



December 30, 2011

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

NEW YORK, Dec. 30, 2011 /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 15, 2011, will be paid and the results of its shareholders' elections relating to the dividend. The dividend of \$3.00 per share is payable on December 30, 2011, to shareholders of record as of November 25, 2011. Shareholders had until December 22, 2011, to elect whether to receive the dividend in cash (up to an aggregate maximum cash amount of approximately \$2.0 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 \$2.0 million in cash and 600,000 shares of common stock, or approximately 18.3% 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 \$13.12 per share, which equaled the average of the volume weighted average trading price per share of the Company's common stock on December 20, 21 and 22, 2011.

Shareholders who elected to receive the dividend solely in shares of common stock and shareholders who did not make an election will receive approximately 0.23 shares of common stock for each share of common stock they owned on the record date of November 25, 2011. Holders of approximately 66.1% 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 \$1.77 per share, or approximately 59% of the \$3.00 dividend, and 0.094 shares of common stock, or approximately 41% of the total dividend for each share of common stock they owned on the record date of November 25, 2011. 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. Saratoga Investment Corp.'s investment objective is to create attractive risk-adjusted returns by generating current income from its debt investments and capital appreciation from its equity investments. The Company partners with business owners, management teams and financial sponsors to provide financing for change of ownership transactions, strategic acquisitions, recapitalizations and growth initiatives. It has elected to be regulated as a business development company under the Investment Company Act of 1940.

About Saratoga Investment Advisors, LLC

Saratoga Investment Advisors, LLC is a New York-based investment firm formed to focus on credit-driven strategies. It is the external investment adviser to Saratoga Investment Corp. and is affiliated with Saratoga Partners, a middle-market private equity investment firm that primarily invests in businesses with strong management teams and valuations of between \$50 million and \$500 million. Saratoga Partners' investment strategy focuses on companies in manufacturing and business services and it has significant experience in special situations and distressed investing.

Since Saratoga Partners was founded in 1984 as a division of the New York investment firm Dillon, Read & Co., Inc., it has invested in 35 companies with an aggregate value of more than \$3.7 billion. It has been an independent firm since its spinoff in 1998 after Dillon Read was acquired by Swiss Bank Corporation (a predecessor to UBS AG).

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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