contained in the Company's bylaws, including supporting documentation and other information. Proxies solicited by the Company will confer discretionary voting authority with respect to these proposals, subject to SEC rules governing the exercise of this

authority.

Other Business

The Board of Directors knows of no other business to be presented for action at the Annual Meeting. If any matters do come before the Annual Meeting on which action can properly be taken, it is intended that the proxies shall vote in accordance with the judgment of the person or persons exercising the authority conferred by the proxy at the Annual Meeting. The submission of a proposal does not guarantee its inclusion in the Company's proxy statement or presentation at the Annual Meeting unless certain securities law requirements are met.

Delivery of Proxy Materials

Please note that only one copy of the Proxy Statement, the Annual Report for the year ended March 31, 2018 or Notice of Annual Meeting may be delivered to two or more stockholders of record of OXLC who share an address unless we have received contrary instructions from one or more of such stockholders. We will deliver promptly, upon request, a separate copy of any of these documents to stockholders of record of OXLC at a shared address to which a single copy of such document(s) was delivered. Stockholders who wish to receive a separate copy of any of these documents, or to receive a single copy of such documents if multiple copies were delivered, now or in the future, should submit their request by calling us at (203) 983-5275 or by writing to Oxford Lane Capital Corp., c/o Bruce L. Rubin, Corporate Secretary, 8 Sound Shore Drive, Suite 255, Greenwich, Connecticut 06830.

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Available Information

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, 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. Copies of our annual, semi-annual, quarterly, proxy statements and prospectuses are also available on our website at <http://www.oxfordlanecapital.com>.

You are cordially invited to attend the Annual Meeting of stockholders in person. Whether or not you expect to attend the Annual Meeting, please follow the instructions on the proxy card or the enclosed voting instruction form to vote via the Internet or telephone, or sign, date and return a proxy card in the postage-paid envelope provided so that you may be represented at the Annual Meeting.

By Order of the Board of Directors,
Bruce L. Rubin
Corporate Secretary

Greenwich, Connecticut

August 28, 2018

PRIVACY NOTICE

We are committed to protecting your privacy. This privacy notice, which is required by federal law, explains privacy policies of Oxford Lane Capital Corp. and its affiliated companies. This notice supersedes any other privacy notice you may have received from Oxford Lane Capital Corp., and its terms apply both to our current stockholders and to former stockholders as well.

We will safeguard, according to strict standards of security and confidentiality, all information we receive about you. With regard to this information, we maintain procedural safeguards that comply with federal standards.

Our goal is to limit the collection and use of information about you. When you purchase shares of our common stock, our transfer agent collects personal information about you, such as your name, address, social security number or tax identification number.

This information is used only so that we can send you annual reports, proxy statements and other information required by law, and to send you information we believe may be of interest to you.

We do not share such information with any non-affiliated third party except as described below:

It is our policy that only authorized employees of our investment adviser, Oxford Lane Management, LLC, who need to know your personal information will have access to it.

We may disclose stockholder-related information to companies that provide services on our behalf, such as record keeping, processing your trades, and mailing you information. These companies are required to protect your information and use it solely for the purpose for which they received it.

If required by law, we may disclose stockholder-related information in accordance with a court order or at the request of government regulators. Only that information required by law, subpoena, or court order will be disclosed.

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