Saratoga Investment Corp.

Fiscal Q3 2017 Shareholder Presentation

January 12, 2017

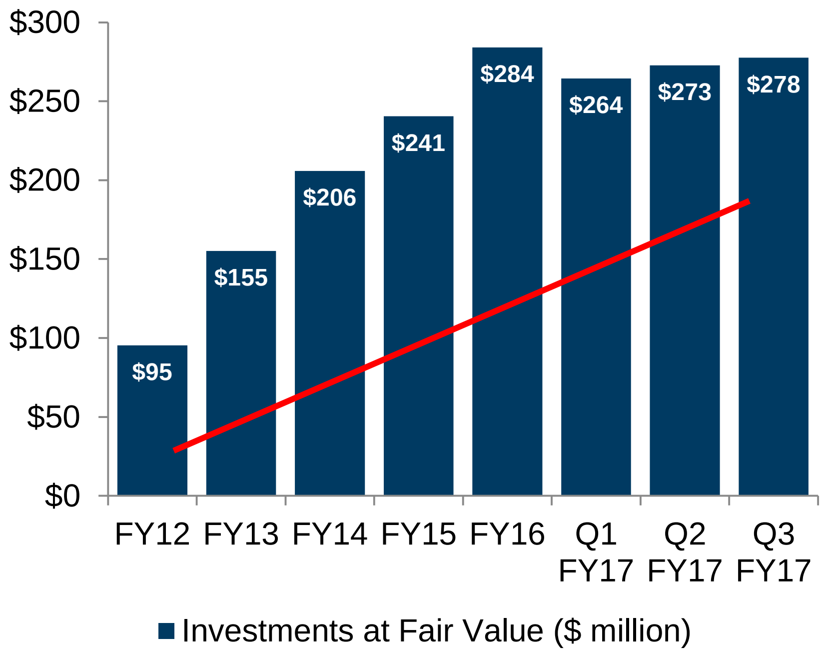
Continued Progress in Q3 2017

Fiscal third quarter highlights:

- Continued strengthening of financial foundation
  - Investment quality remains strong
    - 96.7% of loan investments with highest rating
  - Return on equity of 7.7% LTM (12.1% excluding legacy), beating industry average of 1.1%
- Consistent originations sustain assets under management despite significant repayments
  - AUM up 193% from FY12, up 15% from last year Q3, and up 2% from last quarter
  - $30.1 million originations this quarter offset repayments of $23.8 million
- Two important refinancings recently completed
  - CLO refinanced for second time – extends reinvestment period to October 2018
  - Baby bonds offering completed of $74.5m – extends maturity by over three years and reduces interest rate by 75 bps
- Latest dividend of $0.45 per share continuing increase in quarterly dividends
  - Over-earning our current dividend by 13% - $0.53 adjusted NII/share for Q3 2017
- Base of liquidity remains strong
  - Existing available liquidity allows us to increase current AUM by 38%
- Exercised share repurchase plan
  - As of January 10, 2017, repurchased 218,491 shares - weighted average price of $16.87 per share

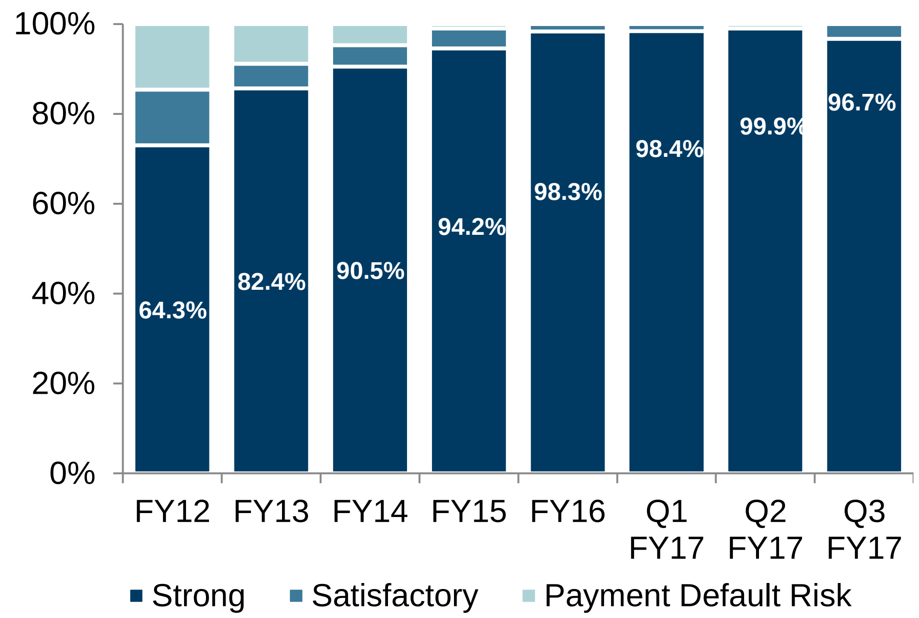
Consistent Portfolio and Sustained Strong Credit Quality

Asset Base Expansion Trend



Fair value of AUM increased 2% quarter-over-quarter, and has increased 193% since FY 2012

Overall Credit Quality Continues Strong



Over 96.7% of our SAR loan investments hold our highest internal rating; zero on non-accrual at quarter-end*

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

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Strong Financial Foundation and Momentum

Key Performance Metrics for the Fiscal Quarter

For the quarter ended and as of ($ in millions except per share)	Nov 30, 2015	Aug 31, 2016	Nov 30, 2016
Net investment income	$2,150	$2,604	$3,419
Adjusted net investment income*	$2,349	$3,050	$3,050
Net investment income per share	$0.38	$0.45	$0.60
Adjusted net investment income per share*	$0.42	$0.53	$0.53
Net investment income yield	6.8%	8.1%	10.7%
Adjusted net investment income yield*	7.4%	9.5%	9.5%
Return on Equity – Last Twelve Months	11.9%	9.1%	7.7%
Fair value of investment portfolio	$241.0	$272.8	$277.6
Total net assets	$127.3	$128.6	$127.7
Investments in new/existing portfolio companies	$15.3	$55.7	$30.1
Loan Investments held in "strong" credit ratings	97.3%	99.9%	96.7%

*Adjusted for accrued capital gains incentive fee expense, reconciliation to net investment income included in our fiscal second quarter 2017 earnings release.

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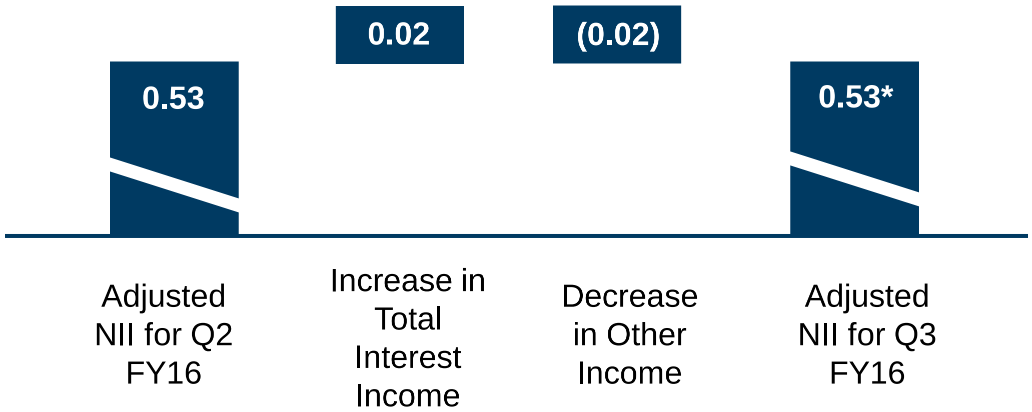
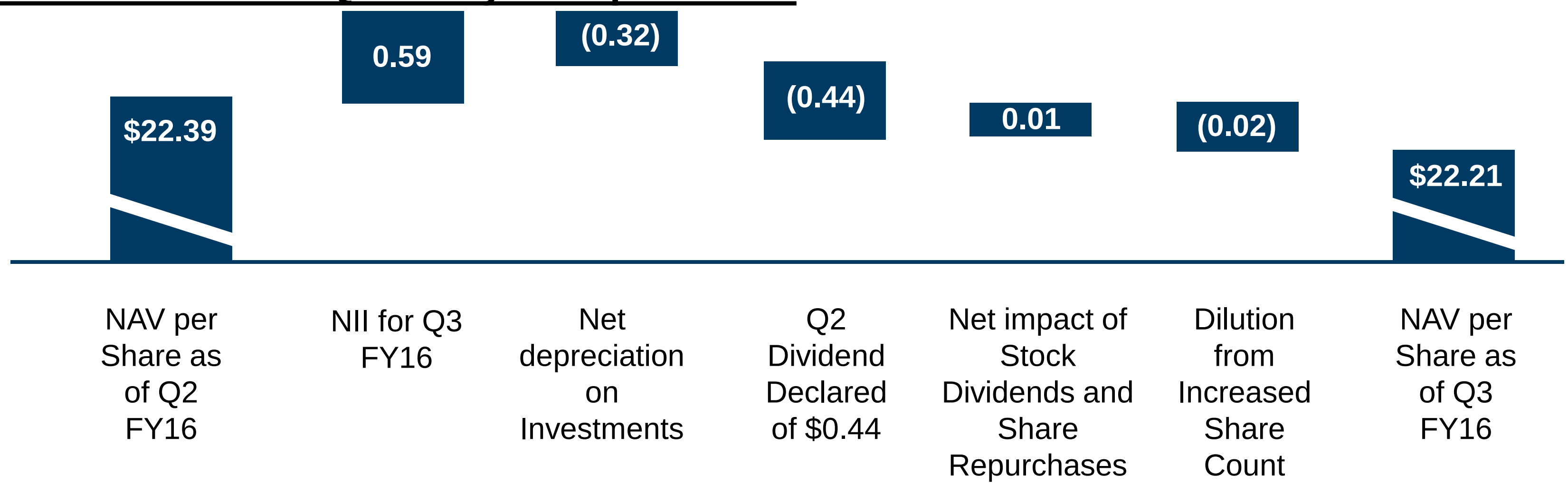
Reconciliation of NII and NAV per Share

Reconciliation of Quarterly NII per Share

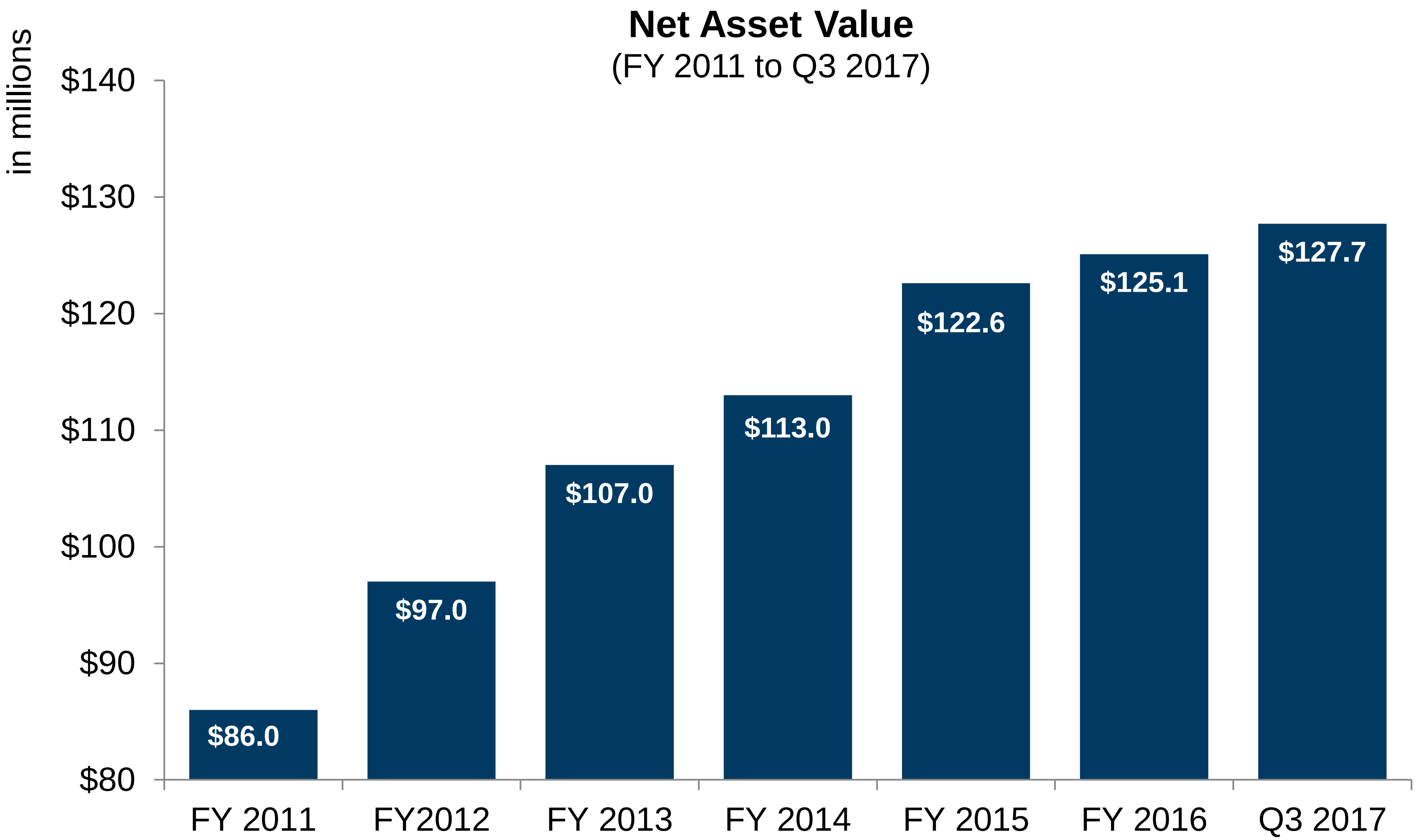


- Impact to adjusted NII from lower operating expenses and lower weighted average shares outstanding was minimal
- Impacts are shown net of incentive fee

Reconciliation of Quarterly NAV per Share



NAV Continues to Benefit from Realizations



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Significant Dry Powder Available

(As of November 30, 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	$112.7 million	$37.3 million
Publicly-Traded Notes (at fair value)	$62.3 million	$62.3 million	$0.0 million
Cash and Cash Equivalents	$23.3 million	$0.0 million	$23.3 million
Total Available Liquidity (at quarter-end):			**$ 105.6 million**
Incremental cash from 2023 Baby Bonds Offering in December 2016			$10.0 million
Total Available Liquidity (following new Baby Bonds):			**$ 115.6 million***

*** Ability to grow AUM by 41.6% without any new external financing**

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Impact of Baby Bonds Refinancing

Two non-recurring financial impacts related to Q4 baby bonds refinancing:

1. Write-down of deferred financing costs related to 2020 baby bonds
   - Approx. $1.6 million as of November 30, 2016
   - To be disclosed as loss on extinguishment of debt, non-recurring
2. Additional interest expense related to capital decision to only call the 2020 bonds once the 2023 bonds have been issued:
   - Prudent cash management
   - Standard call period of 30 days
   - Approximate impact of additional interest on 2020 baby bonds is $0.4 million in Q4 2017

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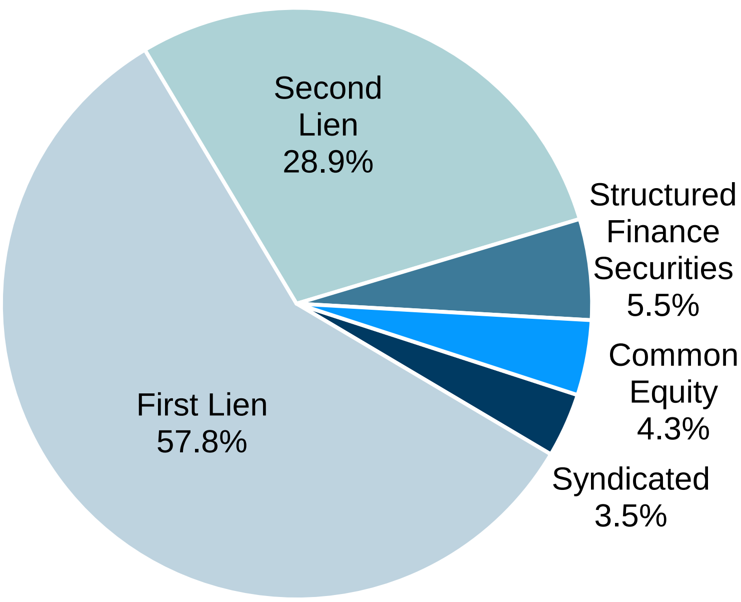
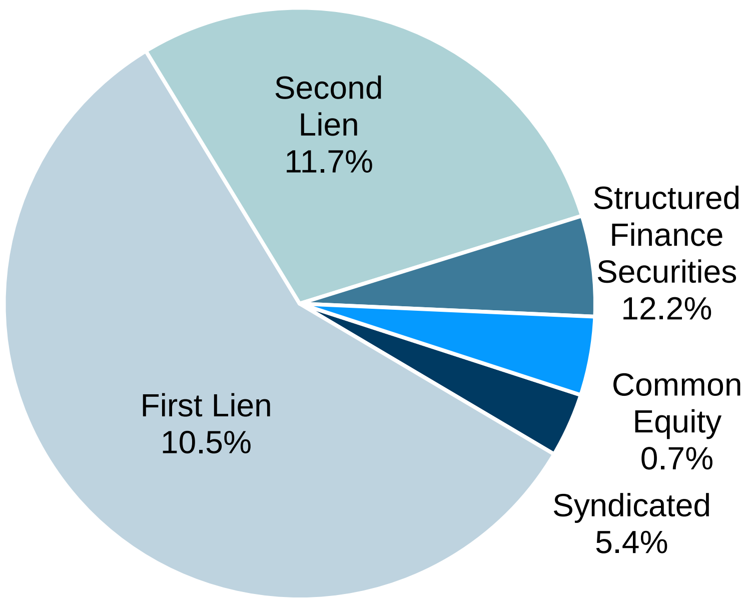
Portfolio Composition and Yield

Portfolio Composition – $277.6m
(Based on Fair Values
as of November 30, 2016)



Portfolio Yield – 10.8%
(Weighted Average
Current Yield of Existing Portfolio)



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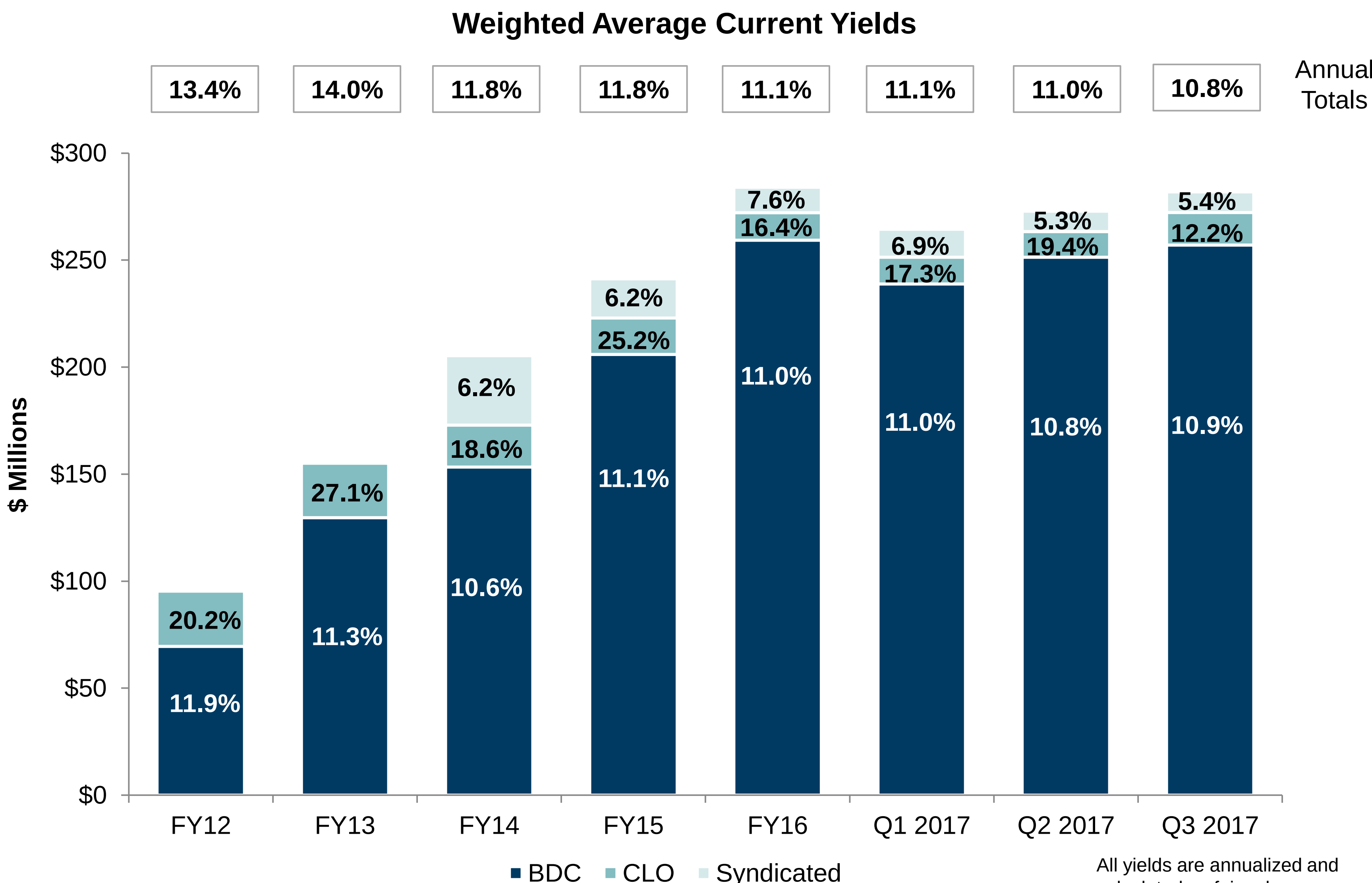
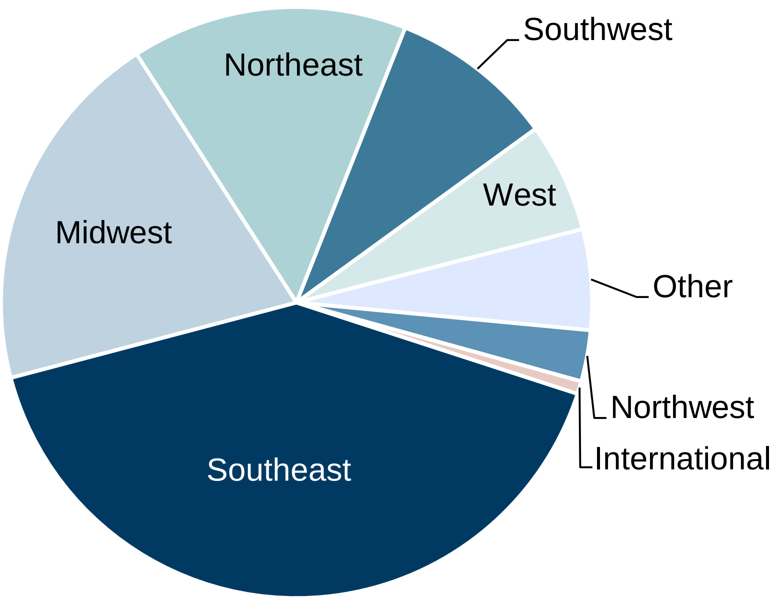
Yield of BDC Remains Strong and Consistent



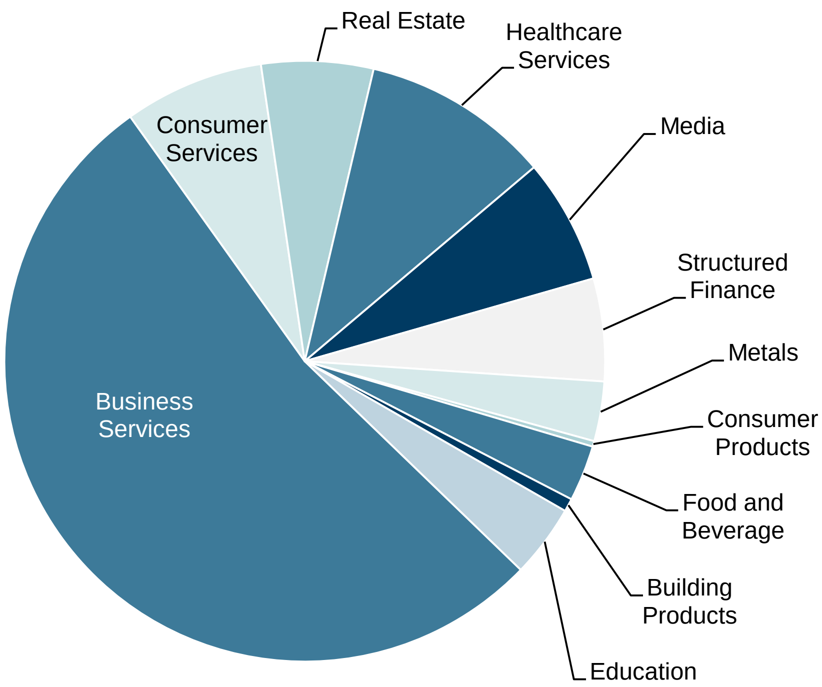
All yields are annualized and calculated on fair value

Diversified Across Industry and Geography

Investments diversified geographically



Investments across 11 distinct industries



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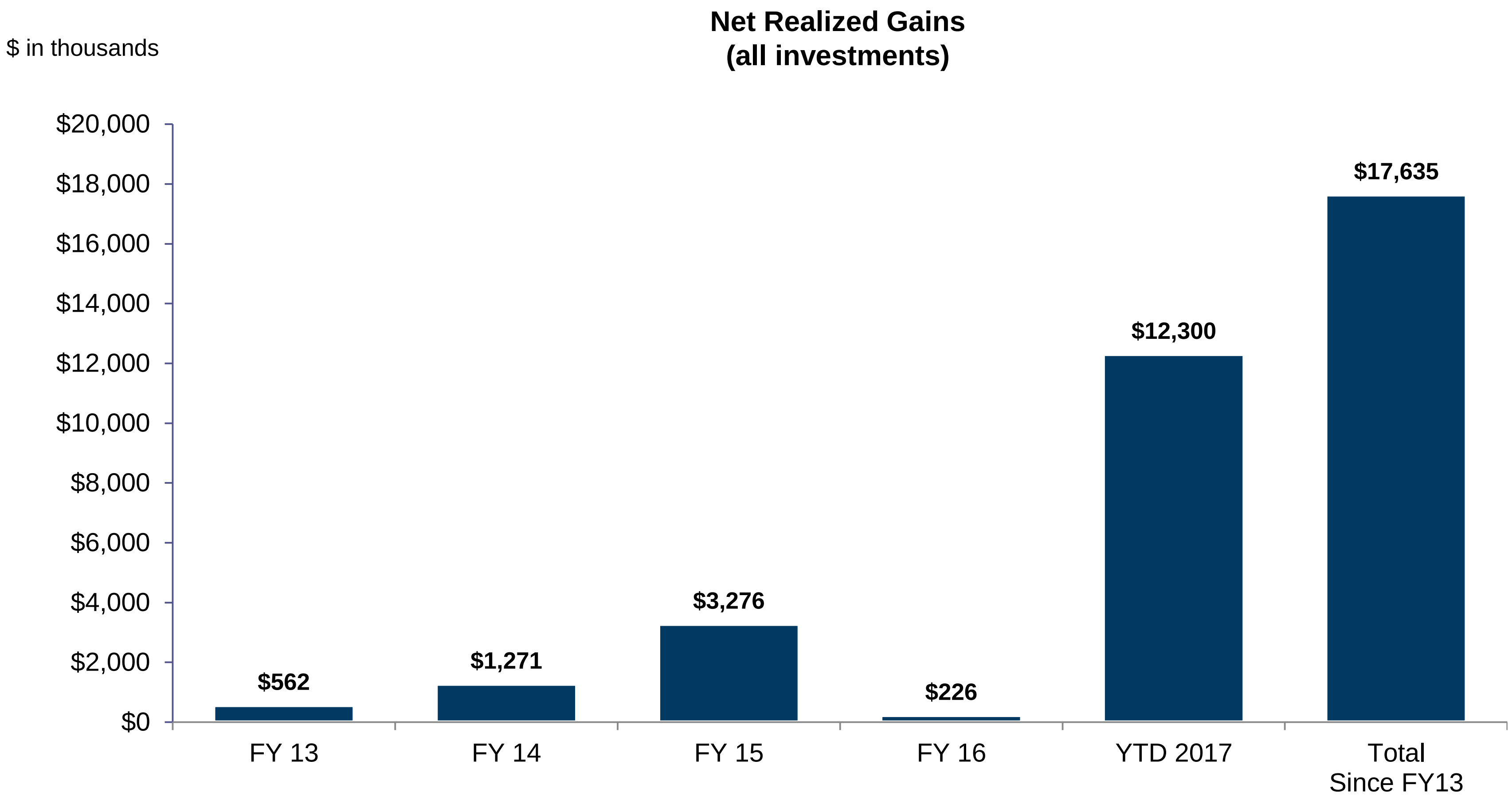
Net Realized Gains Help Protect Shareholder Capital

Cumulative net realized gains reflect portfolio credit quality



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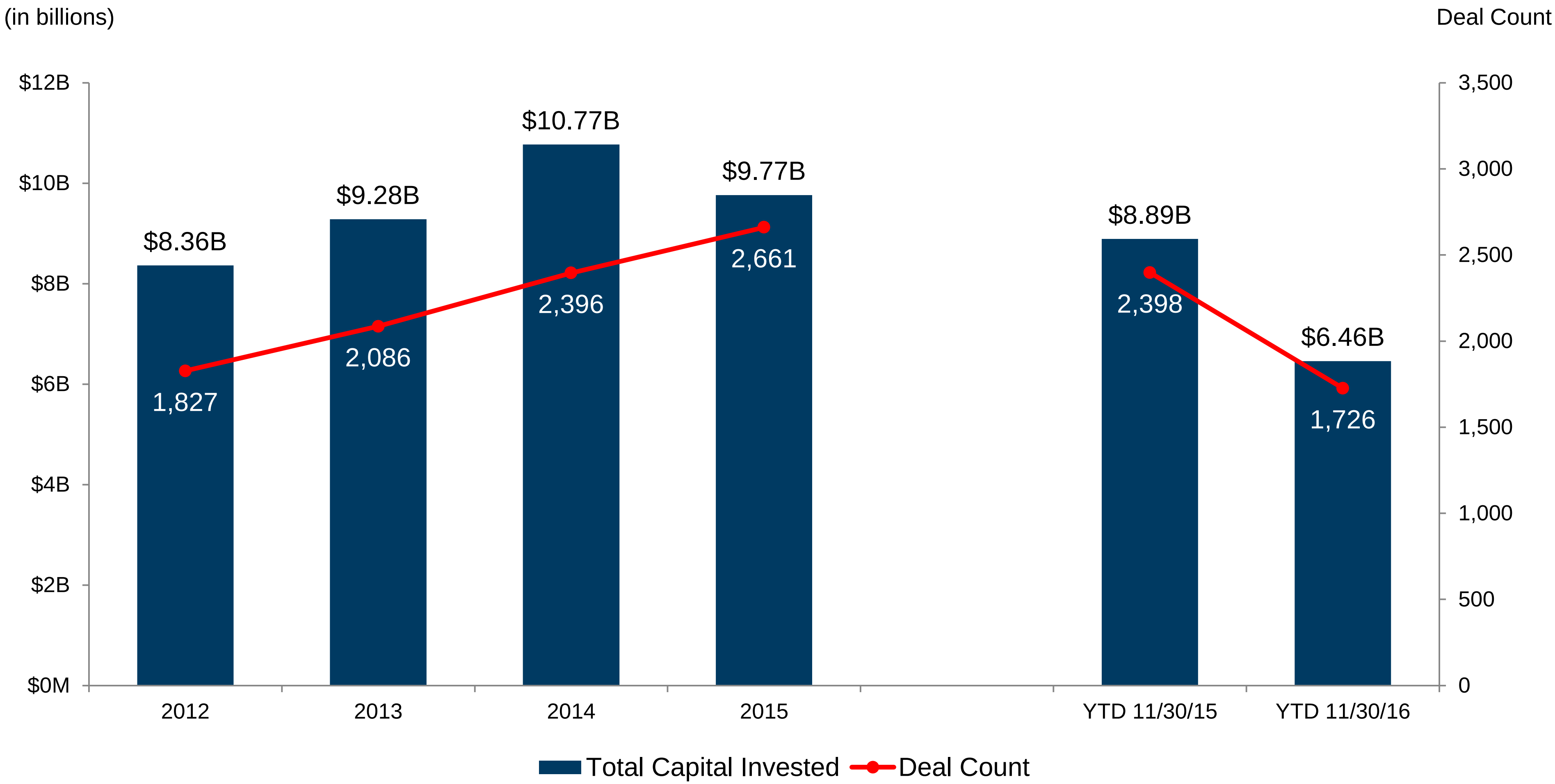
US Deal Activity Below $25m Continues to Decrease

- **2015 transactions for US deals below $25 million was up 11% from 2014**
- **YTD 2016 trending much lower - down 28% year-over-year (11 months)**



Source: Pitchbook 2016, Calendar years.

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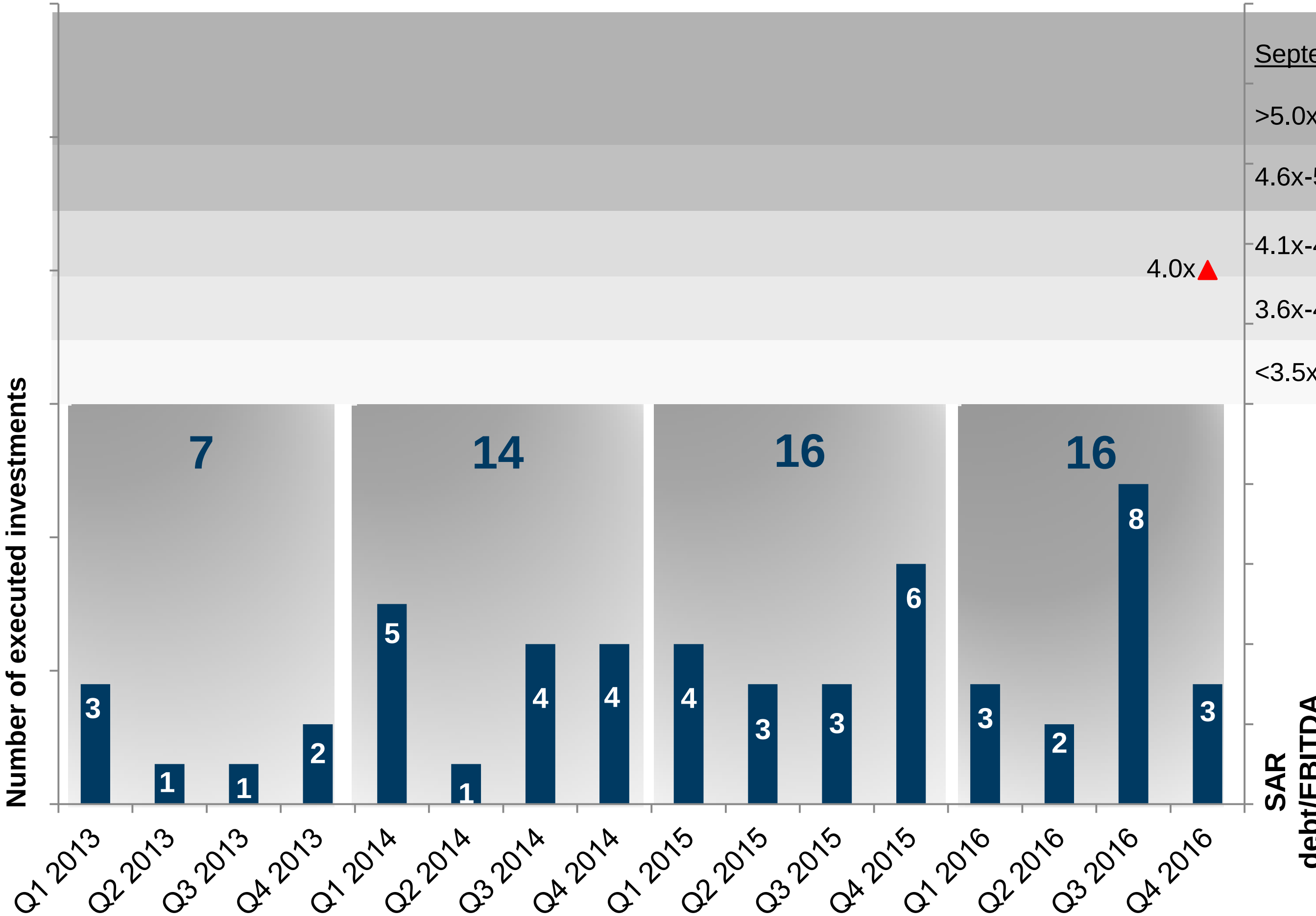
Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2012-2016)

Total Portfolio Leverage is 4.0x



*Calendar quarters, not fiscal

Market Average Multiples
(Total Debt/EBITDA)

September 30, 2016			June 30, 2016		
>5.0x	12.5%	62.5%	>5.0x	8.3%	58.3%
4.6x-5.0x	25.0%		4.6x-5.0x	8.3%	
4.1x-4.5x	25.0%		4.1x-4.5x	41.7%	
3.6x-4.0x	25.0%		3.6x-4.0x	16.7%	
<3.5x	12.5%		<3.5x	25.0%	

Multiples for SAR deals below industry average

Market averages increased this quarter – overall more aggressive for high quality credits

Source*: KeyBanc Capital Markets* Calendar quarters, not fiscal

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Robust Pipeline During Tough Execution 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	Δ	2016
Deals Sourced	**448**	7%	**480**	28%	**613**	5%	**645**
Term Sheets	**50**	(2%)	**48**	40%	**67**	(28%)	**48**
Deals Executed	**7**	100%	**14**	14%	**16**	-	**16**

Deals Sourced:

- 50% of deal flow from private equity sponsors
- 50% of deals from private companies without institutional ownership

Term Sheets:

- Saratoga issues an average of 13 terms sheets per quarter
- ~ 80% of term sheets are issued for transactions involving a private equity sponsor.
- Decrease reflects inconsistent quality

Deals Executed:

- Saratoga closes an average of 4 deals per quarter, 2.5% of deals reviewed
- Unchanged volume despite more deals being sourced reflects inconsistent quality

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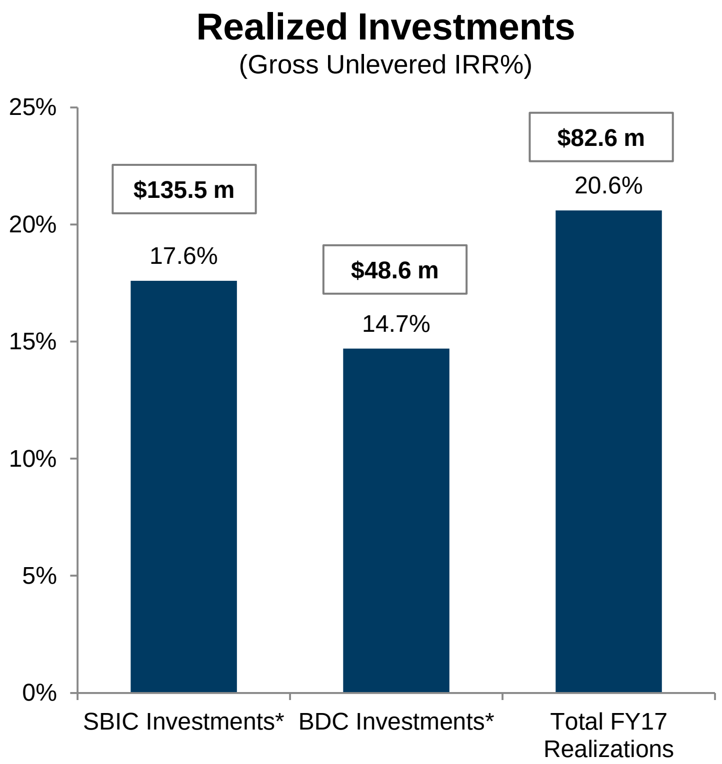
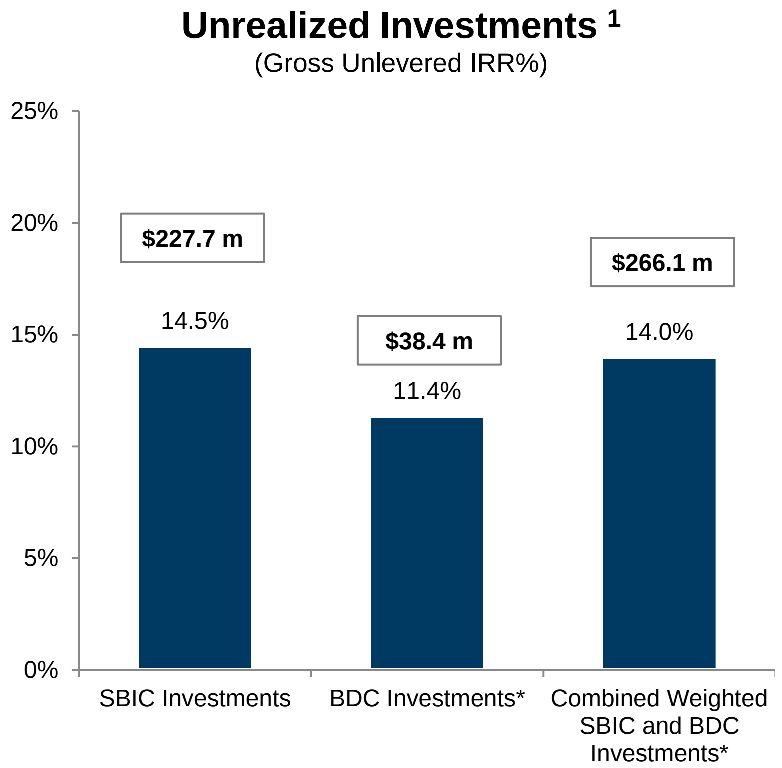
Demonstrated Strong Track Record





Track Records as of 11/30/16

[1] IRRs for unrealized investments include fair value through 11/30/16 and interest through 12/31/16

* SBIC investments represent all investments in the first license. BDC investments exclude investments existing when Saratoga management took over, and corporate financing investments.

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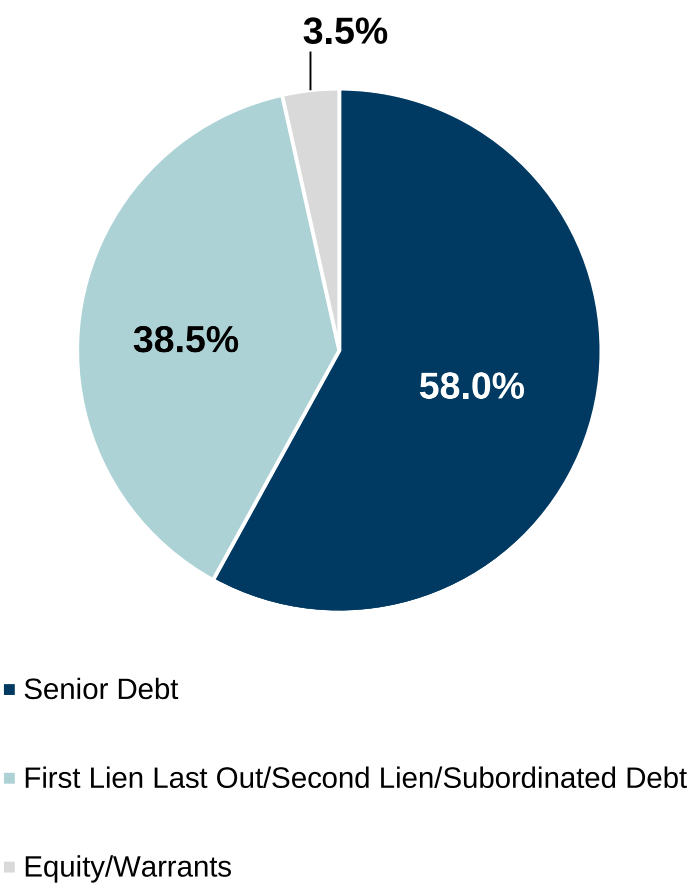
SBIC Portfolio Primarily Senior Debt

- SBIC portfolio consists of 20 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 3.7x[1].
  - 58.0% of the SBIC portfolio consists of senior debt investments, up from 54.6% in August 2016
  - 38.5% of the SBIC portfolio consists of first lien, last out or second lien/subordinated debt investments, down from 41.9% in August 2016

Composition of SBIC Portfolio [2]



[1]Excludes two loans underwritten using recurring revenue metrics
[2]Based on market value as of November 30, 2016

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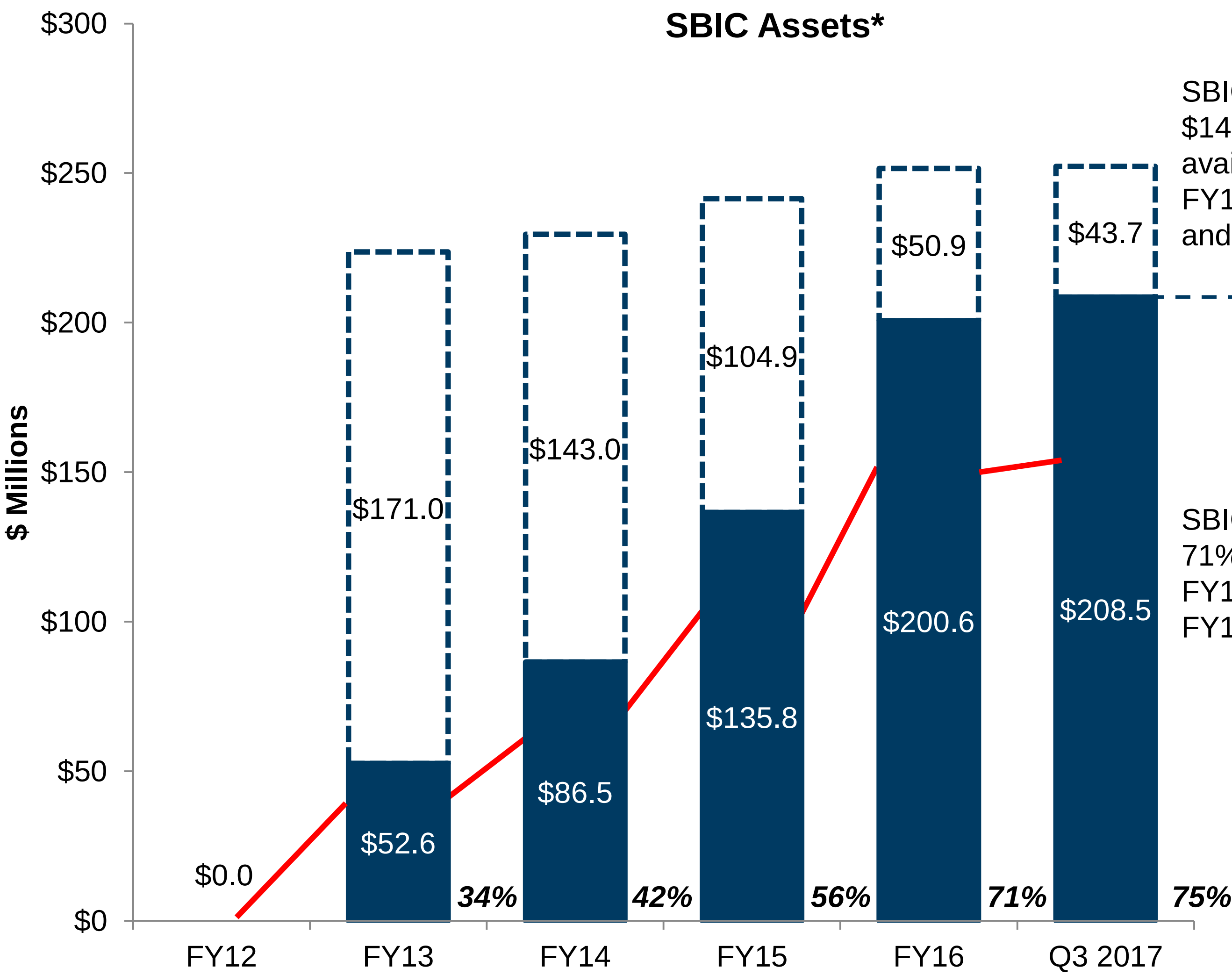
SBIC Assets Continue to Grow



SBIC first license provided $171m, $143m, $104.9m, $50.9m and $43.7m of available capacity in FY13, FY14, FY15, FY16 and Q3 FY17, respectively (debt and equity at 2:1 leverage)

SBIC represented 34%, 42%, 56%, 71% and 75% of total assets in FY13, FY14, FY15, FY16, and Q3 FY17, respectively

* At Fair Value as of November 30, 2016

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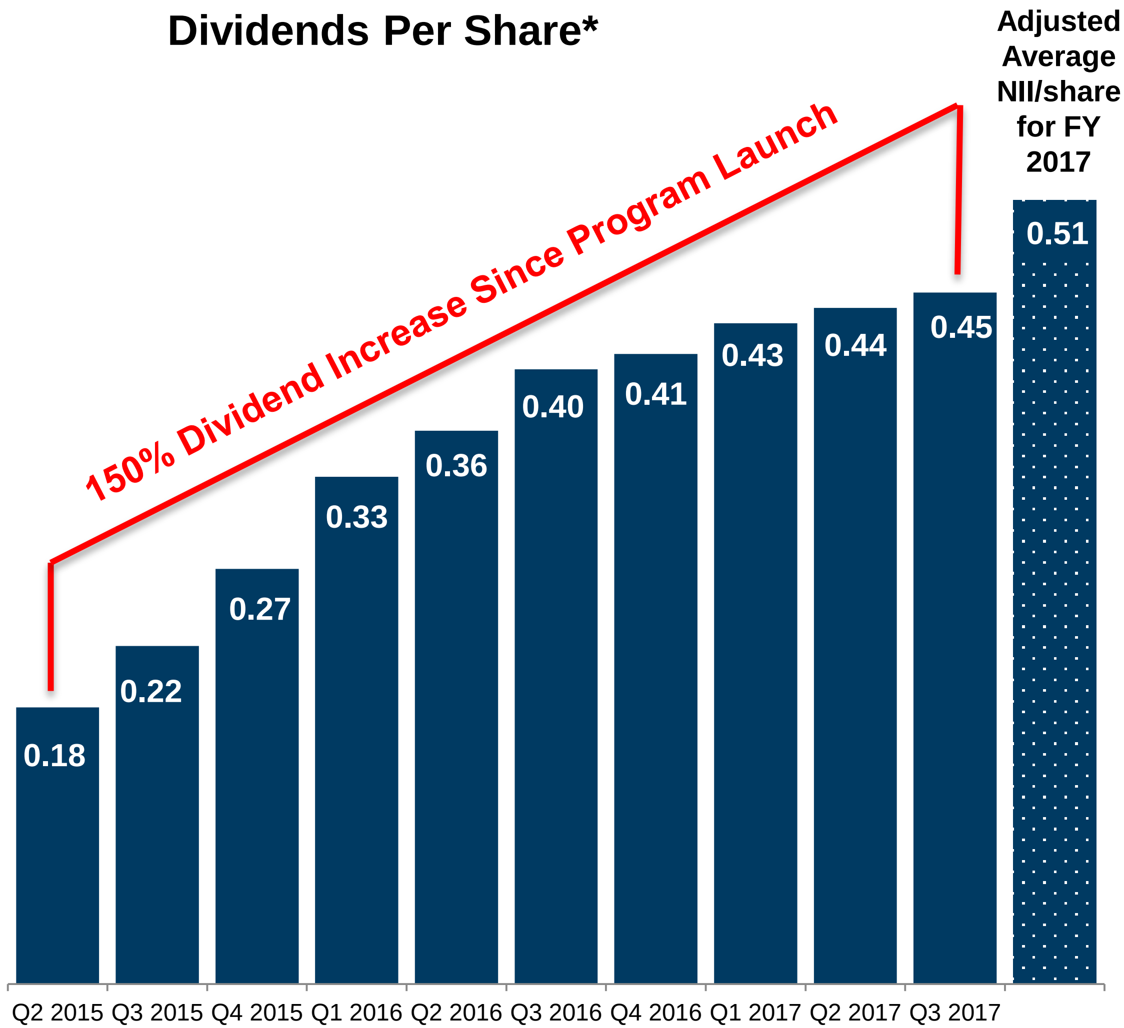
Dividends Continue to Increase

- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan ("DRIP")
- Increased dividend by 150% since program launch
- Declared Q3 2017 dividend of $0.45, an increase of $0.01 (2%)
- Overearning our dividend currently (13% on average FY 2017)

Dividends Per Share*



***Excludes special dividend of $0.20 per share paid on September 5, 2016**

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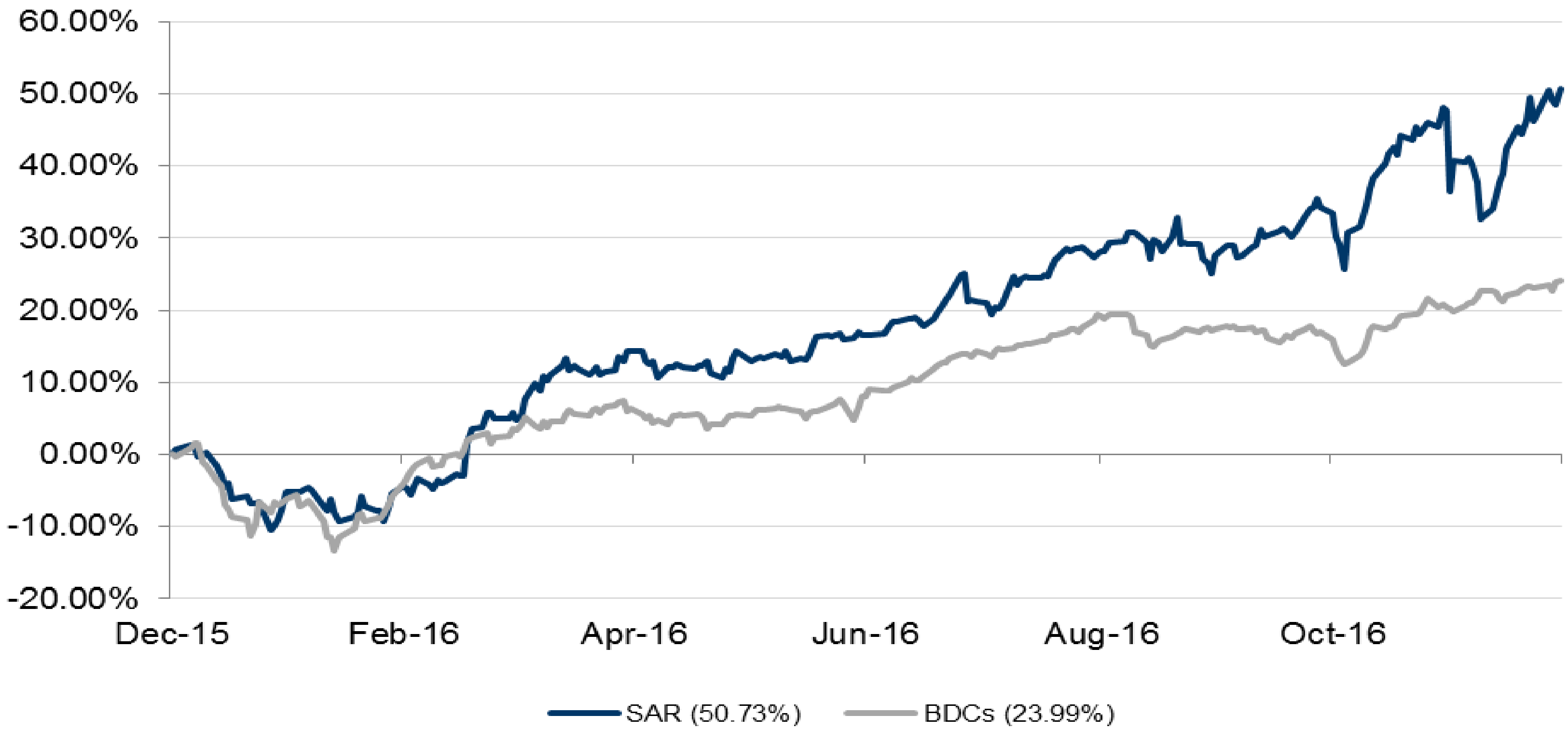
SAR LTM Total Return Outperforms BDC Index

LTM Total Return (%)
(December 2015 to December 2016)

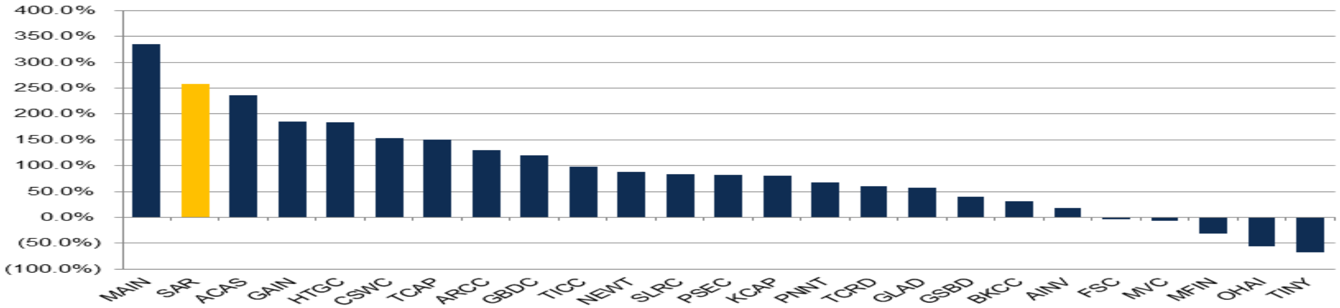
SAR +50.8% v BDC Index +24.0%



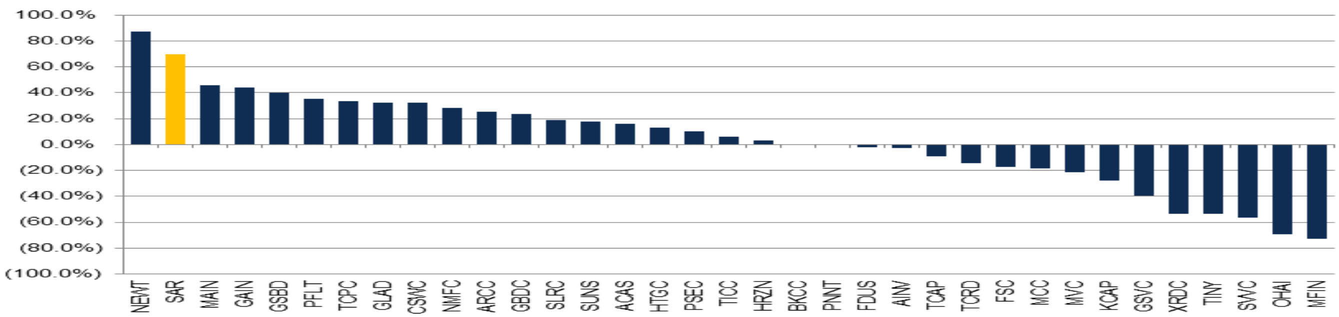
Source: Keefe, Bruyette & Woods

Performance at Top of BDC Industry

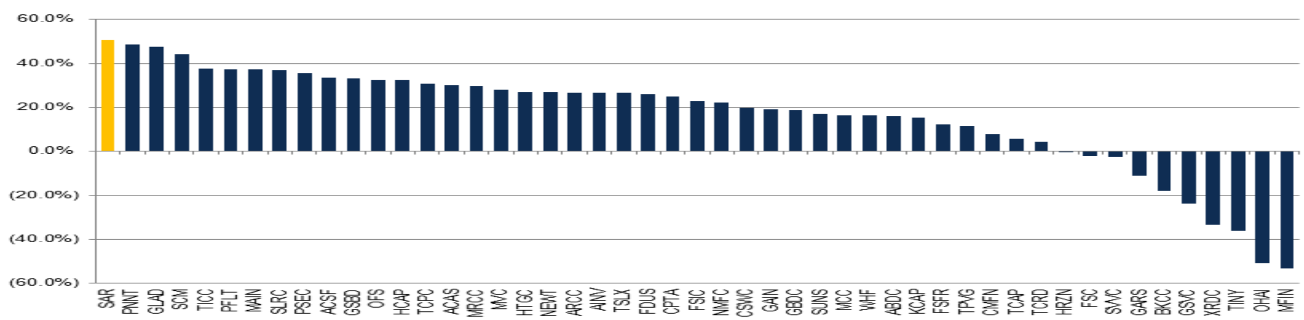
BDC Total Return (%)



Past 6 years since Saratoga took over: 257%



Last 3 years: 70%



Last 12 months: 51%

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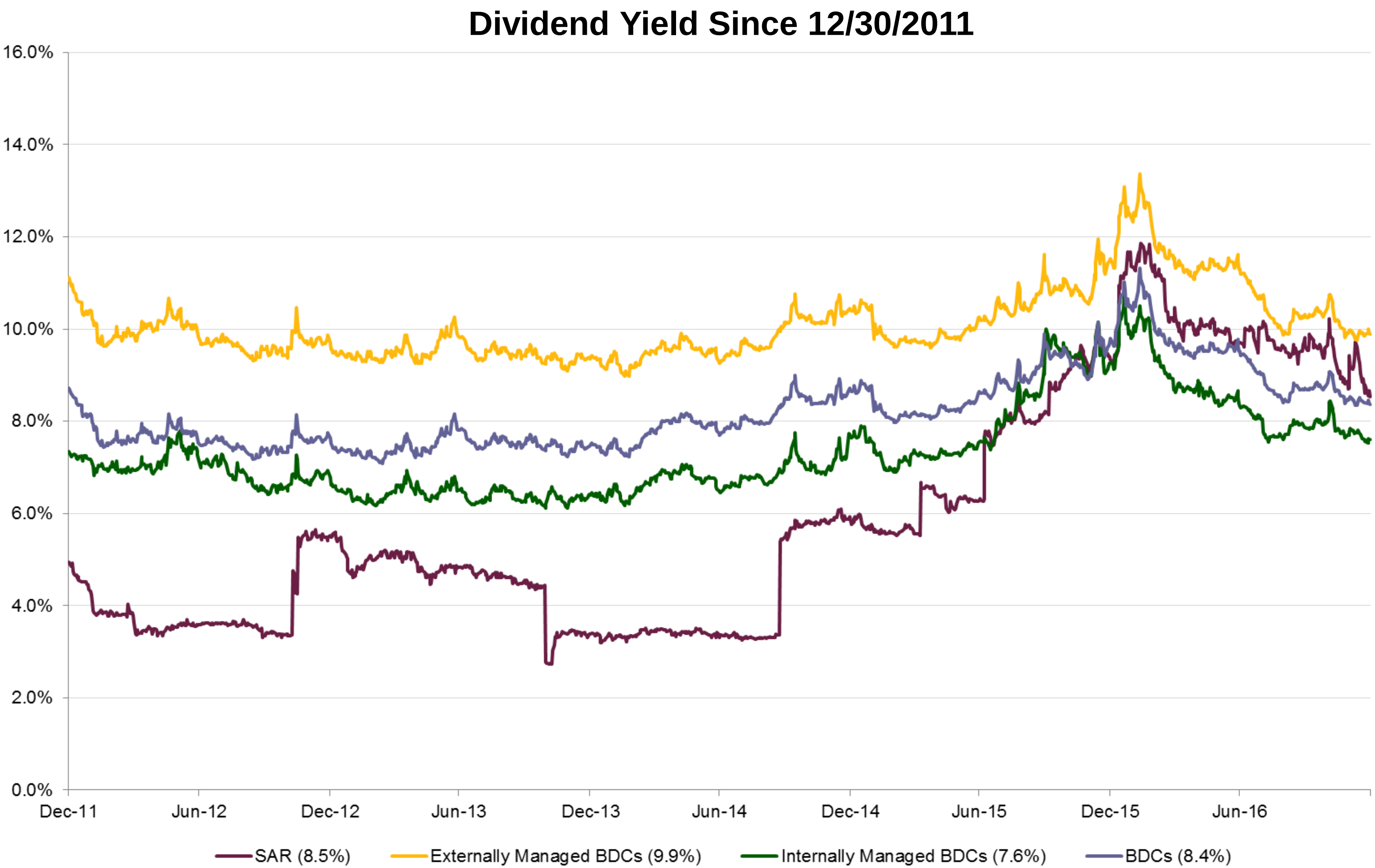
SAR Dividend Yield Last 5 Years



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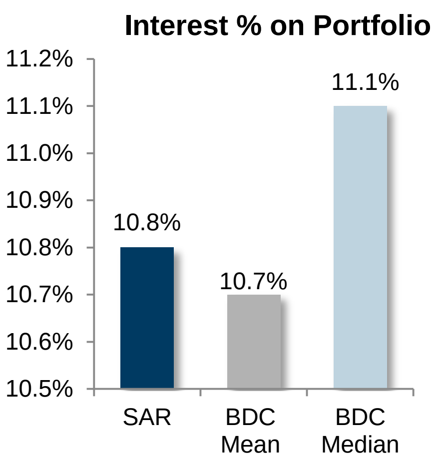
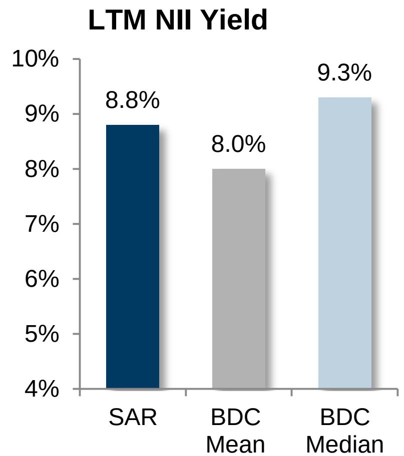
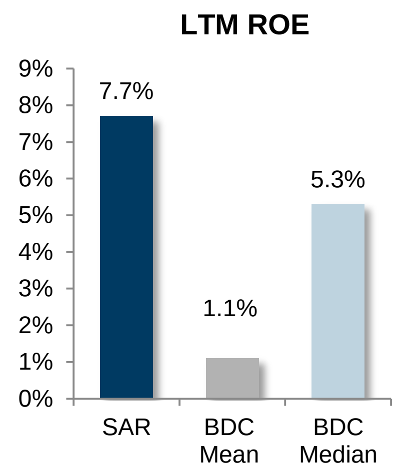
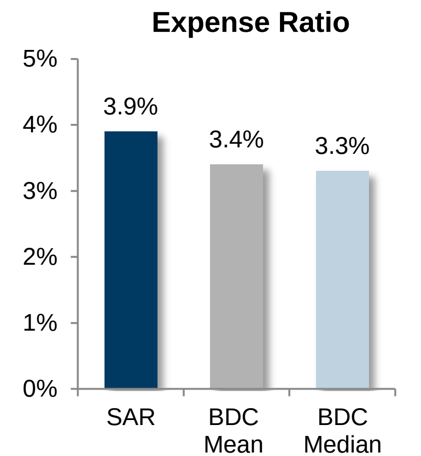
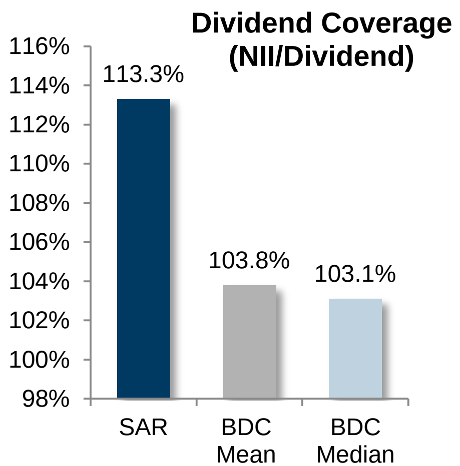
Strongly Differentiated Outperformance

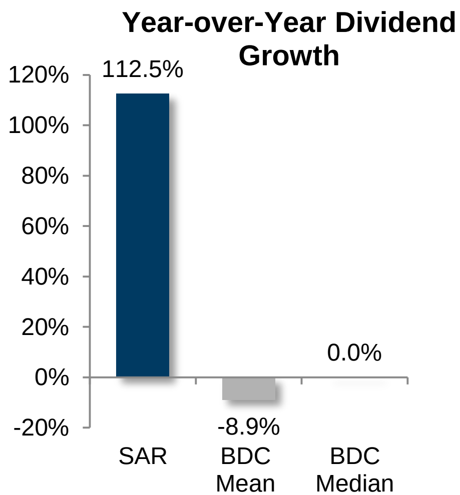


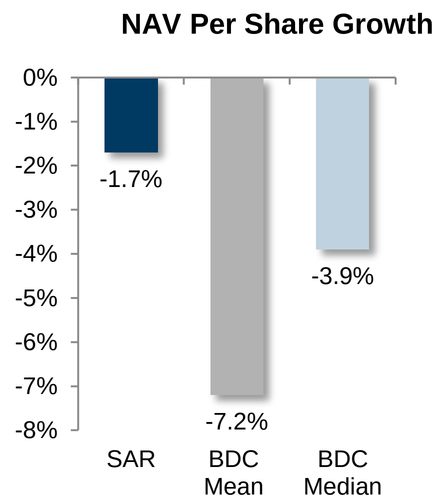


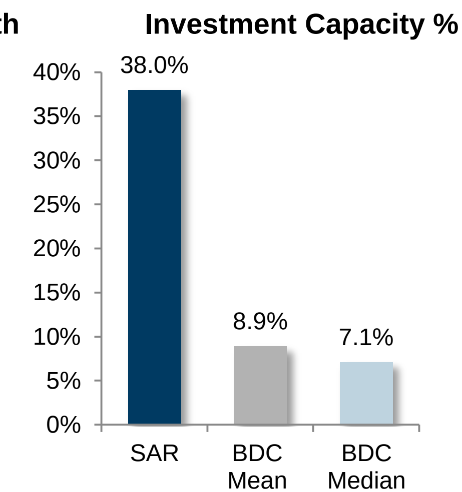












Source: SNL Financial / Company Filings / Raymond James report as of 12/13/16 / Wells Fargo BDC Scorecard 9-1-2016

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Establishing Competitive Edge vs. Other BDCs

Outstanding performance characteristics

Growing dividend	Paying a current dividend yield of approx. 9.0%; increased quarterly dividend by 150% over past two years
Industry-leading return on equity	LTM ROE of 7.7% factors in both investment income and net gains/losses and significantly beats BDC LTM average of 1.1% - excluding legacy investments, LTM ROE is 12.1%
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 38%; maturity extended through recent successful baby bond offering
Solid 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 193% since FY 2012 with strong originations offsetting significant repayments
Limited oil & gas exposure	Will not be facing significant write-downs as a result of major direct exposure to energy/oil/gas investments
Attractive risk profile	SAR and SBIC leverage is below market averages, 96.7% of credits are the highest quality, 58% of SBIC investments are senior debt, protected against potential interest rate risk with 82% floating rate assets and debt mainly fixed rate

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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 available financing to build scale and increase our AUM and net investment income/yield, enabling us to achieve growth in:
  - Net Asset Value
  - Return on Equity
  - Earnings per Share
  - Stock Values

Questions?

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