

Saratoga Investment Corp.

**Fiscal Year End and Fourth Quarter
2015 Shareholder Presentation**

May 21, 2015

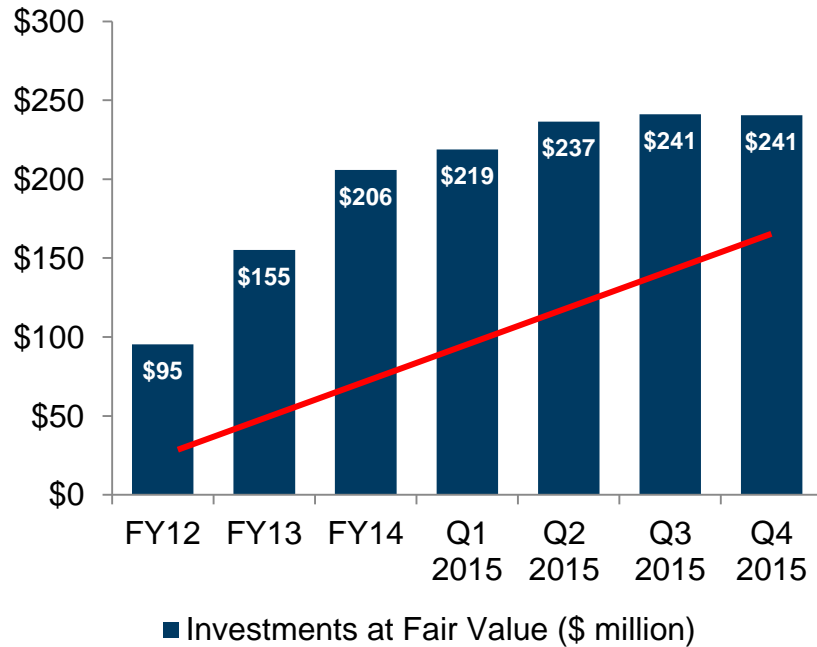


Achieved Significant Goals During FY 2015

- Important strategic corporate milestones reached
 - Adopted quarterly cash-paying dividend policy, steady increases every quarter and upcoming \$1.00 special dividend
 - Introduced dividend reinvestment plan
 - Approved open market share repurchase plan
 - Expanded liquidity and lowered borrowing costs
 - Deployed capital available through our SBIC license – received “green light” from SBA for second license
- Expanded shareholder base and analyst coverage
- Continued to increase our assets under management
 - Up 17% year-to-date and up 152% from FY12
- Sustained improvement in our investment quality and credit
 - 94% of loan investments with highest rating
- Continued key performance metrics improvement
 - Adjusted NII up 13%; Adjusted NII Yield up 50 bps to 8.5%; ROE up 160 bps

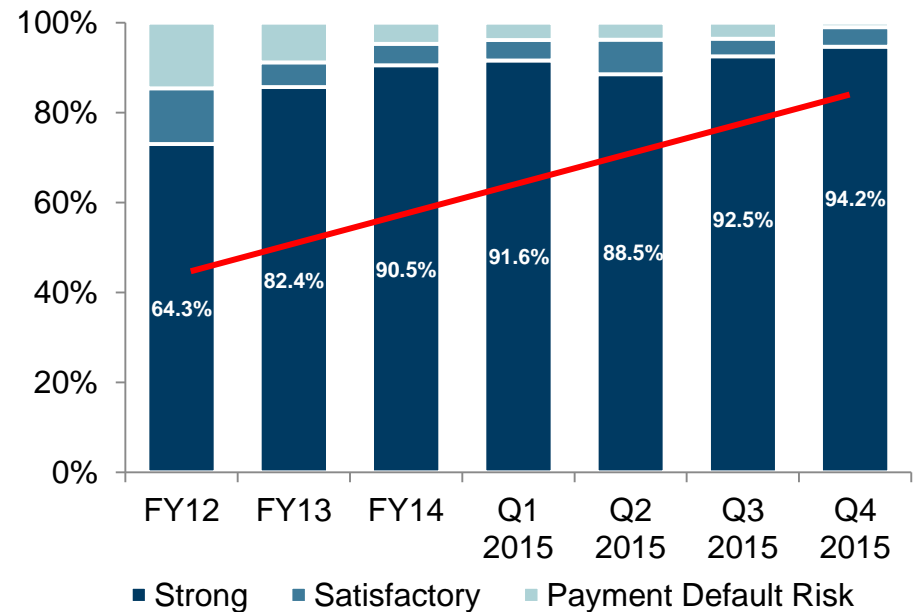
Increased Portfolio Growth and Quality

Committed to Asset Base Expansion



Fair value of AUM increased 17% during FY 2015, and 152% since FY 2012

Overall Credit Quality Remains Strong



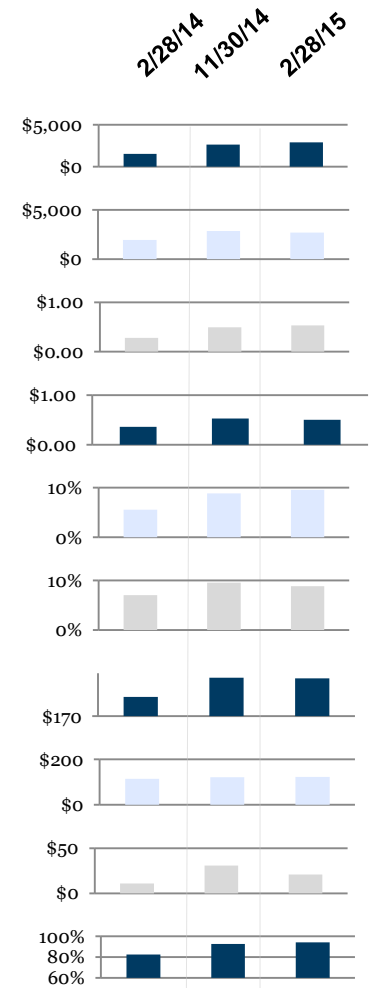
Over 94% of SAR loan investments hold our highest internal rating*

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

Financial Foundation Continues to Strengthen (Q4)

Key Performance Metrics for the Quarter

For the quarter ended and as of (\$ in millions except per share)	Feb 28, 2014**	Nov 30, 2014**	Feb 28, 2015
Net investment income	\$1,525	\$2,629	\$2,888
Adjusted net investment income*	\$1,953	\$2,849	\$2,685
Net investment income per share	\$0.28	\$0.49	\$0.53
Adjusted net investment income per share*	\$0.36	\$0.53	\$0.50
Net investment income yield	5.5%	8.8%	9.5%
Adjusted net investment income yield*	7.0%	9.5%	8.8%
Fair value of investment portfolio	\$205.8	\$241.2	\$240.5
Total net assets	\$113.4	\$120.8	\$122.6
Investments in new/existing portfolio companies	\$11.0	\$30.6	\$20.9
Loan Investments held in "strong" credit ratings	82.5%	92.5%	94.2%



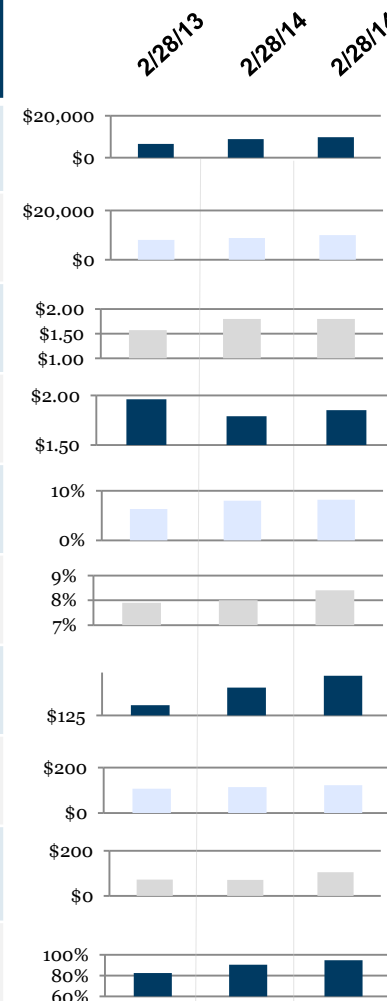
*Adjusted for accrued capital gains incentive fee expense, reconciliation to net investment income included in our fiscal fourth quarter 2015 earnings release.

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

Financial Foundation Continues to Strengthen (FY15)

Key Performance Metrics for the Fiscal Year

For the fiscal year ended and as of (\$ in millions except per share)	Feb 28, 2013**	Feb 28, 2014**	Feb 28, 2015
Net investment income	\$6,470	\$8,874	\$9,674
Adjusted net investment income	\$8,053	\$8,804	\$9,978
Net investment income per share	\$1.57	\$1.80	\$1.80
Adjusted net investment income per share*	\$1.96	\$1.79	\$1.85
Net investment income yield	6.3%	8.0%	8.2%
Adjusted net investment income yield*	7.9%	8.0%	8.5%
Fair value of investment portfolio	\$155.1	\$205.8	\$240.5
Total net assets	\$107.4	\$113.4	\$122.6
Investments in new/existing portfolio companies	\$71.6	\$70.3	\$104.9
Loan Investments held in "strong" credit ratings	82.4%	90.5%	94.2%



*Adjusted for accrued capital gains incentive fee expense, reconciliation to net investment income included in our fiscal fourth quarter 2015 earnings release.

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Significant Dry Powder Available

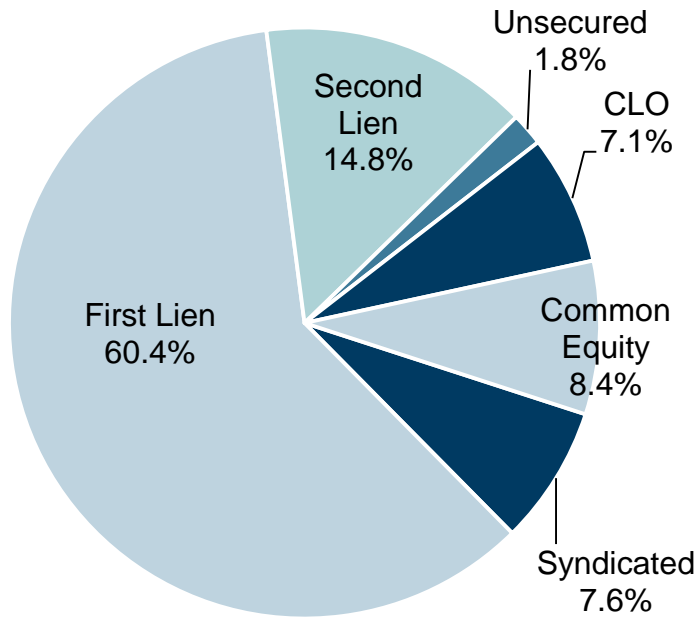
	Total Borrowing Capacity (As of Feb 28, 2015)	Outstanding (As of Feb 28, 2015)	Available Liquidity (As of Feb 28, 2015)
Secured Revolving Credit Facility	\$45.0 million	\$9.6 million	\$35.4 million
SBA Debentures	\$150.0 million	\$79.0 million	\$71.0 million
Publicly-Traded Notes (at fair value)	\$49.5 million	\$49.5 million	\$0.0
Cash and Cash Equivalents	\$20.1 million	\$0.0	\$20.1 million
Total Available Liquidity:			\$126.5 million*

* Ability to grow AUM by over 52% without any external financing

Portfolio Composition and Yield

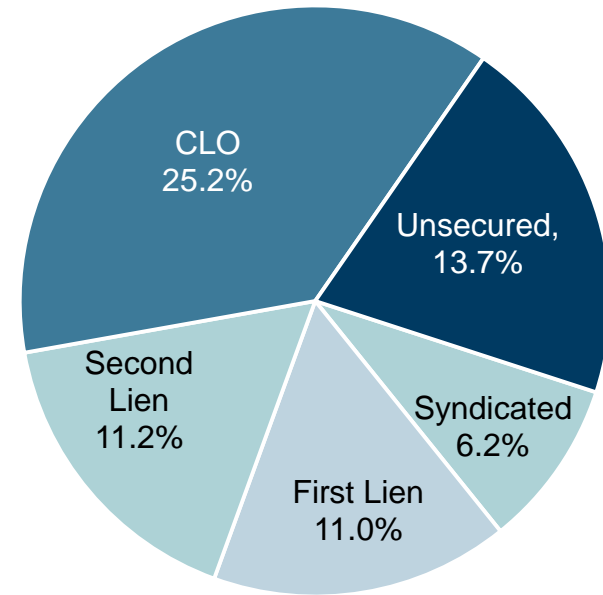
Portfolio Composition - \$241m

(Based on Fair Values
as of Feb 28, 2015)



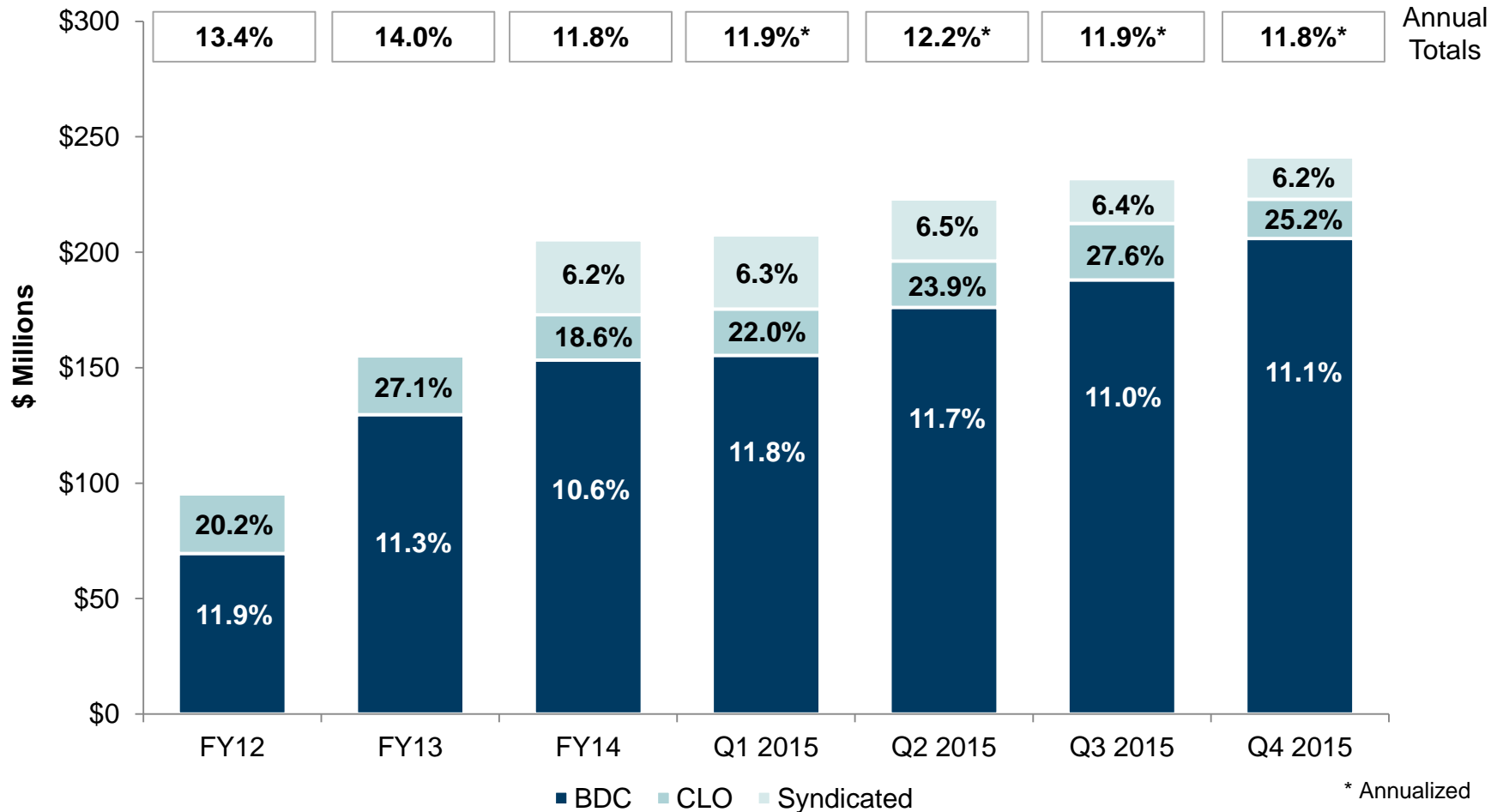
Portfolio Yield – 11.8%

(Weighted Average
Current Yield of Existing Portfolio)



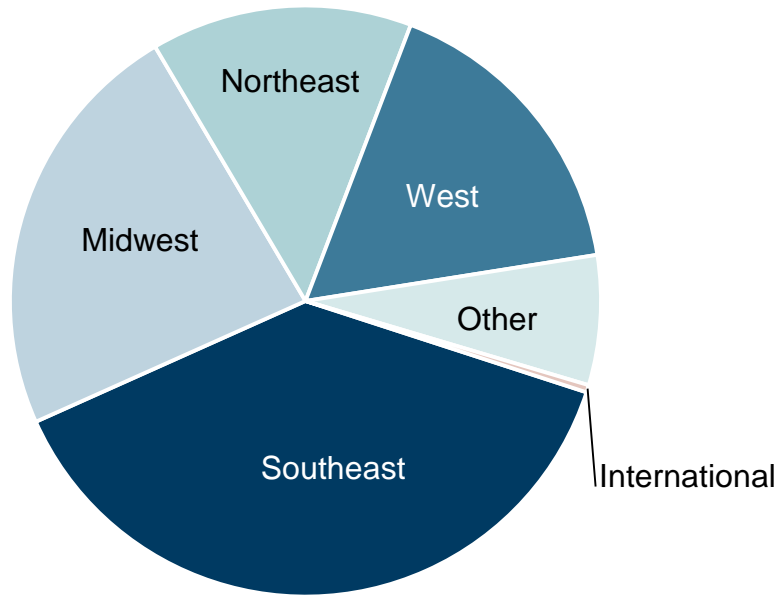
Yield of BDC Remains Strong

Weighted Average Current Yields

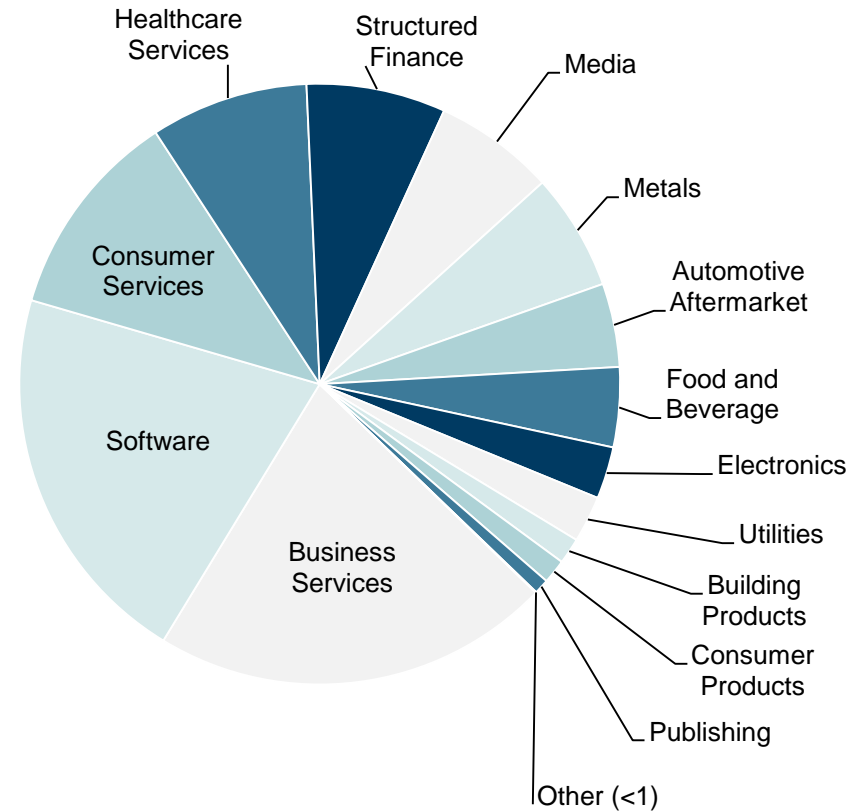


Diversified Across Industry and Geography

Investments diversified geographically



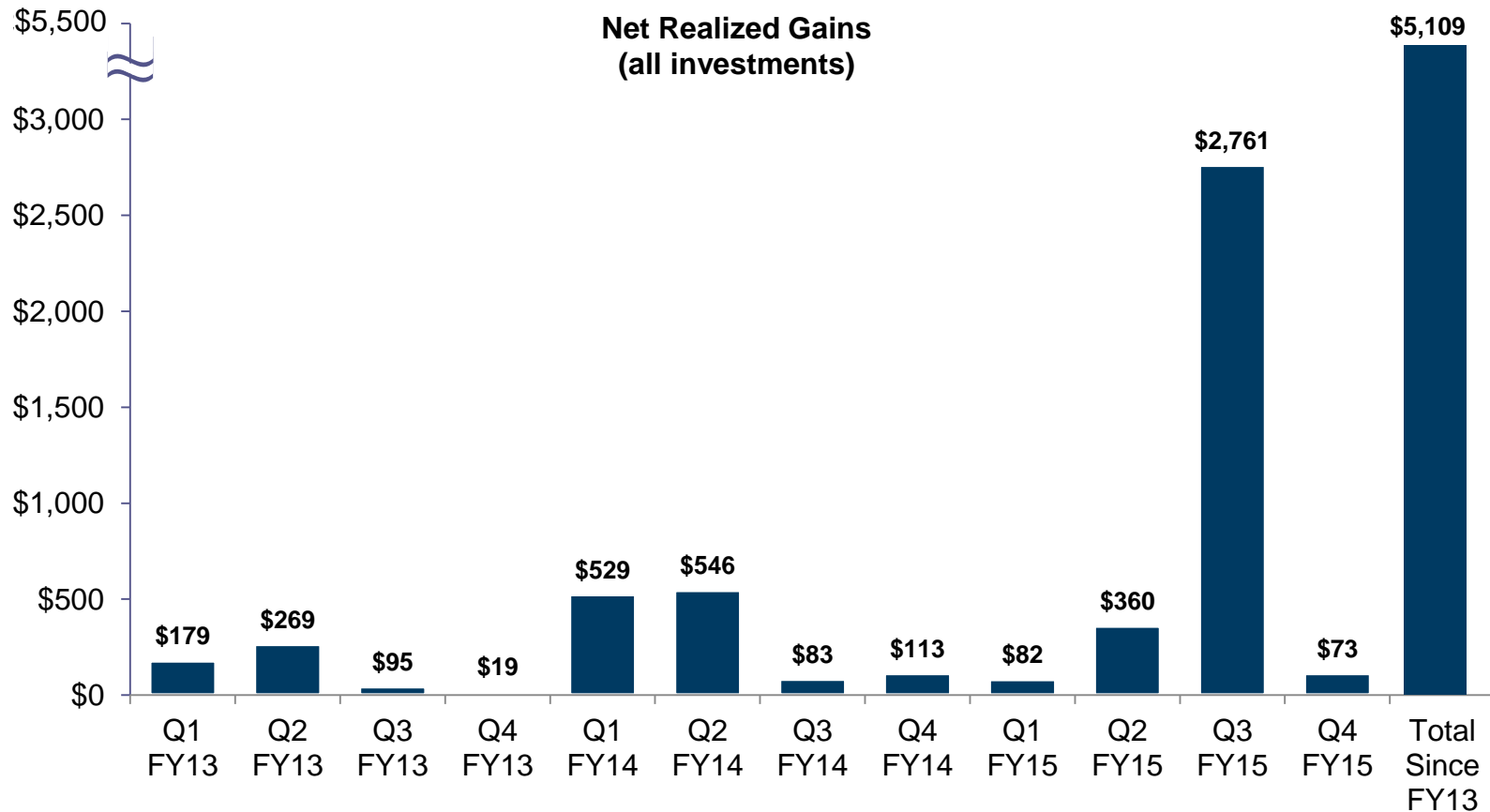
Investments across 15 distinct industries



Net Realized Gains Help Protect Shareholder Capital

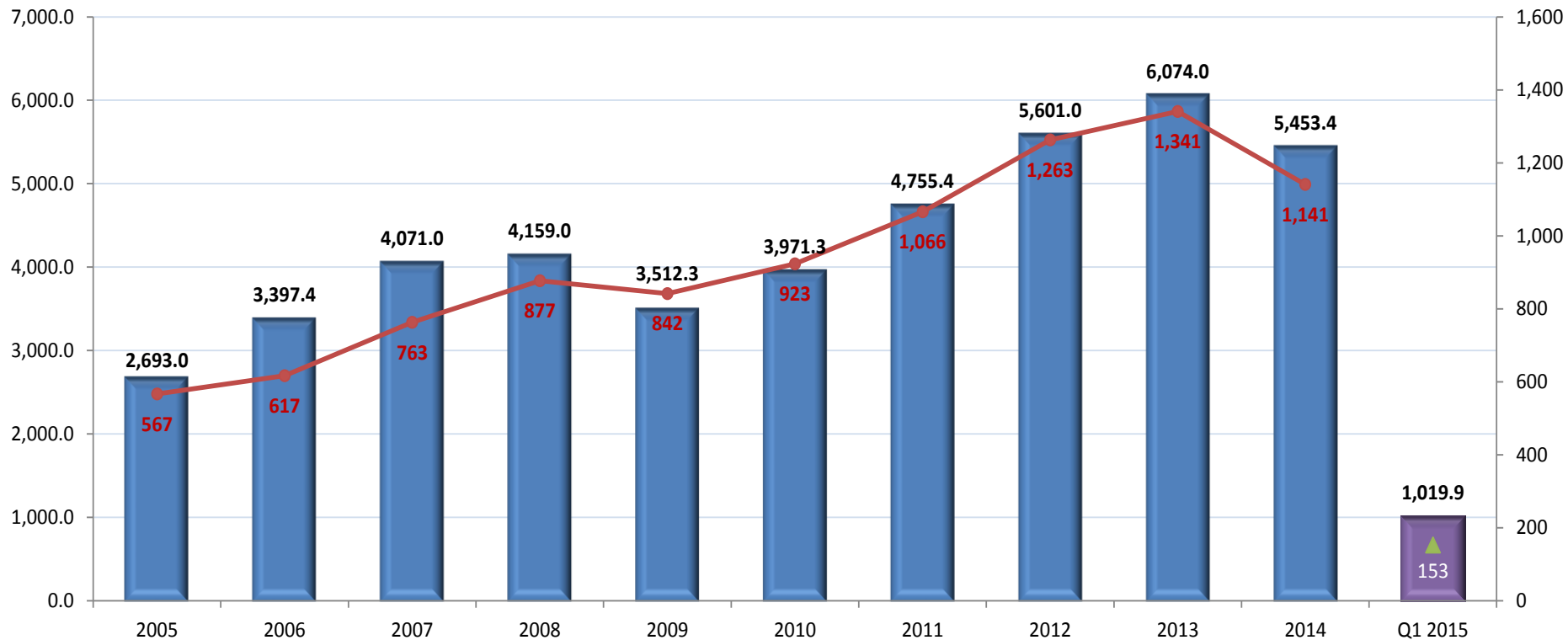
Consistent net realized gains reflect portfolio credit quality

\$ in thousands



Deal Sizes in US Below \$25m Significantly Down

2015 calendar year off to slow start with only 153 deals.



Source: PitchBook Data, Inc

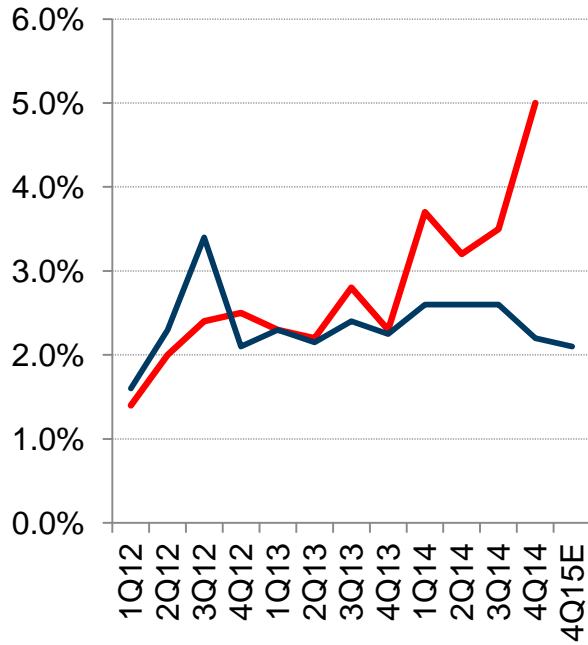
■ Total Capital Invested ● Deal Count

Lower Middle Market Maintains Strong Fundamentals

Lower Middle Market More Attractive than Market's Larger End

Employment Growth (Last Twelve Months)

Lower Middle Market vs. Large Corp. (ADP)

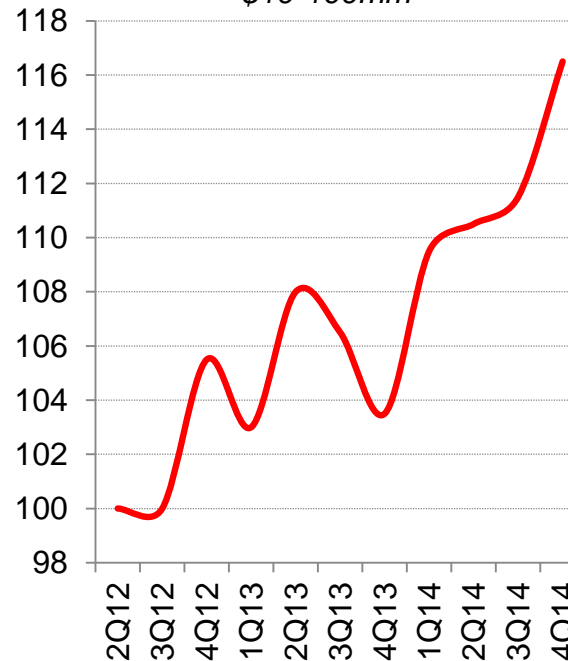


— Lower Middle Market
— Large Corp.

Source: National Center for the Middle Market, Small Business Investor Alliance Estimates

Lower Middle Market Business Confidence

Companies with Revenues between \$10-100mm



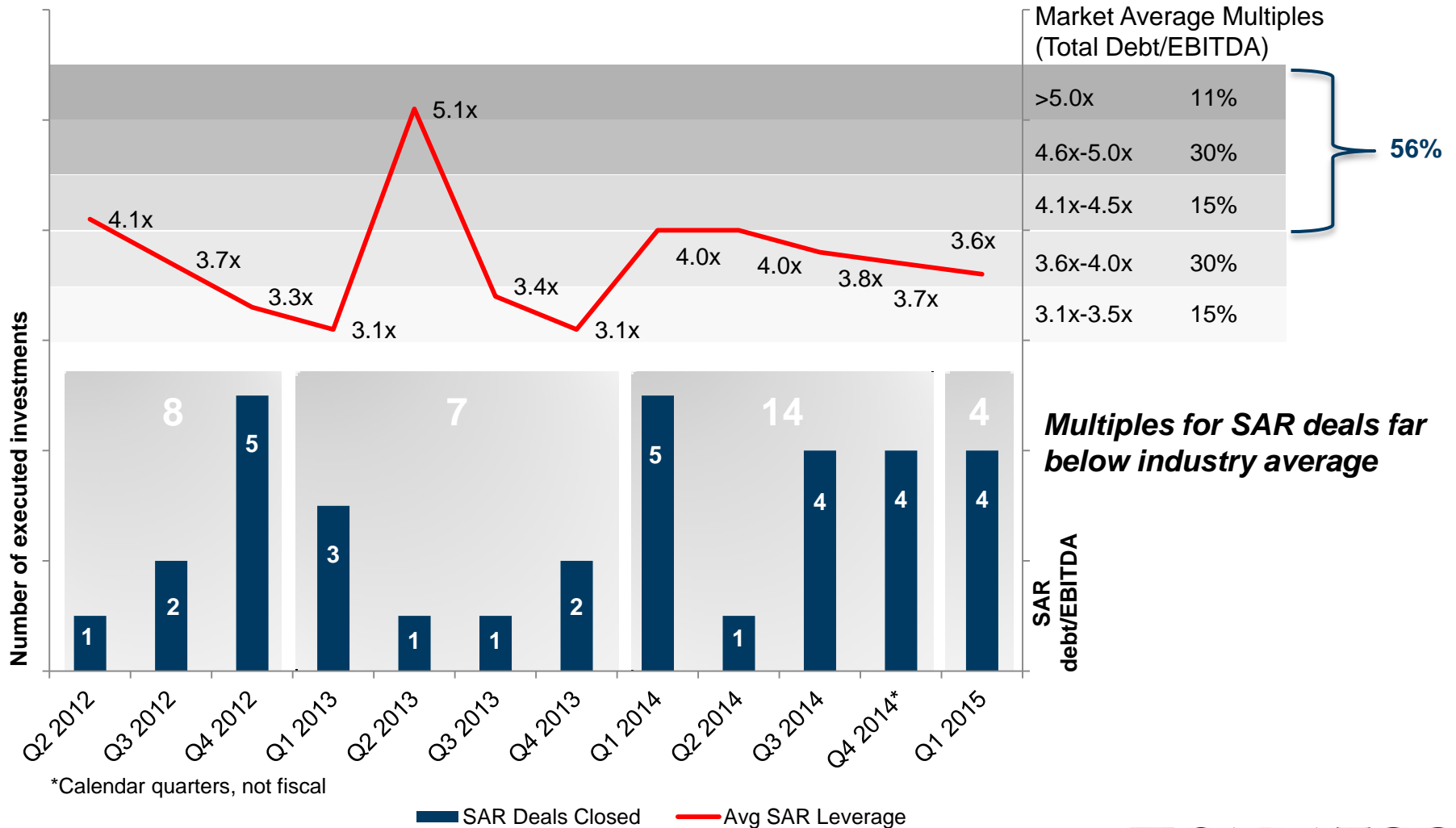
— Confidence Index(1), 2Q12=100

(1) SBIA/NCMM Lower Middle Market Business Confidence Index is an equal-weighted based on five survey responses from the MCOMM's Middle Market Indicator

Source: SBIA Estimates and NCMM Survey

Exercising Disciplined Investment Judgment

SAR Debt Multiples/Deals Closed (2012-2014)



*Calendar quarters, not fiscal

Source: KeyBanc Capital Markets

Strong Sourcing Even as Market Tightens

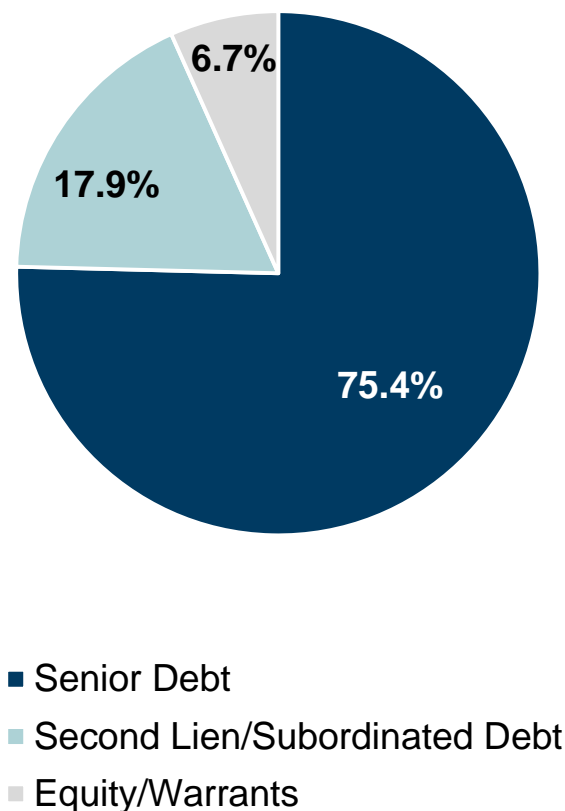
Consistently screening out deals based on internal investment criteria

	2012	Δ	2013	Δ	2014	
Deals Sourced	272	49% →	404	13% →	456	<ul style="list-style-type: none"> • 36% of deal flow from private equity sponsors • 64% of deals from private companies without institutional ownership
Term Sheets	33	12% →	37	24% →	33	<ul style="list-style-type: none"> • Saratoga issues an average of 11.5 terms sheets per quarter • ~69% of term sheets are issued for transactions involving a private equity sponsor
Deals Executed	8	(12%) →	7	100% →	14	<ul style="list-style-type: none"> • Saratoga closes an average of 3.5 deals per quarter • 3% of deals reviewed

SBIC Portfolio Primarily Senior Debt

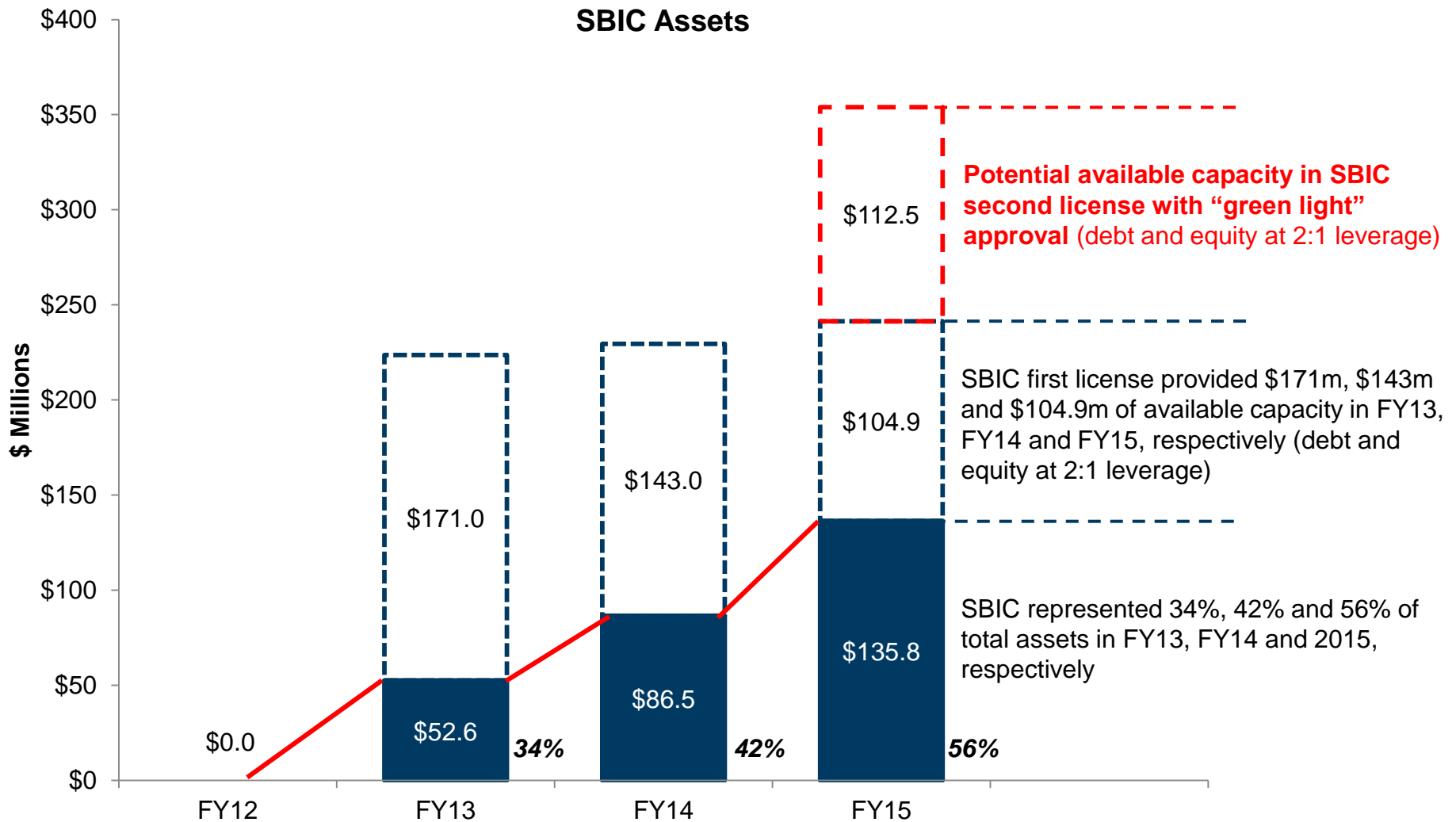
- SBIC portfolio consists of 26 investments across a range of industries. Compared to the broader loan market tracked by S&P and Thomson Reuters, SAR's leverage levels are lower.
- The weighted average leverage for all SBIC debt investments is 3.6x.
 - 75.4% of the SBIC portfolio consists of senior debt investments, slightly down from 80.1% in November 2014 and 77.2% in August 2014 following redemptions.
 - 17.9% of the SBIC portfolio consists of second lien/subordinated debt investments.

Composition of SBIC Portfolio ¹



¹ Based on market value as of February 28, 2015

SBIC Assets Continue to Grow



Review of FY 2015 Corporate Milestones

- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”)
- Announced special dividend pursuant to DRIP, and meeting RIC requirements
- Approved open market share repurchase plan
 - Allows for buyback of 200,000 shares of common stock
- “Green light” or “go forth” letter in approval process for second SBIC license



Establishing Competitive Edge vs. Other BDCs

Outstanding performance characteristics

▶ **Growing dividend**

Paying at current dividend yield of approx. 6.1%, grown 22% past two quarters, anticipated increase next quarter

▶ **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 52%

▶ **Strong earnings per share and NII Yield**

Attractive NII per share and ROE generated from strong risk-adjusted portfolio returns and SBIC 2-to-1 leverage

▶ **Continued expansion of assets under management**

Assets under management has steadily grown despite tightening of the credit market

▶ **No write-downs**

High quality portfolio a result of careful and disciplined capital deployment. Numerous BDCs now suffering significant value adjustments.

▶ **Limited oil & gas exposure**

Will not be facing potential write-downs as a result of significant exposure to energy/oil/gas investments

Objectives for the Year Ahead

- Expand our asset base without sacrificing credit quality while benefitting from scale
- Increase our capacity to source, analyze, close and manage our investments by adding to our management team and processes
- Utilize benefits of fully deploying SBIC financing to build scale and increase our AUM and net investment income/yield, enabling us to achieve growth in:
 - Net Asset Value
 - Stock Values

Questions?



SARATOGA
INVESTMENT CORP.