

ARES CAPITAL CORP
Form 497
September 20, 2012

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**Filed pursuant to Rule 497
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The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Subject to Completion
Preliminary Prospectus Supplement dated September 20, 2012**

**PROSPECTUS SUPPLEMENT
(To Prospectus dated August 16, 2012)**

\$

% Senior Notes due 2022

We are offering \$ _____ in aggregate principal amount of _____ % senior notes due 2022, which we refer to as the Notes. The Notes will mature on October 1, 2022. We will pay interest on the Notes on January 1, April 1, July 1, and October 1 of each year, beginning January 1, 2013. We may redeem the Notes in whole or in part at any time or from time to time on or after October 1, 2015, at the redemption price discussed under the caption "Specific Terms of the Notes and the Offering - Optional redemption" in this prospectus supplement. The Notes will be issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

The Notes will be our direct senior unsecured obligations and rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by Ares Capital Corporation.

We intend to apply to list the Notes on The New York Stock Exchange. If the application is approved, we expect trading in the Notes on The New York Stock Exchange to begin within 30 days of the original issue date. The Notes are expected to trade "flat." This means that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not included in the trading price. Currently, there is no public market for the Notes.

Ares Capital Corporation is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. We have elected to be regulated as a business development company under the Investment Company Act of 1940. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, we also make equity investments.

We are externally managed by our investment adviser, Ares Capital Management LLC, a wholly owned subsidiary of Ares Management LLC, a global alternative asset manager and a Securities and Exchange Commission ("SEC") registered investment adviser with approximately \$54 billion of total committed capital under management as of June 30, 2012. Ares Operations LLC, a wholly owned subsidiary of Ares Management LLC, provides the administrative services necessary for us to operate.

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Investing in the Notes involves risks that are described in the "Risk Factors" section beginning on page S-14 of this prospectus supplement and page 24 of the accompanying prospectus, including the risk of leverage.

This prospectus supplement and the accompanying prospectus concisely provide important information about us that you should know before investing in the Notes. Please read this prospectus supplement and the accompanying prospectus before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information with the SEC. This information is available free of charge by calling us collect at (310) 201-4200 or on our website at www.arescapitalcorp.com. The SEC also maintains a website at www.sec.gov that contains such information. The information on the websites referred to herein is not incorporated by reference into this prospectus supplement or the accompanying prospectus.

	Per Note	Total
Public offering price	%	\$
Underwriting discount (sales load)	%	\$
Proceeds, before expenses, to Ares Capital Corporation(1)	%	\$

(1) Before deducting expenses payable by us related to this offering, estimated at \$.

The public offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from September , 2012 and must be paid by the purchaser if the Notes are delivered after , 2012.

The underwriters may also purchase up to an additional \$ total aggregate principal amount of Notes offered hereby, to solely cover overallotments, if any, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price will be \$, the total underwriting discount (sales load) paid by us will be \$, and total proceeds, before expenses, to us will be \$.

THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the Notes in book-entry form only through The Depository Trust Company will be made on or about September , 2012.

Joint Book-Running Managers

BofA Merrill Lynch

Morgan Stanley

UBS Investment Bank

Wells Fargo Securities

The date of this prospectus supplement is September , 2012.

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You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front cover of this prospectus supplement and the accompanying prospectus, as applicable. Our business, financial condition, results of operations and prospects may have changed since that date.

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This prospectus supplement sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. This section outlines the specific legal and financial terms of the Notes. You should read this section together with the more general description of the Notes in the accompanying prospectus under the heading "Description of Our Debt Securities" before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying prospectus or in the indenture governing the Notes.

Issuer	Ares Capital Corporation
Title of the securities	% Senior Notes due 2022
Initial aggregate principal amount being offered	\$
Over-allotment option	The underwriters may also purchase from us up to an additional \$ aggregate principal amount of Notes to cover over-allotments, if any, within 30 days of the date of this prospectus supplement.
Initial public offering price	100% of the aggregate principal amount
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the Paying Agent, Registrar and Transfer Agent for the Notes or at such other office in New York City as we may designate.
Type of Note	Fixed rate note
Listing	We intend to apply to list the Notes on The New York Stock Exchange. If the application is approved, we expect trading in the Notes on The New York Stock Exchange to begin within 30 days of the original issue date.
Interest rate	% per year
Day count basis	360-day year of twelve 30-day months
Original issue date	September , 2012
Stated maturity date	October 1, 2022
Date interest starts accruing	September , 2012
Interest payment dates	Every January 1, April 1, July 1, and October 1, commencing January 1, 2013. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.

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Interest periods	The initial interest period will be the period from and including September 1, 2012, to, but excluding, the initial interest payment date of January 1, 2013, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.
Regular record dates for interest	Every December 15, March 15, June 15, and September 15, commencing December 15, 2012
Specified currency	U.S. Dollars
Place of payment	New York City
Ranking of Notes	The Notes will be our direct unsecured obligations and will rank:

pari passu with our other outstanding and future senior unsecured indebtedness, including without limitation, \$143.8 million aggregate principal amount of our 7.00% senior notes that mature on February 15, 2022 (the "2022 Notes"), \$200.0 million aggregate principal amount of our 7.75% senior notes that mature on October 15, 2040 (the "2040 Notes"), \$230.0 million aggregate principal amount of our 6.875% senior notes that mature on April 15, 2047 (the "2047 Notes" and, together with the 2022 Notes and the 2040 Notes, the "Unsecured Notes"), \$575.0 million aggregate principal amount of our convertible senior unsecured notes that mature on February 1, 2016 (the "February 2016 Convertible Notes"), \$230.0 million aggregate principal amount of our convertible senior unsecured notes that mature on June 1, 2016 (the "June 2016 Convertible Notes") and \$162.5 million aggregate principal amount of our convertible senior unsecured notes that mature on March 15, 2017 (the "2017 Convertible Notes" and, together with the February 2016 Convertible Notes and the June 2016 Convertible Notes, the "Convertible Notes") outstanding, in each case, as of September 14, 2012;

senior to any of our future indebtedness that expressly provides it is subordinated to the Notes;

effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured in respect of which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including without limitation, approximately \$67.0 million aggregate principal amount of outstanding indebtedness as of September 14, 2012 under our \$900 million revolving credit facility (the "Revolving Credit Facility"), to the extent of the value of the assets securing such facility; and

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structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries or financing vehicles, if any, including approximately \$372.0 million aggregate principal amount of outstanding indebtedness as of September 14, 2012 under the \$620 million revolving funding facility of our wholly owned subsidiary, Ares Capital CP Funding LLC ("Ares Capital CP") (the "Revolving Funding Facility") and approximately \$133.0 million aggregate principal amount of outstanding indebtedness as of September 14, 2012 under the \$400 million revolving funding facility of our wholly owned subsidiary, Ares Capital JB Funding LLC ("ACJB LLC") (the "SMBC Funding Facility" and, together with the Revolving Credit Facility and the Revolving Funding Facility, the "Facilities"). See "The Company Recent Developments."

Denominations

We will issue the Notes in denominations of \$25 and integral multiples of \$25 in excess thereof.

Business day

Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City are authorized or required by law or executive order to close.

Optional redemption

The Notes may be redeemed in whole or in part at any time or from time to time at our option on or after October 1, 2015, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of \$25 per Note plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to the date fixed for redemption.

You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes.

Any exercise of our option to redeem the Notes will be done in compliance with the Investment Company Act of 1940, as amended, and the rules, regulations and interpretations promulgated thereunder (collectively, the "Investment Company Act"), to the extent applicable.

If we redeem only some of the Notes, the Trustee will determine the method for selection of the particular Notes to be redeemed, in accordance with the Investment Company Act to the extent applicable. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

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Sinking fund	The Notes will not be subject to any sinking fund.
Repayment at option of Holders	Holder will not have the option to have the Notes repaid prior to the stated maturity date.
Defeasance	The Notes are subject to defeasance by us.
Covenant defeasance	The Notes are subject to covenant defeasance by us.
Form of Notes	The Notes will be represented by global securities that will be deposited and registered in the name of The Depository Trust Company ("DTC") or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations that are participants in DTC.
Trustee, Paying Agent, Registrar and Transfer Agent	U.S. Bank National Association
Other covenants	In addition to the covenants described in the prospectus attached to this prospectus supplement, the following covenants shall apply to the Notes:

We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act or any successor provisions.

If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the Trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles.

Modifications to events of default
The following event of default, as described in the prospectus attached to this prospectus supplement:

We do not pay the principal of, or any premium on, a debt security of the series on its due date, and do not cure this default within 5 days.
with respect to the Notes has been revised to read as follows:

We do not pay the principal of, or any premium on, any Note on its due date.

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Global Clearance and Settlement Procedures	Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the Company, the Trustee or the Paying Agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.
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FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus supplement and the accompanying prospectus constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve a number of risks and uncertainties, including statements concerning:

our, or our portfolio companies', future business, operations, operating results or prospects;

the return or impact of current and future investments;

the impact of a protracted decline in the liquidity of credit markets on our business;

the impact of fluctuations in interest rates on our business;

the impact of changes in laws or regulations (including the interpretation thereof) governing our operations or the operations of our portfolio companies;

the valuation of our investments in portfolio companies, particularly those having no liquid trading market;

our ability to recover unrealized losses;

our ability to successfully invest any capital raised in this offering;

market conditions and our ability to access alternative debt markets and additional debt and equity capital;

our contractual arrangements and relationships with third parties;

Middle East turmoil and the potential for rising energy prices and its impact on the industries in which we invest;

the general economy and its impact on the industries in which we invest;

the uncertainty surrounding the strength of the U.S. economic recovery;

European sovereign debt issues;

the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;

our expected financings and investments;

our ability to successfully complete and integrate any acquisitions;

the adequacy of our cash resources and working capital;

the timing, form and amount of any dividend distributions;

the timing of cash flows, if any, from the operations of our portfolio companies; and

the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments.

We use words such as "anticipates," "believes," "expects," "intends," "will," "should," "may" and similar expressions to identify forward-looking statements, although not all forward-looking statements include these words. Our actual results and condition could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" in this prospectus supplement and in the accompanying prospectus and the other information included in this prospectus supplement or the accompanying prospectus.

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The forward-looking statements included in this prospectus supplement and the accompanying prospectus have been based on information available to us as of their respective dates, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

The forward-looking statements in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

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THE COMPANY

This summary highlights some of the information contained elsewhere in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under "Risk Factors" in this prospectus supplement and in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus. Except where the context suggests otherwise, the terms "we," "us," "our," "the Company" and "Ares Capital" refer to Ares Capital Corporation and its consolidated subsidiaries; "Ares Capital Management" and the "investment adviser" refer to Ares Capital Management LLC; "Ares Operations" and the "administrator" refer to Ares Operations LLC; and "Ares" refers to Ares Management LLC ("Ares Management") and its affiliated companies (other than portfolio companies of its affiliated funds).

Ares Capital

Ares Capital, a Maryland corporation, is a specialty finance company that is a closed-end, non-diversified management investment company. We have elected to be regulated as a business development company, or a "BDC," under the Investment Company Act. We were founded on April 16, 2004, were initially funded on June 23, 2004 and completed our initial public offering on October 8, 2004. We are one of the largest BDCs with approximately \$5.8 billion of total assets as of June 30, 2012.

We are externally managed by our investment adviser, Ares Capital Management, a wholly owned subsidiary of Ares Management, a global alternative asset manager and an SEC registered investment adviser with approximately \$54 billion of total committed capital under management as of June 30, 2012. Our administrator, Ares Operations, a wholly owned subsidiary of Ares Management, provides the administrative services necessary for us to operate.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. However, we may from time to time invest in larger companies. In this prospectus supplement, we generally use the term "middle-market" to refer to companies with annual EBITDA between \$10 million and \$250 million. As used herein, EBITDA represents net income before net interest expense, income tax expense, depreciation and amortization.

We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. First and second lien senior loans generally are senior debt instruments that rank ahead of subordinated debt of a given portfolio company. Mezzanine debt is subordinated to senior loans and is generally unsecured. Our investments in corporate borrowers generally range between \$30 million and \$400 million each, investments in the project finance/power generation sector generally range between \$10 million and \$200 million each and investments in the venture finance sector generally range between \$1 million and \$25 million each. However, the investment sizes may be more or less than these ranges and may vary based on our capital availability.

To a lesser extent, we also make preferred and/or common equity investments, which have generally been non-control equity investments of less than \$20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments.

The proportion of these types of investments will change over time given our views on, among other things, the economic and credit environment in which we are operating. In connection with our investing activities, we may make commitments with respect to indebtedness or securities of a potential portfolio company substantially in excess of our final investment. In such situations, while we may

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initially agree to fund up to a certain dollar amount of an investment, we may subsequently syndicate a portion of such amount to third parties, such that we are left with a smaller investment than what was reflected in our original commitment. In addition to originating investments, we may also acquire investments in the secondary market.

The first and second lien senior loans in which we invest generally have stated terms of three to 10 years and the mezzanine debt investments in which we invest generally have stated terms of up to 10 years, but the expected average life of such first and second lien loans and mezzanine debt is generally between three and seven years. However, we may invest in loans and securities with any maturity or duration. The instruments in which we invest typically are not rated by any rating agency, but we believe that if such instruments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's Rating Services), which is an indication of having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Bonds that are rated below investment grade are sometimes referred to as "high yield bonds" or "junk bonds." We may invest without limit in debt or other securities of any rating, as well as debt or other securities that have not been rated by any nationally recognized statistical rating organization.

We believe that our investment adviser, Ares Capital Management, is able to leverage the current investment platform, resources and existing relationships with financial sponsors, financial institutions, hedge funds and other investment firms of Ares to provide us with attractive investment opportunities. In addition to deal flow, the Ares investment platform assists our investment adviser in analyzing, structuring and monitoring investments. Ares has been in existence for more than 14 years and its senior partners have an average of over 22 years experience investing in senior loans, high yield bonds, mezzanine debt and private equity securities. The Company has access to Ares' investment professionals and to Ares' administrative professionals who provide assistance in accounting, finance, legal, compliance, operations, information technology and investor relations. As of June 30, 2012, Ares had 231 investment professionals and 289 administrative professionals.

Since our initial public offering on October 8, 2004 through June 30, 2012, our realized gains have exceeded our realized losses by approximately \$101 million (excluding the one-time gain on our acquisition of Allied Capital Corporation on April 1, 2010 and gains/losses from the extinguishment of debt and other assets). For this same time period, our exited investments have resulted in an aggregate cash flow realized internal rate of return to us of approximately 14% (based on original cash invested of approximately \$5.4 billion and total proceeds from such exited investments of approximately \$6.5 billion). Approximately 73% of these exited investments resulted in an aggregate cash flow internal rate of return to us of 10% or greater. Internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of expenses related to investments as these expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of our debt investment or sale of an investment or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These internal rates of return results are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

In addition, we and General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") co-invest through an unconsolidated vehicle, the Senior Secured Loan Fund LLC, which operates using the name "Senior Secured Loan Program" (the "SSLP"). The SSLP was initially formed in December 2007 to co-invest in first lien senior secured loans of middle-market companies. As of June 30, 2012, the SSLP had approximately \$7.7 billion of available capital, approximately \$5.4 billion in aggregate principal amount of which was funded as of June 30, 2012. At June 30, 2012, we had agreed to make available to the SSLP approximately \$1.5 billion, of which

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approximately \$1.1 billion was funded. The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required). As of June 30, 2012, our investment in the SSLP was approximately \$1.1 billion at fair value (including unrealized appreciation of \$26.3 million), which represented approximately 20% of our total portfolio at fair value. Effective March 30, 2012, Ares Capital Management assumed from the Company the role of co-manager of the SSLP. However, this change did not impact the Company's economics in respect of its participation in the SSLP and Ares Capital Management does not receive any remuneration in respect of its co-manager role.

While our primary focus is to generate current income and capital appreciation through investments in first and second lien senior loans and mezzanine debt and, to a lesser extent, equity securities of eligible portfolio companies, we also may invest up to 30% of our portfolio in non-qualifying assets, as permitted by the Investment Company Act. See "Regulation" in the accompanying prospectus. Specifically, as part of this 30% basket, we may invest in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

Our portfolio company, Ivy Hill Asset Management, L.P. ("IHAM"), which became an SEC registered investment adviser effective March 30, 2012, manages 11 unconsolidated credit vehicles and sub-manages or sub-advises four other unconsolidated credit vehicles (these vehicles managed or sub-managed/sub-advised by IHAM are collectively referred to as the "IHAM Vehicles"), which are described in more detail under "Business Investments Ivy Hill Management, L.P." in the accompanying prospectus. We have also made direct investments in securities of certain of these vehicles. As of June 30, 2012, IHAM had total committed capital under management of approximately \$3.2 billion, which included approximately \$0.3 billion invested by Ares Capital in IHAM or securities issued by the IHAM Vehicles. In connection with IHAM's registration as a registered investment adviser, on March 30, 2012, we received exemptive relief from the SEC allowing us to, subject to certain conditions, own directly or indirectly up to 100% of IHAM's outstanding equity interests and make additional investments in IHAM.

About Ares

Founded in 1997, Ares is a global alternative asset manager and an SEC registered investment adviser with approximately \$54 billion of total committed capital under management and 520 employees as of June 30, 2012.

Ares specializes in originating and managing assets in both the leveraged finance and private equity markets. Ares' leveraged finance activities include the origination, acquisition and management of senior loans, high yield bonds, mezzanine debt and special situation investments. Ares' private equity activities generally focus on control-oriented equity investments in under-capitalized companies with capital structure issues. Ares has the ability to invest across a capital structure, from senior floating rate debt to common equity. This flexibility, combined with Ares' "buy and hold" philosophy, enables Ares to structure an investment to meet the specific needs of a company rather than the less flexible demands of the public markets.

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Ares is comprised of the following groups:

Private Debt Group. The Ares Private Debt Group manages Ares Capital, Ares Capital Europe (Ares' European private debt business), Ares' commercial real estate business (which includes private funds and Ares Commercial Real Estate Corporation (NYSE: ACRE)) as well as certain other private funds and managed accounts. The Ares Private Debt Group also co-manages the SSLP. In the aggregate, the Ares Private Debt Group had approximately \$21.1 billion of total committed capital under management as of June 30, 2012, including capital which may be committed for investment both directly and through certain financial services portfolio companies of the Company. The Ares Private Debt Group focuses primarily on non-syndicated first and second lien senior loans and mezzanine debt, which in some cases may include an equity component. The Ares Private Debt Group also makes equity investments in private middle-market companies, usually in conjunction with a concurrent debt investment.

Capital Markets Group. The Ares Capital Markets Group had approximately \$23.1 billion of total committed capital under management as of June 30, 2012 and focuses primarily on syndicated senior secured loans, high yield bonds, distressed debt, other liquid fixed income investments and other publicly traded debt securities.

Private Equity Group. The Ares Private Equity Group had approximately \$9.6 billion of total committed capital under management as of June 30, 2012, primarily through Ares Corporate Opportunities Fund L.P., Ares Corporate Opportunities Fund II, L.P., Ares Corporate Opportunities Fund III, L.P. and Ares Corporate Opportunities Fund IV, L.P. (collectively referred to as "ACOF"). ACOF generally makes private equity investments in amounts substantially larger than the private equity investments anticipated to be made by Ares Capital. In particular, the Ares Private Equity Group generally focuses on control-oriented equity investments in under-capitalized companies or companies with capital structure issues.

Ares' senior partners have been working together as a group for many years and have an average of over 22 years of experience in leveraged finance, private equity, distressed debt, investment banking and capital markets. They are backed by a team of 231 highly disciplined investment professionals as of June 30, 2012 covering current investments in more than 1,100 companies across over 30 industries. Ares' rigorous investment approach is based upon an intensive, independent financial analysis, with a focus on preservation of capital, diversification and active portfolio management. These fundamentals underlie Ares' investment strategy and have resulted in large pension funds, banks, insurance companies, endowments and certain high net worth individuals investing in Ares' funds.

Ares Capital Management

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of 73 U.S.-based investment professionals as of June 30, 2012 led by the senior partners of the Ares Private Debt Group: Michael Arougheti, Eric Beckman, Kipp deVeer, Mitchell Goldstein and Michael Smith. Ares Capital Management leverages off of Ares' investment platform and benefits from the significant capital markets, trading and research expertise of Ares' investment professionals. Ares Capital Management's investment committee has eight members, including the senior partners of the Ares Private Debt Group, senior partners in the Ares Private Equity Group and a senior adviser to the Ares Capital Markets Group.

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Recent Developments

In July 2012, pursuant to the terms of the amended Revolving Funding Facility, Ares Capital CP received an increase in the commitments under the Revolving Funding Facility of \$40 million, bringing the total commitment to \$620 million.

In August 2012, we declared a third quarter dividend of \$0.38 per share and an additional dividend of \$0.05 per share. Both dividends are payable on September 28, 2012 to stockholders of record as of September 14, 2012.

In August 2012, we completed a public equity offering (the "August 2012 Offering") through which we sold 25,875,000 shares of common stock (including 3,375,000 shares purchased pursuant to the exercise in full by the underwriters of their option to purchase additional shares). Total proceeds from the August 2012 Offering, net of the underwriting discount and estimated offering expenses payable by us, were approximately \$427.4 million. We used the net proceeds from the August 2012 Offering to repay outstanding indebtedness under the Revolving Credit Facility and the Revolving Funding Facility and for general corporate purposes.

On September 7, 2012, our Board of Directors (the "Board"), on the recommendation of the Nominating & Governance Committee of the Board, appointed Steven B. McKeever as an independent Class I Director to fill the vacancy on the Board following the death of Kenneth R. Heitz in July 2012. Mr. McKeever, age 52, founded and has served as CEO of Hidden Beach Recordings, an independent record label based in Los Angeles, California, since 1997. Mr. McKeever received his B.S. from the University of Illinois at Urbana-Champaign and received his J.D. from Harvard Law School. The initial term of Mr. McKeever will expire at the 2014 annual meeting of stockholders of the Company.

On September 7, 2012, the Board appointed Daniel F. Nguyen as Treasurer of the Company to fill the vacancy in this position following the resignation of Richard S. Davis. Mr. Nguyen also serves as a Vice President of the Company.

On September 14, 2012, we and ACJB LLC entered into an amendment (the "SMBC Amendment") to the SMBC Funding Facility with Sumitomo Mitsui Banking Corporation and each of the other parties thereto. The SMBC Amendment, among other things, (a) increased the size of the SMBC Funding Facility from \$200 million to \$400 million, (b) extended the reinvestment period from January 20, 2015 to September 14, 2015, and (c) extended the stated maturity date from January 20, 2020 to September 14, 2020.

From July 1, 2012 through September 14, 2012, we had made new investment commitments of \$854 million, of which \$777 million were funded. Of these new commitments, 76% were in first lien senior secured debt, 11% were investments in subordinated certificates of the SSLP which were applied to co-investments with GE in first lien senior secured loans, 7% were in senior subordinated debt, 4% were in second lien senior secured debt and 2% were in other equity securities. Of the \$854 million of new investment commitments, 90% were floating rate, 8% were fixed rate and 2% were non-interest bearing. The weighted average yield of debt and other income producing securities funded during the period at amortized cost was 10.1%. We may seek to syndicate a portion of these new investment commitments to third parties, although there can be no assurance that we will be able to do so.

From July 1, 2012 through September 14, 2012, we exited \$548 million of investment commitments. Of these investment commitments, 60% were first lien senior secured debt, 26% were second lien senior secured debt, 10% were senior subordinated debt, 3% were collateralized loan obligations and 1% were other equity securities. Of the \$548 million of exited investment commitments, 85% were floating rate investments, 13% were fixed rate investments, 1% were non-interest bearing and 1% were on non-accrual status. The weighted average yield of debt and other income producing securities exited or repaid during the period at amortized cost was 9.6%. On the \$548 million of

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investment commitments exited from July 1, 2012 through September 14, 2012, we recognized total net realized gains of approximately \$37 million.

In addition, as of September 14, 2012, we had an investment backlog and pipeline of approximately \$296 million and \$200 million, respectively. Investment backlog includes transactions approved by our investment adviser's investment committee and/or for which a formal mandate, letter of intent or a signed commitment have been issued, and therefore we believe are likely to close. Investment pipeline includes transactions where due diligence and analysis are in process, but no formal mandate, letter of intent or signed commitment have been issued. The consummation of any of the investments in this backlog and pipeline depends upon, among other things, one or more of the following: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation. In addition, we may syndicate a portion of these investments to third parties. We cannot assure you that we will make any of these investments or that we will syndicate any portion of these investments.

Our Corporate Information

Our administrative offices are located at 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, telephone number (310) 201-4200, and our executive offices are located at 245 Park Avenue, 44th Floor, New York, New York 10167, telephone number (212) 750-7300.

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RISK FACTORS

The Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.

The Notes will not be secured by any of our assets or any of the assets of our subsidiaries. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of September 14, 2012, we had \$67.0 million aggregate principal amount of outstanding indebtedness under the Revolving Credit Facility. The Revolving Credit Facility is secured by certain assets in our portfolio and excludes investments held by Ares Capital CP under the Revolving Funding Facility, those held by ACJB LLC under the SMBC Funding Facility and certain other investments; the indebtedness thereunder is therefore effectively senior to the Notes to the extent of the value of such assets.

The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Notes are obligations exclusively of Ares Capital and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the Notes and the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. A significant portion of the indebtedness required to be consolidated on our balance sheet is held through subsidiary financing vehicles and secured by certain assets of such subsidiaries. For example, the secured indebtedness with respect to the Revolving Funding Facility and the SMBC Funding Facility are each held through our wholly owned subsidiaries, Ares Capital CP Funding LLC and ACJB LLC, respectively. The assets of such subsidiaries are not directly available to satisfy the claims of our creditors, including holders of the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources Debt Capital Activities" in the accompanying prospectus for more detail on the Revolving Funding Facility and the SMBC Funding Facility.

Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including trade creditors) and holders of preferred stock, if any, of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Notes will be structurally subordinated to all indebtedness and other liabilities (including trade payables) of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. As of September 14, 2012, we had \$372.0 million aggregate principal amount of outstanding indebtedness under the Revolving Funding Facility and \$133.0 million aggregate principal amount of outstanding indebtedness under the SMBC Funding Facility. All of such indebtedness would be structurally senior to