



December 31, 2012

Saratoga Investment Corp. Announces Form of Previously Declared Dividend and Results of Dividend Elections

NEW YORK, Dec. 31, 2012 /PRNewswire/ -- Saratoga Investment Corp. (NYSE: SAR), a business development company (the "Company"), announced today the form in which the dividend declared by the Company's Board of Directors on November 12, 2012, will be paid and the results of its shareholders' elections relating to the dividend. The dividend of \$4.25 per share was payable on December 31, 2012, to shareholders of record as of November 20, 2012.

Shareholders had until December 19, 2012, to elect whether to receive the dividend in cash (up to an aggregate maximum cash amount of approximately \$3.3 million or approximately 20% of the total dividend paid) or in shares of common stock. Due to the original terms of the dividend, shareholders who elected to receive cash will receive a combination of cash and common stock. The dividend will consist of approximately \$3.3 million in cash and 853,455 shares of common stock, or approximately 22.0% of the Company's outstanding shares prior to the dividend. The amount of cash elected to be received was greater than the cash limit of 20% of the aggregate dividend amount, therefore 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 \$15.4437 per share, which equaled the average of the volume weighted average trading price per share of the Company's common stock on December 14, 17 and 19, 2012.

Shareholders who elected to receive the dividend solely in shares of common stock and shareholders who did not make an election will receive approximately 0.28 shares of common stock for each share of common stock they owned on the record date of November 20, 2012. Holders of approximately 69.0% of the Company's common stock elected to receive only stock or did not make an election.

Shareholders electing to receive the dividend in all cash will receive cash in the amount of \$2.75 per share, or approximately 64.7% of the \$4.25 dividend, and 0.097 shares of common stock, or approximately 0.35% of the total dividend for each share of common stock they owned on the record date of November 20, 2012. Cash in lieu of fractional shares will be issued, if applicable.

Shareholders who hold their shares through a bank, broker or nominee and have questions regarding the dividend should contact their bank, broker or nominee directly.

Registered shareholders with questions regarding the dividend may call the Company's transfer agent, American Stock Transfer & Trust Company, LLC, at 1-(800)-937-5449.

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 mezzanine debt, leveraged loans 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. Within the BDC, Saratoga manages both an SBIC-licensed subsidiary and a \$400 million Collateralized Loan Obligation (CLO) fund. These diverse funding sources, combined with a permanent capital base, enable Saratoga to offer a broad range of financing solutions.

Forward Looking Statements

This press release may contain certain forward-looking statements. Words such as "intends," "believes," "expects," "projects," and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to risks and uncertainties and other factors enumerated in 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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