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Saratoga Investment Corp. Approved For SBIC License

NEW YORK, March 29, 2012 /PRNewswire/ -- Saratoga Investment Corp. (NYSE: SAR), a business development company, today announced that its wholly-owned subsidiary has received a Small Business Investment Company (SBIC) license from the U.S. Small Business Administration (SBA).

An SBIC license allows Saratoga Investment Corp. to drawdown borrowings of up to \$150 million over a five-year period that have a term of 10 years at SBA fixed rates, currently below 4% per annum. Saratoga Investment Corp. will invest this money in middle-market businesses that comply with SBIC regulations.

"SBIC financing provides attractive funding costs and structure with a 10-year term and fixed rates that are generally lower than rates on comparable bank and other debt," said Christian L. Oberbeck, Chief Executive Officer and President of Saratoga Investment Corp. and managing member of Saratoga Investment Advisors, LLC, the external investment adviser to Saratoga Investment Corp. "It is especially advantageous for Saratoga Investment Corp. because the large size of the SBIC financing relative to our capital base allows for substantial asset growth."

Saratoga Investment Corp. has invested \$25 million into the SBIC subsidiary. This will be fully invested before taking down up to \$50 million of available SBIC funds. In subsequent fundings, Saratoga Investment Corp. plans to invest up to an additional \$50 million into the SBIC subsidiary and gain access to the additional \$100 million of SBIC leverage. Assuming full investment, this would result in a \$225 million SBIC fund.

"Saratoga Investment Corp. views the SBIC license as a substantial benefit to the company. SBIC financing, combined with its existing revolving credit facility, provides the capital to allow Saratoga Investment Corp. to more than double assets under management," said Michael J. Grisius, Chief Investment Officer. Saratoga Investment Corp. recently received from Madison Capital Funding LLC a \$45 million, eight-year, senior secured revolving credit facility.

With the SBIC license, Saratoga Investment Corp. has furthered its objective to better serve the U.S. middle market through increased scale and capital availability.

About Saratoga Investment Corp.

Saratoga Investment Corp. is a specialty finance company that invests primarily in leveraged loans and mezzanine debt issued by U.S. middle-market companies, both through direct lending and through participation in loan syndicates. It has elected to be treated as a business-development company under the Investment Company Act of 1940.

About Saratoga Investment Advisors, LLC

Saratoga Investment Advisors, LLC is a New York-based investment firm formed to focus on credit-driven strategies. It is the manager of Saratoga Investment Corp. and is affiliated with Saratoga Partners, a middle-market private equity investment firm, which primarily invests in businesses with strong management teams and valuations of between \$50 million and \$500 million, specializing in companies in manufacturing and business services. It also has a successful record in special situations and distressed investing.

Since Saratoga Partners was founded in 1984 as a division of the New York investment firm Dillon, Read & Co., Inc., it has invested in 35 companies with an aggregate value of more than \$3.7 billion. It has been an independent firm since its spinoff in 1998 after Dillon Read was acquired by Swiss Bank Corporation (a predecessor to UBS AG).

Forward Looking Statements

This press release contains certain forward-looking statements. These forward-looking statements are subject to risks and uncertainties and other factors enumerated in this press release and the filings Saratoga Investment Corp. makes with the SEC. Saratoga Investment Corp. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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