

Saratoga Investment Corp.

Fiscal Q3 2015 Shareholder Presentation

January 15, 2015

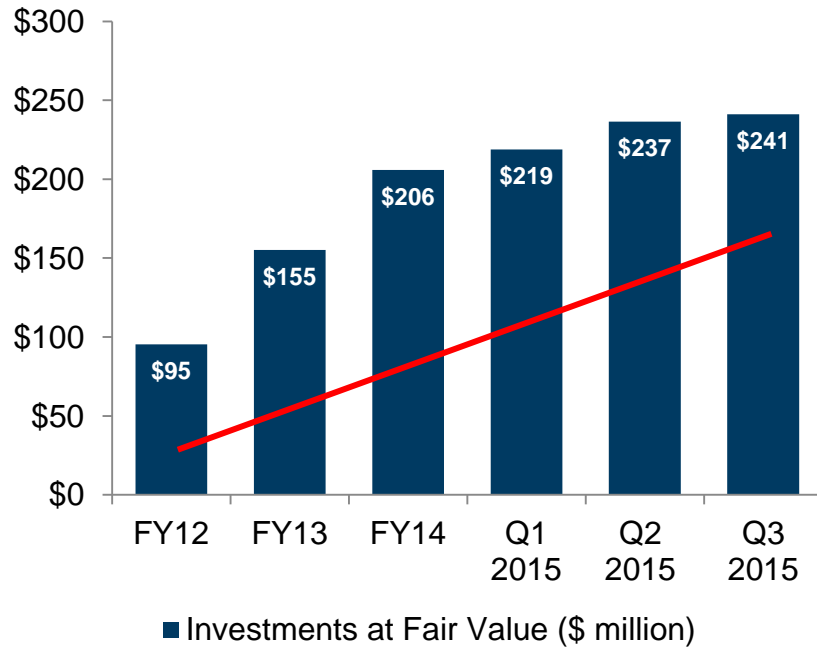


Achieved Significant Goals During Q3 2015

- Important strategic corporate milestones reached
 - Adopted quarterly cash-paying dividend policy
 - Introduced dividend reinvestment plan
 - Approved open market share repurchase plan
 - Amended revolving credit facility
 - Extended commitment termination and maturity dates by over two years
 - Reduced borrowing rate by 150bps and lower administrative costs
- Expanded shareholder base
 - Observed and met with new institutional and retail holders
- Continued to increase our assets under management
 - Up 2% in Q3 and 17% year-to-date
- Sustained improvement in our investment quality and credit
 - 92% of loan investments with highest rating
- Continued key performance metrics improvement
 - Adjusted NII up 25%; Adjusted NII Yield up 170 bps to 9.4%; ROE up 90 bps

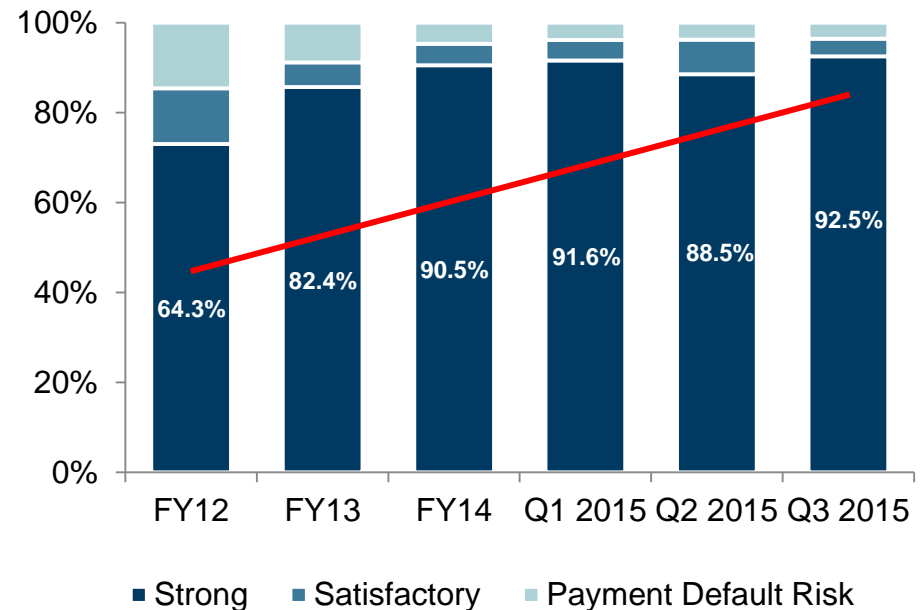
Increased Portfolio Growth and Quality

Committed to Asset Base Expansion



Fair value of AUM continued to increase - up more than 2% since last quarter, and 17% year-to-date

Overall Credit Quality Remains Strong



Over 92% of SAR loan investments hold our highest internal rating*

* Excludes our investment in our CLO, and our equity investments.

Financial Foundation Continues to Strengthen

Key Performance Metrics

For the quarter ended and as of (\$ in millions except per share)	Nov 30, 2013	Aug 31, 2014	Nov 30, 2014
Net investment income	\$2,898	\$2,073	\$2,709
Adjusted net investment income	\$2,108	\$2,289	\$2,849
Net investment income per share	\$0.60	\$0.39	\$0.50
Adjusted net investment income per share*	\$0.43	\$0.43	\$0.53
Net investment income yield	10.4%	7.0%	9.0%
Adjusted net investment income yield*	7.5%	7.7%	9.4%
Fair value of investment portfolio	\$198.8	\$236.8	\$241.2
Total net assets	\$111.2	\$119.8	\$122.3
Investments in new/existing portfolio companies	\$21.3	\$31.8	\$34.5
Loan Investments held in "strong" credit ratings	90.2%	88.5%	92.5%



* Adjusted for accrued capital gains incentive fee expense, reconciliation to net investment income included in our fiscal third quarter 2015 earnings release.

Significant Dry Powder Available

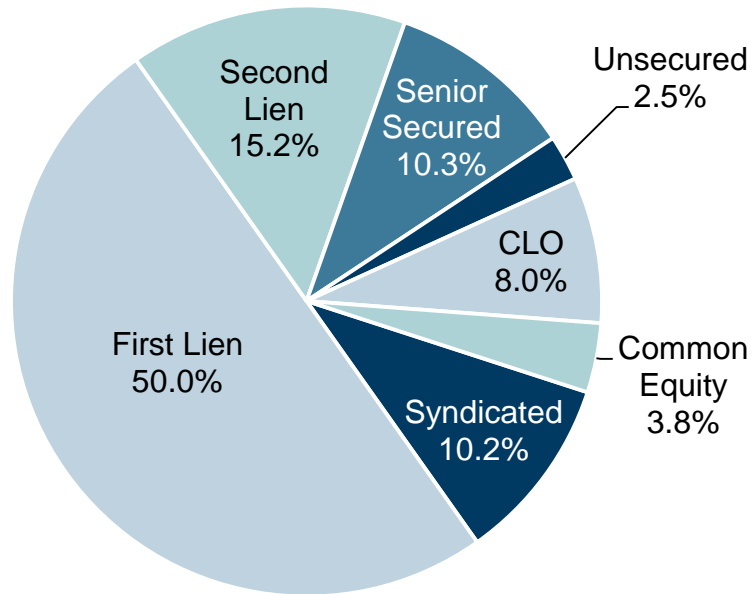
	Total Borrowing Capacity (As of Nov 30, 2014)	Outstanding (as of Nov 30, 2014)	Available Liquidity (as of Nov 30, 2014)
Secured Revolving Credit Facility	\$45 million	\$4.9 million	\$40.1 million
SBA Debentures	\$150 million	\$79 million	\$71.0 million
Publicly-Traded Notes (at fair value)	\$49.5 million	\$49.5 million	\$0
Cash and Cash Equivalents	\$0.8 million	\$0	\$0.8 million
Total Available Liquidity:			\$111.9 million*

* Ability to grow AUM by over 46% without any external financing

Portfolio Composition and Yield

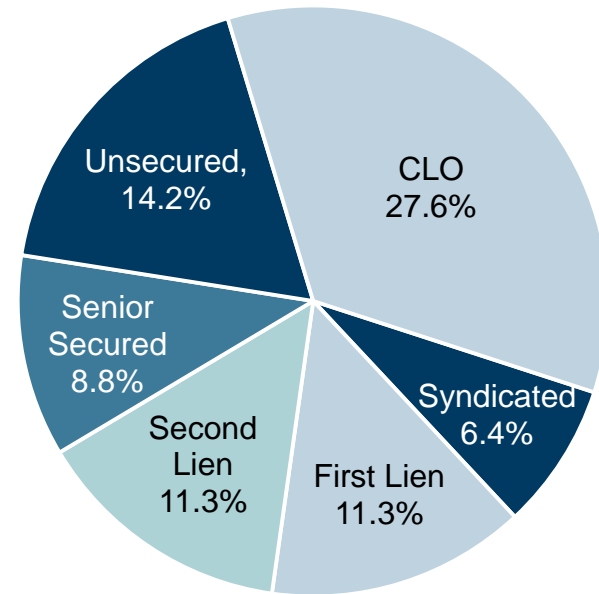
Portfolio Composition - \$241m

(Based on Fair Values
as of Nov 30, 2014)

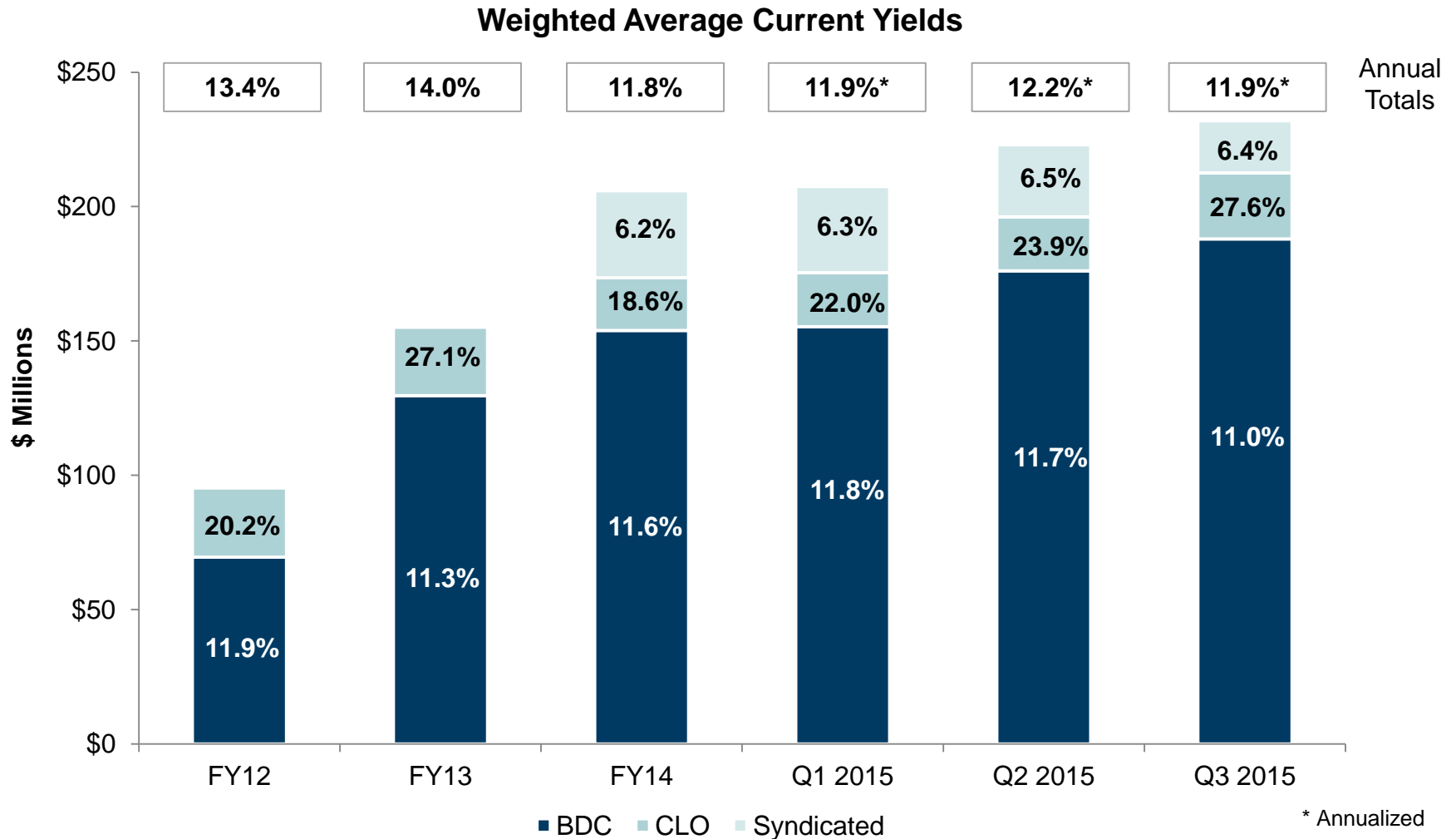


Portfolio Yield – 11.9%

(Weighted Average
Current Yield)

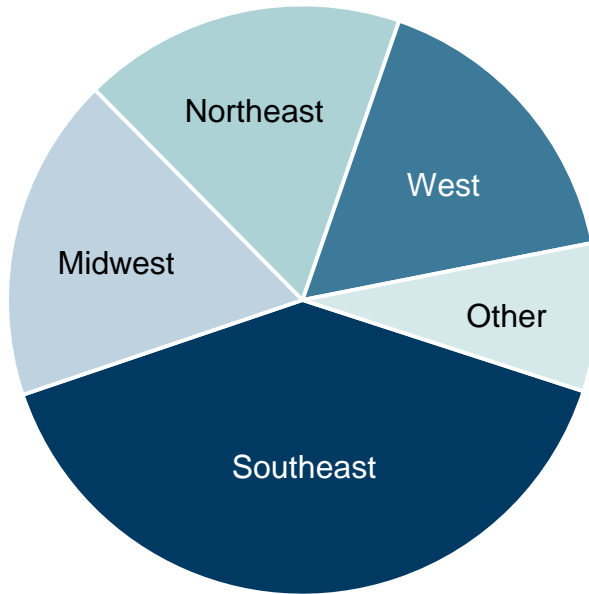


Yield of BDC Remains Strong

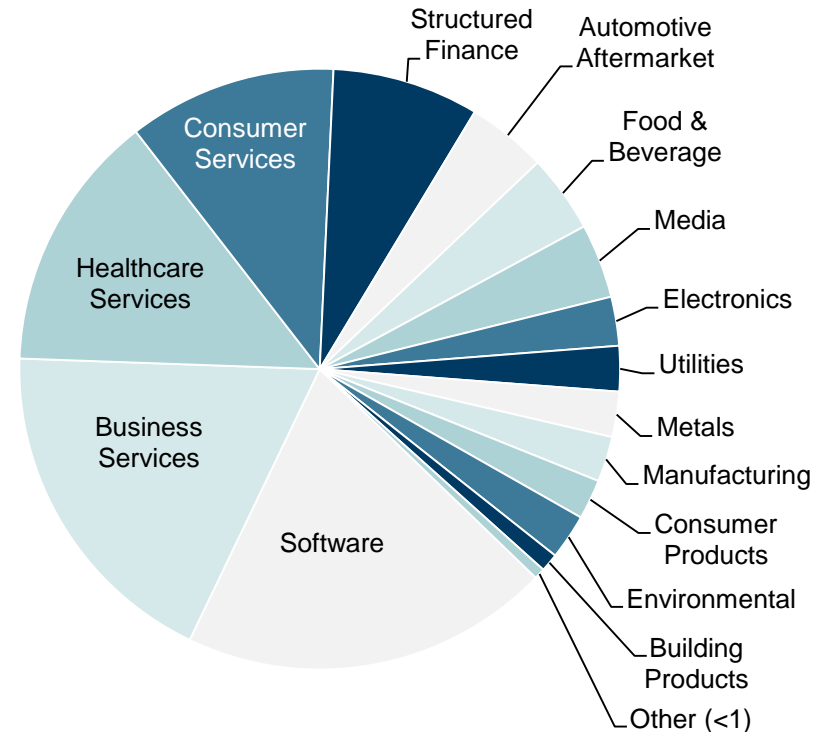


Diversified Across Industry and Geography

Investments diversified across the U.S.



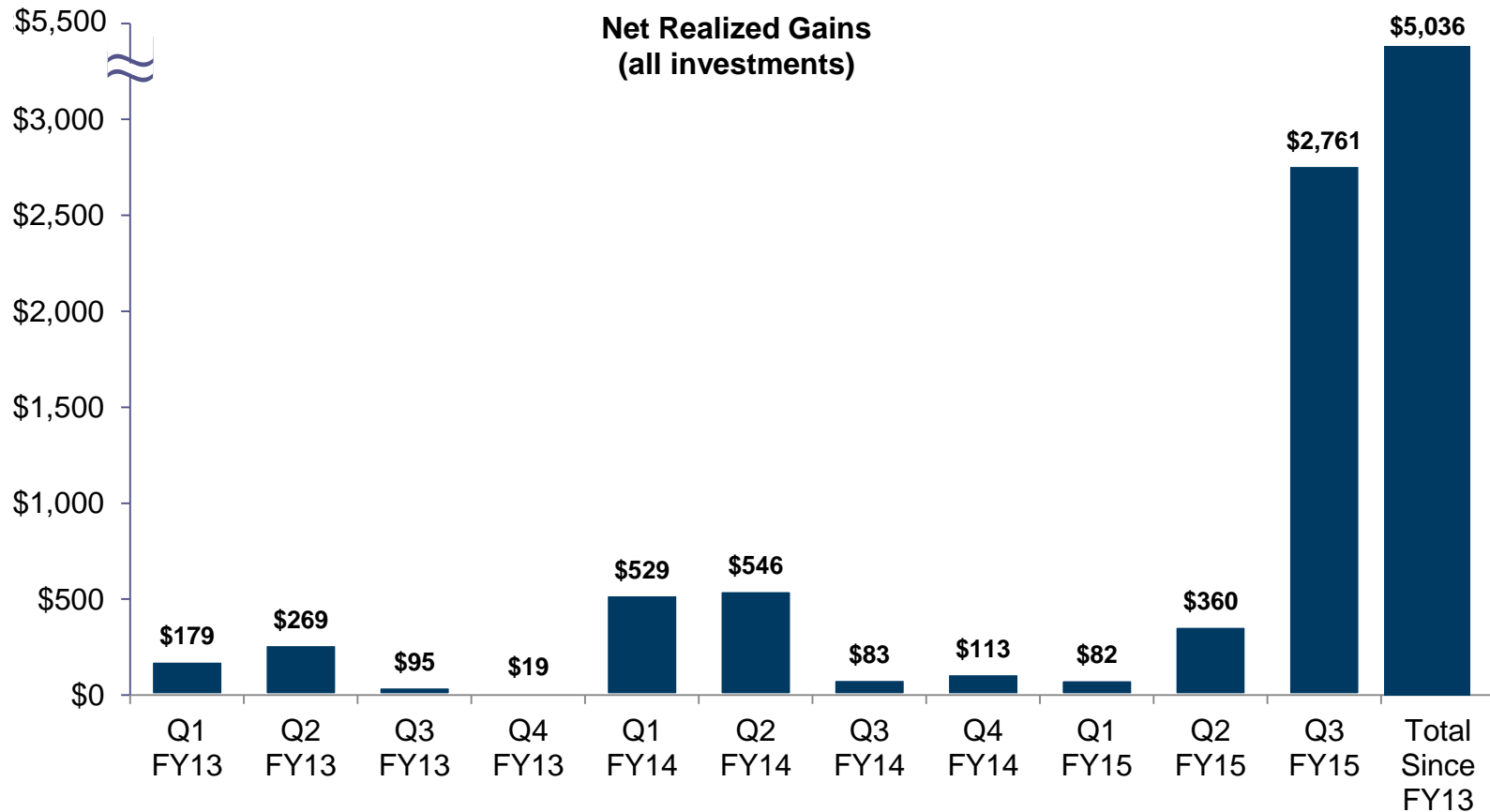
Investments across 16 distinct industries



Net Realized Gains Help Protect Shareholder Capital

Consistent net realized gains reflect portfolio credit quality

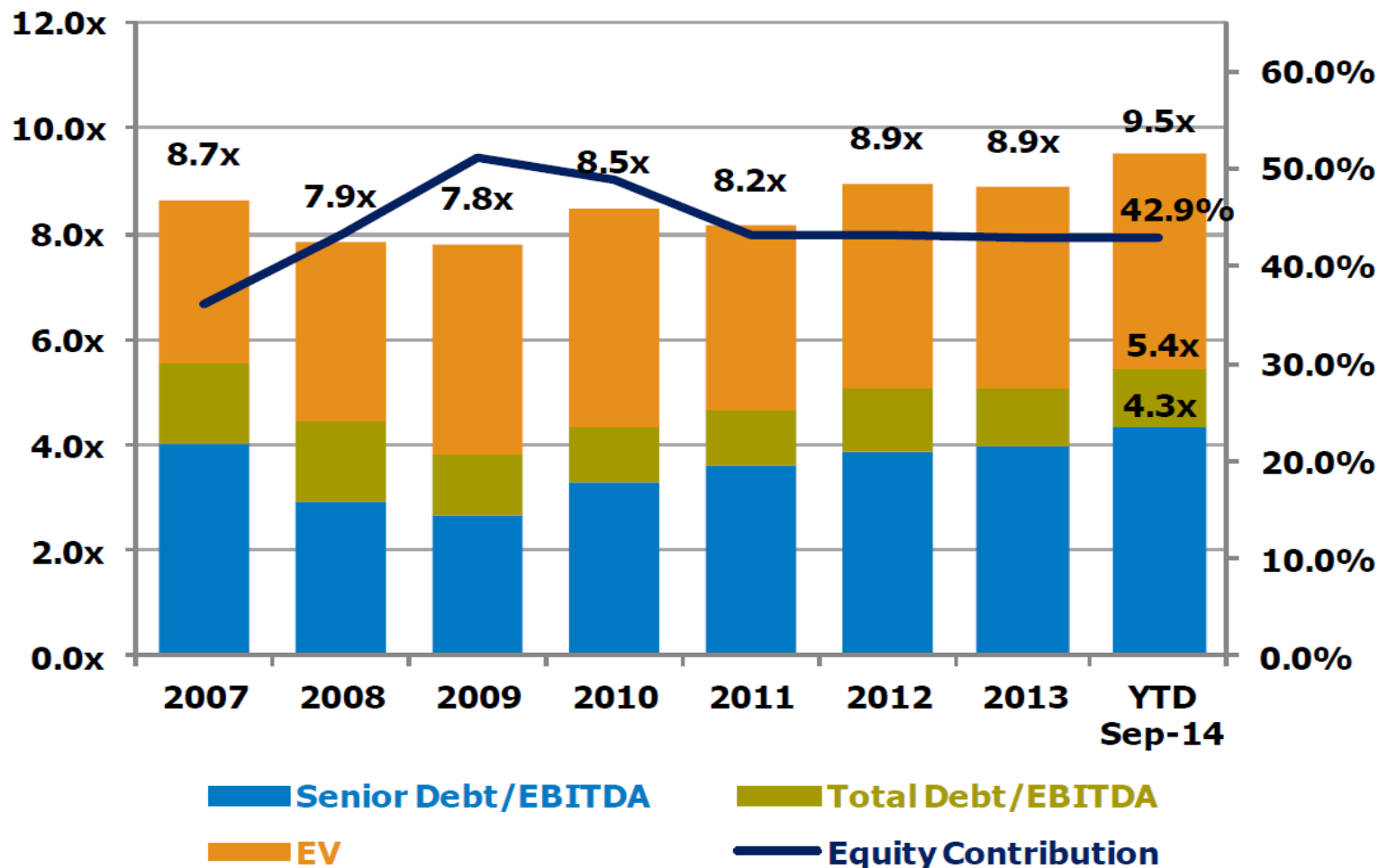
\$ in thousands



Middle-Market Leverage Multiples At Pre-Crisis Levels

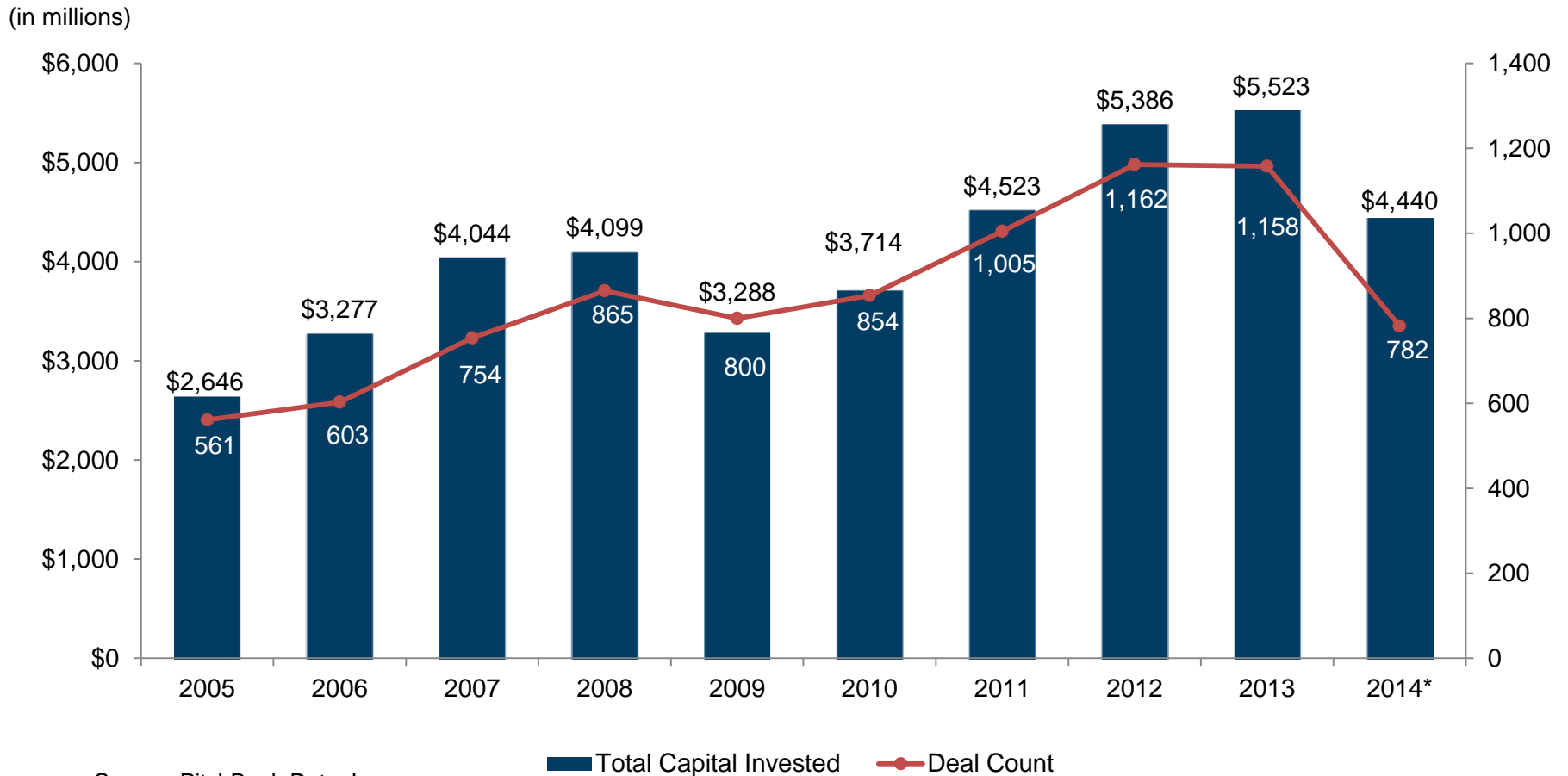
(Defined as Issuers with EBITDA of \$50 Million or Less)

Debt Multiples of Sponsored Middle Market Loans



Source: Standard & Poor's, Madison Capital, Thomson Reuters

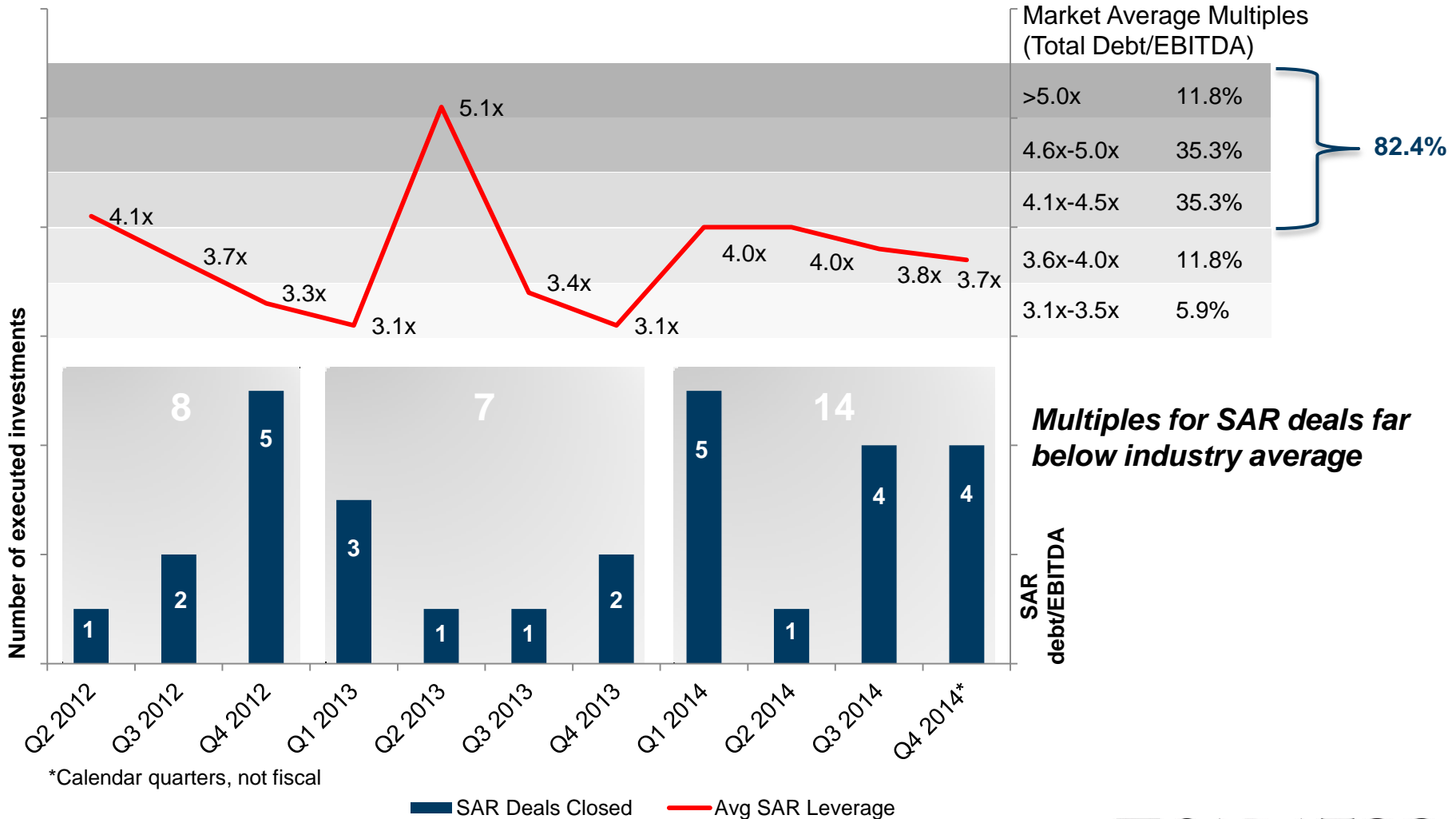
Deal Sizes in US Below \$25m Significantly Down



*YTD through 12/22/14

Exercising Disciplined Investment Judgment

SAR Debt Multiples/Deals Closed (2012-2014)



*Calendar quarters, not fiscal

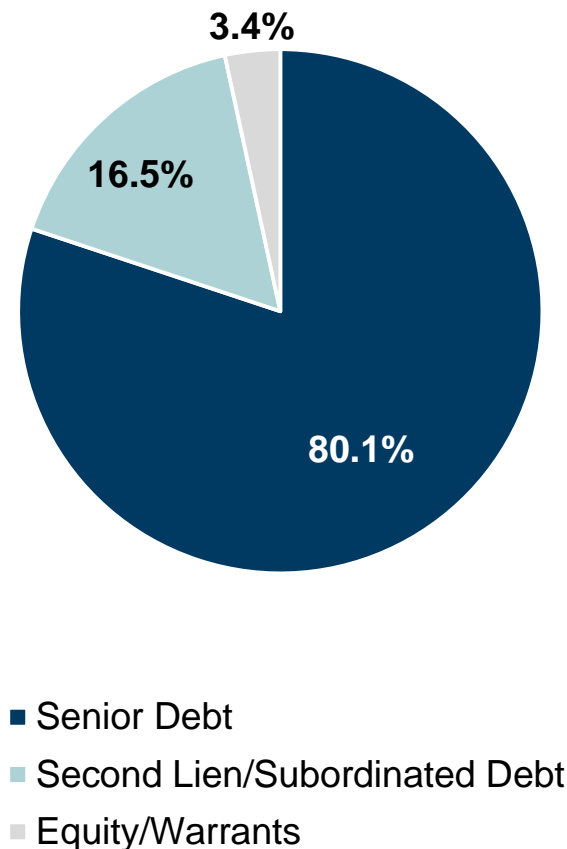
■ SAR Deals Closed — Avg SAR Leverage

Source: Valuation Research Corporation

SBIC Portfolio Primarily Senior Debt

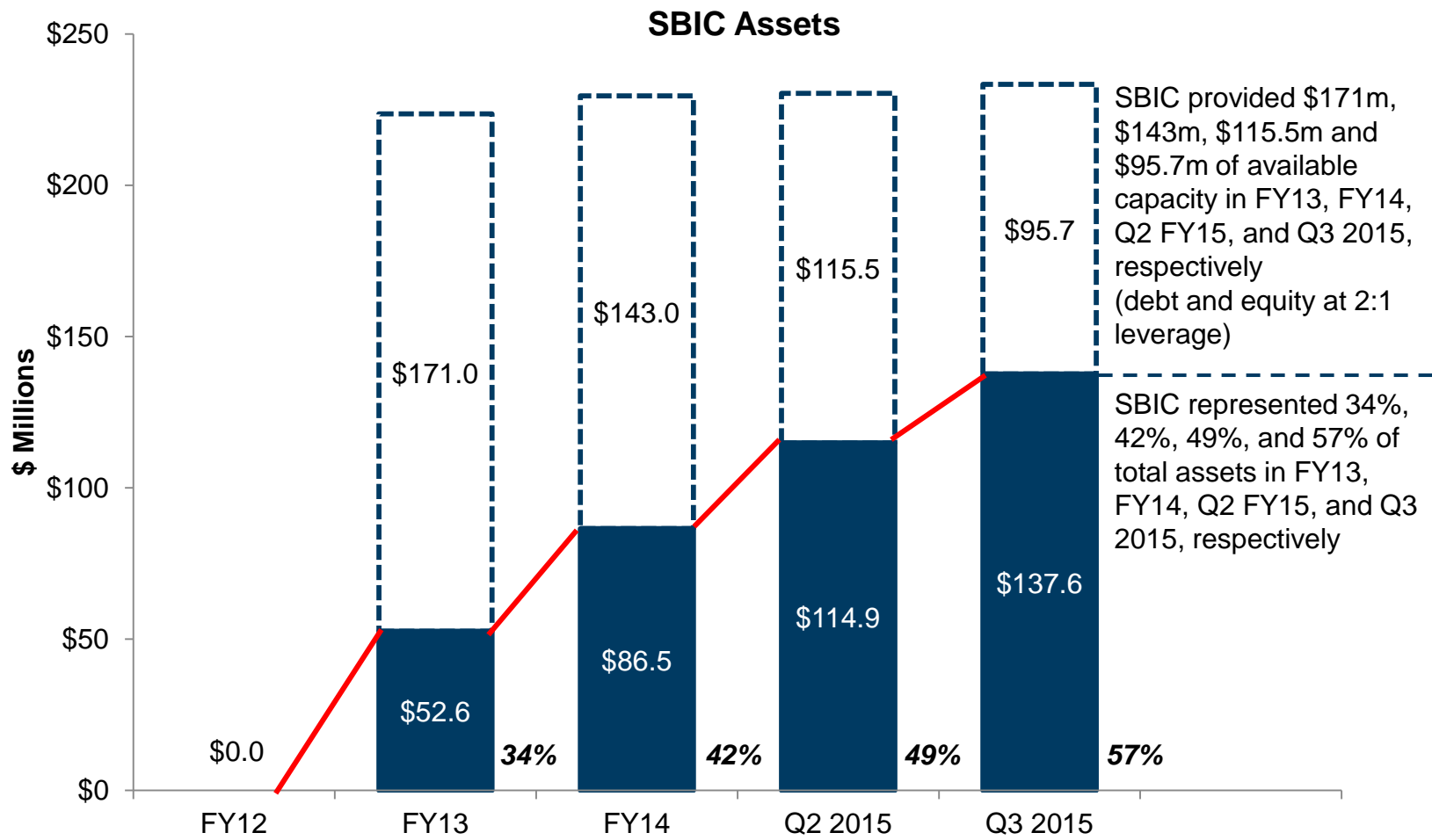
- SBIC portfolio consists of 27 investments across a range of industries. Compared to the broader loan market tracked by S&P and Thomson Reuters, SAR's leverage levels are lower.
- The weighted average leverage for all SBIC debt investments is 3.5x.
 - 80.1% of the SBIC portfolio consists of senior debt investments, up from 77.2% in August 2014 and 73.8% in May 2014.
 - 16.5% of the SBIC portfolio consists of second lien/subordinated debt investments.

Composition of SBIC Portfolio ¹



¹ Based on market value as of November 30, 2014

SBIC Assets Continue to Grow



Recent Corporate Updates in Q3 2015

- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan
 - Q2 2015 dividend
 - \$0.18 per share paid on November 28, 2014 to stockholders of record on November 3, 2014
 - Based on shareholder elections, paid in \$0.6m cash and 22,283 newly issued shares of common stock
 - Q3 2015 dividend
 - \$0.22 per share paid on February 27, 2015 to stockholders of record on February 2, 2015
- Approved open market share repurchase plan
 - Allows for buyback of 200,000 shares of common stock

Objectives for the Year Ahead

- Expand our asset base without sacrificing credit quality while benefitting from scale
- Increase our capacity to source, analyze, close and manage our investments by adding to our management team and processes
- Utilize benefits of fully deploying SBIC financing to build scale and increase our AUM and net investment income/yield, enabling us to achieve growth in:
 - Net Asset Value
 - Stock Values

Questions?



SARATOGA
INVESTMENT CORP.