

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) **October 15, 2012**

SARATOGA INVESTMENT CORP.

(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

1-33376
(Commission
File Number)

20-8700615
(IRS Employer
Identification No.)

535 Madison Avenue
New York, New York
(Address of Principal Executive Offices)

10022
(Zip Code)

Registrant's telephone number, including area code **(212) 750-3343**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On October 15, 2012, the registrant issued a press release announcing its financial results for the quarter ended August 31, 2012. The text of the press release is included as Exhibit 99.1 to this Form 8-K.

The information disclosed under this Item 2.02, including Exhibit 99.1 hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated October 15, 2012

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SARATOGA INVESTMENT CORP.

Date: October 15, 2012

By: /s/ Richard A. Petrocelli
Name: Richard A. Petrocelli
Title: Chief Financial Officer



Contact: Richard Petrocelli
Saratoga Investment Corp.
212-906-7800

Roland Tomforde
Broadgate Consultants
212-232-2222

Saratoga Investment Corp. Announces Fiscal Second Quarter 2013 Financial Results

NEW YORK, N.Y., Oct. 15, 2012 — Saratoga Investment Corp. (NYSE:SAR) (“Saratoga Investment” or “the Company”), a business development company, today announced financial results for its 2013 fiscal second quarter.

Operating Results

For the fiscal quarter ended August 31, 2012, Saratoga Investment reported net investment income of \$1.3 million or \$0.34 on a weighted average per share basis, and net gain on investments of \$3.6 million, or \$0.92 on a weighted average per share basis, resulting in an increase in net assets from operations of \$4.9 million, or \$1.26 on a weighted average per share basis. The \$3.6 million net gain on investments was comprised of \$3.3 million in net unrealized appreciation on investments and \$0.3 million in net realized gains from investments.

Net asset value (“NAV”) was \$105.4 million as of August 31, 2012, compared to \$100.6 million as of May 31, 2012 and \$97.4 million as of February 29, 2012. NAV per share was \$27.20 as of August 31, 2012 and \$25.94 as of May 31, 2012 and \$25.12 as of February 29, 2012.

Christian L. Oberbeck, Chairman, Chief Executive Officer and President of Saratoga Investment, said, “Our growing pipeline and financial strength enabled us to make another \$14.9 million of investments in new and existing portfolio companies during the quarter, and we have maintained the improving trend in credit quality of the overall portfolio as we have

increased both the amount and proportion of internally rated strong credits. We continue to see opportunities for investment in leveraged loans and mezzanine debt issued by U.S. middle-market companies.”

Portfolio and Investment Activity

As of August 31, 2012, the fair value of Saratoga Investment’s investment portfolio was \$115.7 million, principally invested in 22 portfolio companies and one collateralized loan obligation fund (the “CLO”). The overall portfolio composition consisted of 49.8% of first lien term loans, 8.5% of second lien term loans, 9.2% of senior secured notes, 1.7% of unsecured notes, 23.4% of subordinated notes of the CLO and 7.4% of common equity. At the end of the 2013 fiscal second quarter the Company had no investments in senior unsecured loans.

During the 2013 fiscal second quarter, Saratoga Investment invested \$14.9 million in new or existing portfolio companies and had \$10.0 million in aggregate amount of exits and repayments on its investments, resulting in net investments of \$4.9 million for the period.

As of August 31, 2012, the weighted average current yield on Saratoga Investment’s first lien term loans, second lien term loans, senior secured notes, unsecured notes and the CLO subordinated notes were 10.3%, 11.4%, 16.3%, 20.3%, and 23.0%, respectively, which resulted in an aggregate weighted average current yield of 13.3%.

Liquidity and Capital Resources

As of August 31, 2012, Saratoga Investment had \$14.9 million in outstanding borrowings under its \$45 million senior secured revolving credit facility with Madison Capital Funding LLC. In addition Saratoga had an aggregate of \$0.7 million and \$5.7 million in cash and cash equivalents, including reserve accounts, at August 31, 2012 respectively. The Company is required to use the amounts held in cash and cash equivalents, reserve accounts to pay interest expense, reduce borrowings or pay other amounts in accordance with the terms of its senior secured revolving credit facility. As of August 31, 2012, the Company’s Small Business Investment Company (“SBIC”) subsidiary had \$25 million in regulatory capital and no SBIC debentures outstanding.

2013 Fiscal Second Quarter Conference Call/Webcast Information [NEED UPDATE]

When: Oct. 15, 2012 at 4:15 p.m. Eastern Time (ET)

Call: Interested parties may participate by dialing (877) 312-9208 (U.S. and Canada) or (678) 224-7872 (outside U.S. and Canada).

A replay of the call will be available from 7:00 p.m. ET on Oct. 15, 2012 through 11:59 p.m. ET on Oct. 22, 2012 by dialing (800) 585-8367 (U.S. and Canada) or (404) 537-3406 (outside U.S. and Canada). Passcode for both replay numbers is 42760760.

Webcast: Interested parties may also access a simultaneous webcast of the call by going to <http://ir.saratogainvestmentcorp.com/events.cfm>.

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 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.

Financial Statements

Saratoga Investment Corp.

Consolidated Statements of Assets and Liabilities

	As of	
	August 31, 2012 (unaudited)	February 29, 2012
ASSETS		
Investments at fair value		
Non-control/non-affiliate investments (amortized cost of \$90,404,979 and \$73,161,722, respectively)	\$ 88,559,307	\$ 69,513,434
Control investments (cost of \$21,567,800 and \$23,540,517, respectively)	27,098,581	25,846,414
Total investments at fair value (amortized cost of \$111,972,779 and \$96,702,239, respectively)	115,657,888	95,359,848
Cash and cash equivalents	674,057	1,325,698
Cash and cash equivalents, reserve accounts	5,737,872	25,534,195
Outstanding interest rate cap at fair value (cost of \$0 and \$131,000, respectively)	—	75
Interest receivable, (net of reserve of \$416,522 and \$273,361, respectively)	2,052,811	1,689,404
Deferred credit facility financing costs, net	1,487,009	1,199,490
Management fee receivable	227,917	227,581
Other assets	59,096	94,823
Receivable from unsettled trades	—	59,511
Total assets	<u>\$ 125,896,650</u>	<u>\$ 125,490,625</u>
LIABILITIES		
Revolving credit facility	\$ 14,850,000	\$ 20,000,000
Payable for unsettled trades	—	4,072,500
Management and incentive fees payable	4,051,383	2,885,670
Accounts payable and accrued expenses	1,074,176	704,949
Interest and credit facility fees payable	186,930	53,262
Due to manager	292,202	394,094
Total liabilities	<u>\$ 20,454,691</u>	<u>\$ 28,110,475</u>
NET ASSETS		
Common stock, par value \$.001, 100,000,000 common shares authorized, 3,876,661 and 3,876,661 common shares issued and outstanding, respectively	\$ 3,877	\$ 3,877
Capital in excess of par value	161,644,426	161,644,426
Distribution in excess of net investment income	(11,333,032)	(13,920,068)
Accumulated net realized loss from investments and derivatives	(48,558,419)	(48,874,767)
Net unrealized appreciation (depreciation) on investments and derivatives	3,685,107	(1,473,318)
Total Net Assets	<u>105,441,959</u>	<u>97,380,150</u>
Total liabilities and Net Assets	<u>\$ 125,896,650</u>	<u>\$ 125,490,625</u>
NET ASSET VALUE PER SHARE	<u>\$ 27.20</u>	<u>\$ 25.12</u>

Consolidated Statements of Operations

	For the three months ended		For the six months ended August	
	August 31		31	
	2012	2011	2012	2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INVESTMENT INCOME				
Interest from investments				
Non-control/Non-affiliate investments	\$ 2,419,758	\$ 1,836,643	\$ 4,484,743	\$ 3,334,532
Control investments	1,094,681	1,050,486	2,140,466	1,940,063
Total interest income	3,514,439	2,887,129	6,625,209	5,274,595
Interest from cash and cash equivalents	1,791	1,100	4,637	5,248
Management fee income	500,225	503,803	1,000,065	1,010,171
Other income	146,834	145,908	152,560	145,908
Total investment income	4,163,289	3,537,940	7,782,471	6,435,922
EXPENSES				
Interest and credit facility financing expenses	653,025	309,911	1,278,728	679,821
Base management fees	504,802	411,468	963,610	809,932
Professional fees	293,483	632,237	639,322	925,865
Administrator expenses	250,000	240,000	500,000	480,000
Incentive management fees	869,403	(1,058,378)	1,299,674	(336,653)
Insurance	130,308	146,699	260,615	303,681
Directors fees and expenses	51,000	51,000	102,000	102,000
General & administrative	97,022	82,859	148,363	169,213
Other expense	—	1,880	3,123	3,190
Total expenses	2,849,043	817,676	5,195,435	3,137,049
NET INVESTMENT INCOME	1,314,246	2,720,264	2,587,036	3,298,873
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:				
Net realized gain (loss) from investments	268,718	(105,967)	447,348	(7,959)
Net realized loss from derivatives	—	—	(131,000)	—
Net unrealized appreciation (depreciation) on investments	3,288,078	(4,337,470)	5,027,500	705,665
Net unrealized appreciation (depreciation) on derivatives	—	(4,732)	130,925	(15,274)
Net gain (loss) on investments	3,556,796	(4,448,169)	5,474,773	682,432
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS				
	\$ 4,871,042	\$ (1,727,905)	\$ 8,061,809	\$ 3,981,305
WEIGHTED AVERAGE - BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE				
	\$ 1.26	\$ (0.53)	\$ 2.08	\$ 1.22
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING - BASIC AND DILUTED				
	3,876,661	3,277,077	3,876,661	3,277,077

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