

Saratoga Investment Corp.
Investor Day
Wednesday, June 1, 2016
New York, NY

Forward Looking Statement / Overview

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Saratoga Investment Corp (“SIC” of the “Fund”)

Exchange: NYSE

Ticker: SAR

As of May 27, 2016

Market Cap: \$95.7 million

Stock Price: \$16.60

52-Week Trading Range: \$13.41 - \$18.00

Common Stock Outstanding: 5.8 million

Management Ownership: 24%

Total Payout for fiscal 2016*: \$2.36

Fiscal Year: February 29

Analyst Coverage: Ladenburg Thalman & Co.

Agenda

Introductions

Investor Considerations

- SAR: From Inception to Today
- Achievements
- Portfolio Composition and Performance
- SAR Outperforming the Market

Building a Best-in-Class BDC

- Proven Management/Investment Team
- Optimal Target Market
- Dynamic Business Development
- Time-Tested Investment Approach

Guest CEOs / Presentation and Q&A

Concluding Remarks

- Unique Position of SAR in the Evolving BDC Industry
- Where the Company is Going

Lunch

- Breakout Discussion

**Q&A is
Encouraged
Throughout
Presentation**

Introductions

- **SAR Management Team**

- Christian Oberbeck, CEO and Chairman of the Board
- Michael Grisius, President and CIO
- Henri Steenkamp, CFO, CCO and Treasurer
- Joseph Burkhardt, Managing Director, Business Development
- Charles Phillips and John MacMurray, Managing Directors

- **Portfolio Company CEOs**

- Tim Hart, CEO, Knowland
- Mark Hangen, CEO, Easy Ice
- Christopher J. Culver, CEO, Health Media Network (HMN)

Saratoga: The Basics From Inception to Today

Saratoga Investment Advisors, LLC (“SIA” or the “Fund Manager”)

- Fund Manager since July 2010 after Saratoga Partners recapitalized the Fund
- Grown Fund from \$97M assets under management (“AUM”) in 2010 to \$284M at year-end (excluding CLO assets)
 - AUM CAGR of 21%
- Successfully retained and attracted investment management talent – more than doubled from 6 to 15
- Top performing SBIC on first license in 2012
 - Realized unlevered IRR of 19.4%; Total unleveraged IRR of 16.4%
- Successfully manages CLO with approx. \$300M AUM
- Grown Net Asset Value (“NAV”) from \$71M in 2010 to \$125M today
 - NAV CAGR of 8%
- Generated Return on Equity (“ROE”) past five years of 10.8% v industry average of 7.2%
- Total Stockholder Return (including dividends) consistently outperforms the BDC Industry average
 - One Year – SAR +12% v -2% BDC Index
 - Three Year – SAR +26% v +7% BDC Index
 - Five Year (Since Saratoga took over management) – SAR +162% v +72% BDC Index

Note: Standard Management Agreements –

- Base Management Fee of 1.75%, plus 20% incentive fee on Net Investment Income (“NII”) exceeding 7.5% and 20% on “incentive fee capital gains”
- Administrative agreement pays a capped \$1.3M/year

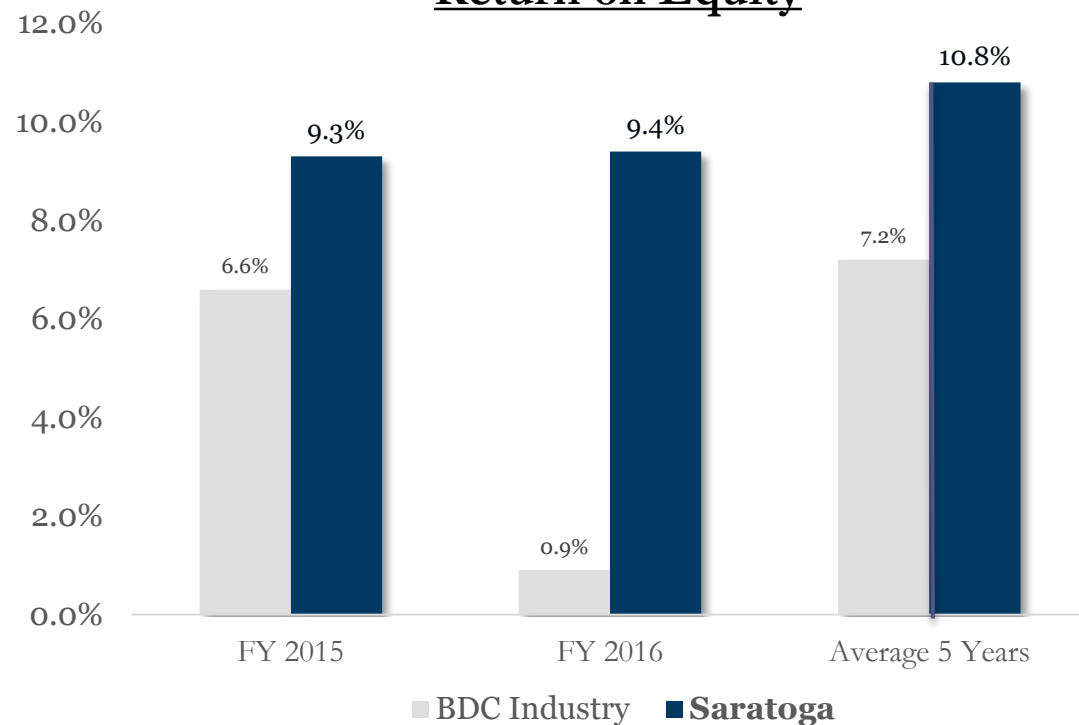
Basic Premise of Saratoga's Investor Day

Saratoga is outperforming the BDC industry and there is a valuation gap opportunity for investors.



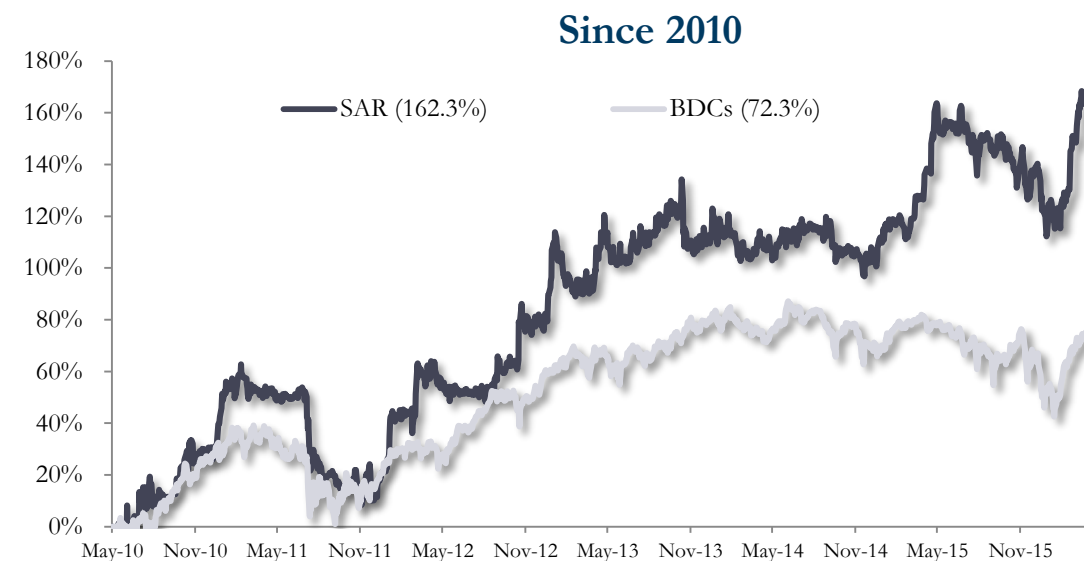
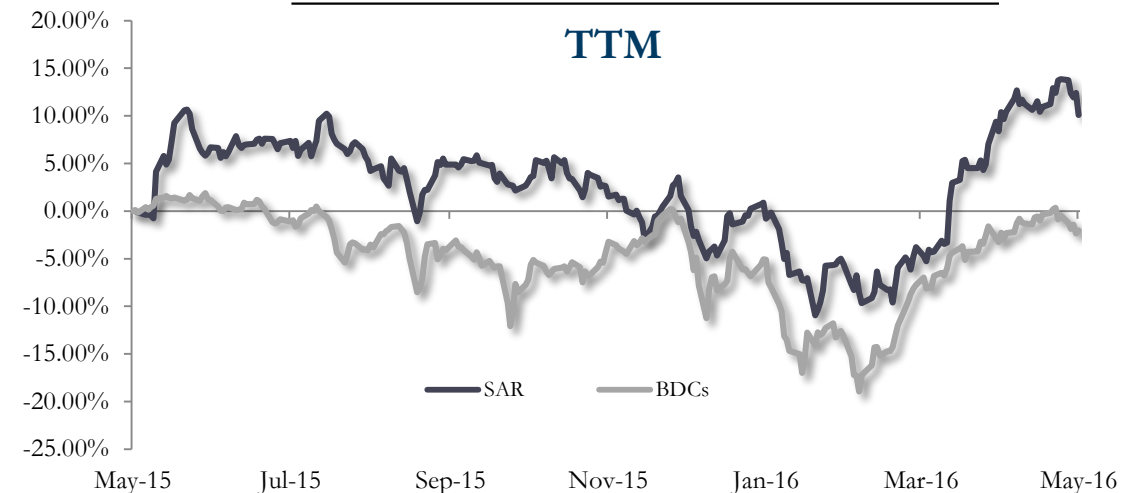
Outperforming BDC sector in ROE and Total Returns

Return on Equity



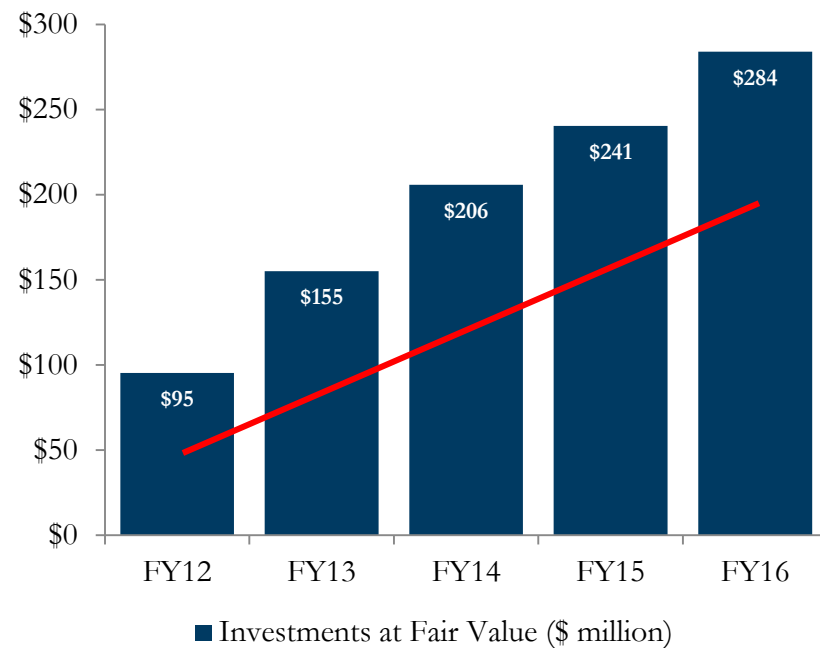
* Source: SNL Financial

Total Return – SAR vs. BDC Index



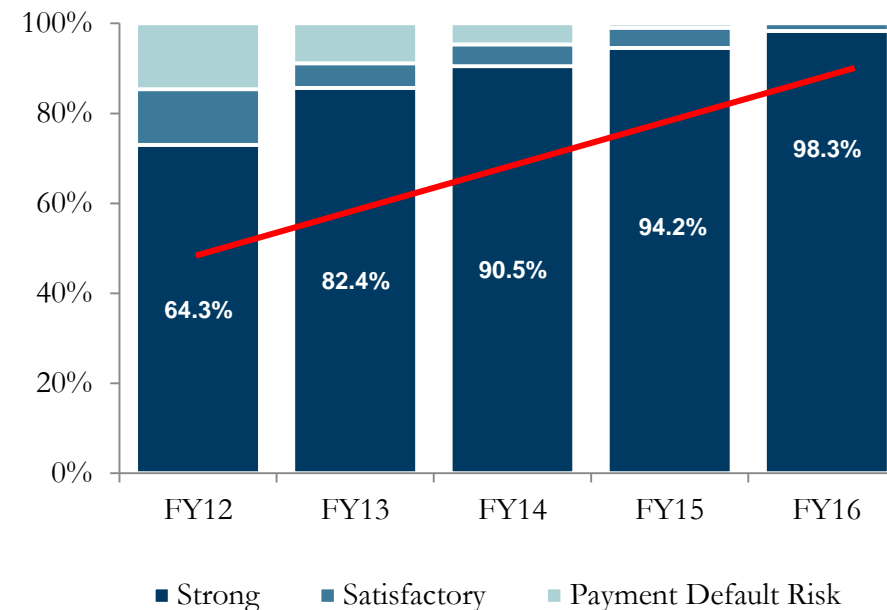
High Quality Asset Growth

Asset Base Expansion Trend



Fair value of AUM increased 18% during FY16 and 199% since FY 2012

Overall Credit Quality Continues Strong

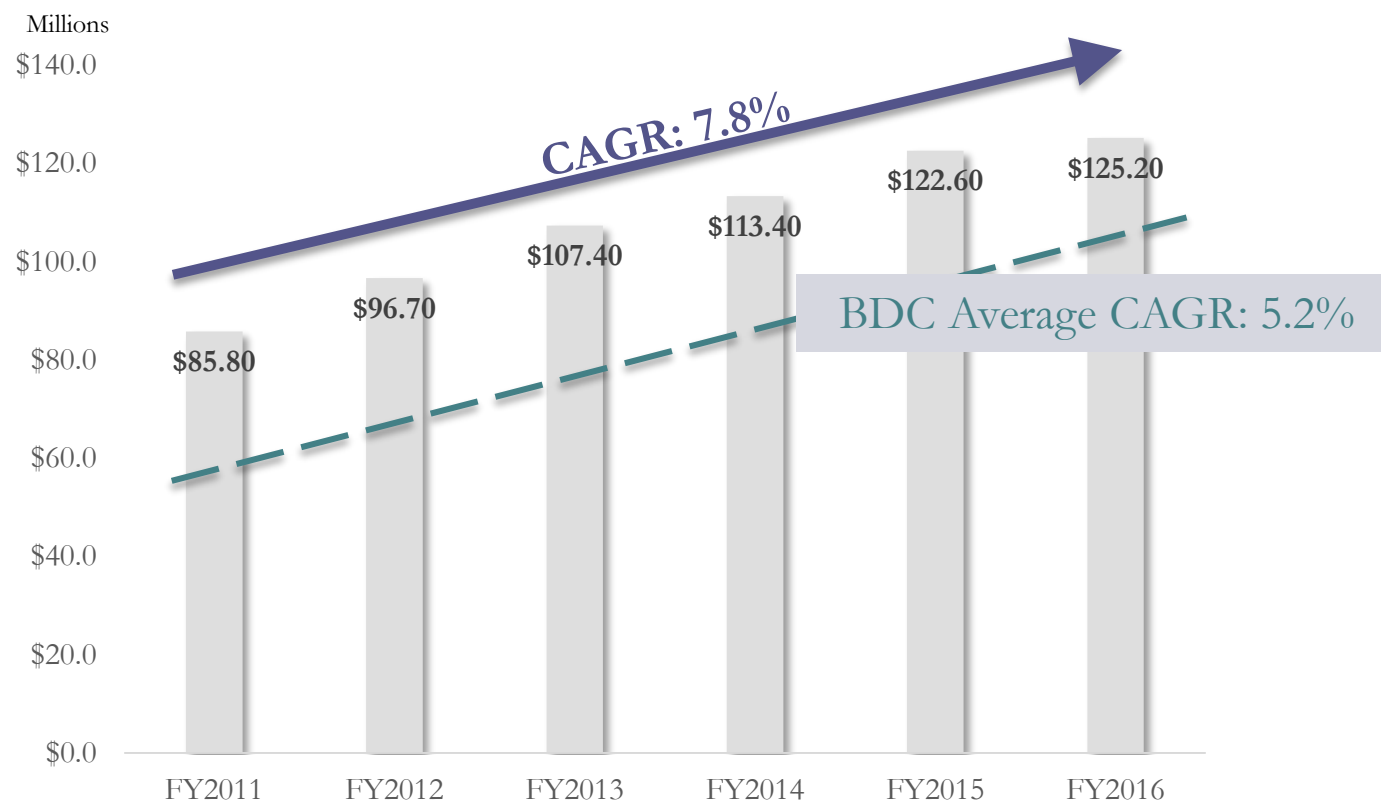


Over 98% of our SAR loan investments hold our highest internal rating; none are on non-accrual*

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

Strong Track Record of NAV Generated by High-Quality Asset Growth

Saratoga's Book Value (FY2011 – FY2016)



Fair value of assets under management more than tripled since FY 2011, up 18% over the past year.

Over 98% of loan investments with the highest internal credit rating

* Source: SNL Financial

Ample Capacity for Additional Growth

~ Established Management Team ~
Combined 136 Years at Saratoga

Investment quality at Company's highest level ever

**Ability to grow assets by 35%
without new external financing**

Trading at 26% discount to NAV

- Total payout for fiscal year 2016 was \$2.36 per share, including quarterly and special dividends
- Additional dividend of \$0.41 paid on April 27, 2016
- Over-earning current dividend - \$0.48 average adjusted NII/share per quarter for FY 2016

**Benefits from low-cost 10-year fixed SBA debentures
and fixed cost covenant-free baby bonds**

Saratoga Today – Performance / Credit Quality / Management

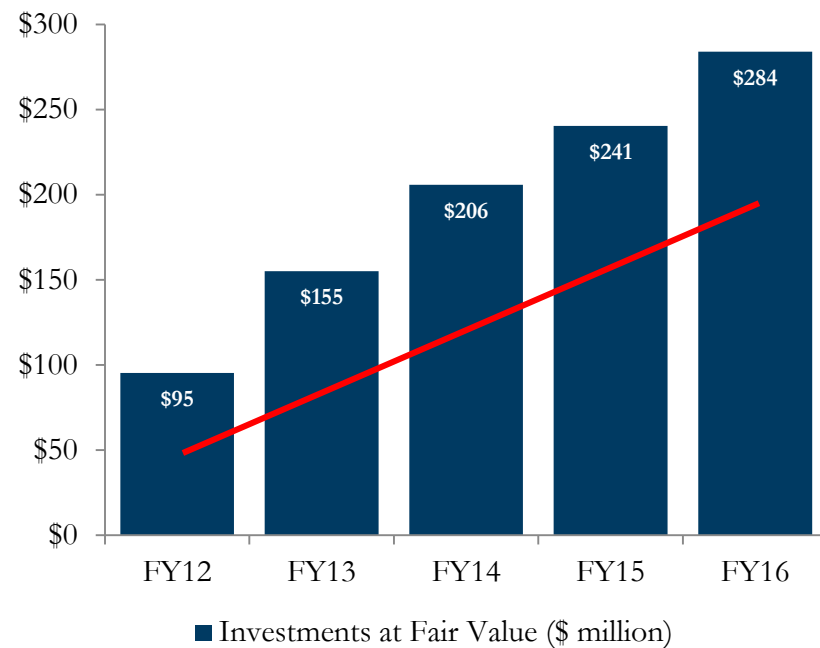
Fund Performance	Exceptional Portfolio Performance	Management Team and Investment Professionals
<ul style="list-style-type: none"> Total assets under management for BDC and SBIC combined has grown from \$95M in 2010 to \$284 at year end <ul style="list-style-type: none"> SBIC currently has approx. \$200M AUM NAV has grown from \$86M in 2011 to \$125M at year end NII yield has grown in past year to 8.6% on a recurring basis as scale is being achieved, at the same time NAV has grown 	<ul style="list-style-type: none"> High-quality portfolio a result of careful and disciplined capital deployment. Numerous BDCs suffering significant value adjustments. 98% of investment portfolio holds highest internal credit rating. No loans on non-accrual No direct exposure to energy/oil/gas investments No realized write downs on investments that Saratoga initiated Two pre-Saratoga legacy investments, Elyria and Targus, hav generated losses since Saratoga took over: <ul style="list-style-type: none"> Total losses written down - \$7.7m Remaining fair value - \$2.9m 	<ul style="list-style-type: none"> Management has exceptional investment track record with 90+ years of experience investing in middle-market businesses Proven performance since taking over BDC in 2010 More than doubled team since 2010 Approximately 24% of shares owned by management, an additional 13% by insiders

* See full list of comparable BDCs in Appendix

Portfolio Composition and Performance

Portfolio Size and Quality Remains Strong

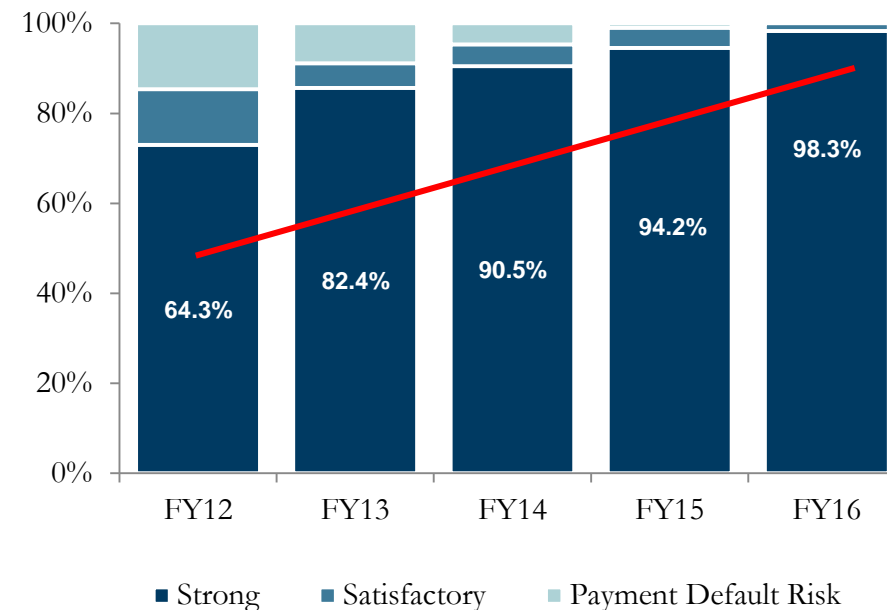
Asset Base Expansion Trend



Fair value of AUM increased 18% during FY16 and 199% since FY 2012

NO ASSETS ON NON-ACCRUAL

Overall Credit Quality Continues Strong



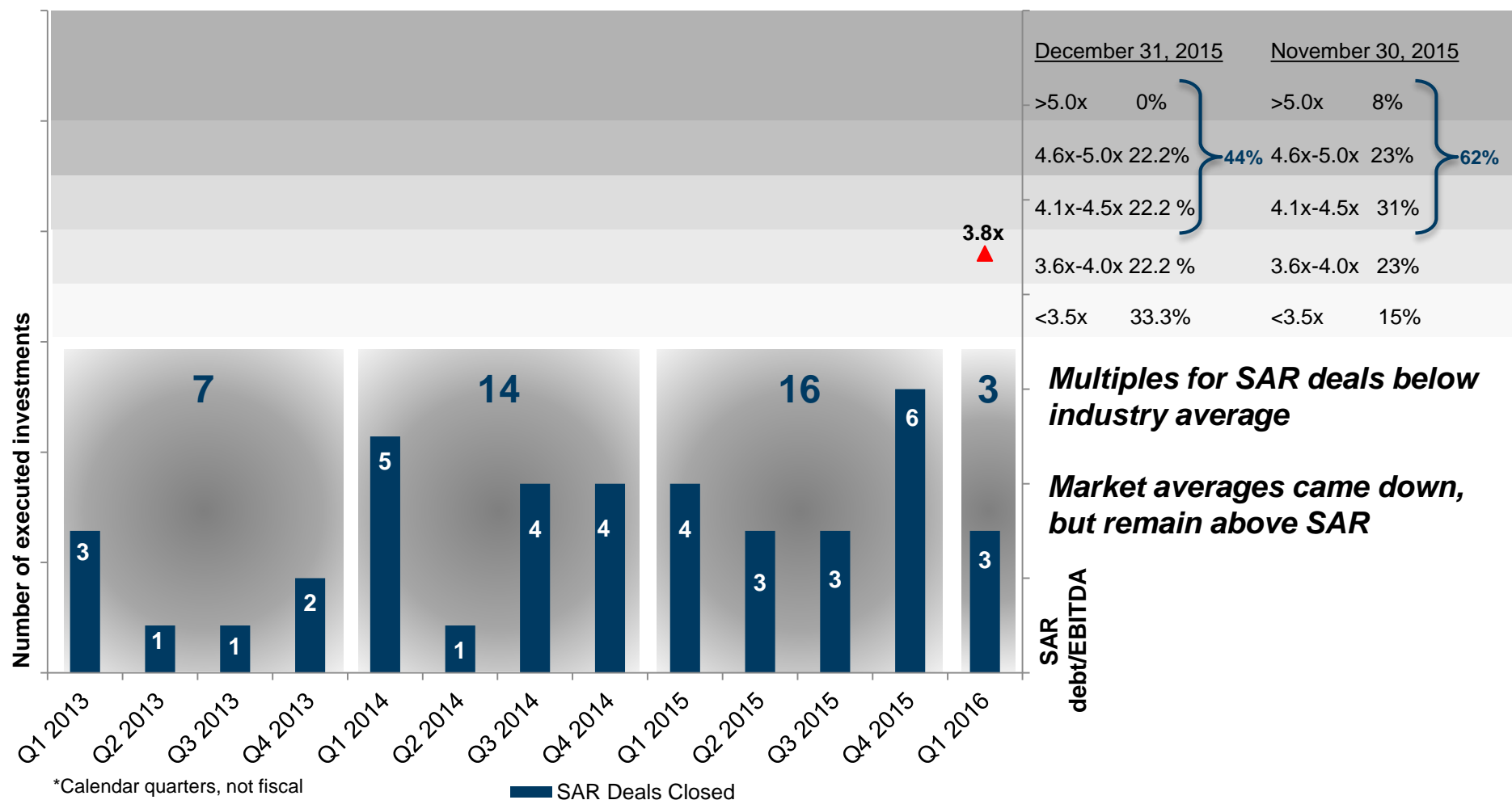
*Over 98% of our SAR loan investments hold our highest internal rating; none are on non-accrual**

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

Exercising Disciplined Investment Judgment While Growing Origination Pace

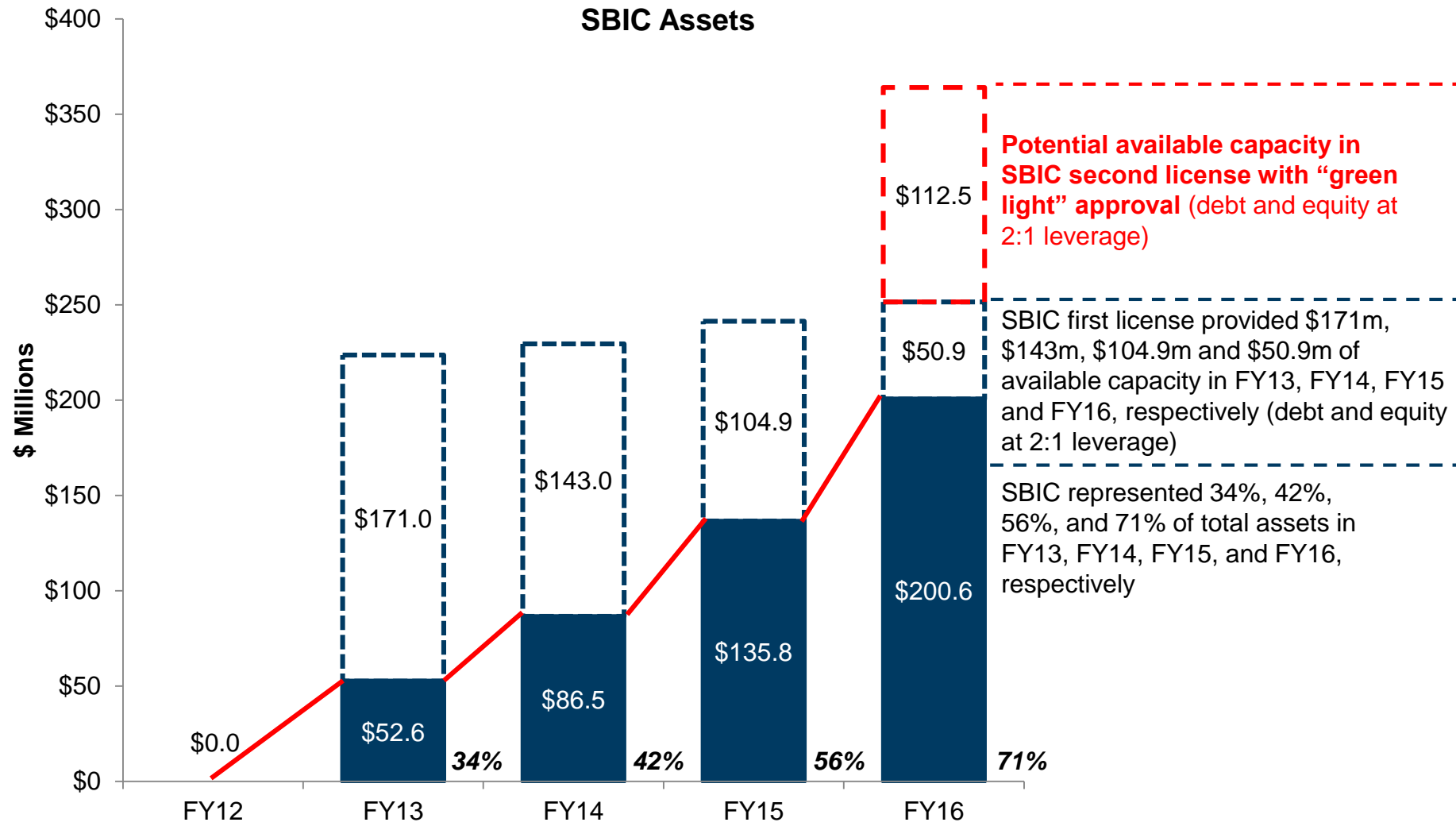
SAR Debt Multiples/Deals Closed (2012-2016) Total Portfolio Leverage is 3.8x

Market Average Multiples
(Total Debt/EBITDA)



Source: KeyBanc Capital Markets
Calendar quarters, not fiscal

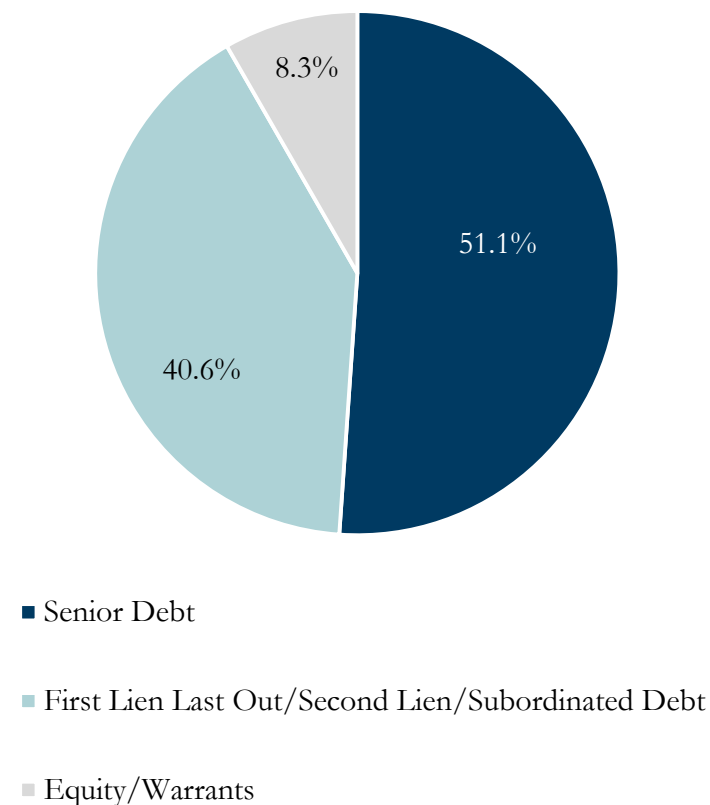
SBIC Assets Continue to Grow



SBIC Portfolio Primarily Senior Debt

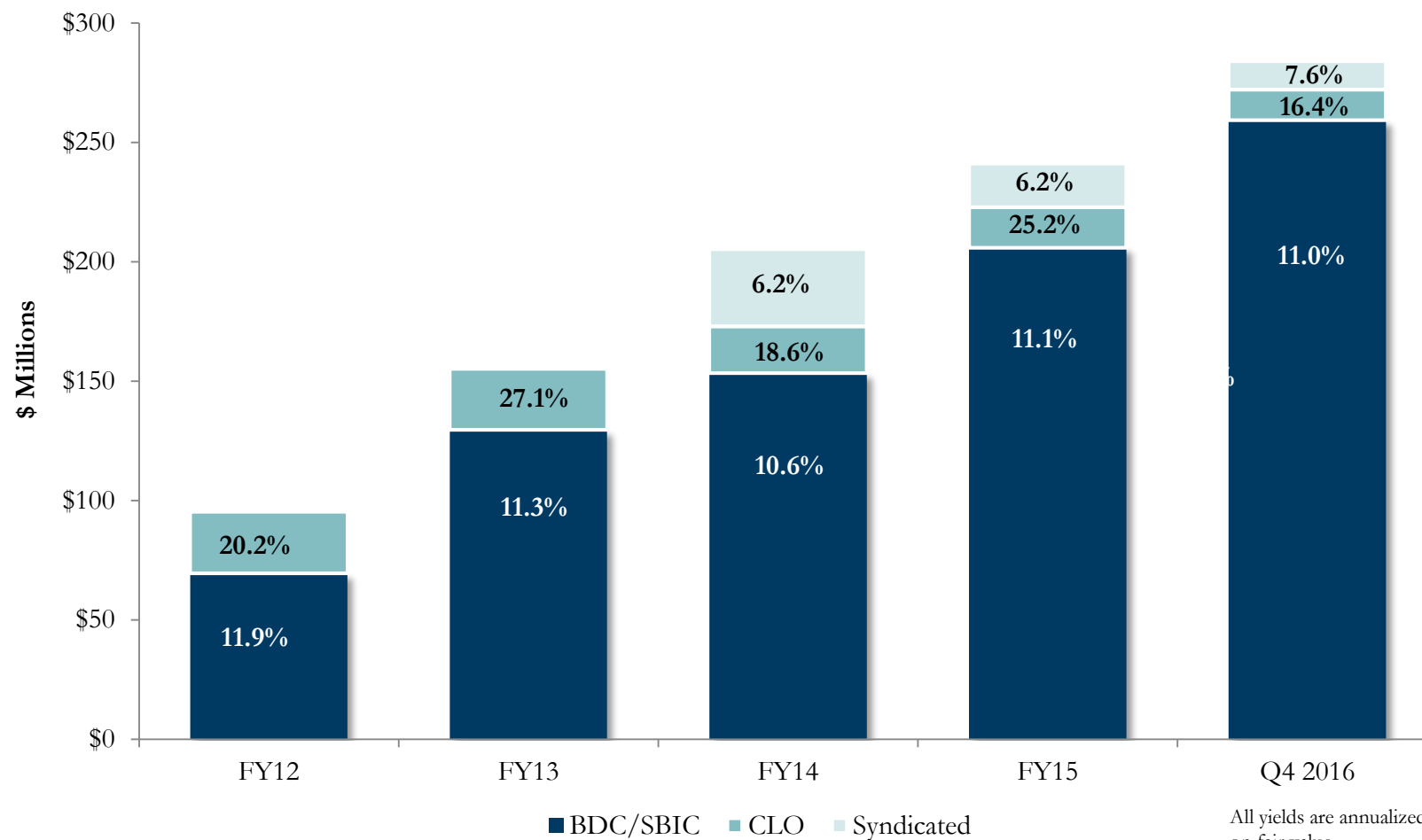
- SBIC portfolio consists of 25 investments across a range of industries. Compared to the broader loan market tracked by S&P and Thomson Reuters, SAR's leverage levels are lower.
- The weighted average leverage for all SBIC debt investments is 3.6x.
 - 51.1% of the SBIC portfolio consists of senior debt investments as of November 30, 2015.
 - 40.6% of the SBIC portfolio consists of first lien, last out or second lien/subordinated debt investments.

Composition of SBIC Portfolio ¹



¹ Based on market value as of February 29, 2016

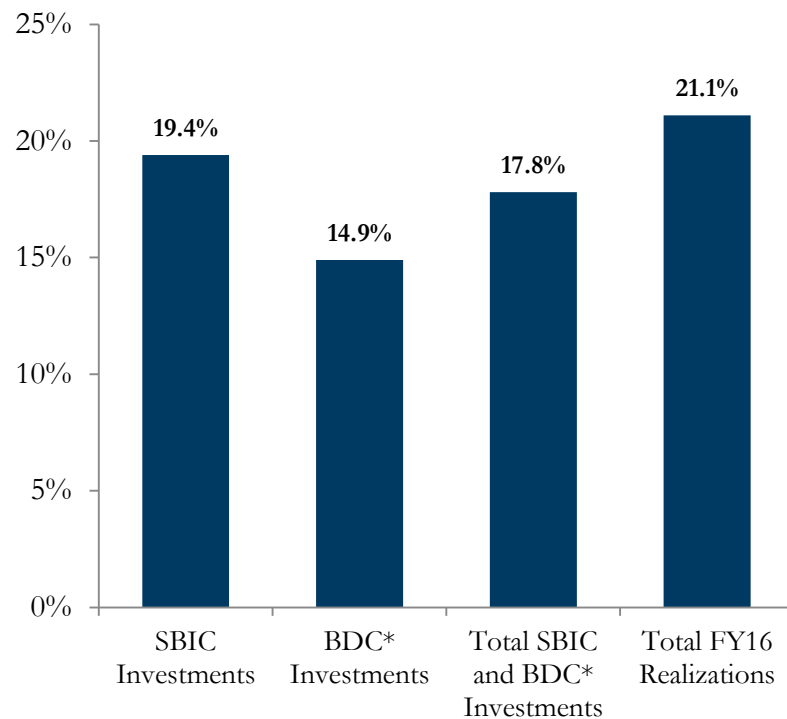
Yield of BDC Remains Strong and Consistent



Demonstrated Exceptional Track Record

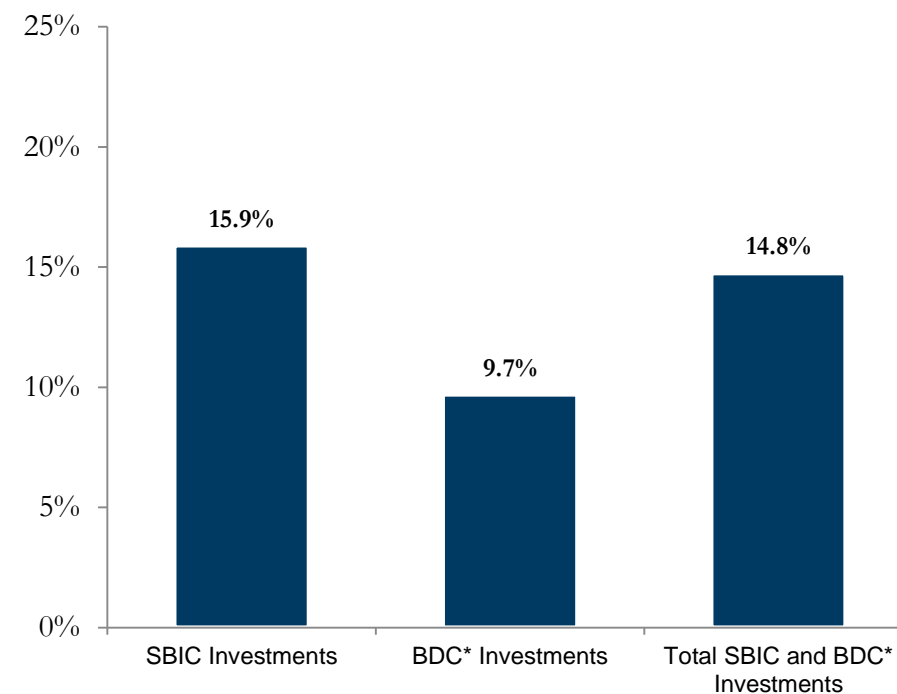
Realized Investments

(Gross Unlevered IRR%)



Unrealized Investments

(Gross Unlevered IRR%)



Achieved Consistent Returns across Vintage Years

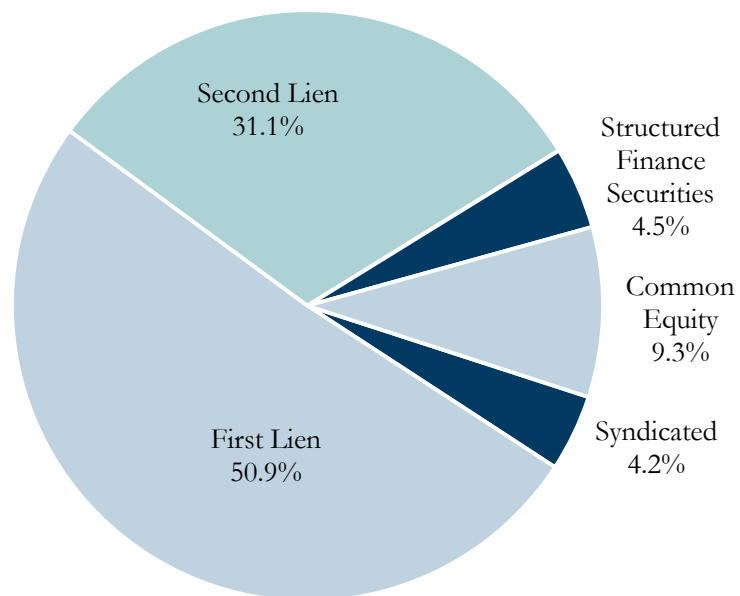
Track Records as of 3/31/16

* BDC Investments exclude investments existing when Saratoga management took over, and corporate financing investments

Balanced Portfolio Composition and Strong Yield

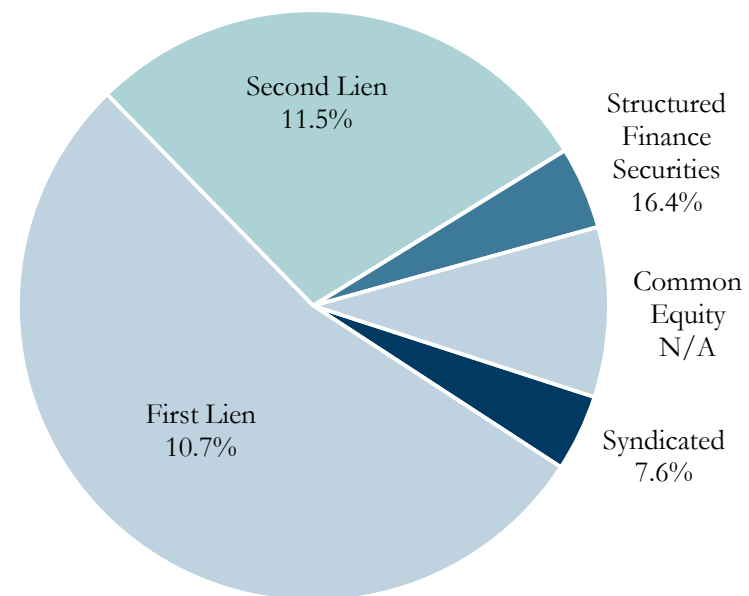
Portfolio Composition – \$284mm

(Based on Fair Values
as of February 29, 2016)



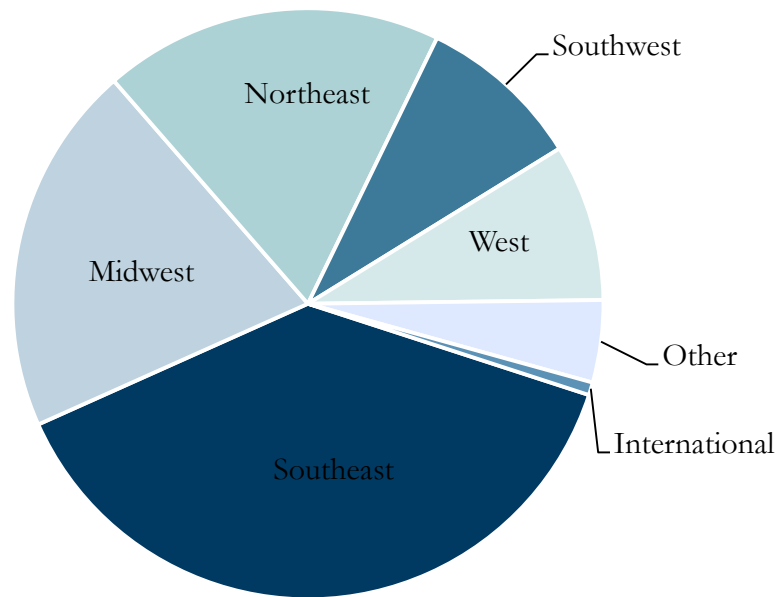
Portfolio Yield – 11.1%

(Weighted Average
Current Yield of Existing Portfolio)

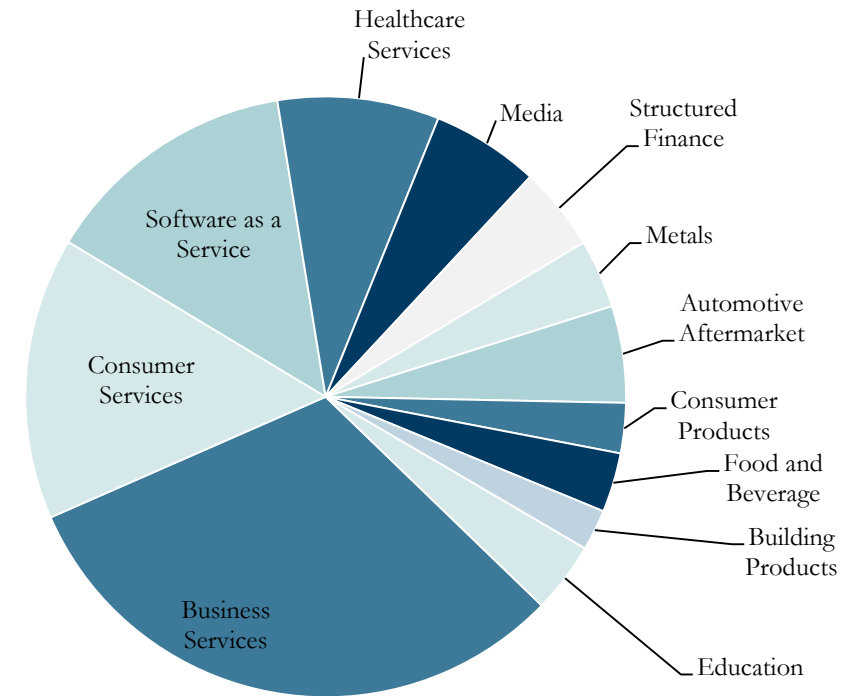


Diversified Across Industry and Geography

Investments diversified geographically



Investments across 12 distinct industries



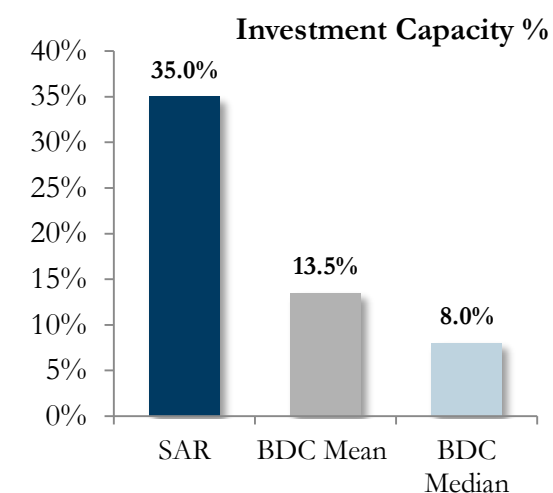
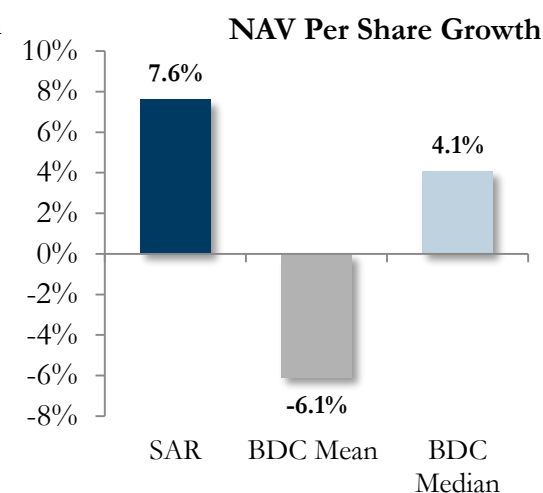
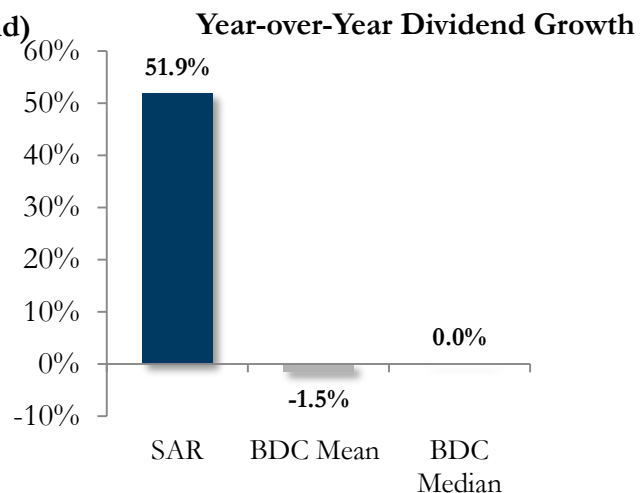
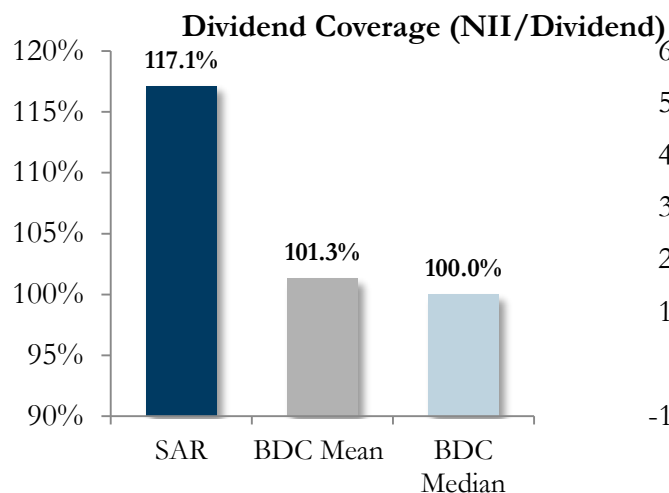
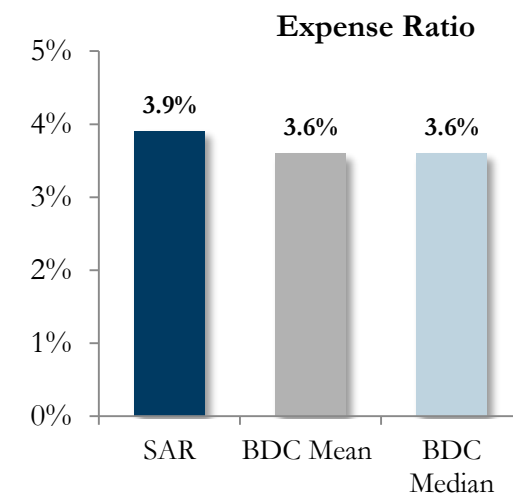
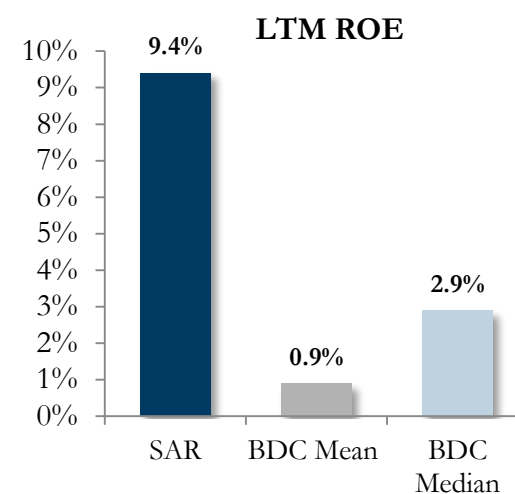
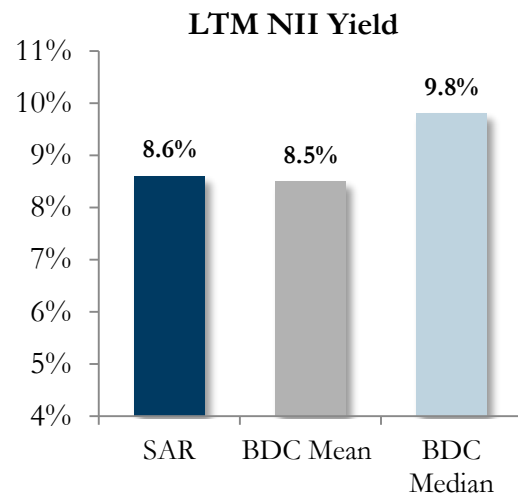
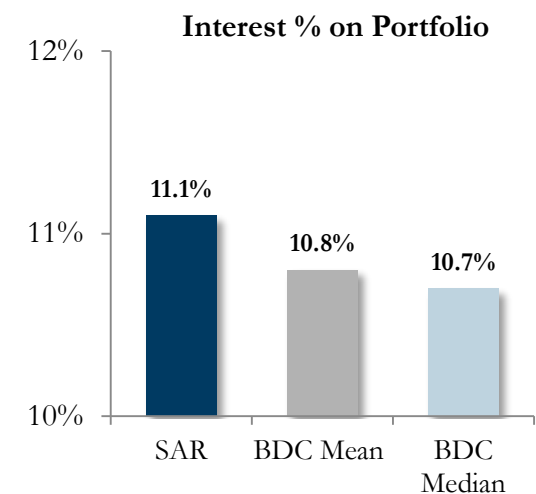
Significant Dry Powder Available

Ability to grow AUM by over 35%* without any external financing

(As of Feb 29, 2016)	Total Borrowing Capacity	Outstanding	Available Liquidity
Secured Revolving Credit Facility	\$45.0 million	\$0.0 million	\$45.0 million
SBA Debentures	\$150.0 million	\$103.7 million	\$46.3 million
Publicly-Traded Notes (at fair value)	\$60.2 million	\$60.2 million	\$0.0 million
Cash and Cash Equivalents	\$7.0 million	\$0.0 million	\$7.0 million
Total Available Liquidity:			\$ 98.3 million*

SAR Outperforming the Market

SAR Outperforming the BDC market



(1) Raymond James report as of 5/13/16

Stock Price to Net Asset Value

	SAR*	BDC Mean	BDCMedian
Stock Price / NAV	0.74x	0.84x	0.82x

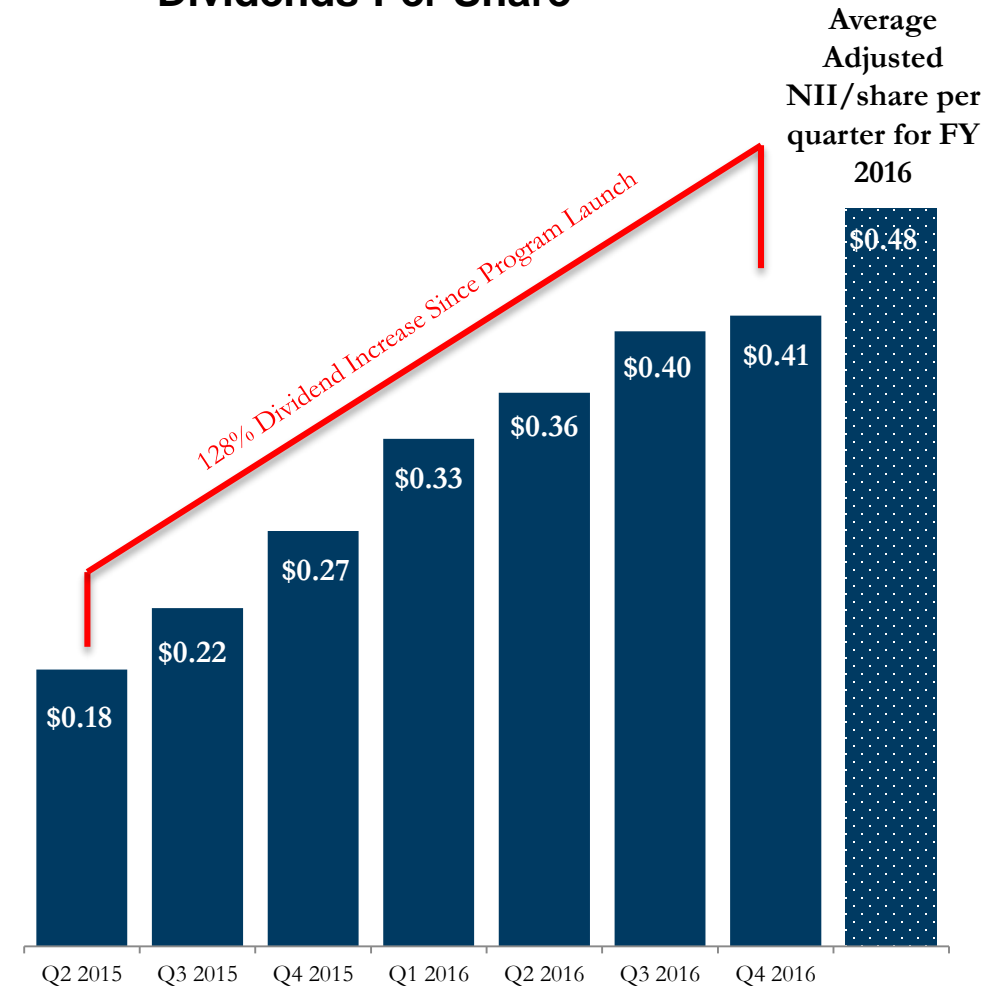
**Saratoga is trading at a significant discount to NAV,
below the BDCs industry average.**

* NAV as of 2/29/16 – Stock Price as of 5/20/2016

Dividends Continue to Increase

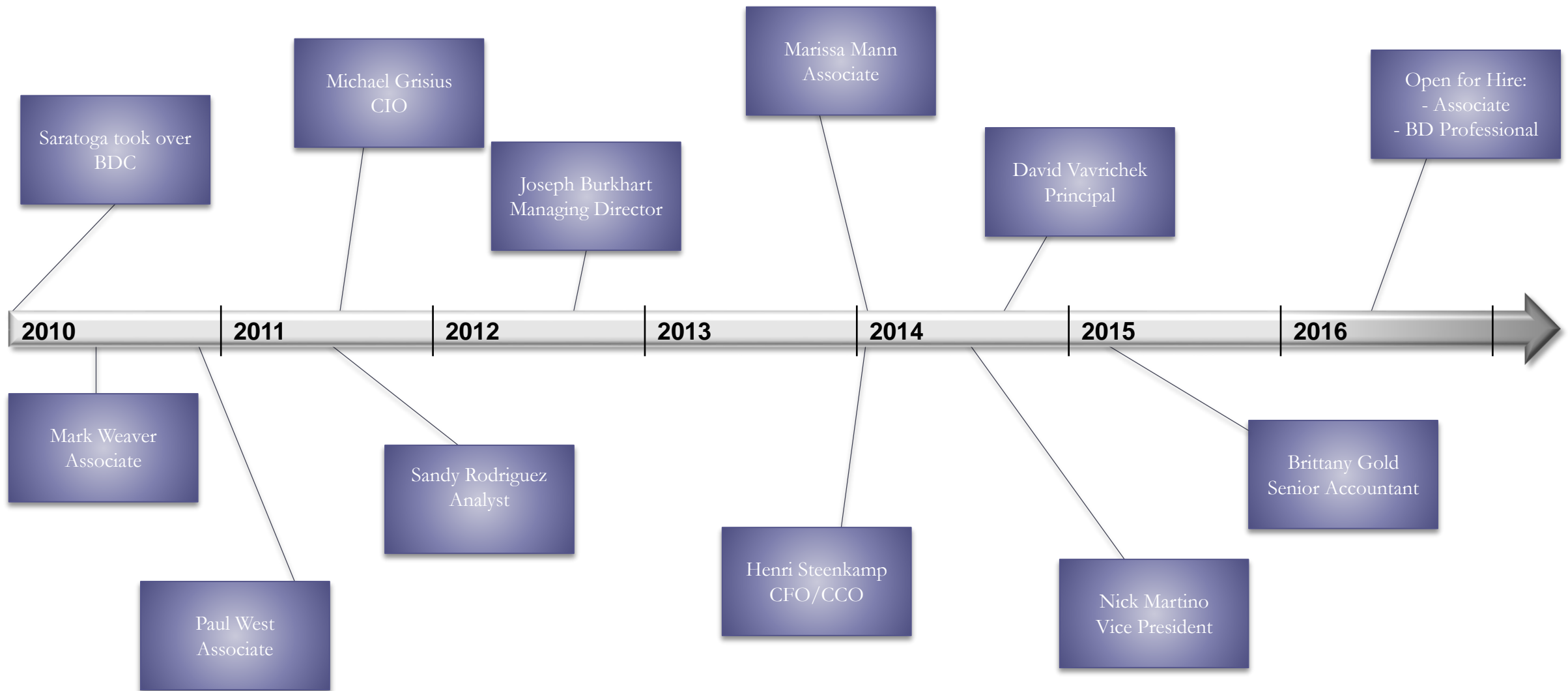
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”)
- Announced special dividend of \$1 per share pursuant to DRIP in Q2, to meet RIC requirements
- Declared Q4 dividend of \$0.41, increasing our dividend by 52% in 12 months
- Significantly overearning our dividend currently (17% on average for the year, 10% on the current quarter)

Dividends Per Share



Management / Investment Team

Saratoga Team Has Continued to Grow to Meet Opportunity



Introductions: Best in Class Team

<u>Professional Staff</u>	<u>Tenure at Saratoga</u>	<u>Background</u>
Christian Oberbeck, CEO	21 years	BS/BA - Brown University, MBA - Columbia University, Dillon Read, Castle Harlan
Michael Grisius, President and CIO	5 years at firm 16 years at prior firm	BS - Georgetown University, MBA - Cornell University, Allied Capital, Chemical Bank, KPMG
Henri Steenkamp, CFO, CCO and Treasurer	2 years, 15 years prior capital markets and controls experience	Honors in Finance, Cum Laude – University of Johannesburg, CA(SA), PwC
Charles Phillips, MD	18 years	AB - Harvard College, MBA - Harvard Business School, Dillon Read, McCown De Leeuw
Joe Burkhart, MD Business Development	4 years	BBA – Notre Dame, MBA – Virginia, Allied, ACAS
Thomas Inglesby, MD	6 years (8 years including GSC), 15 years at prior firm	BS - University of Maryland, JD/MBA - Virginia GSC Group, Harbour Group
John MacMurray, MD	10 years	AB - Princeton University, MBA – Columbia, EuroConsult
David Vavrichek, Principal	2 years	BA – Yale University, DeerPath
Nick Martino, Vice President	2 years	BA – Bucknell University, Prospect, Credit Suisse
Mark Weaver, CFA, Vice President	5 years	BSBA - University of North Carolina, Chapel Hill MS - University of Cambridge, GSC
Paul West, Vice President	6 years	BSBA - University of North Carolina, Chapel Hill
Marissa Mann, Associate	2 years	BS – Washington and Lee University, JP Morgan
Sandy Rodriguez, Analyst	4 years	BS – Brooklyn College
Maria Costanzo, Controller	13 years	BS - Iona College
Brittany Gold, Senior Accountant	6 months	BS - Florida State, MS – University South FL
Nancy Loesch, Compliance and AP Manager	5 years	
Helen Wilson	17 years	
Petal Valme	14 years	

Optimal Target Market

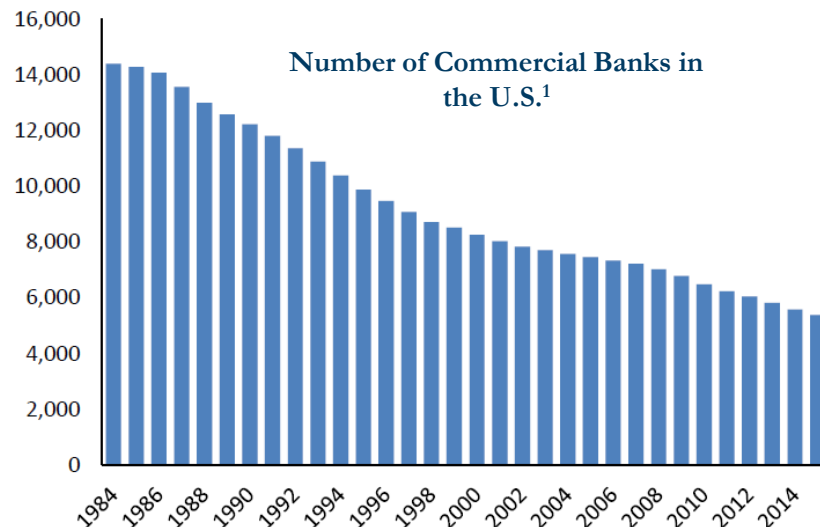
Long-Term Market Dynamics Are Positive

Powerful Secular Trends

- Banks continue to shift toward large borrowers
- Regulatory environment is a headwind for banks in the middle-market

Consistent Decline in Small Business Bank Lending Due to Consolidation and Regulation

- Banks historically the main source of loans for small businesses
- Consistent decline in number of banks due to consolidation; larger banks focus on larger companies
- Increased regulation has made it more onerous for remaining banks to make small business loans



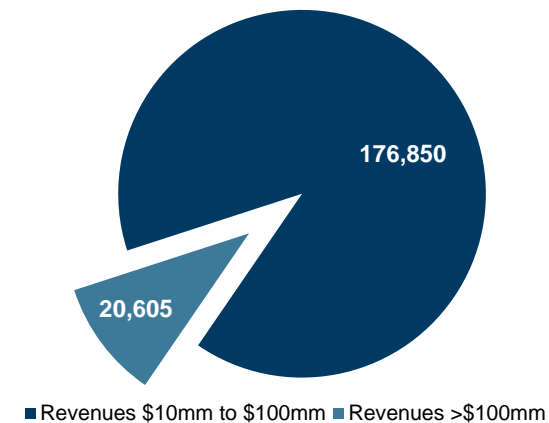
(1) Federal Financial Institutions Examination Council (US) -Commercial Banks in the U.S.

(2) U.S. Census, Dunn & Bradstreet. Businesses with between \$10 million and \$100 million of annual revenue represents a large segment of Star Mountain target marketplace.

Large Market of Small Businesses Underserved by Traditional Asset Managers

- Over 175,000 companies in small business target market –businesses with between \$10mm and \$150mm in revenues
- Small businesses represent nearly 90% of all businesses
- Large asset managers not focused on small businesses
- Less than 8% of private capital is focused on small businesses

Number of Companies in the U.S. by Revenue²



Market Dynamics – Regulatory Changes Benefit BDCs

Proposed Regulatory Changes

- BDCs poised to fill void left by banks

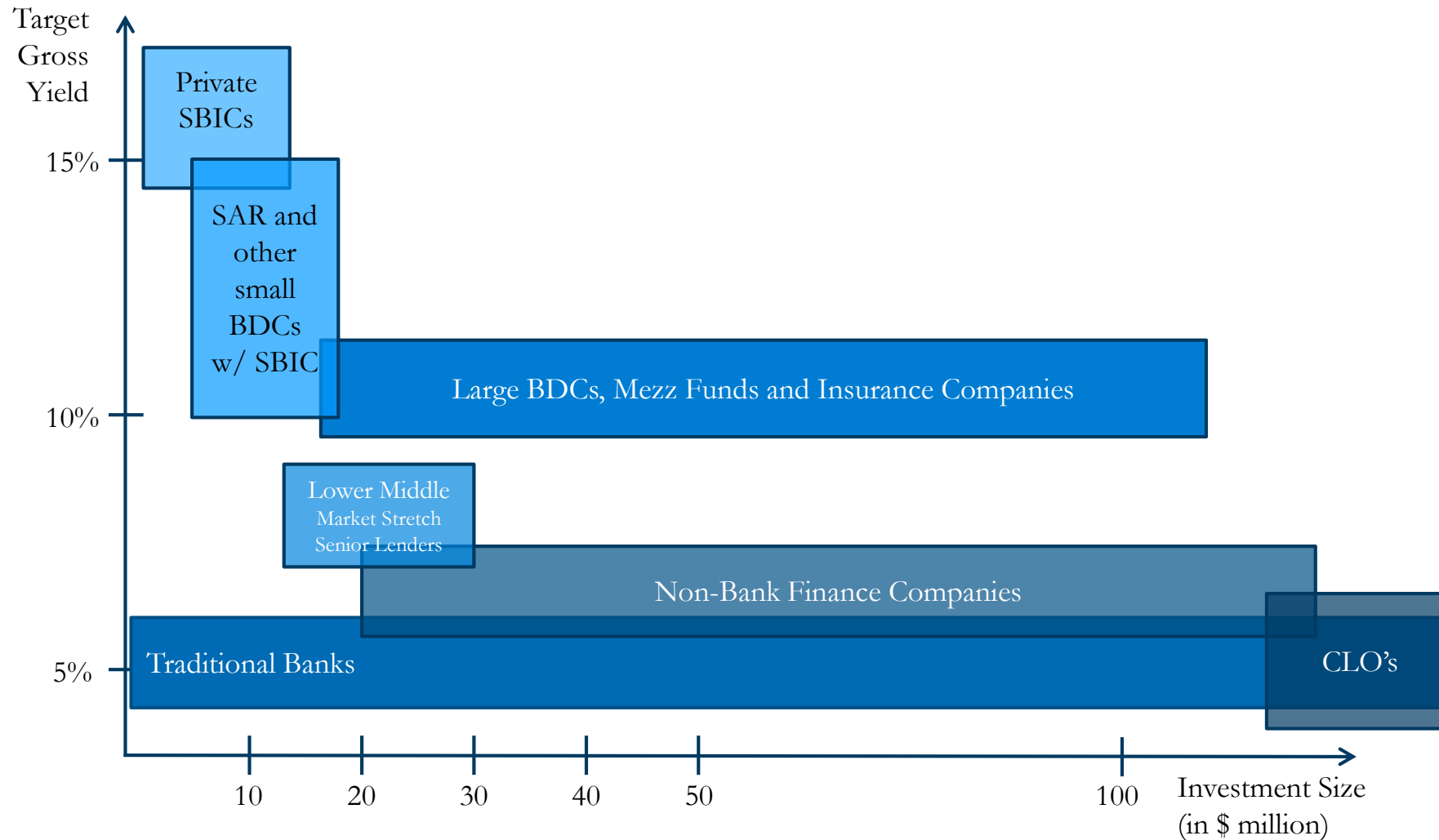
Proposed Regulation	Key Dates	Detail	Effects on Banks	Effect on BDCs
Basel III	Phase-in 2015-2019	New capital requirements require banks to reserve more equity capital against leveraged loans, with higher risk weightings against non-investment grade securities	X	✓
FDIC Guidance on Leveraged Loans	Guidance effective May 2013	Establishes minimum lending standards, changes in “criticized loans” (loans levered >6x) make underwriting higher leverage transactions (i.e. LBOs) more difficult for the largest banks, “no exceptions policy” on new issuance	X	✓
SIFI¹	Ongoing	An objective of Dodd-Frank, SIFI regulation requires the enhanced monitoring of systemic risk and supervision of systemically important financial institutions (SIFIs)	X	✓
Volcker Rule	Finalized Dec. 2013 Implement July 2017	Limits ability of banks to own or sponsor hedge funds or private equity funds	X	✓
Risk Retention	Rules passed October 2014	CLO sponsors required to retain a 5% interest in the CLO on their own balance sheet		✓
S. 2136	Rule passed December 2015	Recently passed law that would allow SBICs to access \$350 million of SBA debentures, up from \$225 million		✓
H.R. 1800	Ongoing	Proposed law that would raise allowable BDC leverage to 2:1 debt / equity and allow preferred equity to count as equity		✓

Source: Wall Street equity research (May 2013).

- (1) SIFI regulation can be viewed as having a negative impact on insurance companies. AIG and Prudential Financial have been designated SIFIs by the Financial Stability Oversight Council (FSOC) and MetLife is in “Stage 3,” the final stage of review before being designated a SIFI

Saratoga Has Very Favorable Competitive Positioning

SAR occupies a very advantageous niche in the market



Dynamic Business Development

Business Development Philosophy

The main goal of business development is to **increase the number and quality of actionable investment opportunities**

Saratoga's business development strategy relies on **constant focus and improvement**



Partnership reputation builds growing base of referral sources

Efficiency creates a leveraged business model that **improves opportunities to close deals**

Business Development Activities

- Saratoga closely monitors its business development activities and over the last 12 months we have completed almost 1,500 activities including:
 - Over 400 in person meetings
 - Over 550 deal referrals to sponsors and other lenders
 - Manage communications with over 2,100 firms and over 6,000 contacts

- We remain active participants on the conference and networking scene:
 - Attended about 70 conferences and events in FY 2016
 - Hosted 12 formal events including golf, dinners, and speaking panels

- Active members of several industry groups
 - SBIA (Steenkamp and Burkhardt active board members)
 - ACG (Burkhardt active member of NY chapter)
 - Other groups – Opus Connect, Axial, GLG

Robust Pipeline During Tough Market

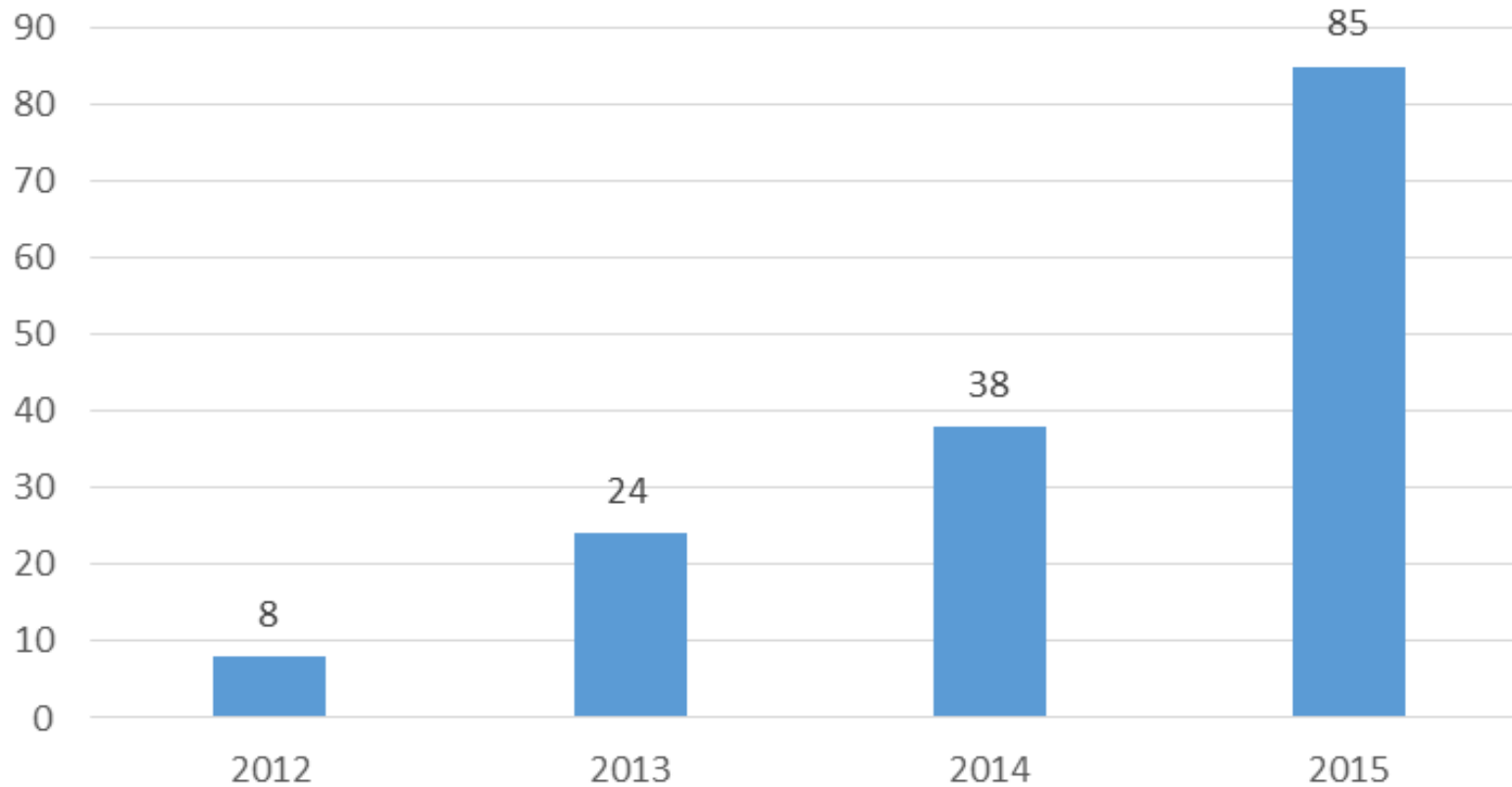
Despite a difficult market to close deals, the number of new business opportunities is increasing for us, yet we remain as disciplined as ever.

Calendar	2013	Δ	2014	Δ	2015	LTM 2016	
Deals Sourced	448	7% →	480	39% →	613	615	<ul style="list-style-type: none"> • 40% of deal flow from private equity sponsors • 60% of deals from private companies without institutional ownership
Term Sheets	50	2% →	48	40% →	67	56	<ul style="list-style-type: none"> • Saratoga issues an average of 15 terms sheets per quarter • ~ 60% of term sheets are issued for transactions involving a private equity sponsor.
Deals Executed	7	100% →	14	14% →	16	15	<ul style="list-style-type: none"> • Saratoga closes an average of 3.5 deals per quarter, 2.3% of deals reviewed

Tier 1 Sponsor Relationships Increased from 8 to 85 in Last Three Years

– Helps Drive Strong Originations and Pipeline

Number of Saratoga Tier 1 Sponsor Relationships



- Investments in business development expanding our relationship base
- Second full-time business development professional added in 2015
- Growing reputation in marketplace

Lending Environment for Small Businesses

Knowland was founded in 2004 and is based in the Mid Atlantic with headquarters in Washington, DC.

As a globally recognized provider of meeting and group data, Knowland offers extensive insight into market analytics, group industry trends, and powerful benchmarking.



Tim Hart, Chief Executive Officer, Knowland

Tim began his career at Andersen Consulting in 1984, after receiving both his B.A. and MBA from Washington University in St. Louis.

In 1988 he joined Joseph McCall and Company, an Atlanta-based technology consulting and development company. In 1992, he became VP of Product Development at Aeronomics Incorporated, a pricing and revenue management solutions provider to the travel and hospitality industry. Aeronomics later merged with Decision Focus Incorporated to become Talus Solutions, which was later acquired by Manugistics.

In 1999, Tim co-founded The Rubicon Group, a travel and hospitality data and business intelligence company. He served first as Chief Operating Officer and subsequently as Chief Executive Officer. In 2011, Rubicon was acquired by Travelclick, a leading hospitality solutions firm. He served as Executive Vice President of Business Intelligence for Travelclick until 2014, when he became CEO of Knowland.

THE KNOWLAND GROUP®

The Meeting Intelligence Platform For Maximizing Group Revenue

Business Intelligence solutions providing market analytics and group meeting data to hotel and convention center sales teams through data collection and profiling.

Investment Thesis

- **Value Proposition**
 - Strong ROI for customers, providing true benchmarking and incremental sales opportunities. Industry customer surveys reflected strong marks on the key selection criteria such as accuracy of data and hotel market coverage.
- **Market Leader**
 - Management estimates that Knowland is at least 3x the size of the closest reader board competitor.
- **Substantial Barriers to Entry**
 - As the largest competitive intelligence provider, the Company enjoys the benefit of scale economies associated with route density.
- **Valuable Data Asset**
 - Extensive database and proprietary information collection processes (60 field researchers travel over 900 miles, across 469 routes, to approximately 4,500 hotels daily).

Investment

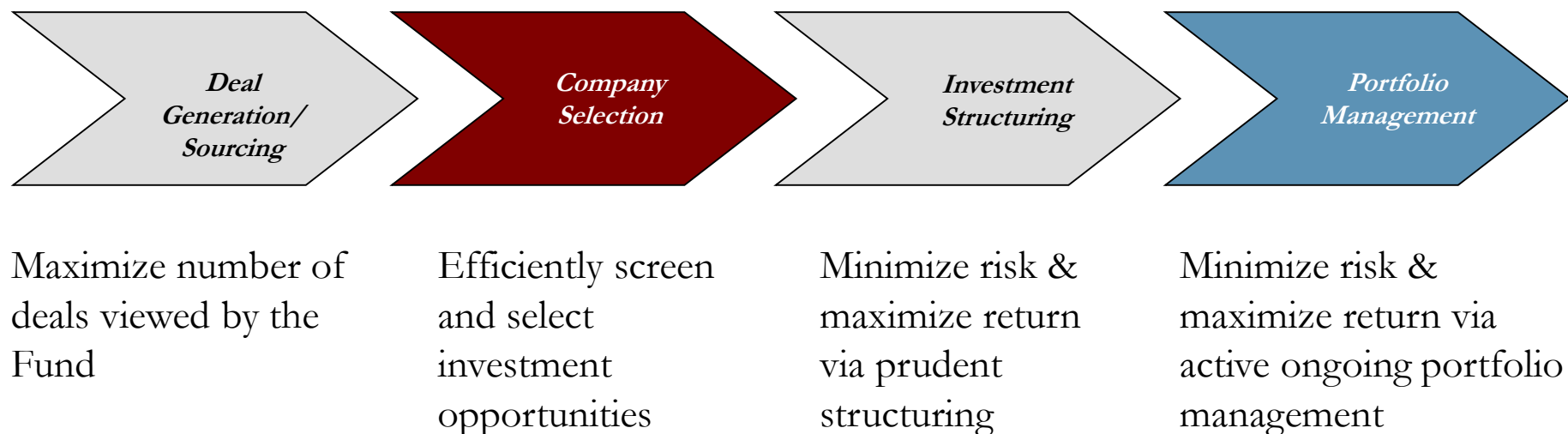
- In Nov 2012, Saratoga provided financing to support the sponsor's investment in the business, partnering with founder.
- Initial Investment: \$6.2M of senior debt to support the acquisition and to support the Company's growth plans, augmenting management through the creation of an impressive board of directors.
- Follow-on support In Dec 2014, Saratoga provided access to additional liquidity for growth via a delayed draw term loan.
- Saratoga continues to support growth through potential follow-on investments to support strategic acquisitions.

Investment Summary

- Strong market position with compelling Software as a Service ("SaaS") business model.
- During Saratoga's investment, Company has refined market position and product suite.
- Recent success in developing enterprise-level analytic products.
- Steady performer with multiple avenues for growth.

Time-Tested Investment Approach

Coordinated Investment Process Drives Value



Investment Approach: How We've Focused

Focused on middle market companies in the United States

\$5 Million to \$20 Million Investments in:

Leveraged & Management Buyouts

Recapitalizations

Growth Financings

Acquisition Financings

Transitional Financings

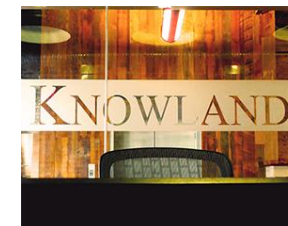
Diverse Investment Strategy: No potential write-downs as a result of exposure to energy inv.

Qualitative Parameters

- Leading market position
- Exceptional management with meaningful stake
- Growth prospects in healthy end markets
- Ability to withstand industry cycles

Financial Parameters

- Revenues of \$10 - \$150 million
- EBITDA of \$2M or above
- Strong margins and free cash flow
- Recurring revenues and stable historical performance
- Modest capital expenditures



[Link: Detailed consolidated schedule of investments updated each quarter](#)

Investment Process

Types of Deals

- Debt: investment size \$5-20MM
- Equity co-investment: size \$0.5-3MM
- Typical coupon: 9%-14%
- Average maturity of 5 years
- Conservative capital structure
- Unitranche target IRR: 9%-14%
- Mezzanine target IRR: 13%-17%
- Equity target IRR: >25%
- Use of proceeds - acquisitions, MBOs, LBOs, recaps and growth strategies (no turnaround situations)

Company Characteristics

- Later stage, small and middle market companies (\$10-150MM in revenue, \$2+MM in EBITDA)
- Strong margins and free cash flow
- Exceptional management team with a meaningful stake in the business
- Leading market position or niche with sustainable competitive advantages
- Recurring or repeatable revenue with loyal customers and attractive margins
- Modest capital expenditures and working capital requirements

Industry Profile

- Established, well defined industries with solid growth characteristics in healthy end markets
- Business services, light manufacturing, franchise businesses, consumer and healthcare services industries
- High barriers to entry
- No high R&D, early stage technology, or pure commodity industries
- Ability to withstand business cycles

Lending Environment for Small Businesses



Only national company offering a comprehensive subscription service for commercial ice machines that includes all repairs, preventative maintenance

Mark Hangen, President & CEO, Easy Ice

Mark received his Bachelor of Arts in Economics at Colgate University. After ten years in the work place at Digital Equipment Corporation (Syracuse, NY) and Yorkville Federal Savings and Loan (New York, NY), Mark received his MBA from Harvard Business School in 1992.

He spent 10 years in senior executive positions at Cap Gemini Consulting (Paris, France) and as Chief Operating Officer of Internet Security Systems (Atlanta, GA) and Chief Executive Officer of Securify (Mountain View, CA). Mark founded Easy Ice in 2007 in Marquette, Michigan.

Investment Case Study

Easy Ice, LLC



Provider of ice machine service contracts to small businesses.

Investment Thesis

- **Strong Value Proposition**
 - Customers avoid a large upfront equipment purchase, receive repair and regular maintenance at no extra charge, and emergency ice delivery in the event of machine downtime.
- **Subscription-based Recurring Revenue Model**
 - Cash flow supported by over 5,000 monthly subscriptions (installed machines) spanning locations in over 35 states.
- **Highly Diversified Customer Base**
 - Largest customer represented less than 0.5% of revenues; over 95% of Easy Ice's customers reflected single-unit subscribers.
- **Strong Operating Leverage**
 - Monthly recurring revenue business model has few fixed costs beyond the core operating management and sales/call center.

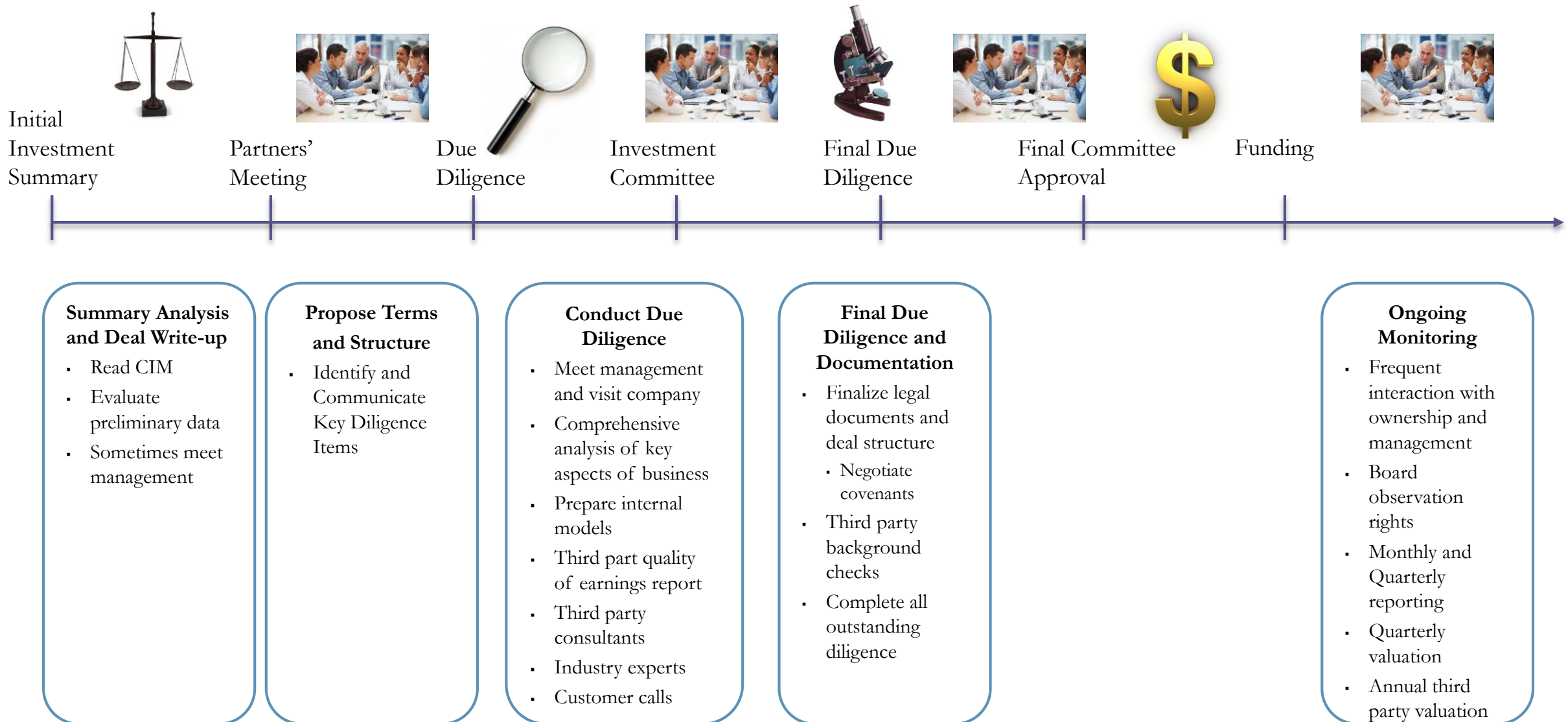
Investment

- In March 2013, Dec 2014, and February 2015, Saratoga provided financing to support the recapitalization of the business and to support installed ice machine growth.
- Initial \$7.5M of senior debt has grown to almost \$15 M over course of investment to support growth via additional fleet purchases.
- Easy Ice continues to grow its footprint of installed machines.

Investment Summary

- By year end, revenue and EBITDA will have doubled over our investment period.
- As installed base of machines has grown, revenue visibility and operating leverage has improved.
- Attractive subscription model continues to improve, experiencing lower churn rates as customers are more "seasoned."

Investment Selection and Portfolio Management Process



Lending Environment for Small Businesses

Launched in 2007, Health Media Network is the fastest growing digital Point of Care media company in the U.S., reaching more than 55,000 physicians in over 12,000 medical offices and healthcare systems across the country.



HMN offers 30 specialty health networks that educate and empower patients to facilitate better conversations with their doctors.

Christopher J. Culver, President and CEO, Health Media Network (HMN)

Mr. Christopher J. Culver is the Chief Executive Officer of Health Media Network (HMN). Chris set out to transform the Point of Care media industry and HMN became the first company to build a 100% IP addressable digital screen network comprised of powerful health verticals.

Prior to forming HMN, Mr. Culver founded and built Culver Out-of-Home Media, LLC, an advertising and media agency that served clients such as Time Warner City Cable, Arizona Iced Tea, Virgin Atlantic Airways, National Newspaper Network, Act Media, Bordeaux Wines and Armani as well as owned the advertising rights in sports stadiums. As EVP of Sales at TDI, Mr. Culver was part of a senior leadership team that became the largest transit advertising company in the U.S. and parts of Europe.



HEALTH Media NETWORK

**Point of care media company in over 12,000 medical offices
and healthcare facilities**

Investment Thesis

- **Value Proposition**
 - HMN provides advertisers access to an engaged, captive audience of highly targeted customers at the point of care.
 - HMN offers a strong, measurable ROI for its customers.
- **Blue Chip Customer Base**
 - HMN's customers include many of the world's largest and most sophisticated pharmaceutical companies, including Pfizer and Bayer, and advertising agencies, including Carat, FCB Health and Target Health, which have endorsed HMN's platform by using it to advertise key drugs in their portfolios.
- **Attractive Unit Economics and Margins**
 - HMN's assets offer very quick payback (less than one year)
 - Highly leveragable business model with strong incremental revenue flow through to EBITDA.
 - Modest maintenance capex leads to high FCF.

Investment (SBIC-only)

- In May 2014, Saratoga provided a \$9.5 million term loan to support the recapitalization of the business and fund a highly synergistic acquisition that significantly increased the size of HMN's network.
- In January 2015, Saratoga provided a \$4.0M incremental facility to fund the Company's repurchase of shares from a minority shareholder and provide dry powder for organic growth.

Investment Summary

- The company's performance has been impressive, more than doubling revenue and tripling EBITDA since Saratoga's investment in May of 2014.
- Headcount has increased from 18 to 38 as HMN has invested in people and systems to support its existing business and prepare for future growth.

Unique Position of SAR in the Evolving BDC Industry

Strongly Differentiated Outperformance in Multiple Categories

Rank	LTM Return on Average Equity	Net Asset Value per Share Growth ⁽¹⁾	Total Capacity ⁽²⁾	Year-Over-Year Quarterly Dividend Growth ⁽²⁾
1.	OFS Capital 13.0 %	Gladstone Investment Corp. 10.09 %	TriplePoint Venture Growth BDC 51 %	Saratoga Investment Corp. 51.9 %
2.	Gladstone Investment Corp. 11.6	Saratoga Investment Corp. 7.64	American Capital 42	Main Street Capital Corp. 4.9
3.	Monroe Capital Corp. 10.9	Rand Capital Corp. 4.64	Pennant Park Floating 42	Gladstone Investment Corp. 4.2
4.	TCP Capital 10.6	OFS Capital Corp. 3.60	Saratoga Investment Corp. 35	Medallion Financial Corp. 4.2
5.	Medallion Financial Corp. 10.6	Equus Total Return Inc. 3.06	Hercules Capital, Inc. 19	Fidus Investment Corp. 2.6
6.	Fidus Investment Corp. 10.6	Medallion Financial Corp. 2.38	BlackRock Capital Investment Corporation 18	TPG Specialty Lending 2.6
7.	Main Street Capital Corp. 9.90	Main Street Capital Corp. 1.87	Solar Capital Ltd. 17	CM Financial 1.4
8.	Golub Capital BDC Inc. 9.74	Golub Capital BDC Inc. 1.64	Main Street Capital Corp. 16	American Capital Senior Floating 0.3
9.	Saratoga Investment Corp. 9.4	Monroe Capital Corp. 0.96	Triangle Capital Corporation 14	TICC Capital Corp. 0.0
10.	Triangle Capital Corporation 9.12	Fidus Investment Corp. 0.13	TCP Capital 13	
Mean		0.90%	(6.08)%	15.5%
Median		3.10%	(4.07)%	(0.0)%

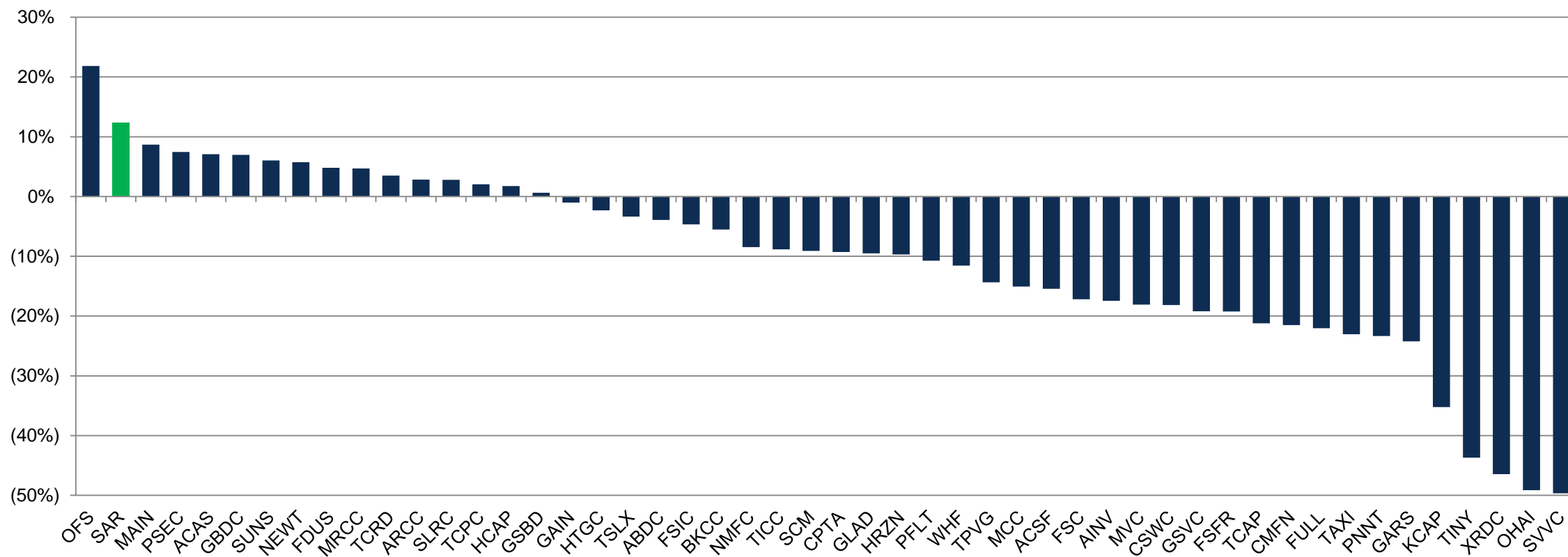
Source: SNL Financial and Company filings, complete list consist of 50 companies, most recent year

1) Wells Fargo BDC Scorecard + SAR; Total Capacity is Cash + Traditional Debt + SBIC

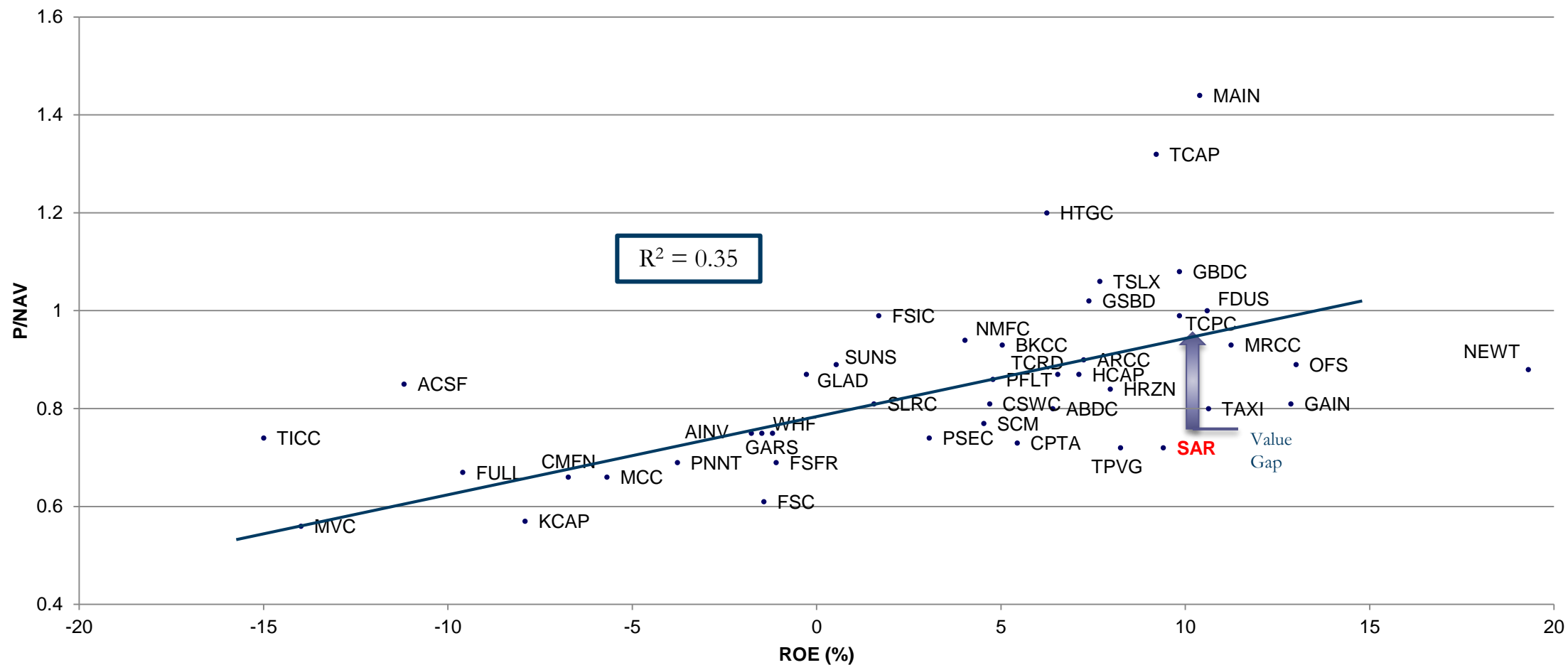
2) Raymond James BDC Industry Investment Banking Weekly Newsletter, Complete list consist of 46 companies

SAR – Top of BDC Industry in Total Return

BDC Total Return
 (May 2015 to May 2016)
SAR 12.3% v BDC Index -2.0%



BDCs – P/NAV versus ROE



Sources: Ladenburg Thalmann & Co., Inc., S&P Capital IQ

Notes: Includes all publicly traded business development companies focused on debt investments paying regular dividends.

Established Competitive Edge vs. Other BDCs

Outstanding performance characteristics

▶ Growing dividend	Paying a current dividend yield of approx. 10.0%; more than doubled quarterly dividend over past 18 months
▶ Industry-leading return on equity	<p>Return on equity factors in both investment income and net gains/losses</p> <ul style="list-style-type: none">• One Year ROE of 9.4% beats industry average of 0.9%• Five year ROE average of 10.8% beats industry average of 7.2%
▶ Ample low-cost, liquidity available	Large borrowing capacity still at hand through both credit facility and SBA debentures relative to competitors – can grow current asset base by 35%
▶ Strong earnings per share and NII Yield	Attractive NII per share generated from strong risk-adjusted portfolio returns and favorable capital structure
▶ Commitment to AUM expansion	Assets under management has steadily grown 199% since FY 2012 with strong originations despite significant redemptions
▶ Limited oil & gas exposure	Will not be facing significant write-downs as a result of major direct exposure to energy/oil/gas investments

Conclusion: Defined Growth Strategy and Unique Niche Focus

Best-in-Class Team

Outperforming BDC sector in
ROE

*ROE of 9.4% LTM
vs. 0.9% for BDC industry*

Outperforming BDC sector in
Total Return

*Total Return of 12% LTM
vs. (2.0%) for BDC industry*

Exceptional Track Record of
NAV and High-Quality
Asset Growth

Since Management's
Acquisition in 2010

*Fair value of assets under
management doubled since
FY 2012*

Ample Remaining
Room for appreciation

*Trading at 26%
discount to NAV*

**Saratoga is outperforming the BDC industry and there
is a valuation gap opportunity for investors.**



Thank you

Performance Metrics: Annual

Key Performance Metrics for the Fiscal Year

For the fiscal year ended and as of (\$ in millions except per share)	Feb 28, 2014**	Feb 28, 2015	Feb 29, 2016
Net investment income	\$8,874	\$9,674	\$10,678
Adjusted net investment income*	\$8,804	\$9,978	\$10,633
Net investment income per share	\$1.80	\$1.80	\$1.91
Adjusted net investment income per share*	\$1.79	\$1.85	\$1.90
Net investment income yield	8.0%	8.2%	8.6%
Adjusted net investment income yield*	8.0%	8.5%	8.6%
Return on Equity	7.7%	9.3%	9.4%
Fair value of investment portfolio	\$205.8	\$240.5	\$284.0
Total net assets	\$113.4	\$122.6	\$125.1
Investments in new/existing portfolio companies	\$70.3	\$104.9	\$109.2
Loan Investments held in “strong” credit ratings	90.5%	94.2%	98.3%



*Adjusted for accrued capital gains incentive fee expense, reconciliation to net investment income included in our fiscal year 2016 earnings release.

** Prior periods revised for adjustments outlined in notes to the financial statements included in the Form 10-K

SAR Outperforming the BDC market

	SAR (As of and for the year ended February 29, 2016)	BDC⁽¹⁾ Mean	BDC⁽¹⁾ Median
Interest % on Portfolio	11.1%	10.8%	10.7%
LTM NII Yield	8.6%	8.5%	9.8%
LTM ROE	9.4%	0.9%	2.9%
% of Non-Accrual	0.0%	2.4% of cost	
Expense Ratio	3.9%	3.6%	3.6%
Dividend Coverage (NII/Dividend)	117.1%	101.3%	100.0%
Year-over-Year Dividend Growth	51.9%	(1.5%)	0.0%
NAV Per Share Growth	7.64%	(6.08%)	(4.07%)
LTM Total Return	12.3%	(2.0%)	
Investment Capacity %	35%	13.5%	8.0%

(1) Raymond James report as of 5/13/16

Saratoga Outperforming Industry - Performance / Valuation

Company is achieving better than industry returns against entirety of BDC Sector

Strengths

- ROAE
- Discount to NAV / Lower P/E
- Dividend growing steadily
- Considerably better Total Return

	Ticker	Market Cap (\$M)	Total Assets MRQ (\$000)	ROAA MRY (%)	ROAE LTM (%)	Book Value per Share MRY (\$)	Price/ Book MRY (%)	P/E TTM	Dividend Growth Rate MRQ (%)	Dividend Yield MRQ (%)	Total Return One Year (%)	Total Return YTD (%)
Minimum		20.9	52,966	(19.14)	(31.66)	2.88	35.8	5.9	(100.00)	0.00	(54.01)	(36.22)
Median		213.9	503,128	2.45	2.53	13.26	84.4	13.4	0.00	10.50	(8.94)	3.95
Average		608.6	1,221,055	1.22	(0.66)	13.40	84.5	17.5	(2.64)	10.18	(10.17)	1.27
Maximum		4,784.7	9,365,536	6.81	12.50	49.30	136.9	61.7	200.00	24.17	23.19	19.98
Saratoga Investment Corp.	SAR	93.9	295,047	4.27	9.32	22.06	64.5	6.8	81.82	11.25	5.70	11.54
<i>Comparison to Median</i>				Better	Better		Discount		Better	Better	Better	Better