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

Form 10-K/A

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended February 28, 2013

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-33376

SARATOGA INVESTMENT CORP.
(Exact name of Registrant as specified in its charter)

Maryland	**20-8700615**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

535 Madison Avenue
New York, New York 10022
(Address of principal executive offices)

(212) 906-7800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	The New York Stock Exchange
7.50% Notes due 2020	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No x

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of August 31, 2012 was approximately $41.6 million based upon a closing price of $16.50 reported for such date by the New York Stock Exchange.

The number of outstanding common shares of the registrant as of May 29, 2013 was 4,730,116.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

We are filing this Annual Report on Form 10-K/A to include the separate audited financial statements of GSC Investment Corp. CLO 2007, Ltd. required by Rule 3-09 of Regulation S-X in Part II, Item 8, and the exhibit required by Item 601(b)(32) of Regulation S-K.

Other than the changes described above, all other information in our original Annual Report on Form 10-K filed with the SEC on May 30, 2013 remains unchanged.

PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements are annexed to this Annual Report beginning on page F-1. In addition, the Financial Statements of GSC Investment Corp. CLO 2007 LTD. are annexed to this Annual Report beginning on page S-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART IV

ITEM 15. EXHIBITS AND CONSOLIDATED FINANCIAL STATEMENT SCHEDULES

The following documents are filed or incorporated by reference as part of this Annual Report:

1. Consolidated Financial Statements

The following financial statements of the Company are filed herewith:

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2. Financial Statement Schedule

Reference is made to the Index to Other Financial Statements on page S-1.

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3. Exhibits required to be filed by Item 601 of Regulation S-K

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

EXHIBIT INDEX

Exhibit Number	Description
3.1(a)	Articles of Incorporation of Saratoga Investment Corp. (incorporated by reference to Saratoga Investment Corp.'s Form 10-Q for the quarterly period ended May 31, 2007, File No. 001-33376).
3.1(b)	Articles of Amendment of Saratoga Investment Corp. (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed August 3, 2010).

3.1(c)	Articles of Amendment of Saratoga Investment Corp. (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed August 13, 2010).
3.2	Amended and Restated Bylaws of Saratoga Investment Corp. (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed on March 5, 2008).
4.1	Specimen certificate of Saratoga Investment Corp.'s common stock, par value $0.001 per share. (incorporated by reference to Saratoga Investment Corp.'s Registration Statement on Form N-2, File No. 333-169135, filed on September 1, 2010).
4.2	Registration Rights Agreement dated July 30, 2010 between GSC Investment Corp., GSC CDO III L.L.C., and the investors party thereto (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed on August 3, 2010).
4.3	Form of Dividend Reinvestment Plan (incorporated by reference to Amendment No. 2 to the Saratoga Investment Corp.'s Registration Statement on Form N-2, File No. 333-138051, filed on January 12, 2007).
4.4	Form of Indenture by and between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Saratoga Investment Corp.'s Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2, File No. 333-186323 filed April 30, 2013).
4.5	Form of First Supplemental Indenture between the Company and U.S. Bank National Association (incorporated by reference to Saratoga Investment Corp.'s Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2, File No. 333-186323 filed April 30, 2013).
4.6	Form of Note (Filed as Exhibit A to First Supplemental Indenture referred to in Exhibit 4.5).
10.1	Investment Advisory and Management Agreement dated July 30, 2010 between GSC Investment Corp. and Saratoga Investment Advisors, LLC (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed on August 3, 2010).
10.2	Custodian Agreement dated March 21, 2007 between GSC Investment LLC and U.S. Bank National Association (incorporated by reference to Saratoga Investment Corp.'s Form 10-Q for the quarterly period ended May 31, 2007).
10.3	Administration Agreement dated July 30, 2010 between GSC Investment Corp. and Saratoga Investment Advisors, LLC (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed on August 3, 2010).
10.4	Trademark License Agreement dated July 30, 2010 between Saratoga Investment Advisors, LLC and GSC Investment Corp. (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed on August 3, 2010).
10.5	Credit, Security and Management Agreement dated July 30, 2010 by and among GSC Investment Funding LLC, Saratoga Investment Corp., Saratoga Investment Advisors, LLC, Madison Capital Funding LLC and U.S. Bank National Association (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed on August 3, 2010).
10.6	Form of Indemnification Agreement between Saratoga Investment Corp. and each officer and director of Saratoga Investment Corp. (incorporated by reference to Amendment No. 2 to Saratoga Investment Corp.'s Registration Statement on Form N-2 filed on January 12, 2007).
10.7	Amendment No. 1 to Credit, Security and Management Agreement dated February 24, 2012 by and among Saratoga Investment Funding LLC, Saratoga Investment Corp., Saratoga Investment Advisors, LLC, Madison Capital Funding LLC and U.S. Bank National Association (incorporated by reference to Saratoga Investment Corp.'s Current Report on Form 8-K filed on February 29, 2012).
10.8	Indenture, dated as of January 22, 2008, among GSC Investment Corp. CLO 2007, Ltd., GSC Investment Corp. CLO 2007, Inc. and U.S. Bank National Association (incorporated by reference to the registrant's Registration Statement on Form N-2, File No. 333-186323, filed on April 30, 2013).
12.1	Statement of Computation of Ratios of Earnings to Fixed Charges (incorporated by reference to the registrant's Registration Statement on Form N-2, File No. 333-186323, filed on April 29, 2013).
21.1	List of Subsidiaries and jurisdiction of incorporation/organization: Saratoga Investment Funding LLC—Delaware; Saratoga Investment Corp. SBIC, LP—Delaware; and Saratoga Investment Corp. GP, LLC—Delaware.
24.1	Power of Attorney (included on signature page to Annual Report on Form 10-K filed with the SEC on May 30, 2013).
31.1*	Chief Executive Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Chief Financial Officer Certification Pursuant to Rule 13a-14 of the Securities Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Chief Executive Officer and Chief Financial Officer Certification pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SARATOGA INVESTMENT CORP.

Date: June 7, 2013

By: /s/ CHRISTIAN L. OBERBECK
Christian L. Oberbeck
Chief Executive Officer

By: /s/ RICHARD A. PETROCELLI
Richard A. Petrocelli
Chief Financial Officer, Chief Compliance Officer and Secretary

KNOW ALL PERSONS BY THESE PRESENT, that each person whose signature appears below hereby constitutes and appoints Christian L. Oberbeck and Richard A. Petrocelli, and each of them (with full power to each of them to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign this report and any and all amendments thereto, and to file the same, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ CHRISTIAN L. OBERBECK Christian L. Oberbeck	Chairman of the Board of Directors, Chief Executive Officer (Principal Executive Officer)	June 7, 2013
* Michael J. Grisius	Member of the Board of Directors	June 7, 2013
/s/ RICHARD A. PETROCELLI Richard A. Petrocelli	Chief Financial Officer (Principal Accounting Officer and Principal Financial Officer)	June 7, 2013
* Steven M. Looney	Member of the Board of Directors	June 7, 2013
* Charles S. Whitman III	Member of the Board of Directors	June 7, 2013
* Cabell Williams	Member of the Board of Directors	June 7, 2013

* Signed by Richard A. Petrocelli pursuant to power of attorney signed by each individual on May 29, 2013.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Saratoga Investment Corp.

We have audited the accompanying consolidated statements of assets and liabilities of Saratoga Investment Corp (the “Company”), including the consolidated schedules of investments, as of February 28, 2013 and February 29, 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years ended February 28, 2013, February 29, 2012, and February 28, 2011. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the 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. We were not engaged to perform an audit of the Company's 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 Company'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. Our procedures included confirmation of securities owned as of February 28, 2013, by correspondence with the custodian and management or agents of the underlying investments. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Saratoga Investment Corp. at February 28, 2013 and February 29, 2012, and the consolidated results of its operations, changes in its net assets and its cash flows for the years ended February 28, 2013, February 29, 2012, and February 28, 2011, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
New York, NY
May 29, 2013

Saratoga Investment Corp.

Consolidated Statements of Assets and Liabilities

	As of	
	February 28, 2013	**February 29, 2012**
ASSETS		
Investments at fair value		
Non-control/non-affiliate investments (amortized cost of $130,465,086 and $73,161,722, respectively)	$ 129,563,428	$ 69,513,434
Control investments (cost of $18,944,966 and $23,540,517, respectively)	25,516,959	25,846,414
Total investments at fair value (amortized cost of $149,410,052 and $96,702,239, respectively)	155,080,387	95,359,848
Cash and cash equivalents	149,025	1,325,698
Cash and cash equivalents, reserve accounts	12,086,142	25,534,195
Outstanding interest rate cap at fair value (cost of $0 and $131,000, respectively)	—	75
Interest receivable, (net of reserve of $53,543 and $273,361, respectively)	2,889,358	1,689,404
Deferred credit facility financing costs, net	2,090,184	1,199,490
Management fee receivable	215,853	227,581
Other assets	83,407	94,823
Receivable from unsettled trades	1,817,074	59,511
Total assets	$ 174,411,430	$ 125,490,625
LIABILITIES		
Revolving credit facility	$ 24,300,000	$ 20,000,000
SBA debentures payable	36,000,000	—
Payable for unsettled trades	—	4,072,500
Management and incentive fees payable	4,509,322	2,885,670
Accounts payable and accrued expenses	435,038	704,949
Interest and credit facility fees payable	257,796	53,262
Due to manager	222,513	394,094
Total liabilities	$ 65,724,669	$ 28,110,475
NET ASSETS		
Common stock, par value $.001, 100,000,000 common shares authorized, 4,730,116 and 3,876,661 common shares issued and outstanding, respectively	$ 4,730	$ 3,877
Capital in excess of par value	174,824,076	161,644,426
Distribution in excess of net investment income	(24,522,951)	(13,920,068)
Accumulated net realized loss from investments and derivatives	(47,289,427)	(48,874,767)
Net unrealized appreciation (depreciation) on investments and derivatives	5,670,333	(1,473,318)
Total Net Assets	108,686,761	97,380,150
Total liabilities and Net Assets	$ 174,411,430	$ 125,490,625
NET ASSET VALUE PER SHARE	$ 22.98	$ 25.12

See accompanying notes to consolidated financial statements.

Saratoga Investment Corp.

Consolidated Statements of Operations

	For the year ended February 28, 2013	For the year ended February 29, 2012	For the year ended February 28, 2011
INVESTMENT INCOME			
Interest from investments			
Non-control/Non-affiliate investments	$ 9,176,156	$ 5,613,705	$ 7,601,140
Payment-in-kind interest income from Non-control/Non-affiliate investments	1,062,687	1,442,004	1,144,799
Control investments	4,205,509	4,198,007	3,295,359
Total interest income	14,444,352	11,253,716	12,041,298
Interest from cash and cash equivalents	5,956	7,865	8,857
Management fee income	2,000,072	2,011,516	2,032,357
Other income	556,427	238,579	90,503
Total investment income	17,006,807	13,511,676	14,173,015
EXPENSES			
Interest and credit facility financing expenses	2,540,413	1,297,985	2,611,839
Base management fees	2,107,378	1,617,496	1,645,552
Professional fees	1,190,587	1,455,380	3,325,475
Administrator expenses	1,000,000	1,000,000	810,416
Incentive management fees	2,044,788	1,257,087	1,868,503
Insurance	516,121	578,746	704,800
Directors fees and expenses	206,705	208,851	373,385
General & administrative	368,815	389,825	478,730
Other expense	4,434	5,445	—
Expenses before expense waiver and reimbursement	9,979,241	7,810,815	11,818,700
Expense reimbursement	—	—	(258,562)
Waiver of deferred incentive management fees	—	—	(2,636,146)
Total expenses	9,979,241	7,810,815	8,923,992
NET INVESTMENT INCOME	7,027,566	5,700,861	5,249,023
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain (loss) from investments	561,700	(12,185,997)	(24,684,262)
Net realized loss from derivatives	(131,000)	—	—
Net unrealized appreciation on investments	7,012,726	19,776,469	36,419,362
Net unrealized appreciation (depreciation) on derivatives	130,925	(16,190)	(25,882)
Net gain on investments	7,574,351	7,574,282	11,709,218
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 14,601,917	$ 13,275,143	$ 16,958,241
WEIGHTED AVERAGE - BASIC AND DILUTED EARNINGS PER COMMON SHARE	$ 3.55	$ 3.87	$ 6.96
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING - BASIC AND DILUTED	4,110,484	3,434,345	2,437,577

See accompanying notes to consolidated financial statements.

Saratoga Investment Corp.

Consolidated Schedule of Investments

February 28, 2013

Company (a)	Industry	Investment Interest Rate / Maturity	Principal/ Number of Shares	Cost	Fair Value (c)	% of Net Assets
Non-control/Non-affiliated investments - 119.2% (b)						
Coast Plating, Inc. (d)	Aerospace	First Lien Term Loan 11.70% Cash, 9/13/2014	$ 2,550,000	$ 2,550,000	$ 2,550,000	2.3%
Coast Plating, Inc. (d)	Aerospace	First Lien Term Loan 13.20% Cash, 9/13/2014	$ 950,000	950,000	950,000	0.9%
		Total Aerospace		3,500,000	3,500,000	3.2%
National Truck Protection Co., Inc. (d), (h)	Automotive	Common Stock	589	500,000	591,827	0.5%
National Truck Protection Co., Inc. (d)	Automotive	First Lien Term Loan 15.50% Cash 8/10/2017	$ 5,500,000	5,500,000	5,500,000	5.1%
Take 5 Oil Change, L.L.C. (d)	Automotive	First Lien Term Loan 9.00% Cash, 11/28/2016	$ 6,000,000	6,000,000	6,000,000	5.5%
Take 5 Oil Change, L.L.C. (d)	Automotive	First Lien Term Loan 13.00% Cash, 11/28/2016	$ 2,000,000	1,961,761	2,000,000	1.8%

Take 5 Oil Change, L.L.C. (d), (h)	Automotive	Common Stock		7,128	712,800	712,800	0.7%
		Total Automotive			14,674,561	14,804,627	13.6%
Legacy Cabinets Holdings (d), (h)	Building Products	Common Stock Voting A-1		2,535	220,900	—	0.0%
Legacy Cabinets Holdings (d), (h)	Building Products	Common Stock Voting B-1		1,600	139,424	—	0.0%
Legacy Cabinets, Inc. (d)	Building Products	First Lien Term Loan 7.25% (1.00% Cash/6.25% PIK), 5/3/2014	$	332,229	332,229	267,378	0.2%
		Total Building Products			692,553	267,378	0.2%
Emily Street Enterprises, L.L.C. (d)	Business Services	Senior Secured Note 14.00% (13.00% Cash/1.00% PIK), 12/28/2017	$	5,705,384	5,595,317	5,705,384	5.2%
Emily Street Enterprises, L.L.C. (d), (h)	Business Services	Warrant Membership Interests		49,318	400,000	399,969	0.4%
Dispensing Dynamics International (d)	Business Services	Senior Secured Note 12.50% Cash, 1/1/2018	$	7,000,000	6,860,186	7,000,000	6.4%
Knowland Technology Holdings, L.L.C. (d)	Business Services	First Lien Term Loan 11.00% Cash, 11/29/2017	$	6,200,000	6,082,248	6,200,000	5.7%
Sourcehov LLC (d)	Business Services	Second Lien Term Loan 10.50% Cash, 4/29/2018	$	3,000,000	2,648,298	2,850,000	2.6%
		Total Business Services			21,586,049	22,155,353	20.3%
C.H.I. Overhead Doors, Inc. (d)	Consumer Products	First Lien Term Loan 7.25% Cash, 8/17/2017	$	4,974,747	4,930,481	5,024,495	4.7%
Targus Group International, Inc. (d)	Consumer Products	First Lien Term Loan 11.00% Cash, 5/24/2016	$	3,940,003	3,888,460	3,956,551	3.6%
Targus Holdings, Inc. (d)	Consumer Products	Unsecured Note 10.00% PIK, 6/14/2019	$	1,914,341	1,914,341	1,116,252	1.0%
Targus Holdings, Inc. (d)	Consumer Products	Unsecured Note 16.00% Cash, 10/26/2018	$	332,500	326,320	305,334	0.3%
Targus Holdings, Inc. (d), (h)	Consumer Products	Common Stock		62,413	566,765	3,324,741	3.1%
		Total Consumer Products			11,626,367	13,727,373	12.7%
CFF Acquisition L.L.C. (d)	Consumer Services	First Lien Term Loan 7.50% Cash, 7/31/2015	$	2,161,391	2,032,060	2,154,475	2.0%
Expedited Travel L.L.C. (d)	Consumer Services	First Lien Term Loan 12.00% Cash, 12/28/2017	$	5,500,000	5,380,520	5,500,000	5.0%
PrePaid Legal Services, Inc. (d)	Consumer Services	First Lien Term Loan 11.00% Cash, 12/31/2016	$	3,000,000	2,936,860	3,000,000	2.8%
		Total Consumer Services			10,349,440	10,654,475	9.8%
M/C Acquisition Corp., L.L.C. (d)	Education	First Lien Term Loan 1.00% Cash, 12/31/2012	$	2,740,780	1,586,846	291,893	0.3%
M/C Acquisition Corp., L.L.C. (d), (h)	Education	Class A Common Stock		544,761	30,242	—	0.0%
		Total Education			1,617,088	291,893	0.3%
Group Dekko, Inc. (d)	Electronics	Second Lien Term Loan 11.00% (10.00% Cash/1.00% PIK), 5/1/2016	$	6,824,717	6,824,717	6,720,981	6.2%
		Total Electronics			6,824,717	6,720,981	6.2%
USS Parent Holding Corp. (d), (h)	Environmental	Non Voting Common Stock		765	133,002	125,981	0.1%
USS Parent Holding Corp. (d), (h)	Environmental	Voting Common Stock		17,396	3,025,798	2,866,065	2.7%
		Total Environmental			3,158,800	2,992,046	2.8%
DS Waters of America, Inc. (d)	Food and Beverage	First Lien Term Loan 10.50% Cash, 8/29/2017	$	3,970,000	3,994,704	4,049,400	3.7%
HOA Restaurant Group, L.L.C. (d)	Food and Beverage	Senior Secured Note 11.25% Cash, 4/1/2017	$	4,000,000	3,897,940	3,560,000	3.3%
TB Corp. (d)	Food and Beverage	First Lien Term Loan 5.81% Cash, 6/19/2018	$	5,153,506	5,128,662	5,140,622	4.7%
TB Corp. (d)	Food and Beverage	Unsecured Note 13.50% (12.00% Cash/1.50% PIK), 2/19/2017	$	2,504,585	2,468,317	2,492,062	2.3%
TM Restaurant Group L.L.C. (d)	Food and Beverage	First Lien Term Loan 7.75% Cash, 7/17/2017	$	2,962,500	2,943,045	2,956,871	2.7%
		Total Food and Beverage			18,432,668	18,198,955	16.7%
Oceans Acquisition, Inc. (d)	Healthcare Services	First Lien Term Loan 10.75% Cash, 12/27/2017	$	7,500,000	7,351,433	7,500,000	6.9%
Maverick Healthcare Group (d)	Healthcare Services	First Lien Term Loan 10.75% Cash, 12/31/2016	$	4,900,000	4,835,389	4,900,000	4.5%
		Total Healthcare Services			12,186,822	12,400,000	11.4%
McMillin Companies L.L.C. (d), (h)	Homebuilding	Senior Secured Note 0% Cash, 12/31/2013	$	550,000	536,764	315,370	0.3%
		Total Homebuilding			536,764	315,370	0.3%
Capstone Logistics, L.L.C. (d)	Logistics	First Lien Term Loan 7.50% Cash, 9/16/2016	$	899,769	889,798	908,766	0.8%
Capstone Logistics, L.L.C. (d)	Logistics	First Lien Term Loan 13.50% Cash, 9/16/2016	$	3,693,369	3,652,443	3,767,236	3.5%
Worldwide Express Operations, L.L.C. (d)	Logistics	First Lien Term Loan 7.50% Cash, 6/30/2013	$	6,527,979	6,461,295	6,504,478	6.0%
		Total Logistics			11,003,536	11,180,480	10.3%
Elyria Foundry Company, L.L.C. (d)	Metals	Senior Secured Note 17.00% (13.00% Cash/4.00% PIK), 3/1/2013	$	7,728,566	7,728,566	6,723,852	6.2%
Elyria Foundry Company, L.L.C. (d), (h)	Metals	Warrants to Purchase Limited Liability Company Interests		3,000	—	—	0.0%
		Total Metals			7,728,566	6,723,852	6.2%
Network Communications, Inc. (d)	Publishing	Unsecured Note 8.60% PIK, 1/14/2020	$	2,500,198	2,049,660	960,827	0.9%
Network Communications, Inc. (d), (h)	Publishing	Common Stock		211,429	—	—	0.0%
Penton Media, Inc. (d)	Publishing	First Lien Term Loan 6.00% (4.00% Cash/2.00% PIK), 8/1/2014	$	4,839,189	4,497,495	4,669,818	4.3%
		Total Publishing			6,547,155	5,630,645	5.2%
Sub Total Non-control/Non-affiliated investments					130,465,086	129,563,428	119.2%

Control investments - 23.5% (b)							
GSC Partners CDO GP III, LP (g), (h)	Financial Services	100% General Partnership Interest		—	—	—	0.0%
GSC Investment Corp. CLO 2007 LTD. (d), (e), (g)	Structured Finance Securities	Other/Structured Finance Securities 23.06%, 1/21/2020	$	30,000,000	18,944,966	25,516,959	23.5%
Sub Total Control investments					18,944,966	25,516,959	23.5%
Affiliate investments - 0.0% (b)							
GSC Partners CDO GP III, LP (f), (h)	Financial Services	6.24% Limited Partnership Interest		—	—	—	0.0%
Sub Total Affiliate investments					—	—	0.0%
TOTAL INVESTMENTS - 142.7% (b)					$ 149,410,052	$ 155,080,387	142.7%

(a) All of our equity and debt investments are issued by eligible portfolio companies, as defined in the Investment Company Act of 1940, except GSC Investment Corp. CLO 2007 Ltd. and GSC Partners CDO GP III, LP.
(b) Percentages are based on net assets of $108,686,761 as of February 28, 2013.
(c) Because there is no readily available market value for these investments, the fair value of these investments is approved in good faith by our board of directors. (see Note 3 to the consolidated financial statements).
(d) These securities are pledged as collateral under a senior secured revolving credit facility (see Note 6 to the consolidated financial statements).
(e) 23.06% represents the modeled effective interest rate that is expected to be earned over the life of the investment.
(f) As defined in the Investment Company Act, we are an “Affiliate” of this portfolio company because we own 5% or more of the portfolio company’s outstanding voting securities. Transactions during the period in which the issuer was an Affiliate are as follows:

Company	Purchases	Redemptions	Sales (cost)	Interest Income	Management fee income	Net Realized gains/(losses)	Net Unrealized gains/(losses)
GSC Partners CDO GP III, LP	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(g) As defined in the Investment Company Act, we “Control” this portfolio company because we own more than 25% of the portfolio company’s outstanding voting securities. Transactions during the period in which the issuer was both an Affiliate and a portfolio company that we Control are as follows:

Company	Purchases	Redemptions	Sales (cost)	Interest Income	Management fee income	Net Realized gains/(losses)	Net Unrealized gains/(losses)
GSC Investment Corp. CLO 2007 LTD.	$ —	$ —	$ —	$ 4,205,509	$ 2,000,072	$ —	$ 6,571,992
GSC Partners CDO GP III, LP	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(h) Non-income producing at February 28, 2013.

Saratoga Investment Corp.

Consolidated Schedule of Investments

February 29, 2012

Company(a)	Industry	Investment Interest Rate/Maturity	Principal/ Number of Shares	Cost	Fair Value(c)	% of Net Assets
Non-control/Non-affiliated investments—71.4%(b)						
Coast Plating, Inc.(d)	Aerospace	First Lien Term Loan 11.77% Cash, 9/13/2014	$ 2,550,000	$ 2,550,000	$ 2,550,000	2.6%
Coast Plating, Inc.(d)	Aerospace	First Lien Term Loan 12.52% Cash, 9/13/2014	$ 950,000	950,000.0	950,000	1.0%
		Total Aerospace		3,500,000	3,500,000	3.6%
Legacy Cabinets Holdings(d)(h)	Building Products	Common Stock Voting A-1	2,535	220,900	—	0.0%
Legacy Cabinets Holdings(d)(h)	Building Products	Common Stock Voting B-1	1,600	139,424	—	0.0%
Legacy Cabinets, Inc.(d)	Building Products	First Lien Term Loan 7.25% (1.00% Cash/6.25% PIK), 5/3/2014	$ 312,198	312,198	221,629	0.2%
		Total Building Products		672,522	221,629	0.2%
Targus Group International, Inc.(d)	Consumer Products	First Lien Term Loan 11.00% Cash, 5/24/2016	$ 3,980,000	3,911,828	3,944,976	4.1%
Targus Holdings, Inc.(d)	Consumer Products	Unsecured Notes 10.00% PIK, 6/14/2019	$ 1,799,479	1,799,479	963,621	1.0%
Targus Holdings, Inc.(d)(h)	Consumer Products	Common Stock	62,413	566,765	2,675,645	2.7%
		Total Consumer Products		6,278,072	7,584,242	7.8%
CFF Acquisition LLC(d)	Consumer Services	First Lien Term Loan 7.50% Cash, 7/31/2015	$ 2,684,141	2,462,831	2,448,205	2.5%
PrePaid Legal Services, Inc.(d)	Consumer Services	First Lien Term Loan 11.00% Cash, 12/31/2016	$ 3,000,000	2,920,411	2,940,000	3.0%
		Total Consumer Services		5,383,242	5,388,205	5.5%
M/C Acquisition Corp., LLC(d)	Education	First Lien Term Loan 10.00% (4.25% Cash/5.75% PIK), 12/31/2012	$ 2,944,596	1,790,662	591,864	0.6%
M/C Acquisition Corp., LLC(d)(h)	Education	Class A Common Stock	544,761	30,242	—	0.0%
		Total Education		1,820,904	591,864	0.6%
Advanced Lighting Technologies, Inc.(d)	Electronics	Second Lien Term Loan 6.25% Cash, 6/1/2014	$ 2,000,000	1,902,053	1,910,400	2.0%
Group Dekko, Inc. (fka Dekko Technologies, LLC)(d)	Electronics	Second Lien Term Loan 10.50% (6.50% Cash/4.00% PIK), 5/1/2013	$ 7,571,152	7,571,152	7,003,316	7.2%
		Total Electronics		9,473,205	8,913,716	9.2%
USS Parent Holding Corp.(d)(h)	Environmental	Non Voting Common Stock	765	133,002	97,810	0.1%
USS Parent Holding Corp.(d)(h)	Environmental	Voting Common Stock	17,396	3,025,798	2,225,180	2.3%
		Total Environmental		3,158,800	2,322,990	2.4%
DCS Business Services, Inc.(d)	Financial Services	First Lien Term Loan 14.00% Cash, 9/30/2012	$ 1,600,000	1,604,464	1,600,000	1.6%
Big Train, Inc.(d)	Food and Beverage	First Lien Term Loan 7.75% Cash, 3/31/2012	$ 1,406,768	1,389,640	1,368,785	1.4%
HOA Restaurant Group, LLC.(d)	Food and Beverage	Senior Secured Notes 11.25% Cash, 4/1/2017	$ 4,000,000	3,880,000	3,880,000	4.0%
		Total Food and Beverage		5,269,640	5,248,785	5.4%
Maverick Healthcare Group(d)	Healthcare Services	First Lien Term Loan 10.75% Cash, 12/31/2016	$ 4,950,000	4,867,725	4,824,270	5.0%
McMillin Companies LLC(d)(h)	Homebuilding	Senior Secured Notes 0% Cash, 12/31/2013	$ 550,000	511,952	288,915	0.3%
Capstone Logistics, LLC(d)	Logistics	First Lien Term Loan 7.50% Cash, 9/16/2016	$ 997,118	982,954	997,118	1.0%
Capstone Logistics, LLC(d)	Logistics	First Lien Term Loan 13.50% Cash, 9/16/2016	$ 4,000,000	3,943,183	4,000,000	4.1%
Worldwide Express Operations, LLC(d)	Logistics	First Lien Term Loan 7.50% Cash, 6/30/2013	$ 6,680,276	6,412,355	6,103,100	6.3%
		Total Logistics		11,338,492	11,100,218	11.4%
Sabre Industries, Inc(d)	Manufacturing	Senior Unsecured Loan 15.00% (12.00% Cash/3.00% PIK), 6/6/2016	$ 6,000,000	5,852,741	6,000,000	6.2%
Elyria Foundry Company, LLC(d)	Metals	Senior Secured Notes 17.00% (13.00% Cash/4.00% PIK), 3/1/2013	$ 7,428,456	7,224,787	6,537,041	6.7%
Elyria Foundry Company, LLC(d)(h)	Metals	Warrants to Purchase Limited Liability Company Interests	3,000	—	—	0.0%
		Total Metals		7,224,787	6,537,041	6.7%
Network Communications, Inc.(d)	Publishing	Unsecured Notes 8.60% PIK, 1/14/2020	$ 2,422,095	1,924,577	1,044,892	1.0%
Network Communications, Inc.(d)(h)	Publishing	Common Stock	211,429	—	691,373	0.7%
Penton Media, Inc.(d)	Publishing	First Lien Term Loan 5.00% (4.00% Cash/ 1.00% PIK), 8/1/2014	$ 4,839,526	4,280,599	3,655,294	3.8%
		Total Publishing		6,205,176	5,391,559	5.5%
Sub Total Non-control/Non-affiliated investments				73,161,722	69,513,434	71.4%
Control investments—26.5%(b)						

GSC Partners CDO GP III, LP(g)(h)	Financial Services	100% General Partnership Interest		—	—	—	0.0%
GSC Investment Corp. CLO 2007 LTD.(d)(e)(g)	Structured Finance Securities	Other/Structured Finance Securities 17.38%, 1/21/2020	$	30,000,000	23,540,517	25,846,414	26.5%
Sub Total Control investments					23,540,517	25,846,414	26.5%
Affiliate investments—0.0%(b)							
GSC Partners CDO GP III, LP(f)(h)	Financial Services	6.24% Limited Partnership Interest		—	—	—	0.0%
Sub Total Affiliate investments					—	—	0.0%
TOTAL INVESTMENTS—97.9%(b)					$ 96,702,239	$ 95,359,848	97.9%

Outstanding interest rate cap	Interest rate	Maturity	Notional	Cost	Fair Value	% of Net Assets
Interest rate cap	8.0%	2/9/2014	$ 19,591,837	$ 87,000	$ 54	0.0%
Interest rate cap	8.0%	11/30/2013	10,332,000	44,000	21	0.0%
Total Outstanding interest rate cap				$ 131,000	$ 75	0.0%

* Amounts to less than 0.05%

(a) All of our equity and debt investments are issued by eligible portfolio companies, as defined in the Investment Company Act of 1940, except GSC Investment Corp. CLO 2007 Ltd. and GSC Partners CDO GP III, LP.

(b) Percentages are based on net assets of $97,380,150 as of February 29, 2012.

(c) Because there is no readily available market value for these investments, the fair value of these investments is approved in good faith by our board of directors. (see Note 3 to the consolidated financial statements).

(d) These securities are pledged as collateral under a senior secured revolving credit facility (see Note 6 to the consolidated financial statements).

(e) 17.38% represents the modeled effective interest rate that is expected to be earned over the life of the investment.

(f) As defined in the Investment Company Act, we are an “Affiliate” of this portfolio company because we own 5.0% or more of the portfolio company’s outstanding voting securities. Transactions during the period in which the issuer was an Affiliate are as follows:

Company	Purchases	Redemptions	Sales (cost)	Interest Income	Management fee income	Net Realized gains/(losses)	Net Unrealized gains/(losses)
GSC Partners CDO GP III, LP	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(g) As defined in the Investment Company Act, we “Control” this portfolio company because we own more than 25.0% of the portfolio company’s outstanding voting securities. Transactions during the period in which the issuer was both an Affiliate and a portfolio company that we Control are as follows:

Company	Purchases	Redemptions	Sales (cost)	Interest Income	Management fee income	Net Realized gains/(losses)	Net Unrealized gains/(losses)
GSC Investment Corp. CLO 2007 LTD.	$ —	$ —	$ —	$ 4,198,007	$ 2,011,516	$ —	$ 6,938,209
GSC Partners CDO GP III, LP	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(h) Non-income producing at February 29, 2012.

Saratoga Investment Corp.

Consolidated Statements of Changes in Net Assets

	For the year ended February 28, 2013	For the year ended February 29, 2012	For the year ended February 28, 2011
INCREASE FROM OPERATIONS:			
Net investment income	$ 7,027,566	$ 5,700,861	$ 5,249,023
Net realized gain (loss) from investments	561,700	(12,185,997)	(24,684,262)
Net realized loss from derivatives	(131,000)	—	—
Net unrealized appreciation on investments	7,012,726	19,776,469	36,419,362
Net unrealized appreciation (depreciation) on derivatives	130,925	(16,190)	(25,882)
Net increase in net assets from operations	14,601,917	13,275,143	16,958,241
DECREASE FROM SHAREHOLDER DISTRIBUTIONS:			
Distributions declared	(16,475,809)	(9,831,231)	(11,795,705)
Net decrease in net assets from shareholder distributions	(16,475,809)	(9,831,231)	(11,795,705)
CAPITAL SHARE TRANSACTIONS:			
Stock dividend distribution	13,180,503	7,864,784	10,615,905
Issuance of common stock, net of issuance costs	—	—	14,814,861
Net increase in net assets from capital share transactions	13,180,503	7,864,784	25,430,766
Total increase in net assets	11,306,611	11,308,696	30,593,302
Net assets at beginning of period	97,380,150	86,071,454	55,478,152
Net assets at end of period	$ 108,686,761	$ 97,380,150	$ 86,071,454
Net asset value per common share	$ 22.98	$ 25.12	$ 26.26
Common shares outstanding at end of period	4,730,116	3,876,661	3,277,077

Distribution in excess of net investment income	$ (24,522,951)	$ (13,920,068)	$ (8,918,890)

See accompanying notes to consolidated financial statements.

Saratoga Investment Corp.

Consolidated Statements of Cash Flows

	For the year ended February 28, 2013	For the year ended February 29, 2012	For the year ended February 28, 2011
Operating activities			
NET INCREASE IN NET ASSETS FROM OPERATIONS	$ 14,601,917	$ 13,275,143	$ 16,958,241
ADJUSTMENTS TO RECONCILE NET INCREASE IN NET ASSETS FROM OPERATIONS TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:			
Paid-in-kind interest income	(1,062,687)	(1,442,004)	(1,144,799)
Net accretion of discount on investments	(975,475)	(1,191,822)	(732,522)
Amortization of deferred credit facility financing costs	482,306	674,724	397,164
Reversal of deferred incentive management fees	—	—	(2,636,146)
Net realized (gain) loss from investments	(561,700)	12,185,997	24,684,262
Net realized loss from derivatives	131,000	—	—
Net unrealized appreciation on investments	(7,012,726)	(19,776,469)	(36,419,362)
Net unrealized (appreciation) depreciation on derivatives	(130,925)	16,190	25,882
Proceeds from sale and redemption of investments	21,487,698	33,568,147	31,974,810
Purchase of investments	(71,595,649)	(38,678,936)	(9,014,000)
(Increase) decrease in operating assets:			
Cash and cash equivalents, reserve accounts	13,448,053	(21,164,208)	(4,144,563)
Interest receivable	(1,199,954)	(23,321)	1,807,878
Management fee receivable	11,728	4,172	96,175
Other assets	11,416	(9,657)	55,106
Receivable from unsettled trades	(1,757,563)	(59,511)	—
Increase (decrease) in operating liabilities:			
Payable for unsettled trades	(4,072,500)	(827,500)	4,900,000
Management and incentive fees payable	1,623,652	681,864	1,768,859
Accounts payable and accrued expenses	(269,911)	(80,537)	(325,595)
Interest and credit facility fees payable	204,534	(14,530)	(199,374)
Due to manager	(171,581)	154,094	224,398
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	(36,808,367)	(22,708,164)	28,276,414
Financing activities			
Issuance of shares of common stock	—	—	15,000,001
Payment of common stock issuance costs	—	—	(185,140)
Borrowings on debt	55,550,000	20,000,000	20,000,000
Paydowns on debt	(15,250,000)	(4,500,000)	(52,492,222)
Credit facility financing cost	(1,373,000)	(235,446)	(2,035,932)
Payments of cash dividends	(3,295,306)	(1,966,447)	(1,179,800)
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	35,631,694	13,298,107	(20,893,093)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,176,673)	(9,410,057)	7,383,321
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,325,698	10,735,755	3,352,434
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 149,025	$ 1,325,698	$ 10,735,755
Supplemental Information:			
Interest paid during the period	$ 1,853,573	$ 637,791	$ 2,414,049
Supplemental non-cash information:			
Paid-in-kind interest income	$ 1,062,687	$ 1,442,004	$ 1,144,799
Net accretion of discount on investments	$ 975,475	$ 1,191,822	$ 732,522
Amortization of deferred credit facility financing costs	$ 482,306	$ 674,724	$ 397,164
Reversal of deferred incentive management fees	$ —	$ —	$ 2,636,146
Stock dividend distribution	$ 13,180,503	$ 7,864,784	$ 10,615,905

See accompanying notes to consolidated financial statements.

SARATOGA INVESTMENT CORP.

Note 1. Organization and Basis of Presentation

Saratoga Investment Corp. (the "Company", "we", "our" and "us") is a non-diversified closed end management investment company incorporated in Maryland that has elected to be treated and is regulated as a business development company ("BDC") under the Investment Company Act of 1940 (the "1940 Act"). We commenced operations on March 23, 2007 as GSC Investment Corp. and completed our initial public offering ("IPO") on March 28, 2007. We have elected to be treated as a regulated investment company ("RIC") under subchapter M of the Internal Revenue Code (the "Code"). We expect to continue to qualify and to elect to be treated for tax purposes as a RIC. Our investment objective is to generate current income and, to a lesser extent, capital appreciation from our investments.

GSC Investment, LLC (the "LLC") was organized in May 2006 as a Maryland limited liability company. As of February 28, 2007, the LLC had not yet commenced its operations and investment activities.

On March 21, 2007, the Company was incorporated and concurrently therewith the LLC was merged with and into the Company, with the Company as the surviving entity, in accordance with the procedure for such merger in the LLC's limited liability company agreement and Maryland law. In connection with such merger, each outstanding limited liability company interest of the LLC was converted into a share of common stock of the Company.

On July 30, 2010, the Company changed its name from "GSC Investment Corp." to "Saratoga Investment Corp." in conjunction with the transaction described in "Note 13. Recapitalization Transaction" below.

We are externally managed and advised by our investment adviser, Saratoga Investment Advisors, LLC (the "Manager"), pursuant to an investment advisory and management agreement. Prior to July 30, 2010, we were managed and advised by GSCP (NJ), L.P.

On March 28, 2012, our wholly-owned subsidiary, Saratoga Investment Corp. SBIC, LP ("SBIC LP"), received a Small Business Investment Company ("SBIC") license from the Small Business Administration ("SBA").

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles ("GAAP") and include the accounts of the Company and its special purpose financing subsidiary, Saratoga Investment Funding, LLC (previously known as GSC Investment Funding LLC). All intercompany accounts and transactions have been eliminated in consolidation. All references made to the "Company," "we," and "us" herein include Saratoga Investment Corp. and its consolidated subsidiary, except as stated otherwise.

Note 2. Summary of Significant Accounting Policies

Use of Estimates in the Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and income, gains (losses) and expenses during the period reported. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, liquid investments in a money market fund. Cash and cash equivalents are carried at cost which approximates fair value. Per section 12(d)(1)(A) of the 1940 Act, the Company may not invest in another registered investment company such as, a money market fund if such investment would cause the Company to exceed any of the following limitations:

- we were to own more than 3.0% of the total outstanding voting stock of the money market fund;

- we were to hold securities in the money market fund having an aggregate value in excess of 5.0% of the value of our total assets; or
- we were to hold securities in money market funds and other registered investment companies and BDCs having an aggregate value in excess of 10.0% of the value of our total assets.

Cash and Cash Equivalents, Reserve Accounts

Cash and cash equivalents, reserve accounts include amounts held in designated bank accounts in the form of cash and short-term liquid investments in money market funds representing payments received on secured investments or other reserved amounts associated with our $45.0 million senior secured revolving credit facility with Madison Capital Funding LLC. The Company is required to use these amounts to pay interest expense, reduce borrowings, or pay other amounts in accordance with the terms of the senior secured revolving credit facility.

Investment Classification

The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, "Control Investments" are defined as investments in companies in which we own more than 25.0% of the voting securities or maintain greater than 50.0% of the board representation. Under the 1940 Act, "Affiliated Investments" are defined as those non-control investments in companies in which we own between 5.0% and 25.0% of the voting securities. Under the 1940 Act, "Non-affiliated Investments" are defined as investments that are neither Control Investments nor Affiliated Investments.

Investment Valuation

The Company accounts for its investments at fair value in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires the Company to assume that its investments are to be sold at the statement of assets and liabilities date in the principal market to independent market participants, or in the absence of a principal market, in the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

Investments for which market quotations are readily available are fair valued at such market quotations obtained from independent third party pricing services and market makers subject to any decision by our board of directors to approve a fair value determination to reflect significant events affecting the value of these investments. We value investments for which market quotations are not readily available at fair value as approved, in good faith, by our board of directors based on input from our Manager, the audit committee of our board of directors and a third party independent valuation firm. Determinations of fair value may involve subjective judgments and estimates. The types of factors that may be considered in determining the fair value of our investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments, market yield trend analysis, the markets in which the portfolio company does business, comparison to publicly traded companies, discounted cash flow and other relevant factors.

We undertake a multi-step valuation process each quarter when valuing investments for which market quotations are not readily available, as described below:

- Each investment is initially valued by the responsible investment professionals of our Manager and preliminary valuation conclusions are documented and discussed with the senior management of our Manager; and

- An independent valuation firm engaged by our board of directors reviews approximately one quarter of these preliminary valuations each quarter so that the valuation of each investment for which market quotes are not readily available is reviewed by the independent valuation firm at least annually.

In addition, all our investments are subject to the following valuation process:

- The audit committee of our board of directors reviews each preliminary valuation and our Manager and independent valuation firm (if applicable) will supplement the preliminary valuation to reflect any comments provided by the audit committee; and

- Our board of directors discusses the valuations and approves the fair value of each investment, in good faith, based on the input of our Manager, independent valuation firm (to the extent applicable) and the audit committee of our board of directors.

Our investment in GSC Investment Corp. CLO 2007, Ltd. ("Saratoga CLO") is carried at fair value, which is based on a discounted cash flow model that utilizes prepayment, re-investment and loss assumptions based on historical experience and projected performance, economic factors, the characteristics of the underlying cash flow, and comparable yields for equity interests in collateralized loan obligation funds similar to Saratoga CLO, when available, as determined by our Manager and recommended to our board of directors. Specifically, we use Intex cash flow models, or an appropriate substitute, to form the basis for the valuation of our investment in Saratoga CLO. The models use a set of assumptions including projected default rates, recovery rates, reinvestment rate and prepayment rates in order to arrive at estimated valuations. The assumptions are based on available market data and projections provided by third parties as well as management estimates. We use the output from the Intex models (i.e., the estimated cash flows) to perform a discounted cash flows analysis on expected future cash flows to determine a valuation for our investment in Saratoga CLO.

Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. The determination of fair value may differ materially from the values that would have been used if a ready market for these investments existed. Our net asset value could be materially affected if the determinations regarding the fair value of our investments were materially higher or lower than the values that we ultimately realize upon the disposal of such investments.

Derivative Financial Instruments

We account for derivative financial instruments in accordance with ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). ASC 815 requires recognizing all derivative instruments as either assets or liabilities on the consolidated statements of assets and liabilities at fair value. The Company values derivative contracts at the closing fair value provided by the counterparty. Changes in the values of derivative contracts are included in the consolidated statements of operations.

Investment Transactions and Income Recognition

Purchases and sales of investments and the related realized gains or losses are recorded on a trade-date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis to the extent that such amounts are expected to be collected. The Company stops accruing interest on its investments when it is determined that interest is no longer collectible. Discounts and premiums on investments purchased are accreted/amortized over the life of the respective investment using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortizations of premium on investments.

Loans are generally placed on non-accrual status when there is reasonable doubt that principal or interest will be collected. Accrued interest is generally reserved when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as a reduction in principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current, although we may make exceptions to this general rule if the loan has sufficient collateral value and is in the process of collection.

Interest income on our investment in Saratoga CLO is recorded using the effective interest method in accordance with the provisions of ASC Topic 325-40, *Investments-Other, Beneficial Interests in Securitized Financial Assets*, based on the anticipated yield and the estimated cash flows over the projected life of the investment. Yields are revised when there are changes in actual or estimated cash flows due to changes in prepayments and/or re-investments, credit losses or asset pricing. Changes in estimated yield are recognized as an adjustment to the estimated yield over the remaining life of the investment from the date the estimated yield was changed.

Paid-in-Kind Interest

The Company holds debt investments in its portfolio that contain a payment-in-kind ("PIK") interest provision. The PIK interest, which represents contractually deferred interest added to the investment balance that is generally due at maturity, is generally recorded on the accrual basis to the extent such amounts are expected to be collected. We stop accruing PIK interest if we do not expect the issuer to be able to pay all principal and interest when due.

Deferred Credit Facility Financing Costs

Financing costs incurred in connection with our credit facility are deferred and amortized using the straight line method over the life of their respective facilities. Financing costs incurred in connection with our SBA debentures are deferred and amortized using the effective yield method over the life of the debentures.

Contingencies

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, management feels that the likelihood of such an event is remote.

In the ordinary course of business, the Company may directly or indirectly be a defendant or plaintiff in legal actions with respect to bankruptcy, insolvency or other types of proceedings. Such lawsuits may involve claims that could adversely affect the value of certain financial instruments owned by the Company.

Income Taxes

The Company has filed an election to be treated for tax purposes as a RIC under Subchapter M of the Code and, among other things, intends to make the requisite distributions to its stockholders which will relieve the Company from federal income taxes. Therefore, no provision has been recorded for federal income taxes.

In order to qualify as a RIC, among other requirements, the Company is required to timely distribute to its stockholders at least 90.0% of its investment company taxable income, as defined by the Code, for each fiscal tax year. The Company will be subject to a nondeductible U.S. federal excise tax of 4.0% on undistributed income if it does not distribute at least 98.0% of its ordinary income in any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31.

Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year dividend distributions into the next tax year and pay a 4.0% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions for excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned.

In accordance with certain applicable Treasury regulations and private letter rulings issued by the Internal Revenue Service, a RIC may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder may elect to receive his or her entire distribution in either cash or stock of the RIC subject to a limitation on the aggregate amount of cash to be distributed to all stockholders, which limitation must be at least 20.0% of the aggregate declared distribution. If too many stockholders elect to receive cash, each stockholder electing to receive cash will receive a pro rata amount of cash (with the balance of the distribution paid in stock). In no event will any stockholder, electing to receive cash, receive less than 20.0% of his or her entire distribution in cash. If these and certain other requirements are met, for U.S federal income tax purposes, the amount of the dividend paid in stock will be equal to the amount of cash that could have been received instead of stock.

ASC 740, *Income Taxes*, provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions deemed to meet a "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current period. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the consolidated statements of operations. During the fiscal year ended February 28, 2013, the Company did not incur any interest or penalties. Although we file federal and state tax returns, our major tax jurisdiction is federal. The 2010, 2011 and 2012 federal tax years for the Company remain subject to examination by the IRS.

Dividends

Dividends to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by the board of directors. Net realized capital gains, if any, are generally distributed at least annually, although we may decide to retain such capital gains for reinvestment.

We have adopted a dividend reinvestment plan that provides for reinvestment of our dividend distributions on behalf of our stockholders unless a stockholder elects to receive cash. As a result, if our board of directors authorizes, and we declare, a cash dividend, then our stockholders who have not "opted out" of our dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of our common stock, rather than receiving the cash dividends. If our common stock is trading below net asset value at the time of valuation, the plan administrator may receive the dividend or distribution in cash and purchase common stock in the open market, on the New York Stock Exchange or elsewhere, for the account of each participant in our dividend reinvestment plan.

Capital Gains Incentive Fee

The Company records an expense accrual on the consolidated statements of operations, relating to the capital gains incentive fee payable on the consolidated statements of assets and liabilities, by the Company to its investment adviser when the unrealized gains on its investments exceed all realized capital losses on its investments given the fact that a capital gains incentive fee would be owed to the investment adviser if the Company were to liquidate its investment portfolio at such time. The actual incentive fee payable to the Company's investment adviser related to capital gains will be determined and payable in arrears at the end of each fiscal year and will include only realized capital gains for the period.

New Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, Disclosures about Offsetting Assets and Liabilities, which requires entities to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The guidance is effective for fiscal years and interim periods beginning on or after January 1, 2013 with retrospective application for all comparative periods presented. The adoption of this guidance, which is related to disclosure only, is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Risk Management

In the ordinary course of its business, the Company manages a variety of risks, including market risk and credit risk. Market risk is the risk of potential adverse changes to the value of investments because of changes in market conditions such as interest rate movements and volatility in investment prices.

Credit risk is the risk of default or non-performance by portfolio companies, equivalent to the investment's carrying amount.

The Company is also exposed to credit risk related to maintaining all of its cash and cash equivalents, including those in reserve accounts, at a major financial institution and credit risk related to any of its derivative counterparties.

The Company has investments in lower rated and comparable quality unrated high yield bonds and bank loans. Investments in high yield investments are accompanied by a greater degree of credit risk. The risk of loss due to default by the issuer is significantly greater for holders of high yield securities, because such investments are generally unsecured and are often subordinated to other creditors of the issuer.

Note 3. Investments

As noted above, the Company values all investments in accordance with ASC 820. ASC 820 requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. As defined in ASC 820, fair value is 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.

ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability of inputs used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Based on the observability of the inputs used in the valuation techniques, the Company is required to provide disclosures on fair value measurements according to the fair value hierarchy. The fair value hierarchy ranks the observability of the inputs used to determine fair values. Investments carried at fair value are classified and disclosed in one of the following three categories:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2—Valuations based on inputs other than quoted prices in active markets, which are either directly or indirectly observable.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The inputs used in the determination of fair value may require significant management judgment or estimation. Such information may be the result of consensus pricing information or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 asset, assuming no additional corroborating evidence.

In addition to using the above inputs in investment valuations, the Company continues to employ the valuation policy approved by the board of directors that is consistent with ASC 820 and the 1940 Act (see Note 2). Consistent with our Company's valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value.

The following table presents fair value measurements of investments, by major class, as of February 28, 2013 (dollars in thousands), according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
First lien term loans	$ —	$ —	$ 83,792	$ 83,792
Second lien term loans	—	—	9,571	9,571
Senior secured notes	—	—	23,305	23,305
Unsecured notes	—	—	4,874	4,874
Structured finance securities	—	—	25,517	25,517
Equity interest	—	—	8,021	8,021

	Level 1	Level 2	Level 3	Total
Limited partnership interest	—	—	—	—
Total	$ —	$ —	$ 155,080	$ 155,080

The following table presents fair value measurements of investments, by major class, as of February 29, 2012 (dollars in thousands), according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
First lien term loans	$ —	$ —	$ 36,196	$ 36,196
Second lien term loans	—	—	8,914	8,914
Senior secured notes	—	—	10,706	10,706
Senior unsecured loans	—	—	6,000	6,000
Unsecured notes	—	—	2,008	2,008
Structured finance securities	—	—	25,846	25,846
Equity interest	—	—	5,690	5,690
Limited partnership interest	—	—	—	—
Total	$ —	$ —	$ 95,360	$ 95,360

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the year ended February 28, 2013 (dollars in thousands):

	First lien term loans	Second lien term loans	Senior secured notes	Senior unsecured loans	Unsecured notes	Structured finance securities	Common stock/equities	Total
Balance as of February 29, 2012	$ 36,196	$ 8,914	$ 10,706	$ 6,000	$ 2,008	$ 25,846	$ 5,690	$ 95,360
Net unrealized gains (losses)	2,090	657	(403)	(148)	(169)	4,267	719	7,013
Purchases and other adjustments to cost	52,872	3,005	13,002	107	3,035	—	1,612	73,633
Sales and redemptions	(7,564)	(3,092)	—	(6,090)	—	(4,596)	(146)	(21,488)
Net realized gain (loss) from investments	198	87	—	131	—	—	146	562
Balance as of February 28, 2013	$ 83,792	$ 9,571	$ 23,305	$ —	$ 4,874	$ 25,517	$ 8,021	$ 155,080

Purchases and other adjustments to cost include purchases of new investments at cost, effects of refinancing/restructuring, accretion/amortization of income from discount/premium on debt securities, and PIK.

Sales and redemptions represent net proceeds received from investments sold, and principal paydowns received, during the period.

The net change in unrealized gain/loss on investments held as of February 28, 2013 is $7,143,012 and is included in net unrealized appreciation (depreciation) on investments in the consolidated statements of operations.

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the year ended February 29, 2012 (dollars in thousands):

	First lien term loans	Second lien term loans	Senior secured notes	Senior unsecured loans	Unsecured notes	Structured finance securities	Common stock/equities	Total
Balance as of February 28, 2011	$ 18,475	$ 20,276	$ 9,892	$ —	$ 1,915	$ 22,732	$ 6,735	$ 80,025
Net unrealized gains (losses)	(1,256)	15,603	196	147	(807)	6,938	(1,045)	19,776
Purchases and other adjustments to cost	27,732	602	6,226	5,853	900	—	—	41,313
Sales and redemptions	(8,769)	(14,868)	(5,766)	—	—	(3,824)	(341)	(33,568)
Net realized gain (loss) from investments	14	(12,699)	158	—	—	—	341	(12,186)
Balance as of February 29, 2012	$ 36,196	$ 8,914	$ 10,706	$ 6,000	$ 2,008	$ 25,846	$ 5,690	$ 95,360

Purchases and other adjustments to cost include purchases of new investments at cost, effects of refinancing/restructuring, accretion/amortization of income from discount/premium on debt securities, and PIK.

Sales and redemptions represent net proceeds received from investments sold, and principal paydowns received, during the period.

The net change in unrealized gain/loss on investments held as of February 29, 2012 is $4,057,635 and is included in net unrealized appreciation (depreciation) on investments in the consolidated statements of operations.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets as of February 28, 2013 were as follows (dollars in thousands):

	Fair Value	Valuation Technique	Unobservable Input	Range
First lien term loans	$ 83,792	Market Comparables	Market Yield (%)	5.8% - 26.9%
			EBITDA Multiples (x)	3.0x
			Third-Party Bid	96.5 - 102.0
Second lien term loans	9,571	Market Comparables	Market Yield (%)	11.5%
			Third-Party Bid	90.5
Senior secured notes	23,305	Market Comparables	Market Yield (%)	14.0% - 42.5%
			EBITDA Multiples (x)	5.5x
			Third-Party Bid	89.0 – 101.0
Unsecured notes	4,874	Market Comparables	Market Yield (%)	13.6% - 23.8%
Structured finance securities	25,517	Discounted Cash Flow	Discount Rate (%)	13.0%
Equity interests	8,021	Market Comparables	EBITDA Multiples (x)	3.0x – 8.9x

For investments utilizing a market comparables valuation technique, a significant increase (decrease) in the market yield, in isolation, would result in a significantly lower (higher) fair value measurement, and a significant increase (decrease) in any of the EBITDA valuation multiples, in isolation, would result in a significantly higher (lower) fair value measurement. For investments utilizing a discounted cash flow valuation technique, a significant increase (decrease) in the discount rate, in isolation, would result in a significantly lower (higher) fair value measurement.

The composition of our investments as of February 28, 2013, at amortized cost and fair value were as follows (dollars in thousands):

	Investments at Amortized Cost	Amortized Cost Percentage of Total Portfolio	Investments at Fair Value	Fair Value Percentage of Total Portfolio
First lien term loans	$ 83,886	56.2%	$ 83,792	54.0%
Second lien term loans	9,473	6.3	9,571	6.2
Senior secured notes	24,619	16.5	23,305	15.0
Unsecured notes	6,758	4.5	4,874	3.1
Structured finance securities	18,945	12.7	25,517	16.5
Equity interest	5,729	3.8	8,021	5.2
Limited partnership interest	—	—	—	—
Total	$ 149,410	100.0%	$ 155,080	100.0%

The composition of our investments as of February 29, 2012, at amortized cost and fair value were as follows (dollars in thousands):

	Investments at Amortized Cost	Amortized Cost Percentage of Total Portfolio	Investments at Fair Value	Fair Value Percentage of Total Portfolio
First lien term loans	$ 38,379	39.7%	$ 36,196	38.0%
Second lien term loans	9,473	9.8	8,914	9.4
Senior secured notes	11,617	12.0	10,706	11.2
Senior unsecured loans	5,852	6.1	6,000	6.3
Unsecured notes	3,724	3.8	2,008	2.1
Structured finance securities	23,541	24.3	25,846	27.1
Equity interest	4,116	4.3	5,690	5.9
Limited partnership interest	—	—	—	—
Total	$ 96,702	100.0%	$ 95,360	100.0%

For loans and debt securities for which market quotations are not available, we determine their fair value based on third party indicative broker quotes, where available, or the assumptions that a hypothetical market participant would use to value the security in a current hypothetical sale using a market yield valuation methodology. In applying the market yield valuation methodology, we determine the fair value based on such factors as market participant assumptions including synthetic credit ratings, estimated remaining life, current market yield and interest rate spreads of similar securities as of the measurement date. If, in our judgment, the market yield methodology is not sufficient or appropriate, we may use additional methodologies such as an asset liquidation or expected recovery model.

For equity securities of portfolio companies and partnership interests, we determine the fair value based on the market approach with value then attributed to equity or equity like securities using the enterprise value waterfall valuation methodology. Under the enterprise value waterfall valuation methodology, we determine the enterprise fair value of the portfolio company and then waterfall the enterprise value over the portfolio company's securities in order of their preference relative to one another. To estimate the enterprise value of the portfolio company, we weigh some or all of the traditional market valuation methods and factors based on the individual circumstances of the portfolio company in order to estimate the enterprise value. The methodologies for performing investments may be based on, among other things: valuations of comparable public companies, recent sales of private and public comparable companies, discounting the forecasted cash flows of the portfolio company, third party valuations of the portfolio company, considering offers from third parties to buy the company, estimating the value to potential strategic buyers and considering the value of recent investments in the equity securities of the portfolio company. For non-performing investments, we may estimate the liquidation or collateral value of the portfolio company's assets and liabilities. We also take into account historical and anticipated financial results.

Our investment in GSC Investment Corp. CLO 2007, Ltd. ("Saratoga CLO") is carried at fair value, which is based on a discounted cash flow model that utilizes prepayment, re-investment and loss assumptions based on historical experience and projected performance, economic factors, the characteristics of the underlying cash flow, and comparable yields for equity interests in collateralized loan obligation funds similar to Saratoga CLO, when available, as determined by our Manager and recommended to our board of directors. Specifically, we use Intex cash flow models, or an appropriate substitute, to form the basis for the valuation of our investment in Saratoga CLO. The models use a set of assumptions including projected default rates, recovery rates, reinvestment rate and prepayment rates in order to arrive at estimated valuations. The reinvestment period for the Saratoga CLO ended on January 20, 2013, and, as a result, reinvestment assumptions are no longer applicable. The assumptions are based on available market data and projections provided by third parties as well as management estimates. We use the output from the Intex models (i.e., the estimated cash flows) to perform a discounted cash flows analysis on expected future cash flows to determine a valuation for our investment in Saratoga CLO at February 28, 2013. The significant inputs for the valuation model include:

- Default rates: 3.0%
- Recovery rates: 35-70%
- Prepayment rate: 20.0%

Note 4. Investment in GSC Investment Corp. CLO 2007, Ltd. ("Saratoga CLO")

On January 22, 2008, we invested $30 million in all of the outstanding subordinated notes of Saratoga CLO (which are referred in the statements of assets and liabilities of Saratoga CLO below as "Preference shares"), a collateralized loan obligation fund managed by us that invests primarily in senior secured loans. Additionally, we entered into a collateral management agreement with Saratoga CLO pursuant to which we act as collateral manager to it. In return for our collateral management services, we are entitled to a senior collateral management fee of 0.10% and a subordinate collateral management fee of 0.40% of the outstanding principal amount of Saratoga CLO's assets, to be paid quarterly to the extent of available proceeds. We are also entitled to an incentive management fee equal to 20.0% of excess cash flow to the extent the Saratoga CLO subordinated notes receive an internal rate of return equal to or greater than 12.0%. For the years ended February 28, 2013, February 29, 2012, and February 28, 2011, we accrued $2.0 million, $2.0 million, and $2.0 million in management fee income, respectively and $4.2 million, $4.2 million, and $3.3 million in interest income, respectively, from Saratoga CLO. We did not accrue any amounts related to the incentive management fee as the 12.0% hurdle rate has not yet been achieved.

At February 28, 2013, the Company determined that the fair value of its investment in the subordinated notes of Saratoga CLO was $25.5 million, whereas the net asset value of Saratoga CLO on such date was $30.8 million. The Company does not believe that the net asset value of Saratoga CLO, which is the difference between Saratoga CLO's assets and liabilities at a given point in time, necessarily equates to the fair value of its investment in the subordinated notes of Saratoga CLO. Specifically, the Company determines the fair value of its investment in the subordinated notes of Saratoga CLO based on the present value of the projected future cash flows of the subordinated notes over the life of Saratoga CLO. At February 28, 2013, Saratoga CLO had investments with a principal balance of $383.3 million and a weighted average spread over LIBOR of 4.3%, and had debt with a principal balance of $366.0 million with a weighted average spread over LIBOR of 1.4%. As a result, Saratoga CLO earns a "spread" between the interest income it receives on its investments and the interest expense it pays on its debt and other operating expenses, which is distributed quarterly to the Company as the

holder of its subordinated notes. At February 28, 2013, the total "spread", or projected future cash flows of the subordinated notes, over the life of Saratoga CLO was $38.7 million, which had a present value of approximately $26.0 million, using a 13.0% discount rate. At February 28, 2013, the fair value of the subordinated notes, which we base upon the present value of the projected cash flows, was $25.5 million, which was less than the net asset value of Saratoga CLO on such date by approximately $5.3 million.

At February 29, 2012, the Company determined that the fair value of its investment in the subordinated notes of Saratoga CLO was $25.8 million, whereas the net asset value of Saratoga CLO on such date was $24.0 million. The Company does not believe that the net asset value of Saratoga CLO, which is the difference between Saratoga CLO's assets and liabilities at a given point in time, necessarily equates to the fair value of its investment in the subordinated notes of Saratoga CLO. Specifically, the Company determines the fair value of its investment in the subordinated notes of Saratoga CLO based on the present value of the projected future cash flows of the subordinated notes over the life of Saratoga CLO. At February 29, 2012, Saratoga CLO had investments with a principal balance of $380.2 million and a weighted average spread over LIBOR of 3.6%, and had debt of $366.0 million with a weighted average spread over LIBOR of 1.4%. As a result, Saratoga CLO earns a "spread" between the interest income it receives on its investments and the interest expense it pays on its debt and other operating expenses, which is distributed quarterly to the Company as the holder of its subordinated notes. At February 29, 2012, the total "spread", or projected future cash flows of the subordinated notes, over the life of Saratoga CLO was $47.1 million, which had a present value of approximately $26.3 million, using a 16.0% discount rate. At February 29, 2012, the fair value of the subordinated notes, which we base upon the present value of the projected cash flows, was $25.8 million, which was greater than the net asset value of Saratoga CLO on such date by approximately $1.8 million.

Note 5. Income Taxes

The Company intends to operate so as to qualify to be taxed as a RIC under Subchapter M of the Code and, as such, will not be subject to federal income tax on the portion of taxable income and gains distributed to stockholders.

The Company owns 100.0% of Saratoga CLO, an exempted company incorporated in the Cayman Islands. For financial reporting purposes, the Saratoga CLO is not included as part of the consolidated financial statements. For federal income tax purposes, the Company has requested and received approval from the Internal Revenue Service to treat the Saratoga CLO as a disregarded entity. As such, for federal income tax purposes and for purposes of meeting the RIC qualification and diversification tests, the results of operations of the Saratoga CLO are included with those of the Company.

To qualify as a RIC, the Company is required to meet certain income and asset diversification tests in addition to distributing at least 90.0% of its investment company taxable income, as defined by the Code. Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. As of February 28, 2013 and February 29, 2012, the Company reclassified for book purposes amounts arising from permanent book/tax differences primarily related to nondeductible excise tax, meals & entertainment, market discount, interest income with respect to the Saratoga CLO which is consolidated for tax purposes, and the tax character of distributions as follows (dollars in thousands):

	February 28, 2013	February 29, 2012
Accumulated net investment income/(loss)	$ (1,155)	$ (871)
Accumulated net realized gains (losses) on investments	1,155	859
Additional paid-in-capital	—	12

For income tax purposes, distributions paid to shareholders are reported as ordinary income, return of capital, long term capital gains or a combination thereof. The tax character of distributions paid for the years ended February 28, 2013 and February 29, 2012 was as follows (dollars in thousands):

	February 28, 2013	February 29, 2012
Ordinary Income	$ 16,476	$ 9,831
Capital gains	—	—
Return of capital	—	—
Total	$ 16,476	$ 9,831

For federal income tax purposes, as of February 28, 2013, the aggregate net unrealized depreciation for all securities is $2.7 million. The aggregate cost of securities for federal income tax purposes is $506.7 million.

For federal income tax purposes, as of February 29, 2012, the aggregate net unrealized depreciation for all securities is $8.3 million. The aggregate cost of securities for federal income tax purposes is $459.1 million.

At February 28, 2013 and February 29, 2012, the components of accumulated losses on a tax basis as detailed below differ from the amounts reflected per the Company's consolidated statements of assets and liabilities by temporary book/tax differences primarily arising from the consolidation of the Saratoga CLO for tax purposes, market discount and original issue discount income, interest income accrual on defaulted bonds, write-off of investments, and amortization of organizational expenditures (dollars in thousands).

	February 28, 2013	February 29, 2012
Post October loss deferred	$ —	$ (12,117)
Accumulated capital losses	(58,248)	(50,249)
Other temporary differences	(1,515)	(297)
Undistributed ordinary income	3,927	4,385
Unrealized depreciation	(2,750)	(8,266)
Total components of accumulated losses	$ (58,586)	$ (66,544)

The Company has incurred capital losses of $19.3, $14.1 and $3.2 million for the years ended February 28, 2011, 2010 and 2009. Such capital losses will be available to offset future capital gains if any and if unused, will expire on February 28, 2019, 2018 and 2017.

At February 28, 2013, the Company had a short term capital loss of $10.4 million and a long-term capital loss of $11.2 million available to offset future capital gains. Post RIC-modernization act losses are deemed to arise on the first day of the fund's following fiscal year and there is no expiration for these losses.

Management has analyzed the Company's tax positions taken on federal income tax returns for all open years (fiscal years 2009-2013), and has concluded that no provision for uncertain income tax positions is required in the Company's financial statements.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the "Modernization Act") was enacted, and the provisions with the Modernization Act are effective for the Company for the year ended February 29, 2012. The Modernization Act is the first major piece of legislation affecting RICs since 1986 and it modernizes several of the federal income and excise tax provisions related to RICs. Some highlights of the enacted provisions are as follows:

New capital losses may now be carried forward indefinitely, and retain the character of the original loss. Under pre-enactment law, capital losses could be carried forward for eight years, and carried forward as short-term capital, irrespective of the character of the original loss.

The Modernization Act contains simplification provisions, which are aimed at preventing disqualification of a RIC for "inadvertent" failures of the asset diversification and/or qualifying income tests. Additionally, the Modernization Act exempts RICs from the preferential dividend rule, and repealed the 60-day designation requirement for certain types of pay-through income and gains.

Finally, the Modernization Act contains several provisions aimed at preserving the character of distributions made by a fiscal year RIC during the portion of its taxable year ending after October 31 or December 31, reducing the circumstances under which a RIC might be required to file amended Forms 1099 to restate previously reported distributions.

Note 6. Agreements

On July 30, 2010, the Company entered into an investment advisory and management agreement (the “Management Agreement”) with our Manager. The initial term of the Management Agreement is two years, with automatic, one-year renewals at the end of each year subject to certain approvals by our board of directors and/or our stockholders. On July 9, 2012, our board of directors approved the renewal of the Management Agreement for an additional one-year term. Pursuant to the Management Agreement, our Manager implements our business strategy on a day-to-day basis and performs certain services for us, subject to oversight by our board of directors. Our Manager is responsible for, among other duties, determining investment criteria, sourcing, analyzing and executing investments transactions, asset sales, financings and performing asset management duties. Under the Management Agreement, we have agreed to pay our Manager a management fee for investment advisory and management services consisting of a base management fee and an incentive fee.

The base management fee of 1.75% is calculated based on the average value of our gross assets (other than cash or cash equivalents, but including assets purchased with borrowed funds) at the end of the two most recently completed fiscal quarters, and appropriately adjusted for any share issuances or repurchases during the applicable fiscal quarter.

The incentive fee consists of the following two parts:

The first, payable quarterly in arrears, equals 20.0% of our pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding quarter, that exceeds a 1.875% quarterly (7.5% annualized) hurdle rate measured as of the end of each fiscal quarter, subject to a “catch-up” provision. Under this provision, in any fiscal quarter, our Manager receives no incentive fee unless our pre-incentive fee net investment income exceeds the hurdle rate of 1.875%. Our Manager will receive 100.0% of pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than or equal to 2.344% in any fiscal quarter (9.376% annualized); and 20.0% of the amount of the our pre-incentive fee net

investment income, if any, that exceeds 2.344% in any fiscal quarter (9.376% annualized).

The second part of the incentive fee is determined and payable in arrears as of the end of each fiscal year (or upon termination of the Management Agreement) and equals 20.0% of our “incentive fee capital gains,” which equals our realized capital gains on a cumulative basis from May 31, 2010 through the end of the year, if any, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee. Importantly, the capital gains portion of the incentive fee is based on realized gains and realized and unrealized losses from May 31, 2010. Therefore, realized and unrealized losses incurred prior to such time will not be taken into account when calculating the capital gains portion of the incentive fee, and our Manager will be entitled to 20.0% of incentive fee capital gains that arise after May 31, 2010. In addition, for the purpose of the “incentive fee capital gains” calculations, the cost basis for computing realized gains and losses on investments held by us as of May 31, 2010 will equal the fair value of such investments as of such date.

For the years ended February 28, 2013, February 29, 2012, and February 28, 2011, we incurred $2.1 million, $1.6 million, and $1.6 million in base management fees, respectively. For the years ended February 28, 2013, February 29, 2012, and February 28, 2011, we incurred $1.0 million, $0.5 million, and $0.4 million in incentive fees related to pre-incentive fee net investment income. For the year ended February 28, 2011, we incurred $0.4 million in incentive fees related to pre-incentive fee net investment income and recorded a $2.6 million reversal in previously recorded deferred incentive management fees related to net investment income as a result of the agreement of our former investment adviser, GSCP (NJ), L.P., to waive such amount in connection with the recapitalization transaction described in “Note 13. Recapitalization Transaction” below. For the years ended February 28, 2013, February 29, 2012, and February 28, 2011, we accrued $1.0 million, $0.7 million, and $1.5 million in incentive management fees related to capital gains, respectively. The accrual is calculated using both realized and unrealized capital gains for the period. The actual incentive fee related to capital gains will be determined and payable in arrears at the end of the fiscal year and will include only realized capital gains for the period. As of February 28, 2013, $0.6 million of base management fees and $3.9 million of incentive fees were accrued and included in management and incentive fees payable in the accompanying consolidated statements of assets and liabilities. As of February 29, 2012, $0.4 million of base management fees and $2.5 million of incentive fees were accrued and included in management and incentive fees payable in the accompanying consolidated statements of assets and liabilities.

On July 30, 2010, the Company entered into a separate administration agreement (the “Administration Agreement”) with our Manager, pursuant to which our Manager, as our administrator, has agreed to furnish us with the facilities and administrative services necessary to conduct our day-to-day operations and provide managerial assistance on our behalf to those portfolio companies to which we are required to provide such assistance. The initial term of the Administration Agreement is two years, with automatic, one-year renewals at the end of each year subject to certain approvals by our board of directors and/or our stockholders. The amount of expenses payable or reimbursable thereunder by the Company is capped at $1.0 million for the initial two year term of the administration agreement. On July 9, 2012, our board of directors approved the renewal of the Administration Agreement for an additional one-year term and determined to maintain the cap on the payment or reimbursement of expenses by the Company thereunder to $1.0 million for the additional one-year term.

For the years ended February 28, 2013, February 29, 2012, and February 28, 2011, we recognized $1.0 million, $1.0 million and $0.8 million in administrator expenses for the periods, pertaining to bookkeeping, record keeping and other administrative services provided to us in addition to our allocable portion of rent and other overhead related expenses. As of February 28, 2013, $0.2 million of administrator expenses were accrued and included in due to manager in the accompanying consolidated statements of assets and liabilities. As of February 29, 2012, $0.4 million of administrator expenses were accrued and included in due to manager in the accompanying consolidated statements of assets and liabilities.

Note 7. Borrowings

Credit Facility

As a BDC, we are only allowed to employ leverage to the extent that our asset coverage, as defined in the 1940 Act, equals at least 200.0% after giving effect to such leverage. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing.

On April 11, 2007, we entered into a $100.0 million revolving securitized credit facility (the “Revolving Facility”). On May 1, 2007, we entered into a $25.7 million term securitized credit facility (the “Term Facility” and, together with the Revolving Facility, the “Facilities”), which was fully drawn at closing. In December 2007, we consolidated the Facilities by using a draw under the Revolving Facility to repay the Term Facility. In response to the market wide decline in financial asset prices, which negatively

affected the value of our portfolio, we terminated the revolving period of the Revolving Facility effective January 14, 2009 and commenced a two-year amortization period during which all principal proceeds from the collateral was used to repay outstanding borrowings. A significant percentage of our total assets had been pledged under the Revolving Facility to secure our obligations thereunder. Under the Revolving Facility, funds were borrowed from or through certain lenders and interest was payable monthly at the greater of the commercial paper rate and our lender's prime rate plus 4.00% plus a default rate of 2.00% or, if the commercial paper market was unavailable, the greater of the prevailing LIBOR rates and our lender's prime rate plus 6.00% plus a default rate of 3.00%.

In March 2009, we amended the Revolving Facility to increase the portion of the portfolio that could be invested in "CCC" rated investments in return for an increased interest rate and expedited amortization. As a result of these transactions, we expected to have additional cushion under our borrowing base under the Revolving Facility that would allow us to better manage our capital in times of declining asset prices and market dislocation.

On July 30, 2009, we exceeded the permissible borrowing limit under the Revolving Facility for 30 consecutive days, resulting in an event of default under the Revolving Facility. As a result of this event of default, our lender had the right to accelerate repayment of the outstanding indebtedness under the Revolving Facility and to foreclose and liquidate the collateral pledged thereunder. Acceleration of the outstanding indebtedness and/or liquidation of the collateral could have had a material adverse effect on our liquidity, financial condition and operations.

On July 30, 2010, we used the net proceeds from (i) the stock purchase transaction and (ii) a portion of the funds available to us under the $45.0 million senior secured revolving credit facility (the "Replacement Facility") with Madison Capital Funding LLC, in each case, described in "Note 13. Recapitalization Transaction" below, to pay the full amount of principal and accrued interest, including default interest, outstanding under the Revolving Facility. As a result, the Revolving Facility was terminated in connection therewith. Substantially all of our total assets have been pledged under the Replacement Facility to secure our obligations thereunder.

On February 24, 2012, we amended our senior secured revolving credit facility with Madison Capital Funding LLC to, among other things:

· expand the borrowing capacity under the credit facility from $40.0 million to $45.0 million;

· extend the period during which we may make and repay borrowings under the credit facility from July 30, 2013 to February 24, 2015 (the "Revolving Period"). The Revolving Period may upon the occurrence of an event of default, by action of the lenders or automatically. All borrowings and other amounts payable under the credit facility are due and payable five years after the end of the Revolving Period; and

· remove the condition that we may not acquire additional loan assets without the prior written consent of Madison Capital Funding LLC.

As of February 28, 2013, there was $24.3 million outstanding under the Replacement Facility and the Company is in compliance with all of the limitations and requirements of the Replacement Facility. The carrying amount of the amount outstanding of the Replacement Facility approximates its fair value. $2.3 million of financing costs related to the Replacement Facility have been capitalized and are being amortized over the term of the facility. For the years ended February 28, 2013, February 29, 2012 and February 28, 2011, we recorded $2.0 million, $0.6 million, and $2.2 million of interest expense, respectively. For the years ended February 28, 2013, February 29, 2012 and February 28, 2011, we recorded $0.4 million, $0.7 million and $0.4 million of amortization of deferred financing costs related to the Replacement Facility and Revolving Facility, respectively. The interest rates during the years ended February 28, 2013, February 29, 2012 and February 28, 2011 on the outstanding borrowings under the Replacement Facility ranged from 7.50% to 7.50%, 0.75% to 7.50%, and 7.50% to 9.25% respectively.

The Replacement Facility contains limitations as to how borrowed funds may be used, such as restrictions on industry concentrations, asset size, weighted average life, currency denomination and collateral interests. The Replacement Facility also includes certain requirements relating to portfolio performance, the violation of which could result in the limit of further advances and, in some cases, result in an event of default, allowing the lenders to accelerate repayment of amounts owed thereunder. The Replacement Facility has an eight year term, consisting of a three year period (the "Revolving Period"), under which the Company may make and repay borrowings, and a final maturity five years from the end of the Revolving Period. Availability on the Replacement Facility will be subject to a borrowing base calculation, based on, among other things, applicable advance rates (which vary from 50.0% to 75.0% of par or fair value depending on the type of loan asset) and the value of certain "eligible" loan assets included as part of the Borrowing Base. Funds may be borrowed at the greater of the prevailing LIBOR rate and 2.00%, plus an applicable margin of 5.50%. At the Company's option, funds may be borrowed based on an alternative base rate, which in no event

will be less than 3.00%, and the applicable margin over such alternative base rate is 4.50%. In addition, the Company will pay the lenders a commitment fee of 0.75% per year on the unused amount of the Replacement Facility for the duration of the Revolving Period.

Our borrowing base under the Replacement Facility was $35.7 million at February 28, 2013. For purposes of determining the borrowing base, most assets are assigned the values set forth in our most recent quarterly report on Form 10-Q filed with the SEC. Accordingly, the February 28, 2013 borrowing base relies upon the valuations set forth in the quarterly report on Form 10-Q for the quarter ended November 30, 2012. The valuations presented in this Annual Report on Form 10-K will not be incorporated into the borrowing base until after this Annual Report on Form 10-K is filed with the SEC.

SBA Debentures

SBIC LP is able to borrow funds from the SBA against regulatory capital (which approximates equity capital) that is paid in and is subject to customary regulatory requirements including but not limited to an examination by the SBA. As of February 28, 2013, we have funded SBIC LP with $25.0 million of equity capital, and have $36.0 million of SBA-guaranteed debentures outstanding. SBA debentures are non-recourse to us, have a 10-year maturity, and may be prepaid at any time without penalty. The interest rate of SBA debentures is fixed at the time of issuance, often referred to as pooling, at a marketdriven spread over 10-year U.S. Treasury Notes. SBA current regulations limit the amount that SBIC LP may borrow to a maximum of $150.0 million, which is up to twice its potential regulatory capital.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under SBA regulations, SBICs may make loans to eligible small businesses and invest in the equity securities of small businesses. Under present SBA regulations, eligible small businesses include businesses that have a tangible net worth not exceeding $18.0 million and have average annual fully taxed net income not exceeding $6.0 million for the two most recent fiscal years. In addition, an SBIC must devote 25.0% of its investment activity to ‘‘smaller’’ concerns as defined by the SBA. A smaller concern is one that has a tangible net worth not exceeding $6.0 million and has average annual fully taxed net income not exceeding $2.0 million for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on such factors as the number of employees and gross sales. According to SBA regulations, SBICs may make long-term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services.

SBIC LP is subject to regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants. Receipt of an SBIC license does not assure that SBIC LP will receive SBA guaranteed debenture funding, which is dependent upon SBIC LP continuing to be in compliance with SBA regulations and policies. The SBA, as a creditor, will have a superior claim to SBIC LP’s assets over our stockholders in the event we liquidate SBIC LP or the SBA exercises its remedies under the SBA-guaranteed debentures issued by SBIC LP upon an event of default.

The Company received exemptive relief from the Securities and Exchange Commission to permit it to exclude the debt of SBIC LP guaranteed by the SBA from the definition of senior securities in the 200.0% asset coverage test under the 1940 Act. This allows the Company increased flexibility under the 200.0% asset coverage test by permitting it to borrow up to $150.0 million more than it would otherwise be able to absent the receipt of this exemptive relief.

As of February 28, 2013 there was $36.0 million outstanding of SBA debentures. The carrying amount of the amount outstanding of SBA debentures approximates its fair value. $1.4 million of financing costs related to the SBA debentures have been capitalized and are being amortized over the term of the commitment and drawdown. For the year ended February 28, 2013, we recorded $0.1 million of interest expense related to the SBA debentures. For the year ended February 28, 2013, we recorded $0.1 million of amortization of deferred financing costs related to the SBA debentures. The weighted average interest rate during the year ended February 28, 2013 on the outstanding borrowings of the SBA debentures was 1.42%. There were no outstanding SBA debentures at February 29, 2012.

Note 8. Directors Fees

The independent directors receive an annual fee of $40,000. They also receive $2,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and receive $1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each committee meeting. In addition, the chairman of the Audit Committee receives an annual fee of $5,000 and the chairman of each other committee receives an annual fee of $2,000 for their additional services in these capacities. In addition, we have purchased directors’ and officers’ liability insurance on behalf of our directors and officers. Independent directors have the option to receive their directors’ fees in the form of our common stock issued at

a price per share equal to the greater of net asset value or the market price at the time of payment. No compensation is paid to directors who are “interested persons” of the Company (as such term is defined in the 1940 Act). For the years ended February 28, 2013, February 29, 2012 and February 28, 2011, we accrued $0.2 million, $0.2 million, and $0.4 million for directors’ fees expense, respectively. As of February 28, 2013 and February 29, 2012, $0.05 million and $0.05 million in directors’ fees expense were unpaid and included in accounts payable and accrued expenses in the consolidated statements of assets and liabilities. As of February 28, 2013, we had not issued any common stock to our directors as compensation for their services.

Note 9. Stockholders’ Equity

On May 16, 2006, GSC Group, Inc. capitalized the LLC, by contributing $1,000 in exchange for 67 shares, constituting all of the issued and outstanding shares of the LLC.

On March 20, 2007, the Company issued 95,995.5 and 8,136.2 shares of common stock, priced at $150.00 per share, to GSC Group and certain individual employees of GSC Group, respectively, in exchange for the general partnership interest and a limited partnership interest in GSC Partners CDO III GP, LP, collectively valued at $15.6 million. At this time, the 6.7 shares owned by GSC Group in the LLC were exchanged for 6.7 shares of the Company.

On March 28, 2007, the Company completed its IPO of 725,000 shares of common stock, priced at $150.00 per share, before underwriting discounts and commissions. Total proceeds received from the IPO, net of $7.1 million in underwriter’s discount and commissions, and $1.0 million in offering costs, were $100.7 million.

On November 13, 2009, we declared a dividend of $18.25 per share payable on December 31, 2009. Shareholders had the option to receive payment of the dividend in cash, shares of common stock, or a combination of cash and shares of common stock, provided that the aggregate cash payable to all shareholders was limited to $2.1 million or $2.50 per share. Based on shareholder elections, the dividend consisted of $2.1 million in cash and 864,872.5 of newly issued shares of common stock.

On July 30, 2010, our Manager and its affiliates purchased 986,842 shares of common stock at $15.20 per share. Total proceeds received from this sale were $15.0 million. See “Note 13. Recapitalization Transaction.”

On August 12, 2010, we effected a one-for-ten reverse stock split of our outstanding common stock. As a result of the reverse stock split, every ten shares of our common stock were converted into one share of our common stock. Any fractional shares received as a result of the reverse stock split were redeemed for cash. The total cash payment in lieu of shares was $230. Immediately after the reverse stock split, we had 2,680,842 shares of our common stock outstanding.

On November 12, 2010, we declared a dividend of $4.40 per share payable on December 29, 2010. Shareholders had the option to receive payment of the dividend in cash, shares of common stock, or a combination of cash and shares of common stock, provided that the aggregate cash payable to all shareholders was limited to approximately $1.2 million or $0.44 per share. Based on shareholder elections, the dividend consisted of approximately $1.2 million in cash and 596,235 shares of common stock.

On November 15, 2011, we declared a dividend of $3.00 per share payable on December 30, 2011. Shareholders had the option to receive payment of the dividend in cash, shares of common stock, or a combination of cash and shares of common stock, provided that the aggregate cash payable to all shareholders was limited to approximately $2.0 million or $0.60 per share. Based on shareholder elections, the dividend consisted of approximately $2.0 million in cash and 599,584 shares of common stock.

On November 9, 2012, the Company declared a dividend of $4.25 per share payable on December 31, 2012. Shareholders had the option to receive payment of the dividend in cash, shares of common stock, or a combination of cash and shares of common stock, provided that the aggregate cash payable to all shareholders was limited to approximately $3.3 million or $0.85 per share. Based on shareholder elections, the dividend consisted of approximately $3.3 million in cash and 853,455 shares of common stock.

Note 10. Earnings Per Share

In accordance with the provisions of FASB ASC 260, "Earnings per Share" ("ASC 260"), basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per

share on a diluted basis.

The following information sets forth the computation of the weighted average basic and diluted net decrease in net assets per share from operations for the years ended February 28, 2013, February 29, 2012 and February 28, 2011 (dollars in thousands except share and per share amounts):

Basic and diluted	**February 28, 2013**	**February 29, 2012**	**February 28, 2011**
Net increase in net assets from operations	$ 14,602	$ 13,275	$ 16,958
Weighted average common shares outstanding	4,110,484	3,434,345	2,437,577
Earnings per common share-basic and diluted	$ 3.55	$ 3.87	$ 6.96

Note 11. Dividend

On November 9, 2012, the Company declared a dividend of $4.25 per share payable on December 31, 2012. Shareholders had the option to receive payment of the dividend in cash, shares of common stock, or a combination of cash and shares of common stock, provided that the aggregate cash payable to all shareholders was limited to approximately $3.3 million or $0.85 per share.

Based on shareholder elections, the dividend consisted of approximately $3.3 million in cash and 853,455 shares of common stock, or 22.0% of our outstanding common stock prior to the dividend payment. The amount of cash elected to be received was greater than the cash limit of 20.0% of the aggregate dividend amount, thus resulting in the payment of a combination of cash and stock to shareholders who elected to receive cash. The number of shares of common stock comprising the stock portion was calculated based on a price of $15.444 per share, which equaled the volume weighted average trading price per share of the common stock on December 14, 17, 19, 2012. The consolidated financial statements for the period ended November 30, 2012 have been retroactively adjusted to reflect the increase in common stock as a result of the dividend in accordance with the provisions of ASC 505-20-S50 regarding disclosure of a capital structure change after the interim balance sheet but before the release of the financial statements.

On November 15, 2011, we declared a dividend of $3.00 per share payable on December 30, 2011. Shareholders had the option to receive payment of the dividend in cash, shares of common stock, or a combination of cash and shares of common stock, provided that the aggregate cash payable to all shareholders was limited to approximately $2.0 million or $0.60 per share.

Based on shareholder elections, the dividend consisted of approximately $2.0 million in cash and 599,584 shares of common stock, or 18.0% of our outstanding common stock prior to the dividend payment. The amount of cash elected to be received was greater than the cash limit of 20.0% of the aggregate dividend amount, thus resulting in the payment of a combination of cash and stock to shareholders who elected to receive cash. The number of shares of common stock comprising the stock portion was calculated based on a price of $13.1171 per share, which equaled the volume weighted average trading price per share of the common stock on December 20, 21 and 22, 2011. The financial statements for the period ended November 30, 2011 have been retroactively adjusted to reflect the increase in common stock as a result of the dividend in accordance with the provisions of ASC 505-20-S50 regarding disclosure of a capital structure change after the interim balance sheet but before the release of the financial statements.

On November 12, 2010, we declared a dividend of $4.40 per share payable on December 23, 2010. Shareholders had the option to receive payment of the dividend in cash, shares of common stock, or a combination of cash and shares of common stock, provided that the aggregate cash payable to all shareholders was limited to approximately $1.2 million or $0.44 per share.

Based on shareholder elections, the dividend consisted of approximately $1.2 million in cash and 596,235 shares of common stock, or 22.0% of our outstanding common stock prior to the dividend payment. The amount of cash elected to be received was greater than the cash limit of 10.0% of the aggregate dividend amount, thus resulting in the payment of a combination of cash and stock to shareholders who elected to receive cash. The number of shares of common stock comprising the stock portion was calculated based on a price of $17.8049 per share, which equaled the volume weighted average trading price per share of the common stock on December 20, 21 and 22, 2010. The financial statements for the period ended November 30, 2010 have been retroactively adjusted to reflect the increase in common stock as a result of the dividend in accordance with the provisions of ASC 505-20-S50 regarding disclosure of a capital structure change after the interim balance sheet but before the release of the financial statements.

The following tables summarize dividends declared during the years ended February 28, 2013, February 29, 2012 and February 28, 2011 (dollars in thousands except per share amounts):

Date Declared	Record Date	Payment Date	Amount Per Share*	Total Amount
November 9, 2012	November 20, 2012	December 31, 2012	$ 4.25	$ 16,476
Total dividends declared			$ 4.25	$ 16,476

Date Declared	Record Date	Payment Date	Amount Per Share*	Total Amount
November 15, 2011	November 25, 2011	December 30, 2011	$ 3.00	$ 9,831
Total dividends declared			$ 3.00	$ 9,831

Date Declared	Record Date	Payment Date	Amount Per Share*	Total Amount
November 12, 2010	November 19, 2010	December 29, 2010	$ 4.40	$ 11,796
Total dividends declared			$ 4.40	$ 11,796

* Amount per share is calculated based on the number of shares outstanding at the date of declaration.

Note 12. Financial Highlights

The following is a schedule of financial highlights for the years ended February 28, 2013, February 29, 2012, February 28, 2011, 2010, and 2009:

For 2010 and 2009 the amount per share has been adjusted to reflect a one-for-ten reverse stock split effectuated in August 2010.

	February 28, 2013	February 29, 2012	February 28, 2011	February 28, 2010	February 28, 2009
Per share data:(7)					
Net asset value at beginning of period	$ 25.12	$ 26.26	$ 32.75	$ 82.00	$ 118.00
Net investment income(1)	1.71	1.66	2.15	5.40	16.70
Net realized and unrealized gains and losses on investments and derivatives	1.84	2.21	4.81	(15.30)	(42.40)
Net increase (decrease) in net assets from operations	3.55	3.87	6.96	(9.90)	(25.70)
Distributions declared from net investment income	(4.25)	(3.00)	(4.40)	(18.25)	(10.30)
Distributions declared from net realized capital gains	—	—	—	—	—
Total distributions to stockholders	(4.25)	(3.00)	(4.40)	(18.25)	(10.30)
Other(5)	(1.44)	(2.01)	(9.05)	(21.10)	—
Net asset value at end of period	$ 22.98	$ 25.12	$ 26.26	$ 32.75	$ 82.00
Net assets at end of period	$ 108,686,761	$ 97,380,150	$ 86,071,454	$ 55,478,152	$ 68,013,777
Shares outstanding at end of period	4,730,116	3,876,661	3,277,077	1,694,010	829,138
Per share market value at end of period(7)	$ 17.02	$ 15.88	$ 21.25	$ 19.20	$ 19.90
Total return based on market value(2)	36.67%	12.82%	38.25%	113.10%	(70.33)%
Total return based on net asset value(3)	16.65%	17.51%	0.16%	(11.92)%	14.40%
Ratio/Supplemental data:(6)					
Ratio of net investment income to average, net assets(4)(6)	6.73%	6.11%	6.53%	8.10%	15.19%
Ratio of operating expenses to average net assets(4)	5.17%	5.63%	12.05%	9.78%	7.12%
Ratio of incentive management fees to average net assets	1.96%	1.35%	2.45%	0.52%	2.05%
Ratio of credit facility related expenses to average net assets	2.43%	1.39%	3.42%	6.54%	3.05%
Ratio of total expenses to average net assets(4)	9.56%	8.36%	12.02%	16.84%	12.23%
Portfolio turnover rate(8)	17.30%	36.34%	10.14%	14.68%	20.00%

(1) Net investment income per share is calculated using the weighted average shares outstanding during the period. Net investment income excluding expense waiver and reimbursement equals $2.05, $4.75 and $15.46 per share for the years ended February 28, 2011, 2010 and 2009, respectively.

(2) Total investment return is calculated assuming a purchase of common shares at the current market value on the first day and a sale at the current market value on the last day of the periods reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Company's dividend reinvestment plan. Total investment return does not reflect brokerage commissions. Total investment returns covering less than a full period are not annualized.

(3) Total investment return is calculated assuming a purchase of common shares at the current net asset value on the first day and a sale at the current net asset value on the last day of the periods reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at

prices obtained under the Company's dividend reinvestment plan. Total investment return does not reflect brokerage commissions.

(4) For the year ended February 28, 2011, net of the expense waiver and reimbursement arrangement, the ratio of net investment income, operating expenses, total expenses to average net assets is 6.87%, 11.71%, and 11.68%, respectively. For the year ended February 28, 2010, net of the expense waiver and reimbursement arrangement, the ratio of net investment income, operating expenses, total expenses to average net assets is 9.12%, 8.71% and 15.77%, respectively. For the year ended February 28, 2009, net of the expense waiver and reimbursement arrangement, the ratio of net investment income, operating expenses, total expenses to average net assets is 16.21%, 5.94% and 11.04%, respectively.

(5) Represents the dilutive effect of issuing common stock below net asset value per share during the period in connection with the satisfaction of the Company's annual RIC distribution requirement. See Note 10, Dividend.

(6) These ratios for the years ended February 28, 2010 and 2009 do not include the effect of the waiver of deferred incentive fees which is (3.83)% on a non-annualized basis as this is a one time waiver.

(7) February 28, 2010 and 2009 data has been adjusted to reflect a one-for-ten reverse stock split effectuated in August 2010.

(8) Portfolio turnover rate is calculated using the lesser of year-to-date sales or year-to-date purchases over the average of the invested assets at fair value.

Note 13. Recapitalization Transaction

In July 2010, we consummated a recapitalization transaction that was necessitated by the fact that we had exceeded permissible borrowing limits under the Revolving Facility in July 2009, which resulted in an event of default under the Revolving Facility. As a result of the event of default under the Revolving Facility, the lender had the right to accelerate repayment of the outstanding indebtedness under the Revolving Facility and to foreclose and liquidate the collateral pledged thereunder. We engaged the investment banking firm of Stifel, Nicolaus & Company to evaluate strategic transaction opportunities and consider alternatives for us in December 2008. On April 14, 2010, we entered into a stock purchase agreement with our Manager and certain of its affiliates and an assignment, assumption and novation agreement with our Manager, pursuant to which we assumed certain rights and obligations of our Manager under a debt commitment letter our Manager received from Madison Capital Funding LLC, indicating Madison Capital Funding's willingness to provide us with the Replacement Facility, subject to the satisfaction of certain terms and conditions. In addition, we and GSCP (NJ), L.P., our then external investment adviser, entered into a termination and release agreement, to be effective as of the closing of the transaction contemplated by the stock purchase agreement, pursuant to which GSCP (NJ), L.P., among other things, agreed to waive any and all accrued and unpaid deferred incentive management fees up to and as of the closing of the transaction contemplated by the stock purchase agreement but continued to be entitled to receive the base management fees earned through the date of the closing of the transaction contemplated by the stock purchase agreement.

On July 30, 2010, the transactions contemplated by the stock purchase agreement with our Manager and certain of its affiliates was completed, and included the following actions:

- the private sale of shares of our common stock for $15.0 million in aggregate purchase price to our Manager and certain of its affiliates;
- the closing of the $40.0 million Replacement Facility with Madison Capital Funding;
- the execution of a registration rights agreement with the investors in the private sale transaction, pursuant to which we agreed to file a registration statement with the SEC to register for resale the shares of our common stock sold in the private sale transaction;
- the execution of a trademark license agreement with our Manager pursuant to which our Manager granted us a non-exclusive, royalty-free license to use the "Saratoga" name, for so long as our Manager or one of its affiliates remains our investment adviser;
- replacing GSCP (NJ), L.P. as our investment adviser and administrator with our Manager by executing an investment advisory and management agreement, which was approved by our stockholders, and an administration agreement with our Manager;

- the resignations of Robert F. Cummings, Jr. and Richard M. Hayden, both of whom are affiliates of GSCP (NJ) L.P., as members of the board of directors and the election of Christian L. Oberbeck and Richard A. Petrocelli, both of whom are affiliates of our Manager, as members of the board of directors;
- the resignation of all of our then existing executive officers and the appointment by our board of directors of Mr. Oberbeck as our chief executive officer and Mr. Petrocelli as our chief financial officer, secretary and chief compliance officer; and
- our name change from "GSC Investment Corp." to "Saratoga Investment Corp."

We used the net proceeds from the private sale transaction and a portion of the funds available to us under the Replacement Facility to pay the full amount of principal and accrued interest, including default interest, outstanding under Revolving Facility. The Revolving Facility with Deutsche Bank was terminated in connection with our payment of all amounts outstanding thereunder on July 30, 2010.

Note 14. Selected Quarterly Data (Unaudited)

	2013			
($ in thousands, except per share numbers)	**Qtr 4**	**Qtr 3**	**Qtr 2**	**Qtr 1**
Interest and related portfolio income	$ 4,306	$ 3,513	$ 3,514	$ 3,111
Net investment income	1,952	2,489	1,314	1,273
Net realized and unrealized gain (loss)	3,843	(1,744)	3,557	1,918
Net increase in net assets resulting from operations	5,795	745	4,871	3,191
Net investment income per common share at end of each quarter	$ 0.42	$ 0.63	$ 0.34	$ 0.33

Net realized and unrealized gain (loss) per common share at end of each quarter	$	0.81	$	(0.44)	$	0.92	$	0.49
Dividends declared per common share	$	—	$	4.25	$	—	$	—
Net asset value per common share	$	22.98	$	21.75	$	27.20	$	25.94

	2012							
($ in thousands, except per share numbers)	**Qtr 4**		**Qtr 3**		**Qtr 2**		**Qtr 1**	
Interest and related portfolio income	$	2,946	$	3,033	$	2,887	$	2,387
Net investment income		1,578		824		2,720		578
Net realized and unrealized gain (loss)		1,502		5,389		(4,448)		5,131
Net increase (decrease) in net assets resulting from operations		3,080		6,213		(1,728)		5,709
Net investment income per common share at end of each quarter	$	0.40	$	0.25	$	0.83	$	0.17
Net realized and unrealized gain (loss) per common share at end of each quarter	$	0.39	$	1.63	$	(1.36)	$	1.57
Dividends declared per common share	$	—	$	3.00	$	—	$	—
Net asset value per common share	$	25.12	$	24.32	$	27.48	$	28.01

	2011							
($ in thousands, except per share numbers)	**Qtr 4**		**Qtr 3**		**Qtr 2**		**Qtr 1**	
Interest and related portfolio income	$	2,624	$	4,580	$	2,566	$	2,270
Net investment income		830		1,935		2,482		2
Net realized and unrealized gain		3,463		1,375		4,218		2,653
Net increase in net assets resulting from operations		4,294		3,310		6,700		2,655
Net investment income per common share at end of each quarter	$	0.25	$	0.70	$	1.21	$	0.00
Net realized and unrealized gain per common share at end of each quarter	$	1.06	$	0.50	$	2.06	$	1.57
Dividends declared per common share	$	—	$	4.40	$	—	$	—
Net asset value per common share	$	26.26	$	24.95	$	29.71	$	34.32

Note 15. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-K or would be required to be recognized in the consolidated financial statements as of and for the years ended February 28, 2013, except as disclosed below.

On May 10, 2013, the Company issued $42.0 million in aggregate principal amount of 7.50% fixed-rate notes due 2020. The notes will mature on May 31, 2020, and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after May 31, 2016. Interest will be payable quarterly beginning August 15, 2013.

On May 17, 2013, the Company closed an additional $6.3 million in aggregate principal amount of 7.50% fixed-rate notes due 2020, pursuant to the full exercise of the underwriters' option to purchase additional notes.

INDEX TO OTHER FINANCIAL STATEMENTS

GSC Investment Corp. CLO 2007, LTD.

IMPORTANT NOTE

In accordance with certain SEC rules, Saratoga Investment Corp. (the “Company”) is providing additional information regarding one of its portfolio companies, GSC Investment Corp. CLO 2007, LTD. (the “Saratoga CLO”). The Company owns 100% of the subordinated notes of the CLO. The additional financial information regarding the CLO does not directly impact the Company’s financial position, results of operations or cash flows.

Report of Independent Auditors

The Collateral Manager and Directors,

GSC Investment Corp. CLO 2007, Ltd.

We have audited the accompanying financial statements of GSC Investment Corp. CLO 2007, Ltd. (the “Issuer”), which comprise the statements of assets and liabilities including the schedules of investments, as of February 28, 2013 and February 29, 2012, and the statements of operations, changes in net assets, and cash flows for the years ended February 28, 2013, February 29, 2012 and February 28, 2011, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GSC Investment Corp. CLO 2007, Ltd. at February 28, 2013 and February 29, 2012, and the results of its operations, changes in its net assets, and its cash flows for the years ended February 28, 2013, February 29, 2012 and February 28, 2011, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
New York, New York
June 7, 2013

GSC Investment Corp. CLO 2007

Statements of Assets and Liabilities

	As of February 28, 2013	As of February 29, 2012
ASSETS		
Investments		
Fair value loans (amortized cost of $366,099,395 and $372,748,714, respectively)	$ 362,494,006	$ 365,780,893
Fair value other/structured finance securities (amortized cost of $13,743,946 and $17,274,888, respectively)	11,925,973	15,583,573
Total investments at fair value	374,419,979	381,364,466
Cash and cash equivalents	28,804,871	17,815,082
Receivable from open trades	5,131,538	10,046,640
Interest receivable	1,584,985	1,581,438
Deferred bond issuance	2,092,787	2,819,118
Total assets	$ 412,034,160	$ 413,626,744
LIABILITIES		
Interest payable	$ 666,121	$ 826,741
Payable from open trades	16,346,250	24,857,147
Accrued senior collateral management fee	43,171	45,516
Accrued subordinate collateral management fee	172,682	182,064
Class A notes	296,000,000	296,000,000
Class B notes	22,000,000	22,000,000
Discount on class B notes	(417,011)	(477,483)
Class C notes	14,000,000	14,000,000
Class D notes	16,000,000	16,000,000
Discount on class D notes	(441,136)	(505,106)
Class E notes	17,960,044	17,960,044
Discount on class E notes	(1,134,778)	(1,299,337)
Subordinated notes	30,000,000	30,000,000
Total liabilities	$ 411,195,343	$ 419,589,586
NET ASSETS		
Ordinary equity, par value $1.00, 250 ordinary shares authorized, 250 and 250 issued and outstanding, respectively	$ 250	$ 250
Accumulated loss	(5,963,092)	(3,132,908)

Net income (loss)	6,801,659	(2,830,184)
Total net assets	838,817	(5,962,842)
Total liabilities and net assets	$ 412,034,160	$ 413,626,744

See accompanying notes to financial statements.

GSC Investment Corp. CLO 2007

Statements of Operations

	For the year ended February 28, 2013	For the year ended February 29, 2012	For the year ended February 28, 2011
INVESTMENT INCOME			
Interest from investments	$ 19,328,855	$ 20,032,687	$ 20,838,831
Interest from cash and cash equivalents	16,587	12,165	22,769
Other income	967,991	509,365	416,035
Total investment income	20,313,433	20,554,217	21,277,635
EXPENSES			
Interest expense	15,613,003	14,480,621	13,260,221
Professional fees	417,086	400,628	257,209
Misc. Fee Expense	133,794	176,768	3,532
Senior collateral management fee	400,014	402,303	406,471
Subordinate collateral management fee	1,600,057	1,609,213	1,625,886
Trustee expenses	100,820	100,551	101,625
Amortization expense	1,015,332	1,016,124	1,015,333
Total expenses	19,280,106	18,186,208	16,670,277
NET INVESTMENT INCOME	1,033,327	2,368,009	4,607,358
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain/(loss) on investments	2,532,558	(4,547,952)	750,253
Net unrealized appreciation/(depreciation) on investments	3,235,774	(650,241)	11,697,708
Net gain/(loss) on investments	5,768,332	(5,198,193)	12,447,961
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 6,801,659	$ (2,830,184)	$ 17,055,319

See accompanying notes to financial statements.

GSC Investment Corp. CLO 2007

Schedule of Investments

February 28, 2013

Issuer_Name	Industry	Asset_Name	Asset_Type	Current Rate	Maturity Date	Principal / Number of Shares	Cost	Fair Value
Elyria Foundry Company, LLC	Industrial Equipment	Warrants	Equity	0.00%		—	$ —	$ —
Network Communications, Inc.	Business Equipment and Services	Common	Equity	0.00%		169,143	169,143	659,658
OLD AII, Inc (fka Aleris International Inc.)	Conglomerate	Common	Equity	0.00%		2,624	224,656	128,576
PATS Aircraft, LLC	Aerospace and Defense	Common	Equity	0.00%		51,813	282,326	282,329
SuperMedia Inc. (fka Idearc Inc.)	Publishing	Common Stock	Equity	0.00%		10,821	28,784	5,411
Academy, LTD.	Retailers (Except Food and Drugs)	Initial Term Loan (2012)	Loan	4.75%	8/3/2018	$ 1,980,037	1,966,002	2,000,927
ACCO Brands Corporation	Conglomerate	Term B Loan	Loan	4.25%	5/1/2019	$ 351,944	348,847	354,584
Acosta, Inc.	Food Products	Term D Loan	Loan	5.00%	3/2/2018	$ 4,183,659	4,120,774	4,216,082
Aderant North America, Inc.	Business Equipment and Services	Term Loan (First Lien)	Loan	6.25%	12/20/2018	$ 3,500,000	3,495,662	3,552,500
Aeroflex Incorporated	Aerospace and Defense	Tranche B	Loan	5.75%	5/9/2018	$ 3,345,517	3,333,081	3,369,204

		Term Loan							
Alcatel-Lucent USA Inc.	Telecommunications/Cellular	US Term Loan	Loan	0.00%	1/30/2019	$	1,075,000	1,069,625	1,087,008
Alere Inc. (fka IM US Holdings, LLC)	Healthcare	Incremental B-1 Term Loan	Loan	4.75%	6/30/2017	$	1,980,000	1,941,348	1,999,444
Aptalis Pharma, Inc. (fka Axcan Intermediate Holdings Inc.)	Drugs	Term B-1 Loan	Loan	5.50%	2/10/2017	$	1,960,000	1,953,535	1,963,920
Aramark Corporation	Food Products	LC-2 Facility	Loan	3.45%	7/26/2016	$	79,187	79,187	79,600
Aramark Corporation	Food Products	LC-3 Facility	Loan	3.45%	7/26/2016	$	43,961	43,961	44,190
Aramark Corporation	Food Products	U.S. Term B Loan (Extending)	Loan	3.45%	7/26/2016	$	1,204,093	1,204,093	1,210,366
Aramark Corporation	Food Products	U.S. Term C Loan	Loan	3.52%	7/26/2016	$	2,545,700	2,545,700	2,558,963
Armstrong World Industries, Inc	Building and Development	Term Loan B-1	Loan	4.00%	3/10/2018	$	2,122,931	2,109,740	2,124,268
Asurion, LLC (fka Asurion Corporation)	Insurance	Amortizing Term Loan	Loan	4.75%	7/23/2017	$	968,750	960,226	973,594
Asurion, LLC (fka Asurion Corporation)	Insurance	Incremental Tranche B-1 Term Loan	Loan	4.50%	5/24/2019	$	5,659,091	5,602,698	5,674,144
Auction.Com, LLC	Business Equipment and Services	Term Loan A-4	Loan	4.96%	8/30/2016	$	1,018,699	1,017,479	1,013,606
Aurora Diagnostics, LLC	Conglomerate	Tranche B Term Loan	Loan	6.25%	5/26/2016	$	3,188,889	3,198,281	3,077,278
Autotrader.com, Inc.	Automotive	Tranche B-1 Term Loan	Loan	4.00%	12/15/2016	$	3,830,768	3,830,768	3,853,522
Avantor Performance Materials Holdings, Inc.	Chemicals/Plastics	Term Loan	Loan	5.25%	6/24/2017	$	4,925,000	4,907,124	4,925,000
AZ Chem US Inc.	Chemicals/Plastics	Term Loan	Loan	5.25%	12/22/2017	$	1,570,579	1,532,447	1,585,170
Biomet, Inc.	Healthcare	Dollar Term B-1 Loan	Loan	4.00%	7/25/2017	$	1,990,013	1,990,013	2,003,445
Bombardier Recreational Products Inc.	Leisure Goods/Activities/Movies	Term B Loan	Loan	5.00%	1/30/2019	$	1,000,000	990,101	1,007,500
Brock Holdings III, Inc.	Industrial Equipment	Term Loan (First Lien)	Loan	0.00%	3/16/2017	$	2,000,000	2,022,500	2,013,340
Burlington Coat Factory Warehouse Corporation	Retailers (Except Food and Drugs)	Term B-1 Loan	Loan	5.50%	2/23/2017	$	2,776,843	2,767,803	2,802,306
C.H.I. Overhead Doors, Inc. (CHI)	Home Furnishings	Term Loan (First Lien)	Loan	7.25%	8/17/2017	$	2,976,290	2,931,556	2,983,730
Camp International Holding Company	Aerospace and Defense	Refinanced Term Loan (First Lien)	Loan	5.25%	5/31/2019	$	997,500	988,136	1,005,400
Capital Automotive L.P.	Conglomerate	Tranche B Term Loan	Loan	5.25%	3/11/2017	$	2,811,086	2,817,777	2,823,961
Capstone Logistics, LLC	Business Equipment and Services	Term Note A	Loan	7.50%	9/16/2016	$	2,699,305	2,669,394	2,658,816
Capsugel Holdings US, Inc.	Drugs	Initial Term Loan (New)	Loan	4.75%	8/1/2018	$	3,605,198	3,595,976	3,641,214
Celanese US Holdings LLC	Chemicals/Plastics	Dollar Term C Loan (Extended)	Loan	3.06%	10/31/2016	$	2,198,534	2,219,212	2,208,911
Cenveo Corporation	Publishing	Term B Facility	Loan	7.00%	12/21/2016	$	2,437,399	2,421,925	2,444,516
Charter Communications Operating, LLC	Cable and Satellite Television	Term C Loan	Loan	3.46%	9/6/2016	$	2,047,547	2,044,048	2,057,785
Charter Communications Operating, LLC	Cable and Satellite Television	Term D Loan	Loan	4.00%	5/15/2019	$	1,985,000	1,976,313	2,000,503
CHS/ Community Health Systems, Inc.	Healthcare	Extended Term Loan	Loan	3.79%	1/25/2017	$	4,064,516	3,963,653	4,090,935
Cinedigm Digital Funding I, LLC	Business Equipment and Services	Term Loan	Loan	5.75%	2/28/2018	$	1,066,260	1,059,429	1,068,925
Contec, LLC	Electronics/Electric	Second Lien Term Notes	Loan	10.00%	11/2/2016	$	401,202	2,400,891	2,578,210
Covanta Energy Corporation	Ecological Services and Equipment	Term Loan	Loan	4.00%	3/28/2019	$	496,250	494,095	501,833

CPI International Acquisition, Inc. (f/k/a Catalyst Holdings, Inc.)	Electronics/Electric	Term B Loan	Loan	5.00%	2/13/2017	$	4,805,833	4,789,964	4,829,862
Crown Castle Operating Company	Telecommunications/Cellular	Tranche B Term Loan	Loan	4.00%	1/31/2019	$	1,980,000	1,963,120	1,989,484
Culligan International Company	Conglomerate	Dollar Loan (First Lien)	Loan	6.25%	12/19/2017	$	795,675	732,459	729,372
Culligan International Company	Conglomerate	Dollar Loan (Second Lien)	Loan	9.50%	6/19/2018	$	783,162	720,189	604,343
DaVita HealthCare Partners Inc. (fka DaVita Inc.)	Healthcare	Tranche B Term Loan	Loan	4.50%	10/20/2016	$	3,949,622	3,949,622	3,977,822
DCS Business Services, Inc.	Financial Intermediaries	Term B Loan	Loan	7.25%	3/19/2018	$	3,970,010	3,919,904	3,910,460
Del Monte Foods Company	Food Products	Initial Term Loan	Loan	4.00%	3/8/2018	$	4,438,139	4,473,061	4,443,687
Delphi Corporation	Electronics/Electric	Tranche A Term Loan Retired 03/01/2013	Loan	4.25%	3/31/2016	$	1,683,357	1,685,403	1,682,650
Digitalglobe, Inc.	Ecological Services and Equipment	Term Loan	Loan	0.00%	1/31/2020	$	250,000	250,000	250,783
DS Waters of America, Inc.	Beverage and Tobacco	Term Loan (First Lien)	Loan	10.50%	8/29/2017	$	2,977,500	2,928,511	3,037,050
Dunkin’ Brands, Inc.	Food Services	Term B-3 Loan	Loan	0.00%	2/14/2020	$	4,000,000	3,990,000	3,990,000
DynCorp International Inc.	Aerospace and Defense	Term Loan	Loan	6.25%	7/7/2016	$	574,161	567,732	577,606
Education Management LLC	Leisure Goods/Activities/Movies	Tranche C-2 Term Loan	Loan	4.31%	6/1/2016	$	3,925,006	3,727,372	3,263,878
eInstruction Corporation	Electronics/Electric	Initial Term Loan	Loan	0.00%	7/2/2013	$	2,997,722	2,931,236	899,317
Electrical Components International, Inc.	Electronics/Electric	Synthetic Revolving Loan	Loan	6.75%	2/4/2016	$	117,647	116,611	117,647
Electrical Components International, Inc.	Electronics/Electric	Term Loan	Loan	6.75%	2/4/2017	$	1,786,475	1,768,892	1,786,475
Evergreen Acqco 1 LP	Retailers (Except Food and Drugs)	New Term Loan	Loan	5.00%	7/9/2019	$	497,503	492,828	501,702
Federal-Mogul Corporation	Automotive	Tranche B Term Loan	Loan	2.14%	12/29/2014	$	2,589,036	2,498,894	2,467,351
Federal-Mogul Corporation	Automotive	Tranche C Term Loan	Loan	2.14%	12/28/2015	$	1,320,937	1,264,234	1,258,853
First Data Corporation	Financial Intermediaries	2017 Dollar Term Loan	Loan	5.20%	3/24/2017	$	2,111,028	2,027,434	2,111,914
First Data Corporation	Financial Intermediaries	2018 Dollar Term Loan	Loan	4.20%	3/23/2018	$	2,290,451	2,216,829	2,261,591
Freescale Semiconductor, Inc.	Electronics/Electric	Tranche B-1 Term Loan Retired 03/01/2013	Loan	4.45%	12/1/2016	$	2,534,348	2,450,139	2,535,945
FTD Group, Inc.	Retailers (Except Food and Drugs)	Initial Term Loan	Loan	4.75%	6/11/2018	$	3,715,723	3,683,533	3,715,723
Generac Power Systems, Inc.	Industrial Equipment	Term Loan	Loan	6.25%	5/30/2018	$	906,111	890,154	923,590
General Nutrition Centers, Inc.	Retailers (Except Food and Drugs)	Amended Tranche B Term Loan	Loan	3.75%	3/2/2018	$	4,746,591	4,757,841	4,774,548
Global Tel*Link Corporation	Business Equipment and Services	Replacement Term Loan	Loan	6.00%	12/14/2017	$	1,964,912	1,960,077	1,967,368
Goodyear Tire & Rubber Company, The	Chemicals/Plastics	Loan (Second Lien)	Loan	4.75%	4/30/2019	$	4,000,000	3,929,629	4,015,000
Grifols Inc.	Drugs	New U.S. Tranche B Term Loan	Loan	4.25%	6/1/2017	$	3,465,982	3,457,357	3,481,371
Grosvenor Capital Management Holdings, LLLP	Brokers/Dealers/Investment Houses	Tranche C Term Loan	Loan	4.25%	12/5/2016	$	3,336,378	3,252,391	3,311,355
Hanger Orthopedic Group, Inc.	Healthcare	Term C Loan	Loan	4.00%	12/1/2016	$	3,910,667	3,920,277	3,925,332
HCA Inc.	Healthcare	Tranche B-3 Term Loan	Loan	3.45%	5/1/2018	$	5,734,690	5,440,293	5,764,912
Health Management	Healthcare	Term B Loan	Loan	4.50%	11/16/2018	$	2,970,000	2,945,366	2,993,344

Associates, Inc.									
Hertz Corporation, The	Automotive	Tranche B-1 Term Loan	Loan	0.00%	3/11/2018	$	3,000,000	3,045,000	3,045,000
HIBU PLC (fka Yell Group PLC)	Business Equipment and Services	Facility B1 - YB (USA) LLC (11/2009)	Loan	3.95%	7/31/2014	$	3,030,606	2,983,167	530,356
HMH Holdings (Delaware) Inc.	Conglomerate	Term Loan (Exit Facility)	Loan	7.25%	5/22/2018	$	992,500	974,925	997,463
Hologic, Inc.	Healthcare	Tranche A Term Loan	Loan	3.20%	8/1/2017	$	2,437,500	2,432,069	2,439,328
Hunter Defense Technologies, Inc.	Aerospace and Defense	Term Loan	Loan	3.54%	8/22/2014	$	3,679,939	3,647,610	3,385,544
Huntsman International LLC	Chemicals/Plastics	Extended Term B Loan	Loan	2.75%	4/19/2017	$	3,920,000	3,883,690	3,920,000
Infor (US), Inc. ((fka Lawson Software Inc.)	Business Equipment and Services	Tranche B-2 Term Loan	Loan	5.25%	4/5/2018	$	1,990,013	1,971,642	2,011,166
Inventiv Health, Inc. (fka Ventive Health, Inc)	Conglomerate	Consolidated Term Loan	Loan	7.50%	8/4/2016	$	492,090	492,090	484,093
J. Crew Group, Inc.	Retailers (Except Food and Drugs)	Term B-1 Loan	Loan	4.00%	3/7/2018	$	982,500	982,500	982,726
JFB Firth Rixson Inc.	Industrial Equipment	2013 Replacement Dollar Term Facility Loan	Loan	4.25%	6/30/2017	$	2,590,213	2,577,375	2,598,838
Kalispel Tribal Economic Authority	Lodging and Casinos	Term Loan	Loan	7.50%	2/24/2017	$	3,625,323	3,577,074	3,634,387
Kinetic Concepts, Inc.	Healthcare	Dollar Term C-1 Loan	Loan	5.50%	5/4/2018	$	495,000	478,661	501,034
Kronos Worldwide, Inc.	Chemicals/Plastics	Initial Term Loan	Loan	7.00%	6/13/2018	$	500,000	500,000	504,065
MetroPCS Wireless, Inc.	Telecommunications	Tranche B-2 Term Loan	Loan	4.07%	11/3/2016	$	2,489,192	2,491,685	2,495,938
Michaels Stores, Inc.	Retailers (Except Food and Drugs)	Term B Loan	Loan	3.75%	1/28/2020	$	500,000	500,000	501,110
Microsemi Corporation	Electronics/Electric	Term Loan	Loan	3.75%	2/20/2020	$	2,688,796	2,682,872	2,697,212
National CineMedia, LLC	Leisure Goods/Activities/Movies	Term Loan	Loan	3.46%	11/26/2019	$	1,086,207	1,050,910	1,089,607
Newsday, LLC	Publishing	Term Loan	Loan	3.70%	10/12/2016	$	3,000,000	2,996,317	2,992,500
Novelis, Inc.	Conglomerate	Term B-2 Loan	Loan	4.00%	3/10/2017	$	987,500	968,539	988,734
Novelis, Inc.	Conglomerate	Term Loan	Loan	4.00%	3/10/2017	$	3,920,009	3,946,297	3,924,909
NPC International, Inc.	Food Services	Term Loan	Loan	4.50%	12/28/2018	$	490,833	490,833	495,128
NRG Energy, Inc.	Utilities	Term Loan	Loan	3.25%	7/1/2018	$	3,940,000	3,910,795	3,958,557
NuSil Technology LLC.	Chemicals/Plastics	Term Loan	Loan	5.00%	4/7/2017	$	820,339	820,339	824,695
OEP Pearl Dutch Acquisition B.V.	Chemicals/Plastics	Initial BV Term Loan	Loan	6.50%	3/30/2018	$	148,875	146,330	149,992
On Assignment, Inc.	Business Equipment and Services	Initial Term B Loan	Loan	5.00%	5/15/2019	$	2,413,048	2,399,166	2,434,114
Onex Carestream Finance LP	Healthcare	Term Loan	Loan	5.00%	2/25/2017	$	4,909,816	4,893,453	4,916,739
OpenLink International, Inc.	Business Equipment and Services	Initial Term Loan	Loan	7.75%	10/30/2017	$	990,000	974,594	988,763
P.F. Chang's China Bistro, Inc. (Wok Acquisition Corp.)	Food/Drug Retailers	Term Borrowing	Loan	5.25%	6/22/2019	$	997,500	988,412	1,007,475
PATS Aircraft, LLC	Aerospace and Defense	Term Loan	Loan	8.50%	10/6/2016	$	357,331	239,023	276,932
Penn National Gaming, Inc.	Lodging and Casinos	Term A Facility	Loan	1.72%	7/14/2016	$	2,775,888	2,719,125	2,776,748
Penn National Gaming, Inc.	Lodging and Casinos	Term B Facility	Loan	3.75%	7/16/2018	$	985,013	983,123	988,431
PetCo Animal Supplies, Inc.	Retailers (Except Food and Drugs)	New Loans	Loan	4.00%	11/24/2017	$	1,496,173	1,494,329	1,501,784
Pharmaceutical Product Development, Inc. (Jaguar Holdings, LLC)	Conglomerate	2013 Term Loan	Loan	4.25%	12/5/2018	$	1,980,000	1,950,704	1,989,583
Physician Oncology Services, LP	Healthcare	Delayed Draw Term Loan	Loan	7.75%	1/31/2017	$	51,020	50,682	50,765
Physician Oncology Services, LP	Healthcare	Effective Date Term	Loan	7.75%	1/31/2017	$	419,961	417,178	417,861

		Loan							
Pinnacle Foods Finance LLC	Food Products	Extended Initial Term Loan	Loan	3.70%	10/2/2016	$	5,726,579	5,491,534	5,761,168
Preferred Proppants, LLC	Nonferrous Metals/Minerals	Term B Loan	Loan	7.50%	12/15/2016	$	1,980,000	1,949,170	1,841,400
Prestige Brands, Inc.	Drugs	Term B-1 Loan	Loan	3.76%	1/31/2019	$	679,545	669,390	683,507
Pro Mach, Inc.	Industrial Equipment	Term Loan	Loan	5.00%	7/6/2017	$	1,956,155	1,941,853	1,961,045
Quintiles Transnational Corp.	Conglomerate	Term B-2 Loan	Loan	4.50%	6/8/2018	$	3,681,541	3,653,803	3,716,810
Ranpak Corp.	Food/Drug Retailers	USD Term Loan (First Lien)	Loan	4.75%	4/20/2017	$	2,396,012	2,387,700	2,384,032
Rexnord LLC/RBS Global, Inc.	Industrial Equipment	Term B Loan Refinancing	Loan	4.50%	4/1/2018	$	1,995,000	1,995,000	2,005,454
Reynolds Group Holdings Inc.	Industrial Equipment	U.S. Term Loan	Loan	4.75%	9/28/2018	$	1,995,000	1,995,000	2,017,244
Rocket Software, Inc.	Business Equipment and Services	Term Loan (First Lien)	Loan	5.75%	2/8/2018	$	1,980,000	1,947,152	1,986,197
Roundy’s Supermarkets, Inc.	Food/Drug Retailers	Tranche B Term Loan	Loan	5.75%	2/13/2019	$	992,500	979,782	937,297
Rovi Solutions Corporation / Rovi Guides, Inc.	Electronics/Electric	Tranche A-2 Loan	Loan	2.46%	3/29/2017	$	1,860,226	1,843,739	1,855,576
Rovi Solutions Corporation / Rovi Guides, Inc.	Electronics/Electric	Tranche B-2 Loan	Loan	4.00%	3/29/2019	$	1,384,706	1,378,679	1,389,899
Royal Adhesives and Sealants, LLC	Chemicals/Plastics	Term A Loan	Loan	7.25%	11/29/2015	$	4,498,210	4,459,450	4,432,399
RPI Finance Trust	Drugs	6.75 Year Term Loan(2012)	Loan	3.50%	5/9/2018	$	5,398,833	5,373,794	5,449,474
Scientific Games International Inc.	Electronics/Electric	Tranche B-1 Term Loan	Loan	3.21%	6/30/2015	$	1,977,810	1,965,672	1,985,226
Scitor Corporation	Business Equipment and Services	Term Loan	Loan	5.00%	2/15/2017	$	463,977	462,444	460,692
Securus Technologies Holdings, Inc (fka Securus Technologies, Inc.)	Telecommunications	Tranche 2 Term Loan (First Lien)	Loan	6.50%	5/31/2017	$	1,985,000	1,967,961	1,975,075
Sensata Technology BV/Sensata Technology Finance Company, LLC	Electronics/Electric	Term Loan	Loan	3.75%	5/12/2018	$	2,969,849	2,969,849	2,986,540
Sensus USA Inc. (fka Sensus Metering Systems)	Utilities	Term Loan (First Lien)	Loan	4.75%	5/9/2017	$	1,965,000	1,958,111	1,961,070
ServiceMaster Company, The	Conglomerate	Tranche B Term Loan	Loan	4.45%	1/31/2017	$	2,851,387	2,861,398	2,857,089
SI Organization, Inc., The	Aerospace and Defense	New Tranche B Term Loan	Loan	4.50%	11/22/2016	$	3,920,000	3,895,621	3,906,946
Sonneborn, LLC	Chemicals/Plastics	Initial US Term Loan	Loan	6.50%	3/30/2018	$	843,625	829,202	849,952
Sophia, L.P.	Electronics/Electric	Term B Loan	Loan	4.50%	7/19/2018	$	969,244	954,866	976,310
SRA International Inc.	Aerospace and Defense	Term Loan	Loan	6.50%	7/20/2018	$	3,268,571	3,165,384	3,154,171
SRAM, LLC	Industrial Equipment	Term Loan (First Lien)	Loan	4.77%	6/7/2018	$	3,441,181	3,411,986	3,458,386
SS&C Technologies, Inc., /Sunshine Acquisition II, Inc.	Business Equipment and Services	Funded Term B-1 Loan	Loan	5.00%	6/7/2019	$	811,071	803,796	817,138
SS&C Technologies, Inc., /Sunshine Acquisition II, Inc.	Business Equipment and Services	Funded Term B-2 Loan	Loan	5.00%	6/7/2019	$	83,904	83,151	84,531
SunCoke Energy, Inc.	Nonferrous Metals/Minerals	Tranche B Term Loan	Loan	4.00%	7/26/2018	$	1,367,311	1,357,359	1,370,729
SunGard Data Systems Inc (Solar Capital Corp.)	Conglomerate	Tranche B U.S. Term Loan	Loan	3.85%	2/28/2016	$	4,253,748	4,184,167	4,260,086
SunGard Data Systems Inc (Solar Capital Corp.)	Conglomerate	Tranche C Term Loan	Loan	3.95%	2/28/2017	$	497,687	493,012	500,544
SuperMedia Inc. (fka	Publishing	Loan	Loan	11.00%	12/31/2015	$	289,811	281,918	214,875

Idearc Inc.)									
Syniverse Holdings, Inc.	Telecommunications	Initial Term Loan	Loan	5.00%	4/23/2019	$	497,500	493,115	500,609
Taminco Global Chemical Corporation	Chemicals/Plastics	Tranche B-2 Dollar Term Loan	Loan	4.25%	2/15/2019	$	1,488,750	1,478,991	1,498,859
Team Health, Inc.	Healthcare	Tranche B Term Loan	Loan	3.75%	6/29/2018	$	4,432,500	4,415,534	4,432,500
TECTUM HOLDINGS INC	Industrial Equipment	Term Loan	Loan	7.50%	12/3/2015	$	4,000,000	3,981,089	3,980,000
Texas Competitive Electric Holdings Company, LLC (TXU)	Utilities	2014 Term Loan (Non-Extending)	Loan	3.73%	10/10/2014	$	5,580,862	5,527,535	4,012,249
Tomkins, LLC / Tomkins, Inc. (f/k/a Pinafore, LLC / Pinafore, Inc.)	Conglomerate	Term B-2 Loan	Loan	3.75%	9/29/2016	$	2,431,854	2,437,744	2,450,093
TransDigm Inc.	Aerospace and Defense	Tranche C Term Loan	Loan	3.75%	2/28/2020	$	4,945,974	4,955,789	4,955,587
Tricorbraun Inc. (fka Kranson Industries, Inc.)	Containers/Glass Products	Term Loan	Loan	5.50%	5/3/2018	$	1,990,000	1,981,374	2,008,666
Truven Health Analytics Inc. (fka Thomson Reuters (Healthcare) Inc.)	Healthcare	New Tranche B Term Loan	Loan	5.75%	6/6/2019	$	497,500	488,158	501,853
Tube City IMS Corporation	Steel	Term Loan	Loan	5.75%	3/20/2019	$	992,500	983,864	1,001,184
U.S. Security Associates Holdings, Inc.	Business Equipment and Services	Delayed Draw Term Loan	Loan	6.00%	7/28/2017	$	161,778	160,586	162,688
U.S. Security Associates Holdings, Inc.	Business Equipment and Services	Term Loan B	Loan	6.00%	7/28/2017	$	123,747	123,243	124,444
U.S. Security Associates Holdings, Inc.	Business Equipment and Services	Term Loan B	Loan	6.00%	7/28/2017	$	826,540	820,452	831,193
U.S. Silica Company	Nonferrous Metals/Minerals	Loan	Loan	4.75%	6/8/2017	$	1,970,000	1,962,974	1,974,925
U.S. Xpress Enterprises, Inc.	Industrial Equipment	Extended Term Loan	Loan	9.00%	11/13/2016	$	2,913,628	2,858,339	2,906,344
United Surgical Partners International, Inc.	Healthcare	New Tranche B Term Loan	Loan	6.00%	4/3/2019	$	2,481,281	2,448,808	2,486,715
Univar Inc.	Chemicals/Plastics	Term B Loan	Loan	5.00%	6/30/2017	$	3,924,924	3,924,007	3,902,670
Univision Communications Inc.	Telecommunications	2013 Converted Extended First-Lien Term Loan	Loan	4.75%	3/1/2020	$	3,000,000	2,981,257	3,000,870
UPC Financing Partnership	Broadcast Radio and Television	Facility AF	Loan	4.00%	1/31/2021	$	1,000,000	970,954	1,010,000
Valeant Pharmaceuticals International, Inc.	Drugs	Series D-1 Tranche B Term Loan	Loan	3.50%	2/13/2019	$	2,985,000	2,972,608	3,006,462
Vantiv, LLC (fka Fifth Third Processing Solutions, LLC)	Financial Intermediaries	Tranche B Term Loan	Loan	3.75%	3/27/2019	$	1,063,393	1,058,765	1,065,520
Verint Systems Inc.	Business Equipment and Services	Term Loan 2011	Loan	4.50%	10/27/2017	$	1,920,000	1,913,087	1,921,920
Vertafore, Inc.	Business Equipment and Services	Term Loan (First Lien)	Loan	5.25%	7/29/2016	$	2,984,781	2,984,781	3,018,360
Visant Corporation (fka Jostens)	Leisure Goods/Activities/Movies	Tranche B Term Loan (2011)	Loan	5.25%	12/22/2016	$	3,696,942	3,696,942	3,518,269
Washington Inventory Service	Business Equipment and Services	U.S. Term Loan (First Lien)	Loan	5.75%	12/20/2018	$	2,000,000	2,029,513	2,007,500
Weight Watchers International, Inc.	Food Products	Term D Loan	Loan	2.56%	6/30/2016	$	2,700,529	2,667,383	2,701,879
Wendy's International, Inc	Food Services	Term Loan	Loan	4.75%	5/15/2019	$	997,500	988,532	1,006,098
West Corporation	Telecommunications	Term B-8 Loan	Loan	4.25%	6/30/2018	$	2,971,535	3,023,298	2,978,964
Wolverine World Wide, Inc.	Clothing/Textiles	Tranche B Term Loan	Loan	4.00%	10/9/2019	$	854,821	846,633	861,233
Yankee Candle Company, Inc., The	Retailers (Except Food and Drugs)	Initial Term Loan	Loan	5.25%	4/2/2019	$	2,256,466	2,236,833	2,268,877

BABSN 2007-1A	Financial Intermediaries	Floating - 01/2021 - D1 - 05617AAA9	ABS	3.55%	1/18/2021	$ 1,500,000	1,258,888	1,050,000
GALE 2007-3A	Financial Intermediaries	Floating - 04/2021 - E - 363205AA3	ABS	3.80%	4/19/2021	$ 4,000,000	3,386,571	2,800,000
KATO 2006-9A	Financial Intermediaries	Floating - 01/2019 - B2L - 486010AA9	ABS	3.80%	1/25/2019	$ 5,000,000	4,339,337	3,500,000
STCLO 2007-6A	Financial Intermediaries	Floating - 04/2021 - D- 86176YAG7	ABS	3.90%	4/17/2021	$ 5,000,000	4,054,244	3,500,000
							$ 379,843,341	$ 374,419,979

GSC Investment Corp.

Schedule of Investments

February 29, 2012

Issuer_Name	Industry	Asset_Name	Asset_Type	Current Rate	Maturity Date	Principal / Number of Shares	Cost	Fair Value
Elyria Foundry Company, LLC	Industrial Equipment	Warrants	Equity	0.00%		2,000	$ —	$ —
Network Communications, Inc.	Business Equipment and Services	Common	Equity	0.00%		169,143	169,143	659,658
OLD AII, Inc (fka Aleris International Inc.)	Conglomerate	Common	Equity	0.00%		2,624	224,656	128,576
PATS Aircraft, LLC	Aerospace and Defense	Common	Equity	0.00%		51,813	282,326	282,329
SuperMedia Inc. (fka Idearc Inc.)	Publishing	Common Stock	Equity	0.00%		10,821	28,784	5,411
Academy, LTD.	Retailers (Except Food and Drugs)	Initial Term Loan	Loan	6.00%	8/3/2018	$ 2,000,000	1,986,129	1,999,540
Acosta, Inc.	Business Equipment and Services	Term B Loan	Loan	4.75%	3/1/2018	$ 4,243,447	4,177,485	4,210,561
Advanced Lighting Technologies, Inc.	Electronics/Electric	Deferred Draw Term Loan (First Lien)	Loan	3.00%	6/1/2013	$ 251,309	241,553	240,628
Advanced Lighting Technologies, Inc.	Electronics/Electric	Term Loan (First Lien)	Loan	3.00%	6/1/2013	$ 4,582,873	4,478,009	4,388,101
Aeroflex Incorporated	Aerospace and Defense	Tranche B Term Loan	Loan	4.25%	5/9/2018	$ 3,814,483	3,797,573	3,715,459
Aerostructures Acquisition LLC	Aerospace and Defense	Term Loan	Loan	7.25%	3/1/2013	$ 554,722	543,949	542,240
Alere Inc. (fka IM US Holdings, LLC)	Healthcare	Incremental B-1 Term Loan	Loan	4.50%	6/30/2017	$ 2,000,000	1,951,950	1,992,500
Aptalis Pharma, Inc. (fka Axcan Intermediate Holdings Inc.)	Drugs	Term Loan	Loan	5.50%	2/10/2017	$ 1,980,000	1,971,816	1,963,170
Ashland Inc.	Chemicals/Plastics	Term B Loan	Loan	3.75%	8/23/2018	$ 996,964	994,651	1,000,872
Asurion, LLC (fka Asurion Corporation)	Insurance	Term Loan (First Lien)	Loan	5.50%	5/24/2018	$ 5,659,091	5,608,344	5,635,040
Aurora Diagnostics, LLC	Conglomerate	Tranche B Term Loan	Loan	6.25%	5/26/2016	$ 508,611	508,611	499,288
Autotrader.com, Inc.	Automotive	Tranche B-1 Term Loan	Loan	4.00%	12/15/2016	$ 3,869,758	3,869,758	3,868,790
Avantor Performance Materials Holdings, Inc.	Chemicals/Plastics	Term Loan	Loan	5.00%	6/24/2017	$ 4,975,000	4,952,760	4,875,500
AZ Chem US Inc.	Chemicals/Plastics	Term Loan	Loan	7.25%	12/22/2017	$ 2,000,000	1,941,354	2,014,720
BakerCorp International, Inc. (f/k/a B-Corp Holdings, Inc.)	Equipment Leasing	Term Loan	Loan	5.00%	6/1/2018	$ 497,500	495,278	496,754
Bass Pro Group, LLC	Retailers (Except Food and Drugs)	Term Loan	Loan	5.25%	6/13/2017	$ 2,985,000	2,958,694	2,977,000

BJ's Wholesale Club, Inc.	Retailers (Except Food and Drugs)	Initial Loan (First Lien) Retired 03/14/2012	Loan	7.00%	9/28/2018	$	1,995,000	1,901,076	2,013,015
C.H.I. Overhead Doors, Inc. (CHI)	Home Furnishings	Term Loan (First Lien)	Loan	7.25%	8/17/2017	$	3,079,513	3,022,863	3,035,876
Capstone Logistics, LLC	Business Equipment and Services	Term Note A	Loan	7.50%	9/16/2016	$	2,991,353	2,948,863	2,946,483
Capsugel Holdings US, Inc.	Drugs	Initial Term Loan	Loan	5.25%	8/1/2018	$	3,990,000	3,979,634	4,012,783
Celanese US Holdings LLC	Chemicals/Plastics	Dollar Term C Loan (Extended)	Loan	3.33%	10/31/2016	$	3,464,824	3,506,288	3,478,198
Cenveo Corporation	Publishing	Term B Facility	Loan	6.25%	12/21/2016	$	2,737,105	2,715,168	2,719,150
Charter Communications Operating, LLC	Cable and Satellite Television	Term C Loan	Loan	3.83%	9/6/2016	$	3,979,695	3,972,997	3,949,291
CHS/ Community Health Systems, Inc.	Healthcare	Extended Term Loan	Loan	4.08%	1/25/2017	$	4,170,088	4,042,207	4,120,589
Cinedigm Digital Funding I, LLC	Business Equipment and Services	Term Loan	Loan	5.25%	4/29/2016	$	1,482,007	1,471,669	1,468,121
Cinemark USA, Inc.	Leisure Goods/Activities/Movies	Extended Term Loan	Loan	3.63%	4/30/2016	$	5,587,889	5,348,623	5,576,546
Consolidated Container Company LLC	Chemicals/Plastics	Loan (First Lien)	Loan	2.50%	3/28/2014	$	5,195,532	4,906,062	5,052,655
Contec, LLC	Electronics/Electric	Tranche B Term Loan	Loan	0.00%	7/28/2014	$	2,644,318	2,613,795	1,057,727
Covanta Energy Corporation	Ecological Services and Equipment	Funded Letter of Credit	Loan	1.98%	2/10/2014	$	877,007	860,931	871,525
Covanta Energy Corporation	Ecological Services and Equipment	Term Loan	Loan	1.79%	2/10/2014	$	1,698,170	1,666,874	1,687,557
CPI International Acquisition, Inc. (f/k/a Catalyst Holdings, Inc.)	Electronics/Electric	Term B Loan	Loan	5.00%	2/13/2017	$	4,950,000	4,929,526	4,912,875
CRC Health Corporation	Healthcare	Term B-2 Loan	Loan	5.08%	11/16/2015	$	1,991,877	1,896,087	1,782,730
Crown Castle Operating Company	Telecommunications/Cellular	Tranche B Term Loan	Loan	4.00%	1/31/2019	$	2,000,000	1,980,071	1,990,540
CSC Holdings, LLC (fka CSC Holdings Inc (Cablevision))	Cable and Satellite Television	Term A-3 Loan	Loan	2.24%	3/31/2015	$	1,360,526	1,355,021	1,333,316
Culligan International Company	Conglomerate	Dollar Loan	Loan	2.50%	11/24/2012	$	2,393,216	2,360,219	1,714,141
DaVita Inc.	Healthcare	Tranche B Term Loan	Loan	0.00%	10/20/2016	$	3,989,924	3,989,924	3,999,061
Del Monte Foods Company	Food Products	Initial Term Loan	Loan	4.50%	3/8/2018	$	1,492,500	1,489,291	1,464,098
Dollar General Corporation	Retailers (Except Food and Drugs)	Tranche B-1 Term Loan	Loan	3.14%	7/7/2014	$	5,378,602	5,196,110	5,382,905
DS Waters of America, Inc.	Beverage and Tobacco	Term Loan (First Lien)	Loan	0.00%	8/29/2017	$	3,000,000	2,446,849	2,456,712
DynCorp International Inc.	Aerospace and Defense	Term Loan	Loan	6.25%	7/7/2016	$	732,056	721,414	729,538
Education Management LLC	Leisure Goods/Activities/Movies	Tranche C-2 Term Loan	Loan	4.63%	6/1/2016	$	3,967,860	3,706,684	3,712,448
eInstruction Corporation	Electronics/Electric	Initial Term Loan	Loan	6.51%	7/2/2013	$	3,005,574	2,923,634	2,705,017
Electrical Components International, Inc.	Electronics/Electric	Synthetic Revolving Loan	Loan	6.75%	2/4/2016	$	117,647	116,257	104,118
Electrical Components International, Inc.	Electronics/Electric	Term Loan	Loan	6.75%	2/4/2017	$	1,804,706	1,782,426	1,597,165
Federal-Mogul Corporation	Automotive	Tranche B Term Loan	Loan	2.20%	12/29/2014	$	2,616,289	2,475,132	2,500,204
Federal-Mogul Corporation	Automotive	Tranche C Term Loan	Loan	2.19%	12/28/2015	$	1,334,841	1,257,114	1,275,614
Fidelity National Information Services, Inc.	Business Equipment and Services	Term B Loan	Loan	4.25%	7/18/2016	$	1,000,000	990,338	1,004,450
First Data Corporation	Financial Intermediaries	2018 Dollar Term Loan	Loan	4.24%	3/23/2018	$	2,290,451	2,202,287	2,041,845
First Data Corporation	Financial Intermediaries	Non Extending	Loan	2.99%	9/24/2014	$	1,971,336	1,933,908	1,890,472

		B-1 Term Loan							
First Data Corporation	Financial Intermediaries	Non Extending B-2 Term Loan	Loan	2.99%	9/24/2014	$	990,052	971,955	949,440
FleetPride Corporation	Business Equipment and Services	Term Loan	Loan	6.75%	12/6/2017	$	1,000,000	980,767	995,000
FR Acquisitions Holding Corporation (Luxembourg), S.A.R.L.	Aerospace and Defense	Facility B (Dollar)	Loan	5.08%	12/18/2015	$	1,295,106	1,291,993	1,221,454
FR Acquisitions Holding Corporation (Luxembourg), S.A.R.L.	Aerospace and Defense	Facility C (Dollar)	Loan	5.58%	12/20/2016	$	1,295,106	1,291,613	1,227,929
Freescale Semiconductor, Inc.	Electronics/Electric	Tranche B-1 Term Loan	Loan	4.52%	12/1/2016	$	1,534,348	1,468,484	1,496,711
Fresenius Medical Care AG & Co., KGaA/Fresenius Medical Care Holdings, Inc.	Healthcare	Tranche B Term Loan	Loan	1.95%	3/31/2013	$	4,224,718	4,206,870	4,209,889
FTD Group, Inc.	Retailers (Except Food and Drugs)	Initial Term Loan	Loan	4.75%	6/11/2018	$	3,982,494	3,943,002	3,902,844
Generac Power System, Inc.	Business Equipment and Services	Tranche B Term Loan	Loan	3.75%	2/9/2019	$	500,000	497,509	497,855
General Nutrition Centers, Inc.	Retailers (Except Food and Drugs)	Tranche B Term Loan	Loan	4.25%	3/2/2018	$	3,750,000	3,621,437	3,738,900
Goodyear Tire & Rubber Company, The	Chemicals/Plastics	Loan (Second Lien)	Loan	1.75%	4/30/2014	$	5,700,000	5,339,456	5,607,375
Graphic Packaging International, Inc.	Forest Products	Term B Loan Retired 03/16/2012	Loan	2.34%	5/16/2014	$	3,045,465	2,910,836	3,041,993
Grifols Inc.	Drugs	New U.S. Tranche B Term Loan	Loan	0.00%	6/1/2017	$	500,000	497,500	499,530
Grosvenor Capital Management Holdings, LLLP	Brokers/Dealers/Investment Houses	Tranche C Term Loan	Loan	4.31%	12/5/2016	$	3,430,885	3,321,594	3,276,495
Hanger Orthopedic Group, Inc.	Healthcare	Term C Loan	Loan	4.01%	12/1/2016	$	3,960,000	3,972,323	3,905,550
HCA Inc.	Healthcare	Tranche B-3 Term Loan	Loan	3.49%	5/1/2018	$	5,734,690	5,383,348	5,638,634
Health Management Associates, Inc.	Healthcare	Term B Loan	Loan	4.50%	11/16/2018	$	3,000,000	2,970,763	2,981,640
Hilsinger Company, The	Personal & Non Durable Consumer Products	Term Loan	Loan	5.26%	12/31/2013	$	1,218,491	1,203,274	1,072,272
Hunter Defense Technologies, Inc.	Aerospace and Defense	Term Loan	Loan	3.83%	8/22/2014	$	4,459,263	4,388,148	3,879,559
Huntsman International LLC	Chemicals/Plastics	Extended Term B Loan	Loan	0.00%	4/19/2017	$	4,000,000	3,955,000	3,923,200
Hygenic Corporation, The	Personal & Non Durable Consumer Products	Term Loan	Loan	2.76%	4/30/2013	$	1,563,048	1,536,828	1,438,004
Infor Enterprise Solutions Holdings, Inc. (fka Magellan Holdings, Inc.)(Infor Global Solutions)	Electronics/Electric	Extended Delayed Draw Term Loan (First Lien)	Loan	6.00%	7/28/2015	$	1,314,907	1,229,818	1,276,828
Infor Enterprise Solutions Holdings, Inc. (fka Magellan Holdings, Inc.)(Infor Global Solutions)	Electronics/Electric	Extended Initial U.S. Term Loan (First Lien)	Loan	6.00%	7/28/2015	$	2,520,239	2,356,915	2,447,253
Inventiv Health, Inc. (fka Ventive Health, Inc)	Conglomerate	Consolidated Term Loan	Loan	6.50%	8/4/2016	$	494,587	494,587	475,422
J. Crew Group, Inc.	Retailers (Except Food and Drugs)	Loan	Loan	4.75%	3/7/2018	$	992,500	992,500	970,963
Kalispel Tribal Economic Authority	Lodging and Casinos	Term Loan	Loan	7.50%	2/25/2017	$	3,859,091	3,794,849	3,627,546
Key Safety Systems, Inc.	Automotive	Term Loan (First Lien)	Loan	2.59%	3/8/2014	$	3,821,774	3,604,295	3,667,718

Kinetic Concepts, Inc.	Healthcare	Dollar Term B-1 Loan	Loan	7.00%	5/4/2018	$	500,000	483,349	508,125
Leslie's Poolmart, Inc.	Retailers (Except Food and Drugs)	Tranche B Term Loan	Loan	4.50%	11/21/2016	$	3,960,000	3,965,615	3,920,400
Metal Services, LLC	Nonferrous Metals/Minerals	Delayed Draw Term Loan	Loan	9.75%	9/29/2017	$	132,353	129,737	132,022
Metal Services, LLC	Nonferrous Metals/Minerals	U.S. Term Loan	Loan	9.75%	9/29/2017	$	1,367,647	1,340,612	1,364,228
Microsemi Corporation	Electronics/Electric	Term Loan	Loan	0.00%	2/2/2018	$	3,000,000	2,992,500	2,997,750
National CineMedia, LLC	Leisure Goods/Activities/Movies	Term Loan	Loan	2.05%	2/13/2015	$	2,655,172	2,572,741	2,608,707
Nielsen Finance LLC	Business Equipment and Services	Class A Dollar Term Loan	Loan	2.26%	8/9/2013	$	720,738	710,645	717,134
Novelis, Inc.	Conglomerate	Term B-2 Loan	Loan	4.00%	3/10/2017	$	997,500	973,592	993,141
Novelis, Inc.	Conglomerate	Term Loan	Loan	4.00%	3/10/2017	$	3,960,000	3,993,151	3,939,487
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation)	Conglomerate	Term Loan (First Lien)	Loan	6.50%	4/27/2017	$	4,937,500	4,913,011	4,873,313
NPC International, Inc.	Food Services	Term Loan	Loan	6.75%	12/28/2018	$	500,000	490,246	502,970
NRG Energy, Inc.	Utilities	Term Loan	Loan	4.00%	7/1/2018	$	3,980,000	3,951,892	3,961,334
NuSil Technology LLC.	Chemicals/Plastics	Term Loan	Loan	5.25%	4/7/2017	$	905,085	905,085	902,071
Onex Carestream Finance LP	Healthcare	Term Loan	Loan	5.00%	2/25/2017	$	4,961,770	4,941,092	4,707,479
OpenLink International, Inc.	Business Equipment and Services	Initial Term Loan	Loan	7.75%	10/30/2017	$	1,000,000	981,105	1,000,000
PATS Aircraft, LLC	Aerospace and Defense	Term Loan	Loan	8.50%	10/6/2016	$	431,472	248,964	388,325
Pelican Products, Inc.	Business Equipment and Services	Term Loan	Loan	5.00%	3/7/2017	$	2,673,704	2,673,704	2,653,651
Penn National Gaming, Inc.	Lodging and Casinos	Term A Facility	Loan	1.79%	7/14/2016	$	2,925,000	2,847,453	2,837,250
Penn National Gaming, Inc.	Lodging and Casinos	Term B Facility	Loan	3.75%	7/16/2018	$	995,000	992,736	996,930
PetCo Animal Supplies, Inc.	Retailers (Except Food and Drugs)	New Loan	Loan	0.00%	11/24/2017	$	1,500,000	1,498,125	1,493,115
Pharmaceutical Product Development, Inc. (Jaguar Holdings, LLC)	Conglomerate	Term Loan	Loan	6.25%	12/5/2018	$	2,000,000	1,970,941	2,017,860
Pharmaceutical Research Associates Group B.V.	Drugs	Dutch Dollar Term Loan	Loan	3.81%	12/15/2014	$	799,151	753,650	775,176
Physician Oncology Services, LP	Healthcare	Delayed Draw Term Loan	Loan	6.25%	1/31/2017	$	51,020	50,596	49,235
Physician Oncology Services, LP	Healthcare	Effective Date Term Loan	Loan	6.25%	1/31/2017	$	419,961	416,468	405,262
Pinnacle Foods Finance LLC	Food Products	Term Loan	Loan	2.84%	4/2/2014	$	4,796,078	4,694,850	4,766,054
Polyone Corporation	Chemicals/Plastics	Loan	Loan	5.00%	12/20/2017	$	500,000	495,160	500,730
PRA International	Drugs	U.S. Term Loan	Loan	3.81%	12/15/2014	$	2,512,401	2,439,376	2,437,029
Preferred Proppants, LLC	Business Equipment and Services	Term B Loan	Loan	7.50%	12/15/2016	$	2,000,000	1,960,652	1,945,000
Pre-Paid Legal Services, Inc.	Conglomerate	Tranche A Term Loan	Loan	7.50%	12/31/2016	$	2,695,122	2,659,371	2,607,530
Prestige Brands, Inc.	Drugs	Term B Loan	Loan	5.25%	1/31/2019	$	1,000,000	985,047	1,003,060
Pro Mach, Inc.	Industrial Equipment	Term Loan	Loan	6.25%	7/6/2017	$	1,990,000	1,972,106	1,930,300
Quintiles Transnational Corp.	Conglomerate	Term B Loan	Loan	5.00%	6/8/2018	$	3,980,000	3,944,328	3,953,692
RailAmerica, Inc.	Industrial Equipment	Initial Loan	Loan	0.00%	3/1/2019	$	500,000	497,500	497,500
Ranpak Corp.	Food Products	USD Term Loan (First Lien)	Loan	4.75%	4/20/2017	$	2,744,392	2,732,572	2,716,948
Rexnord LLC/RBS Global, Inc.	Industrial Equipment	Tranche B-2 Term B Loan Retired 03/15/2012	Loan	2.50%	7/19/2013	$	1,607,683	1,566,832	1,590,609
Reynolds Group Holdings Inc.	Industrial Equipment	Tranche B Term Loan	Loan	6.50%	2/9/2018	$	1,963,643	1,963,643	1,977,880
Reynolds Group Holdings Inc.	Industrial Equipment	Tranche C Term Loan	Loan	6.50%	8/9/2018	$	1,973,590	1,955,434	1,992,398

Rocket Software, Inc.	Business Equipment and Services	Term Loan (First Lien)	Loan	7.00%	2/8/2018	$	2,000,000	1,960,110	1,997,500
Roundy's Supermarkets, Inc.	Food/Drug Retailers	Tranche B Term Loan	Loan	5.75%	2/13/2019	$	1,000,000	985,035	1,000,780
Royal Adhesives and Sealants, LLC	Chemicals/Plastics	Term A Loan	Loan	7.25%	11/29/2015	$	4,785,882	4,729,636	4,715,862
RPI Finance Trust	Drugs	6.75 Year Term Loan	Loan	4.00%	5/9/2018	$	5,472,500	5,447,342	5,462,868
Safety-Kleen Systems, Inc.	Business Equipment and Services	Term Loan B	Loan	5.00%	2/21/2017	$	250,000	247,501	250,000
Savers, Inc.	Food/Drug Retailers	New Term Loan	Loan	4.25%	3/4/2017	$	464,891	464,891	464,426
Scientific Games International Inc.	Electronics/Electric	Tranche B-1 Term Loan	Loan	0.00%	6/30/2015	$	2,000,000	1,985,000	1,985,000
Scitor Corporation	Business Equipment and Services	Term Loan	Loan	5.00%	2/15/2017	$	476,818	474,846	458,937
Scotsman Industries, Inc.	Industrial Equipment	Term Loan	Loan	5.75%	4/30/2016	$	1,873,081	1,867,006	1,863,716
Seminole Tribe of Florida	Lodging and Casinos	Term B-1 Delay Draw Loan	Loan	2.13%	3/5/2014	$	616,208	605,662	607,476
Seminole Tribe of Florida	Lodging and Casinos	Term B-2 Delay Draw Loan	Loan	2.13%	3/5/2014	$	2,230,224	2,192,054	2,198,622
Seminole Tribe of Florida	Lodging and Casinos	Term B-3 Delay Draw Loan	Loan	2.13%	3/5/2014	$	1,108,287	1,082,950	1,092,583
Sensata Technology BV/Sensata Technology Finance Company, LLC	Electronics/Electric	Term Loan	Loan	0.00%	5/12/2018	$	3,000,000	3,000,000	2,994,150
Sensus USA Inc. (fka Sensus Metering Systems)	Utilities	Term Loan (First Lien)	Loan	4.75%	5/9/2017	$	1,985,000	1,976,380	1,981,030
SI Organization, Inc., The	Aerospace and Defense	New Tranche B Term Loan	Loan	4.50%	11/22/2016	$	3,960,000	3,928,772	3,794,987
Sophia, L.P.	Electronics/Electric	Initial Term Loan	Loan	6.25%	7/19/2018	$	1,000,000	985,259	1,010,630
SRA International Inc.	Aerospace and Defense	Term Loan	Loan	6.52%	7/20/2018	$	3,725,714	3,582,427	3,665,171
SRAM, LLC	Industrial Equipment	Term Loan (First Lien)	Loan	4.76%	6/7/2018	$	3,886,998	3,850,268	3,882,139
SunCoke Energy, Inc.	Nonferrous Metals/Minerals	Tranche B Term Loan	Loan	4.00%	7/26/2018	$	4,484,984	4,452,979	4,473,771
SunGard Data Systems Inc (Solar Capital Corp.)	Conglomerate	Incremental Term B Loan	Loan	3.74%	2/28/2014	$	356,996	356,996	355,911
SunGard Data Systems Inc (Solar Capital Corp.)	Conglomerate	Tranche A U.S. Term Loan	Loan	2.00%	2/28/2014	$	140,691	138,222	140,363
SunGard Data Systems Inc (Solar Capital Corp.)	Conglomerate	Tranche B U.S. Term Loan	Loan	4.06%	2/28/2016	$	3,253,748	3,173,463	3,246,265
Sunquest Information Systems, Inc. (Misys Hospital Systems, Inc.)	Conglomerate	Term Loan (First Lien)	Loan	6.25%	12/16/2016	$	992,500	980,580	986,714
SuperMedia Inc. (fka Idearc Inc.)	Publishing	Loan	Loan	11.00%	12/31/2015	$	326,109	317,228	164,685
Taminco Global Chemical Corporation	Chemicals/Plastics	Dollar Term Loan	Loan	6.25%	2/15/2019	$	500,000	490,024	501,875
TDG Holding Company (fka Dwyer Acquisition, Inc.)	Business Equipment and Services	Term Loan	Loan	7.00%	12/23/2015	$	3,463,273	3,422,302	3,411,324
Team Health, Inc.	Healthcare	Tranche B Term Loan	Loan	3.75%	6/29/2018	$	4,477,500	4,457,147	4,331,981
Texas Competitive Electric Holdings Company, LLC (TXU)	Utilities	2014 Term Loan (Non-Extending)	Loan	3.76%	10/10/2014	$	5,580,862	5,494,432	3,406,670
TransDigm Inc.	Aerospace and Defense	Tranche B-1 Term Loan	Loan	4.00%	2/14/2017	$	3,988,779	4,002,125	3,985,269
TransFirst Holdings, Inc.	Financial Intermediaries	Term Loan (First Lien)	Loan	3.00%	6/16/2014	$	2,387,500	2,350,983	2,282,044
U.S. Security Associates	Business Equipment and	Delayed	Loan	6.00%	7/28/2017	$	163,000	161,527	161,778

Holdings, Inc.	Services	Draw Term Loan						
U.S. Security Associates Holdings, Inc.	Business Equipment and Services	Term Loan B	Loan	6.00%	7/28/2017	$ 125,000	124,375	124,688
U.S. Security Associates Holdings, Inc.	Business Equipment and Services	Term Loan B	Loan	6.00%	7/28/2017	$ 834,908	827,364	832,820
U.S. Silica Company	Nonferrous Metals/Minerals	Loan	Loan	4.75%	6/8/2017	$ 1,990,000	1,981,242	1,972,588
Univar Inc.	Chemicals/Plastics	Term B Loan	Loan	5.00%	6/30/2017	$ 3,964,975	3,963,846	3,928,021
UPC Financing Partnership	Broadcast Radio and Television	Facility AB	Loan	4.75%	12/31/2017	$ 1,000,000	971,447	998,250
USI Holdings Corporation	Building and Development	Tranche B Term Loan	Loan	2.75%	5/5/2014	$ 4,782,211	4,685,075	4,678,581
Valeant Pharmaceuticals International, Inc.	Drugs	Tranche B Term Loan	Loan	3.75%	2/13/2019	$ 1,000,000	995,002	996,880
Vantiv, LLC (fka Fifth Third Processing Solutions, LLC)	Financial Intermediaries	Term B-1 Loan (First Lien)	Loan	4.50%	11/3/2016	$ 3,979,950	3,988,810	3,982,776
Verint Systems Inc.	Business Equipment and Services	Term Loan 2011	Loan	4.50%	10/27/2017	$ 1,985,000	1,976,319	1,978,807
Visant Corporation (fka Jostens)	Leisure Goods/Activities/Movies	Tranche B Term Loan (2011)	Loan	5.25%	12/22/2016	$ 3,767,519	3,767,519	3,611,430
Weight Watchers International, Inc.	Food Products	Term B Loan	Loan	1.88%	1/26/2014	$ 1,229,200	1,220,261	1,221,518
Weight Watchers International, Inc.	Food Products	Term D Loan	Loan	2.88%	6/30/2016	$ 2,728,226	2,684,697	2,714,585
Wendy's/Arby's Restaurants, LLC	Food/Drug Retailers	Term Loan	Loan	5.00%	5/24/2017	$ 1,122,902	1,118,702	1,123,745
Wil Research Laboratories, LLC	Business Equipment and Services	Term B Loan	Loan	4.00%	9/26/2013	$ 1,808,039	1,726,498	1,663,396
WireCo WorldGroup Inc.	Nonferrous Metals/Minerals	Term Loan	Loan	5.00%	2/10/2014	$ 1,992,943	1,967,101	1,953,084
Yankee Candle Company, Inc., The	Retailers (Except Food and Drugs)	Term Loan	Loan	2.25%	2/6/2014	$ 2,537,336	2,419,740	2,523,428
Yell Group Plc	Publishing	Facility B1 - YB (USA) LLC (11/2009)	Loan	3.99%	7/31/2014	$ 3,139,856	3,090,757	961,141
ALM 2010-1A	Financial Intermediaries	Floating - 05/2020 - B - 00162VAE5	Other/Structured Finance Securities	2.78%	5/20/2020	$ 4,000,000	3,716,602	3,657,600
BABSN 2007-1A	Financial Intermediaries	Floating - 01/2021 - D1 - 05617AAA9	Other/Structured Finance Securities	3.81%	1/18/2021	$ 1,500,000	1,236,977	1,050,000
GALE 2007-3A	Financial Intermediaries	Floating - 04/2021 - E - 363205AA3	Other/Structured Finance Securities	4.06%	4/19/2021	$ 4,000,000	3,311,208	2,800,000
KATO 2006-9A	Financial Intermediaries	Floating - 01/2019 - B2L - 486010AA9	Other/Structured Finance Securities	4.06%	1/25/2019	$ 5,000,000	4,227,490	3,500,000
STCLO 2007-6A	Financial Intermediaries	Floating - 04/2021 - D- 86176YAG7	Other/Structured Finance Securities	4.17%	4/17/2021	$ 5,000,000	4,077,713	3,500,000
							$390,023,602	**$381,364,466**

GSC Investment Corp. CLO 2007

Statements of Changes in Net Assets

	For the year ended February 28, 2013	For the year ended February 29, 2012	For the year ended February 28, 2011
INCREASE FROM OPERATIONS:			
Net investment income	$ 1,033,327	$ 2,368,009	$ 4,607,358
Net realized gain (loss) from investments	2,532,558	(4,547,952)	750,253
Net unrealized appreciation/(depreciation) on investments	3,235,774	(650,241)	11,697,708
Net increase (decrease) in net assets from operations	6,801,659	(2,830,184)	17,055,319
Total increase/(decrease) in net assets	6,801,659	(2,830,184)	17,055,319

Net assets at beginning of period	(5,962,842)	(3,132,658)	(20,187,977)
Net assets at end of period	$ 838,817	$ (5,962,842)	$ (3,132,658)

See accompanying notes to financial statements.

GSC Investment Corp. CLO 2007

Statements of Cash Flows

	For the year ended February 28, 2013	For the year ended February 29, 2012	For the year ended February 28, 2011
Operating activities			
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ 6,801,659	$ (2,830,184)	$ 17,055,319
ADJUSTMENTS TO RECONCILE NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:			
Paid-in-kind interest income	—	(223,448)	(361,110)
Net accretion of discount on investments	(1,383,978)	(2,997,514)	(4,841,672)
Amortization of notes and deferred issuance costs	1,015,332	1,016,124	1,015,333
Net realized (gain) loss from investments	(2,532,558)	4,547,952	(750,253)
Net unrealized appreciation on investments	(3,235,774)	650,241	(11,697,708)
Proceeds from sale and redemption of investments	165,363,963	216,319,521	129,804,279
Purchase of investments	(151,267,166)	(208,491,101)	(156,112,238)
(Increase) decrease in operating assets:			
Interest receivable	(3,547)	155,579	112,547
Receivable from open trades	4,915,102	(10,046,640)	—
Increase (decrease) in operating liabilities:			
Interest payable	(160,620)	125,101	21,097
Payable from open trades	(8,510,897)	(293,957)	24,668,506
Accrued senior collateral management fee	(2,345)	(835)	249
Accrued subordinate collateral management fee	(9,382)	(3,338)	(96,424)
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	10,989,789	(2,072,499)	(1,182,075)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,989,789	(2,072,499)	(1,182,075)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	17,815,082	19,887,581	21,069,656
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 28,804,871	$ 17,815,082	$ 19,887,581
Supplemental Information:			
Interest paid during the period	$ 15,773,621	$ 14,355,520	$ 13,239,125
Supplemental non-cash information:			
Paid-in-kind interest income	$ —	$ (223,448)	$ (361,110)
Net accretion of discount on investments	$ (1,383,978)	$ (2,997,514)	$ (4,841,672)
Amortization of notes and deferred issuance costs	$ 1,015,332	$ 1,016,124	$ 1,015,333

See accompanying notes to financial statements.

GSC INVESTMENT CORP. CLO 2007, LTD.

NOTES TO FINANCIAL STATEMENTS

1. Organization and Purpose

GSC Investment Corp. CLO 2007, Ltd (the “Issuer”, “we”, “our”, “us”, “CLO” and “Saratoga CLO”), an exempted company with limited liability incorporated under the laws of the Cayman Islands was formed on November 28, 2007 and commenced operations on January 22, 2008. The Issuer was established to acquire or participate in U.S. dollar-denominated corporate debt obligations.

On January 22, 2008, the Issuer issued $400.0 million of notes, consisting of Class A Floating Rate Senior Notes, Class B Floating Rate Senior Notes, Class C Deferrable Floating Rate Notes, Class D Deferrable Floating Rate Notes, Class E Deferrable Floating Rate Notes, and Subordinated Notes. The notes were issued pursuant to an indenture, dated January 22, 2008 (the “Indenture”), with U.S. Bank National Association (the “Trustee”) servicing as the Trustee thereunder. As of February 28, 2013, Saratoga Investment Corp. owned 100% of the Subordinated Notes of the CLO. The Issuer’s defined investment period ended on January 23, 2013. Following the defined investment period, proceeds from principal payments in the investment portfolio of the Issuer are used to pay down its outstanding notes, sequentially in order of seniority.

Pursuant to a collateral management agreement (the “Collateral Management Agreement”), Saratoga Investment Corp. (the “Collateral Manager”), provides investment management services to the Issuer, and makes day-to-day investment decisions concerning the assets of the Issuer. The Collateral

Manager also performs certain administrative services on behalf of the Issuer under the Collateral Management Agreement.

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and are stated in U.S. dollars. The following is a summary of the significant accounting policies followed by the Issuer in the preparation of its financial statements.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires the Collateral Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, including the fair value of investments, and the amounts of income and expenses during the reporting period. Actual results could differ from these estimates and such differences could be material.

Cash and Cash Equivalents

The Issuer defines cash and cash equivalents as highly liquid financial instruments with original maturities of three months or less. Cash and cash equivalents may include investments in money market mutual funds, which are carried at fair value. At February 28, 2013 and February 29, 2012, cash and cash equivalents amounted to $28.8 million and $17.8 million, respectively, and were swept on an overnight basis into a money market deposit account and invested in shares of JP Morgan Liquidity Institutional fund held at the Trustee.

Valuation of Investments

The Issuer accounts for its investments at fair value in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires the Issuer to assume that its investments are to be sold at the Statement of Assets and Liabilities date in the principal market to independent market participants, or in the absence of a principal market, in the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

Investments for which market quotations are readily available are fair valued at such market quotations obtained from independent third party pricing services and market makers subject to any decision by the Collateral Manager to approve a fair value determination to reflect significant events affecting the value of these investments. The Collateral Manager values investments for which market quotations are not readily available at fair value. Determinations of fair value may involve significant judgments and estimates. The types of factors that may be considered in determining the fair value of investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments, market yield trend analysis, the markets in which the portfolio company does business, comparison to publicly traded companies, discounted cash flow and other relevant factors.

Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. The determination of fair value may differ materially from the values that would have been used if a ready market for these investments existed. Our net asset value could be materially affected if the determinations regarding the fair value of our investments were materially higher or lower than the values that are ultimately realized upon the disposal of such investments.

Investment Transactions and Income Recognition

Purchases and sales of investments and the related realized gains or losses are recorded on a trade-date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis to the extent that such amounts are expected to be collected. The Issuer stops accruing interest on its investments when it is determined that interest is no longer collectible. Discounts and premiums on investments purchased are accreted/amortized over the life of the respective investment using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortizations of premium on investments.

Loans are generally placed on non-accrual status when there is reasonable doubt that principal or interest will be collected. Accrued interest is generally reserved when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as a reduction in principal depending upon the Collateral Manager's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current, although we may make exceptions to this general rule if the loan has sufficient collateral value and is in the process of collection.

Paid-in-Kind Interest

The Issuer holds debt investments in its portfolio that contain a payment-in-kind ("PIK") interest provision. The PIK interest, which represents contractually deferred interest added to the investment balance that is generally due at maturity, is generally recorded on the accrual basis to the extent such amounts are expected to be collected. We stop accruing PIK interest if we do not expect the issuer to be able to pay all principal and interest when due.

Deferred Bond Issuance Costs

Included in deferred bond issuance costs are structuring fees of the investment bank, rating agency fees and legal fees associated with the establishment of the Issuer in November 2007.

Such costs have been capitalized and amortized using an effective yield method, over the life of the facility.

Collateral Management Fees

The Issuer is externally managed by the Collateral Manager pursuant to the Collateral Management Agreement. As compensation for the performance of its obligations under the Collateral Management Agreement, the Collateral Manager is entitled to receive from the Issuer a senior collateral management fee (the "Senior Collateral Management Fee"), a subordinated collateral management fee (the "Subordinated Collateral Management Fee") and an incentive collateral management fee (the "Incentive Collateral Management Fee"). The Senior Collateral Management Fee is payable in arrears quarterly (subject to availability of funds and to the satisfaction of payment obligations on the debt obligations of the Issuer (the "Priority of Payments") in an amount equal to

0.10% per annum of the aggregate principal amount of the Issuer's investments. The Subordinated Collateral Management Fee is payable in arrears quarterly (subject to availability of funds and to the Priority of Payments) in an amount equal to 0.40% per annum of the aggregate principal amount of the Issuer's investments. The Incentive Management Fee equals 20% of the amount of interest and principal payments remaining available for distribution to the Collateral Manager under the Priority of Payments at which the Incentive Management Fee may be paid. The Incentive Management Fee will be payable in accordance with the Priority of Payments on each payment date if the Subordinated Notes internal rate of return for such payment date is greater than or equal to 12%.

Expenses

The Issuer bears its own organizational and offering expenses, all expenses related to its investment program and expenses incurred in connection with its operations including, but not limited to, external legal, administrative, trustee, accounting, tax and audit expenses, costs related to trading, acquiring, monitoring or disposing of investments of the Issuer, and interest and other borrowing expenses, expenses of preparing and distributing reports, financial statements, and litigation or other extraordinary expenses. The Issuer has retained the Trustee to provide trustee services. Additionally, the Trustee performs loan administration, debt covenant compliance calculations, and monitoring and reporting services. For the years ended February 28, 2013, February 29, 2012 and February 28, 2011, the Issuer paid $0.1 million, respectively, for trustee services provided and is included in other expenses in the Statement of Operations.

Interest Expense

The Issuer has issued rated and unrated notes to finance its operations. Interest on debt is calculated by the Trustee for the Issuer. Interest is accrued and generally paid quarterly. For the years ended February 28, 2013, February 29, 2012 and February 28, 2011, $8.8 million, $7.9 million and $6.7 million of payments to the Subordinated Notes were included in interest expense in the Statement of Operations, respectively.

Risk Management

In the ordinary course of its business, the Issuer manages a variety of risks, including market risk and credit risk. Market risk is the risk of potential adverse changes to the value of investments because of changes in market conditions such as interest rate movements and volatility in investment prices.

Credit risk is the risk of default or non-performance by portfolio companies, equivalent to the investment's carrying amount.

The Issuer is also exposed to credit risk related to maintaining all of its cash and cash equivalents, including those in reserve accounts, at a major financial institution.

The Issuer has investments in lower rated and comparable quality unrated high yield bonds and bank loans. Investments in high yield investments are accompanied by a greater degree of credit risk. The risk of loss due to default by the issuer is significantly greater for holders of high yield securities, because such investments are generally unsecured and are often subordinated to other creditors of the issuer.

Recent Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, Disclosures about Offsetting Assets and Liabilities, which requires entities to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The guidance is effective for fiscal years and interim periods beginning on or after January 1, 2013 with retrospective application for all comparative periods presented. The adoption of this guidance, which is related to disclosure only, is not expected to have a material impact on the Issuer's financial position, results of operations or cash flows.

3. Fair Value Measurements

As noted above, the Issuer values all investments in accordance with ASC 820. ASC 820 requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. As defined in ASC 820, fair value is 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.

ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability of inputs used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Based on the observability of the inputs used in the valuation techniques, the Issuer is required to provide disclosures on fair value measurements according to the fair value hierarchy. The fair value hierarchy ranks the observability of the inputs used to determine fair values. Investments carried at fair value are classified and disclosed in one of the following three categories:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the Issuer has the ability to access.

- Level 2—Valuations based on inputs other than quoted prices in active markets, which are either directly or indirectly observable.

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The inputs used in the determination of fair value may require significant management judgment or estimation. Such information may be the result of consensus pricing information or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 asset, assuming no additional corroborating evidence.

In addition to using the above inputs in investment valuations, the Issuer continues to employ the valuation policy that is consistent with ASC 820.

The following table presents fair value measurements of investments, by major class, as of February 28, 2013, according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Term loans	$ —	$ 358,237,074	$ 4,256,932	$ 362,494,006
Structured finance securities	—	—	10,850,000	10,850,000
Equity interest	5,410	—	1,070,563	1,075,973
Total	**$ 5,410**	**$ 358,237,074**	**$ 16,177,495**	**$ 374,419,979**

The following table presents fair value measurements of investments, by major class, as of February 29, 2012, according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Term loans	$ —	$ 365,780,893	$ —	$ 365,780,893
Structured finance securities	—	—	14,507,600	14,507,600
Equity interest	5,410	—	1,070,563	1,075,973
Total	**$ 5,410**	**$ 365,780,893**	**$ 15,578,163**	**$ 381,364,466**

Transfers into or out of Level 1, 2 or 3 are recognized at the reporting date.

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the year ended February 28, 2013:

	Term Loans	Structured Finance Securities	Equity Interest
Balance as of February 29, 2012	$ —	$ 14,507,600	$ 1,070,563
Net unrealized gains (losses)	(102,541)	(126,657)	—
Purchases and other adjustments to cost	4,018,668	219,455	—
Sales and redemptions	(74,141)	(4,000,000)	—
Net realized gain (loss) from investments	26,621	249,602	—
Net transfers in and/or out of Level 3[(1)]	388,325	—	—
Balance as of February 28, 2013	$ 4,256,932	$ 10,850,000	$ 1,070,563

(1) The Issuer's investment in PATS Aircraft, LLC was transferred into Level 3 during the year ended February, 28, 2013 due to changes in liquidity. These changes impacted the Collateral Manager's ability to obtain observable market information. Accordingly, the determination of fair value for this investment required significant management judgment and estimation, resulting in a Level 3 classification for the year ended February 28, 2013.

GSC INVESTMENT CORP. CLO 2007, LTD.

NOTES TO FINANCIAL STATEMENTS

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the year ended February 29, 2012:

	Term Loans	Structured Finance Securities	Equity Interest
Balance as of February 29, 2011	$ 2,243,464	$ 14,507,600	$ 849,125
Net unrealized gains (losses)	3,022,852	—	(60,888)
Purchases and other adjustments to cost	77,814	—	282,326
Sales and redemptions	(2,375,630)	—	—
Net realized gain (loss) from investments	(2,968,500)	—	—
Net transfers in and/or out of Level 3	—	—	—
Balance as of February 28, 2012	$ —	$ 14,507,600	$ 1,070,563

Purchases and other adjustments to cost include purchases of new investments at cost, effects of refinancing/restructuring, accretion/amortization of income from discount/premium on debt securities and PIK.

Sales and redemptions represent net proceeds received from investments sold and principal paydowns received during the period.

The net unrealized loss on level 3 investments held as of February 28, 2013 and February 29, 2012, is $1.8 million and $1.7 million, respectively, and is included in net unrealized appreciation on investments in the Statements of Operations.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets as of February 28, 2013 were as follows:

	Fair Value	Valuation Technique	Unobservable Input	Range
Term loans	$ 4,256,932	Yield Analysis	Market Yield	7.7%-17.0%
Structured Finance Securities	$ 10,850,000	Yield Analysis	Market Yield	8.9%-10.7%
Equity Interest	$ 1,070,563	Market Comparable	EBITDA Multiples	5.5x-8.0x

Significant unobservable inputs used in the fair value measurement of the Issuer’s term loans and structured finance securities include comparable market yields. For investments utilizing a yield analysis valuation technique, a significant increase (decrease) in the market yield, in isolation, would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption for comparable yields is accompanied by a directionally opposite change in the assumption used for pricing.

Significant unobservable inputs used in the fair value measurement of the Issuer’s equity interests include EBITDA multiples. For investments utilizing EBITDA multiples, a significant increase (decrease) in the EBITDA multiple, in isolation, would result in a significant higher (lower) fair value measurement.

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NOTES TO FINANCIAL STATEMENTS

4. Financing

On January 22, 2008, the Issuer issued $400.0 million of notes, consisting of Class A Floating Rate Senior Notes, Class B Floating Rate Senior Notes, Class C Deferrable Floating Rate Notes, Class D Deferrable Floating Rate Notes, Class E Deferrable Floating Rate Notes (collectively the “Secured Notes”), and Subordinated Notes. The notes were issued pursuant to the Indenture.

The Secured Notes are limited recourse obligations of the Issuer. The Subordinated Notes are unsecured, limited recourse debt obligations of the Issuer. The relative order of seniority of payment of each class of securities is, as follows: first, Class A Notes, second, Class B Notes, third, Class C Notes, fourth, Class D Notes, fifth, Class E Notes and sixth, the Subordinated Notes, with (a) each class of securities (other than the Subordinated Notes) in such list being senior to each other class of securities that follows such class of securities in such list and (b) each class of securities (other than the Class A Notes) in such list being subordinate to each other class of securities that precedes such class of securities in such list. The Subordinated Notes are subordinated to the Secured Notes and are entitled to periodic payments from interest proceeds available in accordance with the Priority of Payments.

The table below sets forth certain information for each outstanding class of notes issued pursuant to the Indenture.

Debt Security	Interest Rate	Maturity	Principal Amount	Amount Outstanding
Class A Floating Rate Senior Notes	LIBOR + 0.75%	January 21, 2020	$ 296,000,000	$ 296,000,000
Class B Floating Rate Senior Notes	LIBOR + 2.50%	January 21, 2020	22,000,000	22,000,000

Class C Deferrable Floating Rate Notes	LIBOR + 3.75%	January 21, 2020	14,000,000	14,000,000
Class D Deferrable Floating Rate Notes	LIBOR + 4.70%	January 21, 2020	16,000,000	16,000,000
Class E Deferrable Floating Rate Notes	LIBOR + 6.45%	January 21, 2020	22,000,000	17,960,044
Subordinated Notes	N/A	January 21, 2020	30,000,000	30,000,000
			$ 400,000,000	$ 395,960,044

The following table shows each outstanding class of notes issued, pursuant to the Indenture, at fair value at February 28, 2013 and February 29, 2012.

	Fair Value	
Debt Security	**February 28, 2013**	**February 29, 2012**
Class A Floating Rate Senior Notes	$ 292,879,007	$ 285,891,473
Class B Floating Rate Senior Notes	22,900,917	21,676,954
Class C Deferrable Floating Rate Notes	14,592,983	13,128,032
Class D Deferrable Floating Rate Notes	16,414,949	14,517,373
Class E Deferrable Floating Rate Notes	17,999,348	15,228,326
Subordinated Notes	25,516,959	25,846,414
	$ 390,304,163	$ 376,288,572

The following table provides the weighted average interest rate for the years ended February 28, 2013, February 29, 2012 and February 28, 2011:

		Weighted Average Interest Rate		
Debt Security	**Interest Rate**	**February 28, 2013**	**February 29, 2012**	**February 28, 2011**
Class A Floating Rate Senior Notes	LIBOR + 0.75%	1.15%	1.12%	1.10%
Class B Floating Rate Senior Notes	LIBOR + 2.50%	2.90%	2.87%	2.85%
Class C Deferrable Floating Rate Notes	LIBOR + 3.75%	4.15%	4.12%	4.10%
Class D Deferrable Floating Rate Notes	LIBOR + 4.70%	5.10%	5.07%	5.05%
Class E Deferrable Floating Rate Notes	LIBOR + 6.45%	6.85%	6.82%	6.80%
Subordinated Notes	N/A	N/A	N/A	N/A

The Indenture provides that payments on the Subordinated Notes shall rank subordinate in priority of payment to payments due on all classes of Secured Notes and subordinate in priority of payment to the payment of fees and expenses. Distributions on the Subordinated Notes are limited to the assets of the Issuer remaining after payment of all of the liabilities of the Issuer that rank senior in priority of payment to the Subordinated Notes. To the extent that the proceeds from the collateral are not sufficient to make distributions on the Subordinated Notes the Issuer will have no further obligation in respect of the Subordinated Notes.

Interest proceeds and, after the Secured Notes have been paid in full, principal proceeds, in each case will be distributed to the holders of the Subordinated Notes in accordance with the Indenture.

Distributions, if any, on the Subordinated Notes will be payable quarterly on the 20th day of each January, April, July and October of each calendar year or, if any such day is not a business day, on the next succeeding business day (each, a “Payment Date”), commencing on the first Payment Date, and on January 21, 2020 (or if any such day is not a business day, the next succeeding business day) (the “Stated Redemption Date”) (if not redeemed prior to such date) sequentially in order of seniority. At the Stated Redemption Date, the Subordinated Notes will be redeemed after payment in full of all of the Secured Notes and the payment of all administrative and other fees and expenses. The failure to pay interest proceeds or principal proceeds to the holders of the Subordinated Notes will not be an event of default under the Indenture.

In May of 2009, GSC Investment Corp. CLO 2007 Ltd. defaulted on its Class E overcollateralization ratio of 105.10%, at which point, $4.0 million of interest proceeds were used to repay the Class E Notes through November 2009. Interest on the Class C, Class D, and Class E Notes was deferred and repaid in January of 2010 upon the Issuer’s return to compliance. Distributions to the Subordinated Notes resumed in April of 2010.

As of February 28, 2013, the remaining unamortized discount on the Class B Notes, Class D Notes and Class E Notes were $0.4 million, $0.4 million and $1.1 million, respectively.

5. Income Tax

Under the current laws, the Issuer is not subject to net income taxation in the United States or the Cayman Islands. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Pursuant to ASC Topic 740, *Accounting for Uncertainty in Income Taxes*, the Issuer adopted the provisions of the FASB relating to accounting for uncertainty in income taxes which clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position must meet before being recognized in the financial statements and applies to all open tax years as of the effective date. The Collateral Manager has analyzed such tax positions for uncertain tax positions for tax years that may be open (2008 — 2013). The Issuer identifies its major tax jurisdictions as U.S. Federal, state and foreign jurisdictions where the Issuer makes investments. As of February 28, 2013 and February 29, 2012, there was no impact to the financial statements as a result of the Issuer's accounting for uncertainty in income taxes. The Issuer does not have any unrecognized tax benefits or liabilities for the years ended February 28, 2013, February 29, 2012 and February 28, 2011. Also, the Issuer recognizes interest and, if applicable, penalties for any uncertain tax positions, as a component of income tax expense. No interest or penalty expense was recorded by the Issuer for the years ended February 28, 2013, February 29, 2012 and February 28, 2011.

6. Commitments and Contingencies

In the ordinary course of its business, the Issuer may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Issuer. Based on its history and experience, the Collateral Manager feels that the likelihood of such an event is remote.

In the ordinary course of business, the Issuer may directly or indirectly be a defendant or plaintiff in legal actions with respect to bankruptcy, insolvency or other types of proceedings. Such lawsuits may involve claims that could adversely affect the value of certain financial instruments owned by the Issuer. As of February 28, 2013 and February 29, 2012, the Issuer is not subject to any material legal proceedings.

The terms of Collateralized Debt Investments may require the Issuer to provide funding for any unfunded portion of a Collateralized Debt Investment at the request of the borrower. At February 28, 2013 and February 29, 2012, the Issuer had no unfunded commitments.

7. Related-Party Transactions

In the ordinary course of business and as permitted per the terms of the Indenture, the Issuer may acquire or sell investments to or from related parties at the fair value at such time. For the years ended February 28, 2013, February 29, 2012 and February 28, 2011, the Issuer bought no investments from related parties and sold no investments to related parties.

The Subordinated Notes are wholly owned by the Collateral Manager. The Subordinated Notes do not have a stated coupon rates, but are entitled to residual cash flows from the CLO's investments after all of the other tranches of debt and certain other fees and expenses are paid. For the years ended February 28, 2013, February 29, 2012 and February 28, 2011, $8.8 million, $7.9 million and $6.7 million of payments were made to the Subordinated Notes and were recorded as interest expense on the Statement of Operations, respectively.

8. Shareholders' Capital

Capital contributions and distributions shall be made at such time and in such amounts as determined by the Collateral Manager and the Indenture.

The majority holder of the Subordinated Notes has various control rights over the CLO, including the ability to call the CLO prior to its legal maturity, replace the Collateral Manager under certain circumstances, and refinance any of the outstanding debt tranches. The voting structure of the Subordinated Notes may require either majority or unanimous approval depending upon the issue.

The authorized share capital of the Issuer consists of 50,000 ordinary shares, 250 of which are owned by Maples Finance Limited and are held under the terms of a declaration of trust.

As of February 28, 2013 and February 29, 2012, net assets were $0.8 million and $(6.0) million, respectively. These amounts include accumulated losses of $(6.0) million and $(3.1) million, respectively, which includes cumulative net investment income or loss, cumulative amounts of gains and losses realized from investment transactions, net unrealized appreciation or depreciation of investments, as well as the cumulative effect of accounting mismatches between investments accounted for at fair value and amortized cost or accrual-basis assets and liabilities as discussed in Significant Accounting Policies, above. The Issuer's investments continue to generate sufficient liquidity to satisfy its obligations on periodic payment dates as well as comply with all performance criteria as of the Statements of Assets and Liabilities date.

9. Financial Highlights

The following is a schedule of financial highlights for the years ended February 28, 2013, February 29, 2012 and February 28, 2011:

	February 28, 2013	February 29, 2012	February 28, 2011
Average subordinated notes' capital balance (1)	$ 27,165,497	$ 20,808,673	$ 17,775,209
Ratios and supplemental data:			
Total Return (2)	73.51%	41.28%	283.76%

Net investment income (3)	3.80%	11.38%	25.92%
Total expenses (3)	70.97%	87.40%	93.78%
Senior collateral monitoring fee (3)	1.47%	1.93%	2.29%
Subordinate collateral monitoring fee (3)	5.89%	7.73%	9.15%

(1) Subordinated notes' capital balance is calculated based on the sum of the subordinated notes outstanding amount and total net assets, net of ordinary equity.
(2) Total return is calculated based on a time-weighted rate of return methodology. Quarterly rates of return are compounded to derive the total return reflected above. Total return is calculated for the subordinated notes' capital taken as a whole and assumes the purchase of the subordinated notes' capital on the first day of the period and the sale of the last day of the period.
(3) Calculated based on average subordinated notes' capital balance.

10. Subsequent Events

The Collateral Manager has evaluated events or transactions that have occurred since February 28, 2013 through June 7, 2013, the date the financial statements were available for issuance. The Manager has determined that there are no material events that would require the disclosure in the financial statements.

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christian L. Oberbeck, certify that:

1. I have reviewed this Annual Report on Form 10-K of Saratoga Investment Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 7, 2013

/s/ CHRISTIAN L. OBERBECK
Christian L. Oberbeck
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Richard A. Petrocelli, certify that:

1. I have reviewed this Annual Report on Form 10-K of Saratoga Investment Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 7, 2013

/s/ RICHARD A. PETROCELLI
Name: Richard A. Petrocelli
Chief Financial Officer, Chief Compliance Officer
and Secretary

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the accompanying Annual Report of Saratoga Investment Corp. on Form 10-K (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Christian L. Oberbeck, the Chief Executive Officer and Richard A. Petrocelli, the Chief Financial Officer, Chief Compliance Officer and Secretary of Saratoga Investment Corp., each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Saratoga Investment Corp.

Date: June 7, 2013

/s/ CHRISTIAN L. OBERBECK
Name: Christian L. Oberbeck
Chief Executive Officer

/s/ RICHARD A. PETROCELLI

Name: Richard A. Petrocelli

Chief Financial Officer, Chief Compliance Officer
and Secretary