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Saratoga Investment Corp. Announces a Special Dividend of \$0.20 per Share

NEW YORK, Aug. 8, 2016 /PRNewswire/ -- Saratoga Investment Corp. (NYSE: SAR) ("Saratoga Investment" or "the Company"), a business development company, today announced that its Board of Directors has declared a special dividend of \$0.20 per share, payable on September 5, 2016 to all stockholders of record at the close of business on August 24, 2016. Shareholders have the option to receive payment of the dividend in cash, or receive shares of common stock pursuant to the Company's dividend reinvestment plan.

"The payment of this special dividend brings our fiscal year to date dividends to \$1.04 per share and helps fulfill our requirement for dividend distributions as a Regulated Investment Company," said Christian L. Oberbeck, Chairman and Chief Executive Officer of Saratoga Investment. "This past quarter, Saratoga Investment increased its quarterly dividend for the seventh consecutive quarter and by 139% since the establishment of our dividend policy in 2014. We have also overearned our dividend every quarter, which distinguishes us from many other BDCs by giving us one of the higher dividend coverages in the industry."

On September 24, 2014, Saratoga Investment announced the decision made by its Board of Directors to adopt a new dividend policy to pay a regular quarterly cash dividend to shareholders. Since then, the Company has paid increasing quarterly dividends. During fiscal year 2016, Saratoga Investment declared and paid dividends of \$2.36 per share, composed of \$0.27 for the quarter ended February 28, 2015, \$0.33 per share for the quarter ended May 31, 2015, \$0.36 per share for the quarter ended August 31, 2015, \$0.40 per share for the quarter ended November 30, 2015, and a special dividend of \$1.00 per share in the first quarter of fiscal year 2016. Thus far in fiscal year 2017 and including this special dividend of \$0.20 per share, Saratoga Investment declared and paid dividends of \$1.04 per share, including a dividend of \$0.41 per share for the quarter ended February 29, 2016 and \$0.43 per share for the quarter ended May 31, 2016, which will be paid on August 9, 2016.

Saratoga Investment shareholders who hold their shares with a broker must affirmatively instruct their brokers prior to the record date if they prefer to receive this dividend and future dividends in common stock. The number of shares of Common Stock to be delivered shall be determined by dividing the total dollar amount by 95% of the average of the market prices per share at the close of trading on the ten (10) trading days immediately preceding (and including) the payment date.

About Saratoga Investment Corp.

Saratoga Investment Corp. is a specialty finance company that provides customized financing solutions to U.S. middle-market businesses. The Company invests primarily in senior and unitranche leveraged loans, mezzanine debt, and, to a lesser extent, equity to provide financing for change of ownership transactions, strategic acquisitions, recapitalizations and growth initiatives in partnership with business owners, management teams and financial sponsors. Saratoga Investment Corp.'s objective is to create attractive risk-adjusted returns by generating current income and long-term capital appreciation from its debt and equity investments. Saratoga Investment Corp. has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940 and is externally-managed by Saratoga Investment Advisors, LLC, an SEC-registered investment advisor focusing on credit-driven strategies. Saratoga Investment Corp. owns an SBIC-licensed subsidiary and manages a \$300 million Collateralized Loan Obligation (CLO) fund. It also owns 100% of the subordinated notes of the CLO. These diverse funding sources, combined with a permanent capital base, enable Saratoga Investment Corp. to provide a broad range of financing solutions.

Forward Looking Statements

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

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