

ARES CAPITAL CORP
Form N-2
August 01, 2016

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As filed with the Securities and Exchange Commission on July 29, 2016

Registration No. 333-

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-2

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

o PRE-EFFECTIVE AMENDMENT NO.
o POST-EFFECTIVE AMENDMENT NO.

ARES CAPITAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

**245 Park Avenue, 44th Floor
New York, New York 10167**
(Address of Principal Executive Offices)

Registrant's Telephone Number, including Area Code: **(212) 750-7300**

**Joshua M. Bloomstein
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Ares Capital Corporation
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(Name and Address of Agent for Service)

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**Approximate Date of Proposed Public Offering:
From time to time after the effective date of this Registration Statement.**

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. ý

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It is proposed that this filing will become effective (check appropriate box):

when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Debt Security	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Debt Securities(2)				
Total			\$1,000,000,000(3)	\$100,700

(1) Estimated pursuant to Rule 457(o) solely for the purpose of determining the registration fee. The proposed maximum offering price per security will be determined from time to time, by the Registrant in connection with the sale by the Registrant of the securities registered under this registration statement.

(2) Subject to Note 3 below, there is being registered hereunder an indeterminate principal amount of debt securities as may be sold, from time to time separately. If any debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount as shall result in an aggregate price to investors not to exceed \$1,000,000,000.

(3) In no event will the aggregate offering price of all debt securities issued from time to time pursuant to this registration statement exceed \$1,000,000,000.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus 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, dated July 29, 2016

PROSPECTUS

\$1,000,000,000

Debt Securities

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 lien senior secured loans (including "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, we also make preferred and/or common equity investments.

We are externally managed by our investment adviser, Ares Capital Management LLC, a subsidiary of Ares Management, L.P., a publicly traded, leading global asset manager. Ares Operations LLC, a subsidiary of Ares Management, L.P., provides certain administrative and other services necessary for us to operate.

Investing in our debt securities involves risks that are described in the "Risk Factors" section beginning on page 22 of this prospectus, including the risk of leverage.

We may offer, from time to time, in one or more offerings or series, up to \$1,000,000,000 of our debt securities. Our debt securities may be offered at prices and on terms to be described in one or more supplements to this prospectus. This prospectus and the accompanying prospectus supplement concisely provide important information about us that you should know before investing in our debt securities. Please read this prospectus and the accompanying prospectus supplement 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.

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

This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.

The date of this prospectus is _____, 2016.

You should rely only on the information contained in this prospectus and the accompanying prospectus supplement. We 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 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 and the accompanying prospectus supplement is accurate only as of the date on the front cover of this prospectus and the accompanying prospectus supplement, as applicable. Our business, financial condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the U.S. Securities and Exchange Commission (the "SEC"), using the "shelf" registration process. Under the shelf registration process, we may offer, from time to time, in one or more offerings or series, up to \$1,000,000,000 of our debt securities on terms to be determined at the time of the offering. Our debt securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the debt securities that we may offer. Each time we use this prospectus to offer our debt securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and the prospectus supplement together with any exhibits and the additional information described under the headings "Available Information" and "Risk Factors" before you make an investment decision.

PROSPECTUS SUMMARY

This summary highlights some of the information contained elsewhere in this 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" and the other information included in this prospectus and the accompanying prospectus supplement. 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 "our investment adviser" refer to Ares Capital Management LLC; "Ares Operations" and "our administrator" refer to Ares Operations LLC; and "Ares" and "Ares Management" refer to Ares Management, L.P. (NYSE: ARES) and its affiliated companies (other than portfolio companies of its affiliated funds).

Other than as specifically set forth herein or in any accompanying prospectus supplement, information presented with respect to the Company does not reflect the completion of the American Capital Acquisition (as defined below), and any investment decision you make should be made with the understanding that the American Capital Acquisition may not be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a description of the terms of the American Capital Acquisition, "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition and "Risk Factors Risks Relating to the American Capital Acquisition" for a description of the risks that the combined company may face if the American Capital Acquisition is completed.

THE COMPANY

Overview

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 of 1940, as amended, and the rules and regulations promulgated thereunder or 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. As of March 31, 2016, we were the largest BDC with approximately \$9.4 billion of total assets.

We are externally managed by our investment adviser, Ares Capital Management, a subsidiary of Ares Management, a publicly traded, leading global alternative asset manager. Our administrator, Ares Operations, a subsidiary of Ares Management, provides certain administrative and other services necessary for us to operate.

As discussed in "Recent Developments" below, on May 23, 2016, we entered into a definitive agreement (the "Merger Agreement") under which we have agreed, subject to the satisfaction of certain closing conditions, to acquire American Capital, Ltd., a Delaware corporation ("American Capital"), in a cash and stock transaction, which we refer to as the "American Capital Acquisition." We cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a description of the terms of the American Capital Acquisition, "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition and "Risk Factors Risks Relating to the American Capital Acquisition" for a description of the risks that the combined company may face if the American Capital Acquisition is completed.

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,

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we may from time to time invest in larger or smaller (in particular, for investments in early stage and/or venture capital-backed) companies. 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 lien senior secured loans (including "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component. First and second lien senior secured 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 \$500 million each, investments in project finance/power generation projects generally range between \$10 million and \$200 million each and investments in early-stage and/or venture capital-backed companies 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, among other things, our capital availability, the composition of our portfolio and general micro- and macro-economic factors.

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 initially agree to fund up to a certain dollar amount of an investment, we may subsequently syndicate or sell a portion of such amount (including, without limitation, to vehicles managed by our portfolio company, Ivy Hill Asset Management, L.P. ("IHAM")), 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 (including purchases of a portfolio of investments).

The first and second lien senior secured 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 Ratings Services), which, under the guidelines established by these entities, 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 of Ares Management with financial sponsors, financial institutions, hedge funds and other investment firms 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 over 15 years and its partners have an average of over 24 years of experience in leveraged finance, private equity, distressed debt, commercial real estate finance, investment banking and capital markets. We

have access to Ares' investment professionals and administrative professionals, who provide assistance in accounting, finance, legal, compliance, operations, information technology and investor relations. As of March 31, 2016, Ares had approximately 340 investment professionals and approximately 525 administrative professionals.

While our primary focus is to generate current income and capital appreciation through investments in first and second lien senior secured 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." 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.

In the first quarter of 2011, the staff of the SEC (the "Staff") informally communicated to certain BDCs the Staff's belief that certain entities, which would be classified as an "investment company" under the Investment Company Act but for the exception from the definition of "investment company" set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as "eligible portfolio companies" (as defined in Section 2(a)(46) under the Investment Company Act) (i.e., not eligible to be included in a BDC's 70% "qualifying assets" basket). Subsequently, in August 2011 the SEC issued a concept release (the "Concept Release") which stated that "[a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which the U.S. Congress intended BDCs primarily to invest" and requested comment on whether or not a 3a-7 issuer should be considered an "eligible portfolio company." We provided a comment letter in respect of the Concept Release and continue to believe that the language of Section 2(a)(46) of the Investment Company Act permits a BDC to treat as "eligible portfolio companies" entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release) and subsequent discussions with the Staff, we have, solely for purposes of calculating the composition of our portfolio pursuant to Section 55(a) of the Investment Company Act, identified such entities, which include the SDLP (as defined below) and the SSLP (as defined below), as "non-qualifying assets" should the Staff ultimately disagree with our position.

Co-Investment Programs

Senior Direct Lending Program

In December 2015, we established a joint venture with Varagon Capital Partners ("Varagon") to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, to U.S. middle-market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. (NYSE:AIG) and other partners. The joint venture is called the Senior Direct Lending Program (the "SDLP"). It is expected that the SDLP will commit and hold individual loans of up to \$300 million. We may directly co-invest with the SDLP to accommodate larger transactions. We will provide capital to the SDLP in the form of subordinated certificates (the "SDLP Certificates"), and Varagon and its clients will provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. It is expected that we and Varagon will own 87.5% and 12.5%, respectively, of any outstanding SDLP Certificates.

As of March 31, 2016, we and Varagon have agreed to make capital available to the SDLP of \$2.9 billion in the aggregate, of which no amounts were funded. The SDLP will be capitalized as transactions are completed. All portfolio decisions and generally all other decisions in respect of the SDLP must be approved by an investment committee of the SDLP consisting of representatives of ours

and Varagon (with approval from a representative of each required). As of March 31, 2016, we agreed to make available to the SDLP (subject to the approval of the investment committee of the SDLP as described above) approximately \$591 million, of which no amounts were committed or funded. The SDLP Certificates will pay a coupon of LIBOR plus a stated spread and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SDLP Certificates that is greater than the stated coupon. The SDLP Certificates are junior in right of payment to the senior notes and intermediate funding notes.

Senior Secured Loan Program

The Company and General Electric Capital Corporation ("GECC") and GE Global Sponsor Finance LLC (collectively, "GE") have co-invested in first lien senior secured loans of middle market companies through an unconsolidated Delaware limited liability company, the Senior Secured Loan Fund LLC (d/b/a "the Senior Secured Loan Program") or the SSLP (the "SSLP"). The SSLP has been capitalized as transactions are completed. 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). We have provided capital to the SSLP in the form of subordinated certificates (the "SSLP Certificates").

In August 2015, GE completed the sale of its U.S. Sponsor Finance business, through which GE had participated with us in the SSLP, to Canada Pension Plan Investment Board ("CPPIB"). This sale excluded GE's interest in the SSLP, and the Company and GE continue to operate the SSLP. The Company and GE no longer have an obligation to present senior secured lending investment opportunities to the SSLP and since June 30, 2015, the SSLP has not made any investments related to new portfolio companies; however, the Company and GE may provide capital to support the SSLP's funding of existing commitments (see below) and other amounts to its portfolio companies. On August 24, 2015, we were advised that GECC, as the holder of the senior notes of the SSLP (the "Senior Notes"), directed State Street Bank and Trust Company, as trustee of the Senior Notes and the SSLP Certificates, pursuant to the terms of the indenture governing the Senior Notes and the SSLP Certificates, to apply all principal proceeds received by the SSLP from its investments to the repayment of the outstanding principal amount of the Senior Notes until paid in full (prior to the distribution of any such principal proceeds to the holders of the SSLP Certificates, which includes us). GECC had previously elected to waive its right to receive priority repayments on the Senior Notes from principal proceeds in most circumstances. Prior to closing the sale to CPPIB, GE had announced its intention to provide the Company and CPPIB the opportunity to work together on the SSLP on a go-forward basis. GECC has also stated that if a mutual agreement between us and CPPIB to partner on the SSLP is not reached, it intends to retain its interest in the SSLP and the SSLP would be wound down in an orderly manner. We have been in dialogue with GE and CPPIB to determine if there is an opportunity to work together; however, to date there has been no agreement in respect of the SSLP as a result of these discussions and there can be no assurance that such discussions will continue or any such agreement will be reached. In addition to discussions with CPPIB and GECC, we are also exploring other options with respect to the SSLP's portfolio, although there can be no assurance that we will pursue any of them.

As of March 31, 2016, the Company and GE had funded approximately \$7.6 billion in aggregate principal amount to the SSLP. As discussed above, we anticipate that no new investments will be made by the SSLP and that the Company and GE will only provide additional capital to support the SSLP's funding of existing commitments and other amounts to its portfolio companies. As of March 31, 2016, the SSLP had commitments to fund delayed draw loans to certain of its portfolio companies of \$145.4 million, which had been approved by the investment committee of the SSLP as described above. As of March 31, 2016, we had funded approximately \$2.0 billion in aggregate principal amount to the SSLP. Additionally, as of March 31, 2016, we had commitments to co-invest in the SSLP for our

portion of the SSLP's commitments to fund delayed draw loans to portfolio companies of up to \$23.6 million. As of March 31, 2016, the fair value of the SSLP Certificates held by us was \$1.9 billion at fair value (including unrealized depreciation of \$48.7 million), which represented approximately 21% of our total portfolio at fair value. As of March 31, 2016, the SSLP had 38 different underlying borrowers. For more information on the SSLP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Senior Secured Loan Program."

Ivy Hill Asset Management, L.P.

As of March 31, 2016, our portfolio company, IHAM, an SEC-registered investment adviser, managed 16 vehicles and served as the sub-manager/sub-servicer for three other vehicles (such vehicles, the "IHAM Vehicles"). As of March 31, 2016, IHAM had assets under management of approximately \$3.6 billion. As of March 31, 2016, Ares Capital had invested approximately \$171.0 million (at amortized cost) in IHAM. 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. From time to time, IHAM or certain IHAM Vehicles may purchase investments from us or sell investments to us, in each case for a price equal to the fair market value of such investments determined at the time of such transactions. See Note 4 to our consolidated financial statements for the year ended December 31, 2015 and the three months ended March 31, 2016 for more information about IHAM.

Ares Capital Management LLC

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 80 U.S.-based investment professionals as of March 31, 2016 and led by certain partners of the Ares Credit Group: Michael Arougheti, 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 12 members comprised of certain of the U.S.-based partners of the Ares Credit Group and certain partners in the Ares Private Equity Group.

MARKET OPPORTUNITY

We believe that current market conditions present attractive opportunities for us to invest in middle-market companies, specifically:

We believe that many commercial and investment banks have, in recent years, de-emphasized their service and product offerings to middle-market businesses in favor of lending to large corporate clients and managing capital markets transactions. In addition, these lenders may be constrained in their ability to underwrite and hold bank loans and high yield securities for middle-market issuers as they seek to meet existing and future regulatory capital requirements. These factors may result in opportunities for alternative funding sources to middle-market companies and therefore more new-issue market opportunities for us.

We believe that the disruption and volatility in the credit markets between 2008 and 2009 reduced capital available to certain specialty finance companies and other capital providers, causing a reduction in competition. While market conditions have largely recovered from the events of 2008 and 2009, there have been continuing periods of volatility, some lasting

longer than others. These market conditions may continue to create opportunities to achieve attractive risk-adjusted returns.

We believe that there is a lack of market participants that are willing to hold meaningful amounts of certain middle-market loans. As a result, we believe our ability to minimize syndication risk for a company seeking financing by being able to hold our loans without having to syndicate them is a competitive advantage.

We believe that middle-market companies have faced difficulty in raising debt through the capital markets. This approach to financing may become more difficult to the extent institutional investors seek to invest in larger, more liquid offerings, leaving less competition and fewer financing alternatives for middle-market companies.

We believe there is a large pool of un-invested private equity capital for middle-market businesses. We expect private equity firms will seek to leverage their investments by combining equity capital with senior secured loans and mezzanine debt from other sources such as us.

COMPETITIVE ADVANTAGES

We believe that we have the following competitive advantages over other capital providers to middle-market companies:

The Ares Platform

Ares operates three distinct but complementary investment groups, including the Ares Credit Group, the Ares Private Equity Group and the Ares Real Estate Group. We believe Ares' current investment platform provides a competitive advantage in terms of access to origination and marketing activities and diligence for us. In particular, we believe that the Ares platform provides us with an advantage through its deal flow generation and investment evaluation process. Ares' asset management platform also provides additional market information, company knowledge and industry insight that benefit our investment and due diligence process. Ares' professionals maintain extensive financial sponsor and intermediary relationships, which provide valuable insight and access to transactions and information.

Seasoned Management Team

The investment professionals in the Ares Credit Group and members of our investment adviser's investment committee also have significant experience investing across market cycles. This experience also provides us with a competitive advantage in identifying, originating, investing in and managing a portfolio of investments in middle-market companies.

Broad Origination Strategy

We focus on self-originating most of our investments by pursuing a broad array of investment opportunities in middle-market companies, venture capital backed businesses and power generation projects across multiple channels. We also leverage off of the extensive relationships of the broader Ares platform, including relationships with the portfolio companies in the IHAM Vehicles, to identify investment opportunities. We believe that this allows for asset selectivity and that there is a significant relationship between proprietary deal origination and credit performance. We believe that our focus on generating proprietary deal flow and lead investing also gives us greater control over capital structure, deal terms, pricing and documentation and enables us to actively manage our portfolio investments. Moreover, by leading the investment process, we are often able to secure controlling positions in credit tranches, thereby providing additional control in investment outcomes. We also have originated

substantial proprietary deal flow from middle-market intermediaries, which often allows us to act as the sole or principal source of institutional capital to the borrower.

Scale and Flexible Transaction Structuring

We believe that being one of the largest BDCs makes us a more desirable and flexible capital provider, especially in competitive markets. We are flexible with the types of investments we make and the terms associated with those investments. We believe this approach and experience enables our investment adviser to identify attractive investment opportunities throughout economic cycles and across a company's capital structure so we can make investments consistent with our stated investment objective and preserve principal while seeking appropriate risk adjusted returns. In addition, we have the flexibility to provide "one stop" financing with the ability to invest capital across the balance sheet and syndicate and hold larger investments than many of our competitors. We believe that the ability to underwrite, syndicate and hold larger investments benefits our stockholders by (a) potentially increasing net income and earnings through syndication, (b) increasing originated deal flow flexibility, (c) broadening market relationships and deal flow, (d) allowing us to optimize our portfolio composition and (e) allowing us to provide capital to a broader spectrum of middle-market companies, which we believe currently have limited access to capital from traditional lending sources. In addition, we believe that the ability to provide capital at every level of the balance sheet provides a strong value proposition to middle-market borrowers and our senior debt capabilities provide superior deal origination and relative value analysis capabilities compared to traditional "mezzanine only" lenders.

Experience with and Focus on Middle-Market Companies

Ares has historically focused on investments in middle-market companies and we benefit from this experience. In sourcing and analyzing deals, our investment adviser benefits from Ares' extensive network of relationships focused on middle-market companies, including management teams, members of the investment banking community, private equity groups and other investment firms with whom Ares has had long-term relationships. We believe this network enables us to identify well-positioned prospective portfolio company investments. The Ares Credit Group works closely with Ares' other investment professionals. As of March 31, 2016, Ares oversaw a portfolio of investments in approximately 1,000 companies, approximately 495 structured assets and approximately 155 properties across over 50 industries, which provides access to an extensive network of relationships and insights into industry trends and the state of the capital markets.

Disciplined Investment Philosophy

In making its investment decisions, our investment adviser has adopted Ares' long-standing, consistent, credit-based investment approach that was developed over 15 years ago by its founders. Specifically, our investment adviser's investment philosophy, portfolio construction and portfolio management involve an assessment of the overall macroeconomic environment and financial markets and company-specific research and analysis. Its investment approach emphasizes capital preservation, low volatility and minimization of downside risk. In addition to engaging in extensive due diligence from the perspective of a long-term investor, our investment adviser's approach seeks to reduce risk in investments by focusing on:

businesses with strong franchises and sustainable competitive advantages;

industries with positive long-term dynamics;

businesses and industries with cash flows that are dependable and predictable;

management teams with demonstrated track records and appropriate economic incentives;

rates of return commensurate with the perceived risks;

securities or investments that are structured with appropriate terms and covenants; and

businesses backed by experienced private equity sponsors.

Extensive Industry Focus

We seek to concentrate our investing activities in industries with a history of predictable and dependable cash flows and in which the Ares investment professionals have had extensive investment experience. Ares investment professionals have developed long-term relationships with management teams and management consultants in over 50 industries, and have accumulated substantial information and identified potential trends within these industries. In turn, we benefit from these relationships, information and identification of potential trends in making investments.

OPERATING AND REGULATORY STRUCTURE

Our investment activities are managed by our investment adviser, Ares Capital Management, which is a subsidiary of Ares, and supervised by our board of directors, a majority of whom are independent of Ares and its affiliates. Ares Capital Management is registered under the Investment Advisers Act of 1940, or the "Advisers Act." Under our Amended and Restated Investment Advisory and Management Agreement with Ares Capital Management, referred to herein as our "investment advisory and management agreement," we have agreed to pay Ares Capital Management base management fees based on our total assets, as defined under the Investment Company Act (other than cash and cash equivalents, but including assets purchased with borrowed funds) ("base management fees"), fees based on our net investment income ("income based fees") and fees based on our net capital gains ("capital gains incentive fees"). See "Management Investment Advisory and Management Agreement." Ares Operations provides us with certain administrative and other services necessary for us to operate pursuant to an Amended and Restated Administration Agreement, referred to herein as our "administration agreement." See "Management Administration Agreement."

As a BDC, we are required to comply with certain regulatory requirements. For example, we are not generally permitted to invest in any portfolio company in which a fund managed by Ares or any of its downstream affiliates (other than us and our downstream affiliates) currently has an investment. However, we may co-invest with funds managed by Ares or any of its downstream affiliates, subject to compliance with existing regulatory guidance, applicable regulations and our allocation procedures. Certain types of co-investment transactions would only be permitted pursuant to an exemptive order from the SEC, for which we have applied. Any such order will be subject to certain terms and conditions. Further there is no assurance that this application for exemptive relief will be granted by the SEC.

Also, while we may borrow funds to make investments, our ability to use debt is limited in certain significant aspects. See "Business Operating and Regulatory Structure" and "Regulation." In particular, BDCs must have at least 200% asset coverage calculated pursuant to the Investment Company Act (i.e., we are permitted to borrow one dollar for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us) in order to incur debt or issue preferred stock (which we refer to collectively as "senior securities"), which requires us to finance our investments with at least as much equity as senior securities in the aggregate. Certain of our credit facilities also require that we maintain asset coverage of at least 200%.

In addition, as a consequence of us being a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code") for U.S. federal income tax purposes, our asset growth is dependent on our ability to raise equity capital through the issuance of common stock. RICs generally must distribute substantially all of their investment company taxable income (as defined under the Code) to stockholders as dividends in order to preserve their status as a RIC and not be subject to additional U.S. federal corporate-level taxes. This requirement, in turn, generally prevents us

from using our earnings to support our operations, including making new investments. See "Certain Material U.S. Federal Income Tax Considerations."

ACQUISITION OPPORTUNITIES

We believe the recent volatility in the credit markets has increased the likelihood of further consolidation in our industry. To that end, we are evaluating (and expect to continue to evaluate in the future) a number of potential strategic opportunities, including acquisitions of:

asset portfolios;

other private and public finance companies, business development companies and asset managers; and

selected secondary market assets.

In this regard, on May 23, 2016 we entered into a definitive agreement to acquire American Capital in a cash and stock transaction. See "Recent Developments American Capital Acquisition" for more information.

We have been in, and from time to time may engage in, discussions with counterparties in respect of various potential strategic acquisition and investment transactions, including potential acquisitions of other finance companies, business development companies and asset managers. Some of these transactions could be material to our business and, if completed, could be difficult to integrate, result in increased leverage or dilution and/or subject us to unexpected liabilities. However, other than in connection with the American Capital Acquisition, none of these discussions has progressed to the point at which the completion of any such transaction could be deemed to be probable or reasonably certain as of the date of this prospectus. Completion of any such transaction would be subject to completion of due diligence, finalization of key business and financial terms (including price) and negotiation of final definitive documentation as well as a number of other factors and conditions including, without limitation, the approval of our board of directors, any required third party consents and, in certain cases, the approval of our stockholders. We cannot predict how quickly the terms of any such transaction could be finalized, if at all. Accordingly, there can be no assurance that such transaction would be completed. In connection with evaluating potential strategic acquisition and investment transactions, we have, and may in the future, incur significant expenses for the evaluation and due diligence investigation of these potential transactions.

INDEBTEDNESS

As of March 31, 2016, we had approximately \$4.1 billion in aggregate principal amount of total outstanding indebtedness, approximately \$2.7 billion aggregate principal amount of which was unsecured indebtedness of Ares Capital, approximately \$1.2 billion aggregate principal amount of which was secured indebtedness at the Ares Capital level and approximately \$0.2 billion aggregate principal amount of which was secured indebtedness of our consolidated subsidiaries.

For more information on the Company's debt, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources."

RECENT DEVELOPMENTS

American Capital Acquisition

On May 23, 2016, we entered into a definitive agreement to acquire American Capital in a cash and stock transaction. American Capital is an internally managed closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the Investment Company Act.

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Subject to the terms and conditions of the Merger Agreement, two mergers will occur in the American Capital Acquisition: (i) Orion Acquisition Sub, Inc., a wholly owned subsidiary of the Company ("Acquisition Sub"), will merge with and into American Capital, with American Capital remaining as the surviving entity in such merger as a wholly owned subsidiary of the Company (the "Merger") and (ii) American Capital Asset Management, LLC, a wholly owned portfolio company of American Capital ("ACAM"), will merge with and into IHAM, with IHAM remaining as the surviving entity in such merger (the "ACAM Merger" and together with the Merger, the "Mergers"). Immediately following the Mergers, American Capital will convert into a Delaware limited liability company and withdraw its election as a BDC.

If the American Capital Acquisition is completed, the diversification of our investment portfolio is expected to increase by both issuer and industry, with our largest investment (our investment in subordinated certificates of the SSLP) declining from approximately 21% of our total investment portfolio at fair value as of March 31, 2016 to approximately 16% of the combined company's total investment portfolio at fair value on a pro forma basis as of March 31, 2016. Pro forma for the American Capital Acquisition, no other single portfolio company investment would represent greater than 5% of the combined company's total investment portfolio at fair value as of March 31, 2016. Pro forma for the American Capital Acquisition as of March 31, 2016, our percentage of investments in (i) first lien senior secured loans would decrease from approximately 29% of our investments at fair value to approximately 27% of the combined company's investments at fair value, (ii) second lien senior secured loans would remain unchanged from approximately 31% of our investments at fair value to approximately 31% of the combined company's investments at fair value, (iii) subordinated certificates of the SSLP would decrease from approximately 21% of our investments at fair value to approximately 16% of the combined company's investments at fair value, (iv) senior subordinated debt would remain unchanged from approximately 8% of our investments at fair value to approximately 8% of the combined company's investments at fair value, (v) preferred equity would remain unchanged from approximately 4% of our investments at fair value to approximately 4% of the combined company's investments at fair value and (vi) other equity and other investments would increase from 7% of our investments at fair value to approximately 14% of the combined company's investments at fair value.

Assuming the American Capital Acquisition was completed as of March 31, 2016, the combined company would have on a pro forma basis as of March 31, 2016 (i) more than \$12.5 billion of total assets, (ii) total liabilities of more than \$5.7 billion, and (iii) a net asset value per share of \$15.92. The information presented in this paragraph and the immediately preceding paragraph is provided for illustrative purposes only and does not necessarily indicate what the future assets, liabilities, net asset value or asset mix of the combined company will be following the American Capital Acquisition. This pro forma information does not include adjustments to reflect any cost savings or other operational efficiencies that may be realized as a result of the American Capital Acquisition or any future restructuring or integration expenses related to the American Capital Acquisition. Additionally, this pro forma information does not include any estimated net increase (decrease) in stockholders' equity resulting from operations or other asset sales and repayments that are not already reflected that may occur between March 31, 2016 and the completion of the American Capital Acquisition. The foregoing information should be read in conjunction with the Unaudited Pro Forma Condensed Consolidated Financial Statements and the corresponding notes included elsewhere in this prospectus.

While there can be no assurances as to the exact timing, or that the American Capital Acquisition will be completed at all, we expect to complete the American Capital Acquisition as early as the fourth quarter of 2016. The completion of the American Capital Acquisition is subject to certain conditions, including, among others, American Capital stockholder approval, Ares Capital stockholder approval, required regulatory approvals, receipt of certain third party consents and other customary closing conditions.

We cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a more detailed description of the terms of the American Capital Acquisition, "Risk Factors Risks Relating to Our Business" We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition and "Risk Factors Risks Relating to the American Capital Acquisition" for a description of the risks that the combined company may face if the American Capital Acquisition is completed.

In connection with the American Capital Acquisition, we entered into an agreement with our investment adviser, dated May 23, 2016, pursuant to which our investment adviser will (i) provide \$275 million of cash consideration payable to American Capital stockholders in accordance with the terms and conditions set forth in the Merger Agreement at closing and (ii) waive, for each of the first ten calendar quarters beginning with the first full calendar quarter after the closing of the American Capital Acquisition, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case to the extent earned and payable by us in such quarter pursuant to and as calculated under our investment advisory and management agreement.

Other Recent Developments

In April 2016, we entered into an agreement to amend and restate the Revolving Credit Facility (as defined below) that, among other things, (a) extended the expiration of the revolving period for certain lenders electing to extend their commitments in an amount equal to \$1.195 billion from May 4, 2019 to May 4, 2020, during which period we, subject to certain conditions, may make borrowings under the Revolving Credit Facility, (b) extended the stated maturity date for certain lenders electing to extend their commitments in an amount equal to \$1.195 billion from May 4, 2020 to May 4, 2021, (c) permitted certain lenders electing not to extend their commitments in an amount equal to \$70 million to remain subject to the existing revolving period and stated maturity in respect of their non-extending commitments, and (d) modified the debt and lien provisions of the Revolving Credit Facility to, among other things, (i) expand the types of additional debt that may be secured by certain assets of ours on a *pari passu* basis with the Revolving Credit Facility, subject to certain limitations, and (ii) increase the amount of additional secured debt permitted to be incurred by us, subject to certain conditions. The size of the Revolving Credit Facility is \$1.265 billion following the amendment and restatement thereof. The Revolving Credit Facility includes an "accordion" feature that allows us, under certain circumstances, to increase the size of the facility by an amount up to \$632.5 million.

In April 2016, our board of directors authorized an extension of our stock repurchase program through February 28, 2017. Our stock repurchase program was set to expire on September 30, 2016. Under the stock repurchase program, we were able to repurchase up to \$100 million in the aggregate of our outstanding common stock in the open market at a price per share that met certain thresholds below the net asset value per share of our common stock, in accordance with the guidelines specified in Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The timing, manner, price and amount of any share repurchases were determined by us, in our discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors. As of March 31, 2016, we had repurchased a total of 514,677 shares of our common stock in the open market under the stock repurchase program since its inception in September 2015, at an average price of \$13.92 per share, including commissions paid, leaving approximately \$92.8 million available for additional repurchases under the program. In May 2016, in connection with the American Capital Acquisition, we suspended our stock repurchase program pending the completion of the Merger Agreement.

In June 2016, we repaid in full the \$230 million aggregate principal amount outstanding of the June 2016 Convertible Notes (as defined below) upon their maturity. We used amounts available under our revolving credit facilities to repay the June 2016 Convertible Notes.

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In June 2016, we, our investment adviser, Ares Venture Finance GP LLC and AVF LP (as defined below) received exemptive relief from the SEC allowing us to modify the asset coverage requirements to exclude the SBA Debentures (as defined below) from this calculation. As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This exemptive relief provides us with increased investment flexibility but also increases our risk related to leverage.

From April 1, 2016 through April 27, 2016, we made new investment commitments of approximately \$123 million, of which \$123 million were funded. Of these new commitments, 69% were in second lien senior secured loans, 29% were in senior subordinated loans and 2% were in other equity securities. Of the approximately \$123 million of new investment commitments, 69% were floating rate, 29% 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 11.5%. We may seek to sell all or a portion of these new investment commitments, although there can be no assurance that we will be able to do so.

From April 1, 2016 through April 27, 2016, we exited approximately \$335 million of investment commitments. Of these investment commitments, 61% were second lien senior secured loans, 29% were first lien senior secured loans, 7% were senior subordinated loans and 3% were other equity securities. Of the approximately \$335 million of exited investment commitments, 88% were floating rate, 9% were fixed rate and 3% were non-interest bearing. The weighted average yield of debt and other income producing securities exited or repaid during the period at amortized cost was 9.7%. On the approximately \$335 million of investment commitments exited from April 1, 2016 through April 27, 2016, we recognized total net realized gains of approximately \$23 million.

In addition, as of April 27, 2016, we had an investment backlog and pipeline of approximately \$260 million and \$210 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 sell all or a portion of these investments and certain of these investments may result in the repayment of existing investments. We cannot assure you that we will make any of these investments or that we will sell all or any portion of these investments.

RISK FACTORS

Investing in Ares Capital involves risks. The following is a summary of the principal risks that you should carefully consider before investing in our debt securities. In addition, see "Risk Factors" beginning on page 22 for a more detailed discussion of the principal risks as well as certain other risks you should carefully consider before deciding to invest in our debt securities.

The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business and operations.

Uncertainty about the financial stability of the United States, China and several countries in the European Union (EU) could have a significant adverse effect on our business, financial condition and results of operations.

Our shares of common stock have traded at a discount from net asset value and may do so again, which could limit our ability to raise additional equity capital.

Our ability to grow depends on our ability to raise capital.

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A failure on our part to maintain our status as a BDC would significantly reduce our operating flexibility and a failure to maintain our status as a RIC may subject us to additional corporate-level income taxes.

We are dependent upon certain key personnel of Ares for our future success and upon their access to other Ares investment professionals.

We borrow money, which magnifies the potential for gain or loss on amounts invested, subjects us to certain covenants with which we must comply and may increase the risk of investing with us.

We operate in a highly competitive market for investment opportunities.

We are exposed to risks associated with changes in interest rates.

Most of our portfolio investments are not publicly traded and, as a result, the fair value of these investments may not be readily determinable. Additionally, to the extent that we need liquidity and need to sell assets, the lack of liquidity in our investments may adversely affect our business.

Our financial condition and results of operations could be negatively affected if a significant investment fails to perform as expected.

There are significant potential conflicts of interest that could impact our investment returns.

Declines in market prices and liquidity in the corporate debt markets can result in significant net unrealized depreciation of our portfolio, which in turn would reduce our net asset value.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Our investments, which are primarily in middle-market companies, may be risky and we could lose all or part of our investment.

Our portfolio companies may be highly leveraged.

Our credit ratings may not reflect all risks of an investment in our debt securities.

We may fail to complete the American Capital Acquisition.

Completion of the American Capital Acquisition will cause immediate dilution to our stockholders' voting interests in us and may cause immediate dilution to the net asset value per share of our common stock.

We may be unable to realize the benefits anticipated by the American Capital Acquisition, including estimated cost savings and synergies, or it may take longer than anticipated to achieve such benefits.

Termination of the Merger Agreement could negatively impact us and, under certain circumstances, the Company and American Capital are obligated to pay each other a termination fee upon termination of the Merger Agreement.

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.

OFFERINGS

We may offer, from time to time, in one or more offerings or series, up to \$1,000,000,000 of our debt securities on terms to be determined at the time of the offering. We will offer our debt securities at prices and on terms to be set forth in one or more supplements to this prospectus.

We may offer our debt securities directly to one or more purchasers, through agents that we designate from time to time or to or through underwriters or dealers. The prospectus supplement relating to each offering will identify any agents or underwriters involved in the sale of our debt securities, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See "Plan of Distribution." We may not sell any of our debt securities through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of our debt securities.

Set forth below is additional information regarding offerings of our debt securities:

Use of proceeds

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from the sale of our debt securities for general corporate purposes, which include, among other things, (a) investing in portfolio companies in accordance with our investment objective and (b) repaying indebtedness. Each supplement to this prospectus relating to an offering will more fully identify the use of the proceeds from such offering. See "Use of Proceeds."

Leverage

We borrow funds to make additional investments. We use this practice, which is known as "leverage," to attempt to increase returns to our stockholders, but it involves significant risks. See "Risk Factors," "Senior Securities" and "Regulation Indebtedness and Senior Securities." With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% after such borrowing. The amount of leverage that we employ at any particular time will depend on our investment adviser's and our board of directors' assessments of market and other factors at the time of any proposed borrowing.

Management arrangements

Ares Capital Management serves as our investment adviser. Ares Operations serves as our administrator. For a description of Ares Capital Management, Ares Operations, Ares and our contractual arrangements with these companies, see "Management Investment Advisory and Management Agreement," and "Administration Agreement."

Available information

We are required to file periodic 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. Information contained on our website is not incorporated into this prospectus and you should not consider such information to be part of this prospectus. Such information is also available from the EDGAR database on the SEC's website at www.sec.gov.

SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA OF ARES CAPITAL

The following selected financial and other data as of and for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 are derived from our consolidated financial statements, which have been audited by KPMG LLP, an independent registered public accounting firm whose report thereon is included elsewhere in this prospectus. The selected financial and other data as of and for the three months ended March 31, 2016 and March 31, 2015 and other quarterly financial information is derived from our unaudited financial statements, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim periods. Interim results as of and for the three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. The data should be read in conjunction with our consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities," which are included elsewhere in this prospectus or the accompanying prospectus supplement.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA

As of and For the Three Months Ended March 31, 2016 and March 31, 2015 and
As of and For the Years Ended December 31, 2015, 2014, 2013, 2012 and 2011
(dollar amounts in millions, except per share data and as otherwise indicated)

	As of and For the Three Months Ended March 31,		As of and For the Year Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
Total Investment Income	\$ 248.0	\$ 253.2	\$ 1,025.4	\$ 989.0	\$ 881.7	\$ 748.0	\$ 634.5
Total Expenses	130.1	128.0	499.8	532.9	437.2	387.9	344.6
Net Investment Income Before Income Taxes	117.9	125.2	525.6	456.1	444.5	360.1	289.9
Income Tax Expense, Including Excise Tax	5.2	3.5	17.8	18.3	14.1	11.2	7.5
Net Investment Income	112.7	121.7	507.8	437.8	430.4	348.9	282.4
Net Realized and Unrealized Gains (Losses) on Investments, Foreign Currencies, Extinguishment of Debt and Other Assets	18.8	(21.1)	(129.1)	153.2	58.1	159.3	37.1
Net Increase in Stockholders' Equity Resulting from Operations	\$ 131.5	\$ 100.6	\$ 378.7	\$ 591.0	\$ 488.5	\$ 508.2	\$ 319.5

Per Share Data:

Net Increase in Stockholder's Equity Resulting from Operations:

Basic	\$ 0.42	\$ 0.32	\$ 1.20	\$ 1.94	\$ 1.83	\$ 2.21	\$ 1.56
Diluted	\$ 0.42	\$ 0.32	\$ 1.20	\$ 1.94	\$ 1.83	\$ 2.21	\$ 1.56
Cash Dividends Declared and Payable(1)	\$ 0.38	\$ 0.43	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.60	\$ 1.41
Net Asset Value	\$ 16.50	\$ 16.71	\$ 16.46	\$ 16.82	\$ 16.46	\$ 16.04	\$ 15.34
Total Assets(2)	\$ 9,365.5	\$ 8,878.7	\$ 9,506.8	\$ 9,454.3	\$ 8,093.7	\$ 6,360.6	\$ 5,359.7
Total Debt (Carrying Value)(2)	\$ 3,984.8	\$ 3,390.4	\$ 4,113.9	\$ 3,881.0	\$ 2,938.5	\$ 2,155.3	\$ 2,045.9
Total Debt (Principal Amount)	\$ 4,062.6	\$ 3,499.6	\$ 4,196.6	\$ 3,999.3	\$ 3,078.8	\$ 2,293.8	\$ 2,170.5
Total Stockholders' Equity	\$ 5,179.9	\$ 5,255.4	\$ 5,173.3	\$ 5,283.7	\$ 4,904.4	\$ 3,988.3	\$ 3,147.3
Other Data:							
Number of Portfolio Companies at Period End(3)	220	201	218	205	193	152	141
Principal Amount of Investments Purchased	\$ 498.3	\$ 577.7	\$ 3,905.0	\$ 4,534.3	\$ 3,493.2	\$ 3,161.6	\$ 3,239.0
Principal Amount of Investments Sold and Repayments	\$ 483.4	\$ 1,084.0	\$ 3,651.3	\$ 3,212.8	\$ 1,801.4	\$ 2,482.9	\$ 2,468.2
Total Return Based on Market Value(4)	6.8%	12.8%	1.3%	(3.3)%	10.5%	23.6%	2.3%
Total Return Based on Net Asset Value(5)	2.5%	1.9%	7.2%	11.8%	11.4%	14.3%	10.5%
Weighted Average Yield of Debt and Other Income Producing Securities at Fair Value(6):	10.3%	10.5%	10.3%	10.1%	10.4%	11.3%	12.0%
Weighted Average Yield of Debt and Other Income Producing Securities at Amortized Cost(6):	10.1%	10.5%	10.1%	10.1%	10.4%	11.4%	12.1%

- (1) Includes an additional dividend of \$0.05 per share paid in the three months ended March 31, 2015, an additional dividend of \$0.05 per share paid in the year ended December 31, 2015, an additional dividend of \$0.05 per share paid in the year ended December 31, 2014, an additional dividend of \$0.05 per share paid in the year ended December 31, 2013 and additional dividends of \$0.10 per share in the aggregate paid in the year ended December 31, 2012.
- (2) Certain prior year amounts have been reclassified to conform to the 2016 presentation. In particular, unamortized debt issuance costs were previously included in other assets and were reclassified to long-term debt as a result of the adoption of Accounting Standards Update ("ASU") 2015-03, Interest Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs during the first quarter of 2016.
- (3) Includes commitments to portfolio companies for which funding had yet to occur.

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(4)

For the three months ended March 31, 2016, the total return based on market value equaled the increase of the ending market value at March 31, 2016 of \$14.84 per share from the ending market value at December 31, 2015 of \$14.25 per share plus the declared and payable dividends of \$0.38 per share for the three months ended March 31, 2016, divided by the market value at December 31, 2015. For the three months ended March 31, 2015, the total return based on market value equaled the increase of the ending market value at March 31, 2015 of \$17.17 per share from the ending market value at December 31, 2014 of \$15.61 per share plus the declared and payable dividends of \$0.43 per share for the three months ended March 31, 2015, divided by the market value at December 31, 2014. For the year ended December 31, 2015, the total

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return based on market value equaled the decrease of the ending market value at December 31, 2015 of \$14.25 per share from the ending market value at December 31, 2014 of \$15.61 per share plus the declared and payable dividends of \$1.57 per share for the year ended December 31, 2015, divided by the market value at December 31, 2014. For the year ended December 31, 2014, the total return based on market value equaled the decrease of the ending market value at December 31, 2014 of \$15.61 per share from the ending market value at December 31, 2013 of \$17.77 per share plus the declared and payable dividends of \$1.57 per share for the year ended December 31, 2014, divided by the market value at December 31, 2013. For the year ended December 31, 2013, the total return based on market value equaled the increase of the ending market value at December 31, 2013 of \$17.77 per share from the ending market value at December 31, 2012 of \$17.50 per share plus the declared and payable dividends of \$1.57 per share for the year ended December 31, 2013, divided by the market value at December 31, 2012. For the year ended December 31, 2012, the total return based on market value equaled the increase of the ending market value at December 31, 2012 of \$17.50 per share from the ending market value at December 31, 2011 of \$15.45 per share plus the declared and payable dividends of \$1.60 per share for the year ended December 31, 2012, divided by the market value at December 31, 2011. For the year ended December 31, 2011, the total return based on market value equaled the decrease of the ending market value at December 30, 2011 of \$15.45 per share from the ending market value at December 31, 2010 of \$16.48 per share plus the declared and payable dividends of \$1.41 per share for the year ended December 31, 2011, divided by the market value at December 31, 2010. The Company's shares fluctuate in value. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

(5)

For the three months ended March 31, 2016, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$0.38 per share for the three months ended March 31, 2016, divided by the beginning net asset value for the period. For the three months ended March 31, 2015, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$0.43 per share for the three months ended March 31, 2015, divided by the beginning net asset value for the period. For the year ended December 31, 2015, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.57 per share for the year ended December 31, 2015, divided by the beginning net asset value. For the year ended December 31, 2014, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.57 per share for the year ended December 31, 2014, divided by the beginning net asset value for the period. For the year ended December 31, 2013, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.57 per share for the year ended December 31, 2013, divided by the beginning net asset value for the period. For the year ended December 31, 2012, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.60 per share for the year ended December 31, 2012 divided by the beginning net asset value for the period. For the year ended December 31, 2011, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.41 per share for the year ended December 31, 2011 divided by the beginning net asset value for the period. These calculations are adjusted for shares issued in connection with the dividend reinvestment plan and the issuance of common stock in connection with any equity offerings and the equity components of any convertible notes issued during the period. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

(6)

"Weighted average yield of debt and other income producing securities" is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at amortized cost or at fair value as applicable.

SELECTED QUARTERLY DATA (Unaudited)
(dollar amounts in thousands, except per share data)

	2016	
		Q1
Total investment income	\$	248,050
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees	\$	145,614
Income based fees and capital gains incentive fees	\$	32,884
Net investment income before net realized and unrealized gains (losses)	\$	112,730
Net realized and unrealized gains (losses)	\$	18,811
Net increase in stockholders' equity resulting from operations	\$	131,541
Basic and diluted earnings per common share	\$	0.42
Net asset value per share as of the end of the quarter	\$	16.50

	2015			
	Q4	Q3	Q2	Q1
Total investment income	\$ 261,676	\$ 260,948	\$ 249,479	\$ 253,247
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees	\$ 150,782	\$ 159,691	\$ 145,134	\$ 146,822
Income based fees and capital gains incentive fees	\$ 3,679	\$ 29,214	\$ 36,631	\$ 25,145
Net investment income before net realized and unrealized gains (losses)	\$ 147,103	\$ 130,477	\$ 108,503	\$ 121,677
Net realized and unrealized gains (losses)	\$ (132,390)	\$ (13,618)	\$ 38,019	\$ (21,101)
Net increase in stockholders' equity resulting from operations	\$ 14,713	\$ 116,859	\$ 146,522	\$ 100,576
Basic and diluted earnings per common share	\$ 0.05	\$ 0.37	\$ 0.47	\$ 0.32
Net asset value per share as of the end of the quarter	\$ 16.46	\$ 16.79	\$ 16.80	\$ 16.71

	2014			
	Q4	Q3	Q2	Q1
Total investment income	\$ 270,917	\$ 253,396	\$ 224,927	\$ 239,719
Net investment income before net realized and unrealized gains and income based fees and capital gains incentive fees	\$ 166,532	\$ 149,722	\$ 127,699	\$ 141,589
Income based fees and capital gains incentive fees	\$ 38,347	\$ 44,432	\$ 35,708	\$ 29,253
Net investment income before net realized and unrealized gains	\$ 128,185	\$ 105,290	\$ 91,991	\$ 112,336
Net realized and unrealized gains	\$ 25,202	\$ 72,449	\$ 50,840	\$ 4,656
Net increase in stockholders' equity resulting from operations	\$ 153,387	\$ 177,739	\$ 142,831	\$ 116,992
Basic and diluted earnings per common share	\$ 0.49	\$ 0.57	\$ 0.48	\$ 0.39
Net asset value per share as of the end of the quarter	\$ 16.82	\$ 16.71	\$ 16.52	\$ 16.42

UNAUDITED SELECTED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

The following tables set forth unaudited pro forma condensed consolidated financial data for the Company and American Capital as a combined company after giving effect to the Mergers. The information as of March 31, 2016 is presented as if the Mergers had been completed on March 31, 2016 and after giving effect to the Mortgage Manager Sale (as defined below) and certain other transactions that occurred or are expected to occur subsequent to March 31, 2016 (collectively, the "Other Pro Forma Transactions"). The unaudited pro forma condensed consolidated financial data for the three months ended March 31, 2016 and for the year ended December 31, 2015 are presented as if the Mergers and the Other Pro Forma Transactions had been completed on December 31, 2014. Such unaudited pro forma condensed consolidated financial data is based on the historical financial statements of the Company and American Capital from publicly available information and certain assumptions and adjustments as discussed in Note 3 of the accompanying notes to the pro forma condensed consolidated financial statements in the section entitled "Unaudited Pro Forma Condensed Consolidated Financial Statements." In the opinion of management, adjustments necessary to reflect the direct effect of these transactions have been made. The merger of Acquisition Sub with and into American Capital will be accounted for under the acquisition method of accounting as provided by ASC 805-50, *Business Combinations-Related Issues*.

The unaudited pro forma condensed consolidated financial data should be read together with the respective historical audited and unaudited consolidated financial statements and related notes of American Capital and the Company included in this prospectus. The unaudited pro forma condensed consolidated financial data are presented for illustrative purposes only and do not necessarily indicate what the future operating results or financial position of the combined company will be following completion of the Mergers. The unaudited pro forma condensed consolidated financial data does not include adjustments to reflect any cost savings or other operational efficiencies that may be realized as a result of the Mergers or any future restructuring or integration expenses related to the Mergers. Additionally, the unaudited pro forma condensed consolidated financial data does not include any estimated net increase (decrease) in stockholders' equity resulting from operations or other asset sales and repayments that are not already reflected that may occur between March 31, 2016 and the completion of the Mergers.

We and American Capital cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a description of the terms of the American Capital Acquisition and "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition.

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(dollar amounts in millions)

	For the Three Months Ended March 31, 2016		For the Year Ended December 31, 2015	
Total Investment Income	\$	352	\$	1,502
Total Expenses		174		730
Net Investment Income Before Taxes		178		772
Income Tax Expense, Including Excise Tax		5		18
Net Investment Income		173		754
Net Realized and Unrealized Losses on Investments, Foreign Currencies and Extinguishment of Debt		(99)		(389)
Net Increase in Stockholders' Equity Resulting from Operations	\$	74	\$	365

	As of March 31, 2016	
Total Assets	\$	12,516
Total Debt (at Carrying Value)	\$	5,338
Stockholders' Equity	\$	6,763

UNAUDITED PRO FORMA PER SHARE DATA

The following selected unaudited consolidated pro forma per share information for the three months ended March 31, 2016 and for the year ended December 31, 2015 is presented as if the Mergers and the Other Pro Forma Transactions had been completed on December 31, 2014. The unaudited pro forma consolidated net asset value per common share outstanding reflects the Mergers and the Other Pro Forma Transactions as if they had been completed on March 31, 2016.

Such unaudited pro forma consolidated per share information is based on the historical financial statements of the Company and American Capital from publicly available information and certain assumptions and adjustments as discussed in the section entitled "Unaudited Pro Forma Condensed Consolidated Financial Statements." This unaudited pro forma consolidated per share information is provided for illustrative purposes only and is not necessarily indicative of what the operating results or financial position of the Company or American Capital would have been had the Mergers and the Other Pro Forma Transactions been completed at the beginning of the periods or on the dates indicated, nor are they necessarily indicative of any future operating results or financial position of the combined company following the completion of the Mergers. The following should be read in connection with the section entitled "Unaudited Pro Forma Condensed Consolidated Financial Statements" and other information included in or incorporated by reference into this prospectus.

We and American Capital cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a description of the terms of the American Capital Acquisition, "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition.

	As of and For the Three Months Ended				For the Year Ended December 31, 2015			
	March 31, 2016		Per		Pro forma		Per	
	Ares	American	Ares	American	Ares	American	Ares	American
	Capital	Capital	Capital	Capital(3)	Capital	Capital	Capital	Capital(3)
Net Increase (Decrease) in Stockholders' Equity Resulting from Operations:								
Basic	\$ 0.42	\$ (0.34)	\$ 0.18	\$ 0.09	\$ 1.20	\$ (0.70)	\$ 0.86	\$ 0.41
Diluted	\$ 0.42	\$ (0.34)	\$ 0.18	\$ 0.09	\$ 1.20	\$ (0.70)	\$ 0.86	\$ 0.41
Cash Dividends Declared(1)	\$ 0.38	\$	\$ 0.38	\$ 0.18	\$ 1.57	\$	\$ 1.57	\$ 0.76
Net Asset Value per Share(2)	\$ 16.50	\$ 20.14	\$ 15.92	\$ 7.69				

- (1) The cash dividends declared per share represent the actual dividends declared per share for the period presented. The pro forma consolidated cash dividends declared are the dividends per share as declared by the Company.
- (2) The pro forma consolidated net asset value per share is computed by dividing the pro forma consolidated net assets as of March 31, 2016 by the pro forma consolidated number of shares outstanding.
- (3) The American Capital equivalent pro forma per share amount is calculated by multiplying the pro forma consolidated Ares Capital per share amounts by the common stock exchange ratio of 0.483.

RISK FACTORS

You should carefully consider the risk factors described below, together with all of the other information included in this prospectus and the accompanying prospectus supplement, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our debt securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the trading price, if any, of our debt securities could decline, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business and operations.

From time to time, capital markets may experience periods of disruption and instability. For example, between 2008 and 2009, the global capital markets were unstable as evidenced by periodic disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U.S. federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. While market conditions have largely recovered from the events of 2008 and 2009, there have been continuing periods of volatility, some lasting longer than others. For example, beginning in the latter half of 2015 and continuing into 2016, economic uncertainty and market volatility in China and geopolitical unrest in the Middle East, combined with continued volatility of oil prices, among other factors, have caused disruption in the capital markets, including the markets in which we participate. In addition, the referendum by British voters to exit the European Union ("E.U.") ("Brexit") in June 2016 has led to further disruption and instability in the global markets. There can be no assurance these market conditions will not continue or worsen in the future.

Equity capital may be difficult to raise during periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. We generally seek approval from our stockholders so that we have the flexibility to issue up to 25% of our then outstanding shares of our common stock at a price below net asset value. Pursuant to approval granted at a special meeting of stockholders held on May 12, 2016, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on May 12, 2017.

Volatility and dislocation in the capital markets can also create a challenging environment in which to raise or access debt capital. The reappearance of market conditions similar to those experienced from 2008 through 2009 for any substantial length of time could make it difficult to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently experience. If we are unable to raise or refinance debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from

leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies.

Significant changes or volatility in the capital markets may also have a negative effect on the valuations of our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). Significant changes in the capital markets may also affect the pace of our investment activity and the potential for liquidity events involving our investments. Thus, the illiquidity of our investments may make it difficult for us to sell such investments to access capital if required, and as a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. An inability to raise or access capital could have a material adverse effect on our business, financial condition or results of operations.

Uncertainty about the financial stability of the United States, China and several countries in the E.U. could have a significant adverse effect on our business, financial condition and results of operations.

Due to federal budget deficit concerns, S&P downgraded the federal government's credit rating from AAA to AA+ for the first time in history on August 5, 2011. Further, Moody's and Fitch had warned that they may downgrade the federal government's credit rating. Further downgrades or warnings by S&P or other rating agencies, and the United States government's credit and deficit concerns in general, could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased U.S. government credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our financial performance and the value of our common stock.

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these nations to continue to service their sovereign debt obligations. While the financial stability of many of such countries has improved significantly, risks resulting from any future debt crisis in Europe or any similar crisis could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these countries and the financial condition of European financial institutions. In July and August 2015, Greece reached agreements with its international creditors for bailouts that provide aid in exchange for austerity terms that had previously been rejected by Greek voters. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. We cannot assure you that market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not impact the global economy, and we cannot assure you that assistance packages will be available, or if available, be sufficient to stabilize countries and markets in Europe or elsewhere affected by a financial crisis. To the extent uncertainty regarding any economic recovery in Europe negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected.

In the second quarter of 2015, stock prices in China experienced a significant drop, resulting primarily from continued sell-off of shares trading in Chinese markets. In addition, in August 2015, Chinese authorities sharply devalued China's currency. Since then, the Chinese capital markets have continued to experience periods of instability. In June 2016, British voters passed a referendum to exit the E.U. leading to heightened volatility in global markets and foreign currencies. These market and economic disruptions have affected, and may in the future affect, the U.S. capital markets, which could adversely affect our business, financial condition or results of operations.

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In October 2014, the Federal Reserve announced that it was concluding its bond-buying program, or quantitative easing, which was designed to stimulate the economy and expand the Federal Reserve's holdings of long-term securities, suggesting that key economic indicators, such as the unemployment rate, had showed signs of improvement since the inception of the program. It is unclear what effect, if any, the conclusion of the Federal Reserve's bond-buying program will have on the value of our investments. Additionally, in December 2015, the Federal Reserve raised the federal funds rate. These developments, along with the United States government's credit and deficit concerns, the European sovereign debt crisis and the economic slowdown in China, could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms.

A failure on our part to maintain our status as a BDC would significantly reduce our operating flexibility.

If we fail to maintain our status as a BDC, we might be regulated as a closed-end investment company that is required to register under the Investment Company Act, which would subject us to additional regulatory restrictions and significantly decrease our operating flexibility. In addition, any such failure could cause an event of default under our outstanding indebtedness, which could have a material adverse effect on our business, financial condition or results of operations.

We are dependent upon certain key personnel of Ares for our future success and upon their access to other Ares investment professionals.

We depend on the diligence, skill and network of business contacts of certain key personnel of the Ares Credit Group. We also depend, to a significant extent, on access to the investment professionals of other groups within Ares and the information and deal flow generated by Ares' investment professionals in the course of their investment and portfolio management activities. Our future success depends on the continued service of certain key personnel of the Ares Credit Group. The departure of any of these individuals, or of a significant number of the investment professionals or partners of Ares, could have a material adverse effect on our business, financial condition or results of operations. In addition, we cannot assure you that Ares Capital Management will remain our investment adviser or that we will continue to have access to Ares' investment professionals or its information and deal flow. Further, there can be no assurance that Ares Capital will replicate its own or Ares' historical success, and we caution you that our investment returns could be substantially lower than the returns achieved by other Ares-managed funds.

Our financial condition and results of operations depend on our ability to manage future growth effectively.

Our ability to achieve our investment objective depends on our ability to acquire suitable investments and monitor and administer those investments, which depends, in turn, on our investment adviser's ability to identify, invest in and monitor companies that meet our investment criteria.

Accomplishing this result on a cost-effective basis is largely a function of the structuring of our investment process and the ability of our investment adviser to provide competent, attentive and efficient services to us. Our executive officers and the members of our investment adviser's investment committee have substantial responsibilities in connection with their roles at Ares and with the other Ares funds, as well as responsibilities under the investment advisory and management agreement. They may also be called upon to provide significant managerial assistance to certain of our portfolio companies. These demands on their time, which will increase as the number of investments grow, may distract them or slow the rate of investment. In order to grow, Ares will need to hire, train, supervise, manage and retain new employees. However, we cannot assure you that Ares will be able to do so

effectively. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

In addition, as we grow, we may open up new offices in new geographic regions that may increase our direct operating expenses without corresponding revenue growth.

Our ability to grow depends on our ability to raise capital.

We will need to periodically access the capital markets to raise cash to fund new investments in excess of our repayments, and we may also need to access the capital markets to refinance existing debt obligations to the extent such maturing obligations are not repaid with availability under our revolving credit facilities or cash flows from operations. We have elected to be treated as a RIC and operate in a manner so as to qualify for the U.S. federal income tax treatment applicable to RICs. Among other things, in order to maintain our RIC status, we must distribute to our stockholders on a timely basis generally an amount equal to at least 90% of our investment company taxable income, and, as a result, such distributions will not be available to fund investment originations or repay maturing debt. We must continue to borrow from financial institutions and issue additional securities to fund our growth. Unfavorable economic or capital market conditions may increase our funding costs or limit our access to the capital markets, or could result in a decision by lenders not to extend credit to us. An inability to successfully access the capital markets may limit our ability to refinance our existing debt obligations as they become due and/or to fully execute our business strategy and could limit our ability to grow or cause us to have to shrink the size of our business, which could decrease our earnings, if any.

In addition, with certain limited exceptions, we are only allowed to borrow amounts or issue senior securities, such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% immediately after such borrowing, which, in certain circumstances, may restrict our ability to borrow or issue debt securities or preferred stock. The amount of leverage that we employ will depend on our investment adviser's and our board of directors' assessments of market and other factors at the time of any proposed borrowing or issuance of senior securities. We cannot assure you that we will be able to maintain the Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility (each as defined below and together, the "Facilities"), obtain other lines of credit or issue senior securities at all or on terms acceptable to us.

Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital.

We may issue senior securities or borrow money from banks or other financial institutions, up to the maximum amount permitted by the Investment Company Act. Under the provisions of the Investment Company Act, we are permitted, as a BDC, to incur indebtedness or issue senior securities only in amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% after each such incurrence or issuance. If the value of our assets declines, we may be unable to satisfy this test, which may prohibit us from paying dividends and could prevent us from maintaining our status as a RIC or may prohibit us from repurchasing shares of our common stock. In addition, our inability to satisfy this test could cause an event of default under our existing indebtedness. If we cannot satisfy this test, we may be required to sell a portion of our investments at a time when such sales may be disadvantageous and, depending on the nature of our leverage, repay a portion of our indebtedness. Accordingly, any failure to satisfy this test could have a material adverse effect on our business, financial condition or results of operations. As of March 31, 2016, our asset coverage calculated in accordance with the Investment Company Act was 226%. Also, to generate cash for funding new investments, we may in the future seek to issue additional debt or to securitize certain of our loans. The Investment Company Act may impose restrictions on the structure of any such securitization.

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We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the current net asset value per share of our common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. Any such sale would be dilutive to the net asset value per share of our common stock. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any commission or discount). If our common stock trades at a discount to net asset value, this restriction could adversely affect our ability to raise capital.

Pursuant to approval granted at a special meeting of stockholders held on May 12, 2016, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on May 12, 2017.

We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us.

Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. We currently borrow under our Facilities and have issued or assumed other senior securities, and in the future may borrow from, or issue additional senior securities to, banks, insurance companies, funds, institutional investors and other lenders and investors. Lenders and holders of such senior securities have fixed dollar claims on our consolidated assets that are superior to the claims of our common stockholders or any preferred stockholders. If the value of our consolidated assets increases, then leveraging would cause the net asset value per share of our common stock to increase more sharply than it would have had we not incurred leverage.

Conversely, if the value of our consolidated assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not incurred leverage. Similarly, any increase in our consolidated income in excess of consolidated interest payable on the borrowed funds would cause our net income to increase more than it would had we not incurred leverage, while any decrease in our consolidated income would cause net income to decline more sharply than it would have had we not incurred leverage. Such a decline could negatively affect our ability to make common stock dividend payments. There can be no assurance that a leveraging strategy will be successful.

As of March 31, 2016, we had approximately \$1,313.0 million of outstanding borrowings under the Facilities, approximately \$25.0 million in aggregate principal amount outstanding of the SBA-guaranteed debentures (the "SBA Debentures"), approximately \$962.5 million in aggregate principal amount outstanding of the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes (each as defined below and together, the "Convertible Unsecured Notes") and approximately \$1,762.1 million in aggregate principal amount outstanding of the 2018 Notes, the 2020 Notes, the October 2022 Notes and the 2047 Notes (each as defined below and together, the "Unsecured Notes"). In order for us to cover our annual interest payments on our outstanding indebtedness at March 31, 2016, we must achieve annual returns on our March 31, 2016 total assets of at least 1.8%. The weighted average stated interest rate charged on our principal amount of outstanding indebtedness as of March 31, 2016 was 4.2%. We intends to continue borrowing under the Facilities in the future and we may increase the size of the Facilities or issue additional debt securities or other evidences of indebtedness (although there can be no assurance that we will be successful in doing so). For more information on our indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources." Our ability to service its debt depends largely on its financial

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performance and is subject to prevailing economic conditions and competitive pressures. The amount of leverage that we employ at any particular time will depend on our investment adviser's and our board of directors' assessments of market and other factors at the time of any proposed borrowing.

The Facilities, the SBA Debentures, the Convertible Unsecured Notes and the Unsecured Notes impose financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC. A failure to renew the Facilities or to add new or replacement debt facilities or to issue additional debt securities or other evidences of indebtedness could have a material adverse effect on our business, financial condition and results of operations.

In addition to regulatory requirements that restrict our ability to raise capital, the Facilities, the Convertible Unsecured Notes, the Unsecured Notes and the SBA Debentures contain various covenants that, if not complied with, could accelerate repayment under the Facilities, the Convertible Unsecured Notes, the Unsecured Notes and SBA Debentures, thereby materially and adversely affecting our liquidity, financial condition and results of operations.

The agreements governing the Facilities, the Convertible Unsecured Notes, the Unsecured Notes and the SBA Debentures require us to comply with certain financial and operational covenants. These covenants may include, among other things:

restrictions on the level of indebtedness that we are permitted to incur in relation to the value of our assets;

restrictions on our ability to incur liens; and

maintenance of a minimum level of stockholders' equity.

As of the date of this prospectus, we are in compliance in all material respects with the covenants of the Facilities, the Convertible Unsecured Notes, the Unsecured Notes and the SBA Debentures. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. For example, depending on the condition of the public debt and equity markets and pricing levels, unrealized depreciation in our portfolio may increase in the future. Any such increase could result in our inability to comply with our obligation to restrict the level of indebtedness that we are able to incur in relation to the value of our assets or to maintain a minimum level of stockholders' equity.

Accordingly, although we believe we will continue to be in compliance, there are no assurances that we will continue to comply with the covenants in the Facilities, the Convertible Unsecured Notes, the Unsecured Notes and the SBA Debentures. Failure to comply with these covenants could result in a default under the Facilities, the Convertible Unsecured Notes, the Unsecured Notes or the SBA Debentures that, if we were unable to obtain a waiver from the lenders or holders of such indebtedness, as applicable, such lenders or holders could accelerate repayment under such indebtedness and thereby have a material adverse impact on our business, financial condition and results of operations.

We operate in a highly competitive market for investment opportunities.

A number of entities compete with us to make the types of investments that we make in middle-market companies. We compete with other BDCs, public and private funds, commercial and investment banks, commercial financing companies, insurance companies, hedge funds, and, to the extent they provide an alternative form of financing, private equity funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk

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assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act imposes on us as a BDC and that the Code imposes on us as a RIC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to pursue attractive investment opportunities from time to time.

We do not seek to compete primarily based on the interest rates we offer and we believe that some of our competitors may make loans with interest rates that are comparable to or lower than the rates we offer. Rather, we compete with our competitors based on our existing investment platform, seasoned investment professionals, experience and focus on middle-market companies, disciplined investment philosophy, extensive industry focus and flexible transaction structuring. For a more detailed discussion of these competitive advantages, see "Business Competitive Advantages."

We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss. As a result of operating in such a competitive environment, we may make investments that are on less favorable terms than what we may have originally anticipated, which may impact our return on these investments.

We may be subject to additional corporate-level income taxes if we fail to maintain our status as a RIC.

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the U.S. federal income tax treatment applicable to RICs. As a RIC, we generally will not pay U.S. federal corporate-level income taxes on our income and net capital gains that we distribute to our stockholders as dividends on a timely basis. We will be subject to U.S. federal corporate-level income tax on any undistributed income and/or gains. To maintain our status as a RIC, we must meet certain source of income, asset diversification and annual distribution requirements. We may also be subject to certain U.S. federal excise taxes, as well as state, local and foreign taxes.

To maintain our RIC status, we must timely distribute an amount equal to at least 90% of our investment company taxable income as defined by the Code, which generally includes net ordinary income and net short term capital gains) to our stockholders (the "Annual Distribution Requirement"). We have the ability to pay a large portion of our dividends in shares of our stock, and as long as a portion of such dividend is paid in cash and other requirements are met, such stock dividends will be taxable as a dividend for U.S. federal income tax purposes. This may result in our U.S. stockholders having to pay tax on such dividends, even if no cash is received, and may result in our non-U.S. stockholders being subject to withholding tax in respect of amounts distributed in our stock. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the Investment Company Act and financial covenants under our indebtedness that could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to maintain our status as a RIC and, thus, may be subject to corporate-level income tax on all of our income and/or gains.

To maintain our status as a RIC, in addition to the Annual Distribution Requirement, we must also meet certain annual source of income requirements at the end of each taxable year and asset diversification requirements at the end of each calendar quarter. Failure to meet these requirements may result in our having to (a) dispose of certain investments quickly or (b) raise additional capital to prevent the loss of RIC status. Because most of our investments are in private companies and are generally illiquid, any such dispositions may be at disadvantageous prices and may result in losses. Also, the rules applicable to our qualification as a RIC are complex with many areas of uncertainty. Accordingly, no assurance can be given that we have qualified or will continue to qualify as a RIC. If

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we fail to maintain our status as a RIC for any reason and become subject to regular "C" corporation income tax, the resulting corporate-level income taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and on any investment in us. Certain provisions of the Code provide some relief from RIC disqualification due to failures of the source of income and asset diversification requirements, although there may be additional taxes due in such cases. We cannot assure you that we would qualify for any such relief should we fail the source of income or asset diversification requirements.

We may have difficulty paying our required distributions under applicable tax rules if we recognize income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we generally are required to include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise, for example, if we receive warrants in connection with the making of a loan or payment in kind ("PIK") interest representing contractual interest added to the loan principal balance and due at the end of the loan term. Such original issue discount or PIK interest is included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash, including, for example, amounts attributable to hedging and foreign currency transactions.

Since, in certain cases, we may recognize income before or without receiving cash in respect of such income, we may have difficulty meeting the U.S. federal income tax requirement to distribute generally an amount equal to at least 90% of our investment company taxable income to maintain our status as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain cash from other sources, we may fail to qualify as a RIC and thus be subject to additional corporate-level income taxes. Such a failure would have a material adverse effect on us and on any investment in us. See "Certain Material U.S. Federal Income Tax Considerations Taxation as a RIC."

We are exposed to risks associated with changes in interest rates.

General interest rate fluctuations may have a substantial negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our investment objective and rate of return on invested capital. Because we borrow money and may issue debt securities or preferred stock to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Trading prices for debt that pays a fixed rate of return tend to fall as interest rates rise. Trading prices tend to fluctuate more for fixed-rate securities that have longer maturities. In the past, we have entered into certain hedging transactions, such as interest rate swap agreements, to mitigate our exposure to adverse fluctuations in interest rates, and we may do so again in the future. In addition, we may increase our floating rate investments to position the portfolio for rate increases. However, we cannot assure you that such transactions will be successful in mitigating our exposure to interest rate risk. Hedging transactions may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio investments.

Although we have no policy governing the maturities of our investments, under current market conditions we expect that we will invest in a portfolio of debt generally having maturities of up to

10 years. This means that we are subject to greater risk (other things being equal) than a fund invested solely in shorter-term securities. A decline in the prices of the debt we own could adversely affect the trading price of our common stock. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

Most of our portfolio investments are not publicly traded and, as a result, the fair value of these investments may not be readily determinable.

A large percentage of our portfolio investments are not publicly traded. The fair value of investments that are not publicly traded may not be readily determinable. We value these investments quarterly at fair value as determined in good faith by our board of directors based on, among other things, the input of our management and audit committee and independent valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions). The valuation process is conducted at the end of each fiscal quarter, with a minimum of 55% (based on value) of our valuations of portfolio companies without readily available market quotations subject to review by an independent valuation firm each quarter. However, we may use these independent valuation firms to review the value of our investments more frequently, including in connection with the occurrence of significant events or changes in value affecting a particular investment. In addition, our independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, our investment valuation process within the context of performing the integrated audit.

The types of factors that may be considered in valuing our investments include the enterprise value of the portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate our valuation. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and may differ materially from the values that we may ultimately realize. Our net asset value per share could be adversely affected if our determinations regarding the fair value of these investments are higher than the values that we realize upon disposition of such investments.

The lack of liquidity in our investments may adversely affect our business.

As we generally make investments in private companies, substantially all of these investments are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we could realize significantly less than the value at which we have recorded our investments. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or an affiliated manager of Ares has material non-public information regarding such portfolio company.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rates payable on the debt investments we make, the default rates on such investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Our financial condition and results of operations could be negatively affected if a significant investment fails to perform as expected.

Our investment portfolio includes investments that may be significant individually or in the aggregate. If a significant investment in one or more companies fails to perform as expected, such a failure could have a material adverse effect on our financial condition and results of operations, and the magnitude of such effect could be more significant than if we had further diversified our portfolio.

Our investment portfolio includes our investment in the SSLP, which as of March 31, 2016, represented approximately 21% of our total portfolio at fair value. In addition, for the three months ended March 31, 2016, approximately 26% of our total investment income was earned from our investment in the SSLP. The income earned from the SSLP is derived from the interest and fee income earned by the SSLP from its investments in first lien senior secured loans of middle market companies. We provide capital to the SSLP in the form of SSLP Certificates, which had a 12.1% yield at fair value as of March 31, 2016 and are junior in right of payment to the senior notes held by GE in the SSLP. For more information on the SSLP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Senior Secured Loan Program." Our return on and repayment of our investment in the SSLP Certificates depends on the performance of the loans in the SSLP's portfolio in the aggregate. Accordingly, any material degradation in the performance of the loans in the SSLP's portfolio in the aggregate would have a negative effect on the yield on our SSLP Certificates and could ultimately result in the loss of some or all of our investment in the SSLP Certificates.

As discussed in this prospectus, GE sold its U.S. Sponsor Finance business, through which GE had participated with us in the SSLP, to CPPIB. While GECC has announced its intention to continue to operate the SSLP and to provide us and CPPIB the opportunity to work together on the SSLP on a go-forward basis, it has also stated that if a mutual agreement between us and CPPIB to partner on the SSLP is not reached, it intends to retain its interest in the SSLP and the SSLP would be wound down in an orderly manner. We notified the SSLP on June 9, 2015 of our election to terminate, effective 90 days thereafter, our obligation to present senior secured lending investment opportunities to the SSLP prior to pursuing such opportunities for ourselves. We do not anticipate that we will make any investments in the SSLP related to new portfolio companies. On August 24, 2015, we were advised that GECC, as the holder of the Senior Notes, directed State Street Bank and Trust Company, as trustee of the Senior Notes and the SSLP Certificates, pursuant to the terms of the indenture governing the Senior Notes and the SSLP Certificates, to apply all principal proceeds received by the SSLP from its investments to the repayment of the outstanding principal amount of the Senior Notes until paid in full (prior to the distribution of any such principal proceeds to the holders of the SSLP Certificates, which includes us). GECC had previously elected to waive its right to receive priority repayments on the Senior Notes from principal proceeds in most circumstances. As a result of these events, we expect that the aggregate SSLP portfolio will decline over time as loans in the program are repaid or exited, and as a result the portion of our earnings attributable to our investment in the SSLP will decline over time as well.

There are significant potential conflicts of interest that could impact our investment returns.

Certain of our executive officers and directors, and members of the investment committee of our investment adviser, serve or may serve as officers, directors or principals of other entities and affiliates of our investment adviser and investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in our or our stockholders' best interests or may require them to devote time to services for other entities, which could interfere with the time available to provide services to us. Certain members of our investment adviser's investment committee have significant responsibilities for other Ares funds. For example, Mr. Bennett Rosenthal is required to devote a substantial majority of his business time to the affairs of the Ares Private Equity Group. Similarly, although the professional staff of our investment adviser will devote as much time to the management of the Company as appropriate to enable our investment adviser to perform its duties in accordance with the investment advisory and management agreement, the investment professionals of our investment adviser may have conflicts in allocating their time and services among the Company, on the one hand, and investment vehicles managed by Ares or one or more of its affiliates, on the other hand. These activities could be viewed as creating a conflict of interest insofar as the time and effort of the professional staff of our investment adviser and its officers and employees will not be devoted exclusively to the business of the Company but will instead be allocated between the business of the Company and the management of these other investment vehicles. However, Ares believes that the efforts of such individuals are synergistic with and beneficial to the affairs of Ares Capital and these other investment vehicles managed by Ares or its affiliates.

In addition, certain Ares funds may have investment objectives that compete or overlap with, and may from time to time invest in asset classes similar to those targeted by, Ares Capital. Consequently, we, on the one hand, and these other entities, on the other hand, may from time to time pursue the same or similar capital and investment opportunities. Ares and our investment adviser endeavor to allocate investment opportunities in a fair and equitable manner, and in any event consistent with any fiduciary duties owed to Ares Capital. Nevertheless, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds managed by investment managers affiliated with Ares. In addition, there may be conflicts in the allocation of investment opportunities among us and the funds managed by investment managers affiliated with Ares or one or more of our controlled affiliates or among the funds they manage.

We have from time to time sold assets to IHAM and the IHAM Vehicles and, as part of our investment strategy, we may offer to sell additional assets to vehicles managed by one or more of our controlled affiliates (including IHAM) or we may purchase assets from vehicles managed by one or more of our controlled affiliates. In addition, vehicles managed by one or more of our controlled affiliates (including IHAM) may offer assets to or may purchase assets from one another. While assets may be sold or purchased at prices that are consistent with those that could be obtained from third parties in the marketplace, and although these types of transactions generally require approval of one or more independent parties, there may be an inherent conflict of interest in such transactions between us and funds managed by one of our controlled affiliates.

We pay a base management fee, an income based fee and a capital gains incentive fee to our investment adviser, and reimburse our investment adviser for certain expenses it incurs. In addition, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in, among other things, a lower rate of return than one might achieve if distributions were made on a gross basis.

Our investment adviser's base management fee is based on a percentage of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) and, consequently, our investment adviser may have conflicts of interest in connection with decisions that

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could affect our total assets, such as decisions as to whether to incur indebtedness or to make future investments.

The income based fees payable by us to our investment adviser that relate to our pre-incentive fee net investment income is computed and paid on income that may include interest that is accrued but not yet received in cash. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of such fee will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of the income based fees it received that were based on accrued interest that we never actually receive.

In connection with the American Capital Acquisition, our investment adviser has agreed to waive, for each of the first ten calendar quarters beginning with the first full calendar quarter after the closing of the American Capital Acquisition, the lesser of (1) \$10 million of the income based fees and (2) the amount of income based fees for such quarter, in each case to the extent earned and payable by us in such quarter pursuant to and as calculated under our investment advisory and management agreement.

Our investment advisory and management agreement renews for successive annual periods if approved by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not "interested persons" of the Company as defined in Section 2(a)(19) of the Investment Company Act. However, both we and our investment adviser have the right to terminate the agreement without penalty upon 60 days' written notice to the other party. Moreover, conflicts of interest may arise if our investment adviser seeks to change the terms of our investment advisory and management agreement, including, for example, the terms for compensation. While any material change to the investment advisory and management agreement must be submitted to stockholders for approval under the Investment Company Act, we may from time to time decide it is appropriate to seek stockholder approval to change the terms of the agreement.

We are party to an administration agreement with our administrator, Ares Operations, a subsidiary of Ares Management, pursuant to which our administrator furnishes us with administrative services and we pay our administrator at cost our allocable portion of overhead and other expenses (including travel expenses) incurred by our administrator in performing its obligations under our administration agreement, including our allocable portion of the cost of certain of our officers (including our chief compliance officer, chief financial officer, chief accounting officer, general counsel, treasurer and assistant treasurer) and their respective staffs, but not investment professionals.

Our portfolio company, IHAM, is party to an administration agreement, referred to herein as the "IHAM administration agreement," with Ares Operations. Pursuant to the IHAM administration agreement, our administrator provides IHAM with administrative services and IHAM reimburses our administrator for all of the actual costs associated with such services, including its allocable portion of our administrator's overhead and the cost of our administrator's officers and respective staff in performing its obligations under the IHAM administration agreement. Prior to entering into the IHAM administration agreement, IHAM was party to a services agreement with our investment adviser, pursuant to which our investment adviser provided similar services.

As a result of the arrangements described above, there may be times when the management team of Ares (including those members of management focused primarily on managing Ares Capital) has interests that differ from those of yours, giving rise to a conflict.

Our stockholders may have conflicting investment, tax and other objectives with respect to their investments in us. The conflicting interests of individual stockholders may relate to or arise from, among other things, the nature of our investments, the structure or the acquisition of our investments and the timing of dispositions of our investments. As a consequence, conflicts of interest may arise in

connection with decisions made by our investment adviser, including with respect to the nature or structuring of our investments, that may be more beneficial for one stockholder than for another stockholder, especially with respect to stockholders' individual tax situations. In selecting and structuring investments appropriate for us, our investment adviser will consider the investment and tax objectives of the Company and our stockholders, as a whole, not the investment, tax or other objectives of any stockholder individually.

We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect our liquidity, financial condition or results of operations.

Our business is dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

sudden electrical or telecommunications outages;

natural disasters such as earthquakes, tornadoes and hurricanes;

disease pandemics;

events arising from local or larger scale political or social matters, including terrorist acts; and

cyber-attacks.

These events, in turn, could have a material adverse effect on our business, financial condition and operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information and/or damage to our business relationships, all of which could negatively impact our business, financial condition and operating results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by Ares Management and third-party service providers. Ares Management has implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that a cyber incident will not occur and/or that our financial results, operations or confidential information will not be negatively impacted by such an incident.

Ineffective internal controls could impact our business and operating results.

Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of

controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed and we could fail to meet our financial reporting obligations.

Changes in laws or regulations governing our operations or the operations of our portfolio companies or our SBIC subsidiary, changes in the interpretation thereof or newly enacted laws or regulations, such as the Dodd-Frank Act, and any failure by us or our portfolio companies to comply with these laws or regulations, could require changes to certain business practices of us or our portfolio companies, negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies.

We and our portfolio companies are subject to regulation by laws and regulations at the local, state, federal and, in some cases, foreign levels. These laws and regulations, as well as their interpretation, may be changed from time to time, and new laws and regulations may be enacted. Accordingly, any change in these laws or regulations, changes in their interpretation, or newly enacted laws or regulations and any failure by us or our portfolio companies to comply with these laws or regulations, could require changes to certain business practices of us or our portfolio companies, negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies.

On July 21, 2010, President Obama signed into law the Dodd-Frank Act. Many of the provisions of the Dodd-Frank Act have had extended implementation periods and delayed effective dates and have required extensive rulemaking by regulatory authorities. While many of the rules required to be written have been promulgated, some have not yet been implemented. Although the full impact of the Dodd-Frank Act on us and our portfolio companies may not be known for an extended period of time, the Dodd-Frank Act, including the rules implementing its provisions and the interpretation of those rules, along with other legislative and regulatory proposals directed at the financial services industry or affecting taxation that are proposed or pending in the U.S. Congress, may negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies, intensify the regulatory supervision of us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies.

Over the last several years, there also has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of non-bank credit extension could negatively impact our operating results or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business.

Our investment adviser's liability is limited under the investment advisory and management agreement, and we are required to indemnify our investment adviser against certain liabilities, which may lead our investment adviser to act in a riskier manner on our behalf than it would when acting for its own account.

Our investment adviser has not assumed any responsibility to us other than to render the services described in the investment advisory and management agreement, and it will not be responsible for any action of our board of directors in declining to follow our investment adviser's advice or recommendations. Pursuant to the investment advisory and management agreement, our investment

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adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entities affiliated with it will not be liable to us for their acts under the investment advisory and management agreement, absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. We have agreed to indemnify, defend and protect our investment adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entities affiliated with it with respect to all damages, liabilities, costs and expenses arising out of or otherwise based upon the performance of any of our investment adviser's duties or obligations under the investment advisory and management agreement or otherwise as an investment adviser for the Company, and not arising out of willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties under the investment advisory and management agreement. These protections may lead our investment adviser to act in a riskier manner when acting on our behalf than it would when acting for its own account. See "Risk Factors Risks Relating to Our Investments Our investment adviser's fee structure may induce it to make certain investments, including speculative investments."

We may be obligated to pay our investment adviser certain fees even if we incur a loss.

Our investment adviser is entitled to income based fees for each fiscal quarter in an amount equal to a percentage of the excess of our pre-incentive fee net investment income for that quarter (before deducting any income based fee and capital gains incentive fees and certain other items) above a threshold return for that quarter. Our pre-incentive fee net investment income for income based fee purposes excludes realized and unrealized capital losses or depreciation and income taxes related to realized gains that we may incur in the fiscal quarter, even if such capital losses or depreciation and income taxes related to realized gains result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay our investment adviser income based fees for a fiscal quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter.

Under the investment advisory and management agreement, we will defer cash payment of any income based fee and the capital gains incentive fee otherwise earned by our investment adviser if, during the most recent four full calendar quarter periods ending on or prior to the date such payment is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. These calculations will be adjusted for any share issuances or repurchases. Any such deferred fees will be carried over for payment in subsequent calculation periods to the extent such payment can then be made under the investment advisory and management agreement.

If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of income based fees will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of income based fees it received that was based on accrued income that we never receive as a result of a default on the obligation that resulted in the accrual of such income.

Our SBIC subsidiary is subject to SBA regulations.

Our wholly owned subsidiary, Ares Venture Finance, L.P. ("AVF LP"), is a licensed Small Business Investment Company ("SBIC") and is regulated by the Small Business Administration ("SBA"). As of March 31, 2016, AVF LP held approximately \$76.6 million in assets and accounted for approximately 0.8% of our total assets. AVF LP obtains leverage by issuing the SBA Debentures. As of March 31, 2016, AVF LP had approximately \$25 million in aggregate principal amount of the SBA Debentures outstanding.

If AVF LP fails to comply with applicable regulations, the SBA could, depending on the severity of the violation, limit or prohibit AVF LP's use of SBA Debentures, declare outstanding SBA Debentures immediately due and payable, and/or limit AVF LP from making new investments. In addition, the SBA could revoke or suspend AVF LP's license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958, as amended (the "Small Business Investment Act") or any rule or regulation promulgated thereunder. AVF LP's status as an SBIC does not automatically assure that it will receive SBA Debenture funding. Receipt of SBA leverage funding is dependent upon whether AVF LP is and continues to be in compliance with SBA regulations and policies and whether funding is available. The amount of SBA leverage funding available to SBICs is dependent upon annual Congressional authorizations and in the future may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient debenture funding available at the times desired by AVF LP. For more information on SBA Debentures or the SBA regulations to which AVF LP is subject, see "Regulation SBA Regulation."

We have elected to be treated as a RIC and operate in a manner so as to qualify for the U.S. federal income tax treatment applicable to RICs. Among other things, in order to maintain our RIC status, we must distribute to our stockholders on a timely basis generally an amount equal to at least 90% of our investment company taxable income, which includes taxable income from AVF LP. AVF LP may be limited by SBA regulations from making certain distributions to us that may be necessary to timely make distributions to stockholders and to maintain our status as a RIC. Compliance with the SBA regulations may cause us to fail to qualify as a RIC and consequently result in the imposition of additional corporate-level income taxes on us. Noncompliance with the SBA regulations may result in adverse consequences for AVF LP as described above.

We may fail to complete the American Capital Acquisition.

While there can be no assurances as to the exact timing, or that the American Capital Acquisition will be completed at all, we expect to complete the American Capital Acquisition as early as the fourth quarter of 2016. The completion of the American Capital Acquisition is subject to certain conditions, including, among others, American Capital stockholder approval, our stockholder approval, required regulatory approvals, receipt of certain third party consents and other customary closing conditions. We intend to complete the American Capital Acquisition as soon as possible; however, we cannot assure you that the conditions required to complete the American Capital Acquisition will be satisfied or waived on the anticipated schedule, or at all. If the American Capital Acquisition is not completed, we will have incurred substantial expenses for which no ultimate benefit will have been received. See "Risk Factors Risks Relating to the American Capital Acquisition If the American Capital Acquisition does not close, we won't benefit from the expenses incurred in its pursuit." In addition, the Merger Agreement provides that, in connection with the termination of the Merger Agreement under specified circumstances, American Capital or the Company may be required to pay the other party a termination fee of \$140 million. See "Risk Factors Risks Relating to the American Capital Acquisition Under certain circumstances, American Capital and the Company are obligated to pay each other a termination fee upon termination of the Merger Agreement." See "Pending American Capital Acquisition" for a description of the terms of the American Capital Acquisition and "Risk Factors Risks Relating to the American Capital Acquisition" for a description of the risks that the combined company may face if the American Capital Acquisition is completed. Any investment decision you make should be made with the understanding that the completion of the American Capital Acquisition may not happen as scheduled, or at all.

RISKS RELATING TO OUR INVESTMENTS

Declines in market prices and liquidity in the corporate debt markets can result in significant net unrealized depreciation of our portfolio, which in turn would reduce our net asset value.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our board of directors. We may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we use the pricing indicated by the external event to corroborate our valuation. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). As a result, volatility in the capital markets can also adversely affect our investment valuations. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. The effect of all of these factors on our portfolio can reduce our net asset value by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer unrealized losses, which could have a material adverse effect on our business, financial condition or results of operations.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies may be susceptible to economic downturns or recessions and may be unable to repay our loans during these periods. Therefore, during these periods our non-performing assets may increase and the value of our portfolio may decrease if we are required to write down the values of our investments. Adverse economic conditions may also decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results. We experienced to some extent such effects as a result of the economic downturn that occurred from 2008 through 2009 and may experience such effects again in any future downturn or recession.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its assets representing collateral for its obligations, which could trigger cross defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt that we hold and the value of any equity securities we own. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company.

Investments in privately held middle-market companies involve significant risks.

We primarily invest in privately held U.S. middle-market companies. Investments in privately held middle-market companies involve a number of significant risks, including the following:

these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;

they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;

they typically depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse effect on our portfolio company and, in turn, on us;

there is generally little public information about these companies. These companies and their financial information are not subject to the Exchange Act (as defined below) and other regulations that govern public companies, and we may be unable to uncover all material information about these companies, which may prevent us from making a fully informed investment decision and cause us to lose money on our investments;

they generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;

our executive officers, directors and our investment adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in our portfolio companies;

changes in laws and regulations, as well as their interpretations, may adversely affect their business, financial structure or prospects; and

they may have difficulty accessing the capital markets to meet future capital needs.

Our debt investments may be risky and we could lose all or part of our investment.

The debt that we invest in is typically not initially rated by any rating agency, but we believe that if such investments 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 Ratings Services), which under the guidelines established by these entities 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." Therefore, our investments may result in an above average amount of risk and volatility or loss of principal. While the debt we invest in is often secured, such security does not guarantee that we will receive principal and interest payments according to the terms of the loan, or that the value of any collateral will be sufficient to allow us to recover all or a portion of the outstanding amount of the loan should we be forced to enforce our remedies.

We also may invest in assets other than first and second lien and mezzanine debt investments, including high-yield securities, U.S. government securities, credit derivatives and other structured securities and certain direct equity investments. These investments entail additional risks that could adversely affect our investment returns.

Investments in equity securities, many of which are illiquid with no readily available market, involve a substantial degree of risk.

We may purchase common and other equity securities. Although common stock has historically generated higher average total returns than fixed income securities over the long-term, common stock also has experienced significantly more volatility in those returns. The equity securities we acquire may fail to appreciate and may decline in value or become worthless and our ability to recover our investment will depend on our portfolio companies' success. Investments in equity securities involve a number of significant risks, including:

any equity investment we make in a portfolio company could be subject to further dilution as a result of the issuance of additional equity interests and to serious risks as a junior security that will be subordinate to all indebtedness (including trade creditors) or senior securities in the event that the issuer is unable to meet its obligations or becomes subject to a bankruptcy process;

to the extent that the portfolio company requires additional capital and is unable to obtain it, we may not recover our investment; and

in some cases, equity securities in which we invest will not pay current dividends, and our ability to realize a return on our investment, as well as to recover our investment, will be dependent on the success of the portfolio company. Even if the portfolio company is successful, our ability to realize the value of our investment may be dependent on the occurrence of a liquidity event, such as a public offering or the sale of the portfolio company. It is likely to take a significant amount of time before a liquidity event occurs or we can otherwise sell our investment. In addition, the equity securities we receive or invest in may be subject to restrictions on resale during periods in which it could be advantageous to sell them.

There are special risks associated with investing in preferred securities, including:

preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If we own a preferred security that is deferring its distributions, we may be required to report income for tax purposes before we receive such distributions;

preferred securities are subordinated to debt in terms of priority to income and liquidation payments, and therefore will be subject to greater credit risk than debt;

preferred securities may be substantially less liquid than many other securities, such as common stock or U.S. government securities; and

generally, preferred security holders have no voting rights with respect to the issuing company, subject to limited exceptions.

Additionally, when we invest in first lien senior secured loans (including unitranche loans), second lien senior secured loans or mezzanine debt, we may acquire warrants or other equity securities as well. Our goal is ultimately to dispose of such equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

We may invest, to the extent permitted by law, in the equity securities of investment funds that are operating pursuant to certain exceptions to the Investment Company Act and in advisers to similar investment funds and, to the extent we so invest, will bear our ratable share of any such company's

expenses, including management and performance fees. We will also remain obligated to pay the base management fee, income based fee and capital gains incentive fee to our investment adviser with respect to the assets invested in the securities and instruments of such companies. With respect to each of these investments, each of our common stockholders will bear his or her share of the base management fee, income based fee and capital gains incentive fee due to our investment adviser as well as indirectly bearing the management and performance fees and other expenses of any such investment funds or advisers.

There may be circumstances in which our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

If one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt, depending on the facts and circumstances, a bankruptcy court might recharacterize our debt holding as an equity investment and subordinate all or a portion of our claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower. For example, we could become subject to a lender's liability claim, if, among other things, we actually render significant managerial assistance.

Our portfolio companies may incur debt or issue equity securities that rank equally with, or senior to, our investments in such companies.

Our portfolio companies may have, or may be permitted to incur, other debt, or issue other equity securities, that rank equally with, or senior to, our investments. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which we are entitled to receive payments in respect of our investments. These debt instruments would usually prohibit the portfolio companies from paying interest on or repaying our investments in the event and during the continuance of a default under such debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to our investment in that portfolio company typically are entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such holders, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of securities ranking equally with our investments, we would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

The rights we may have with respect to the collateral securing any junior priority loans we make to our portfolio companies may also be limited pursuant to the terms of one or more intercreditor agreements (including agreements governing "first out" and "last out" structures) that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that senior obligations are outstanding, we may forfeit certain rights with respect to the collateral to the holders of the senior obligations. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of such enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and the right to waive past defaults under collateral documents. We may not have the ability to control or direct such actions, even if as a result our rights as junior lenders are adversely affected.

When we are a debt or minority equity investor in a portfolio company, we are often not in a position to exert influence on the entity, and other equity holders and management of the company may make decisions that could decrease the value of our portfolio holdings.

When we make debt or minority equity investments, we are subject to the risk that a portfolio company may make business decisions with which we disagree and the other equity holders and

management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our investment.

Our portfolio companies may be highly leveraged.

Some of our portfolio companies may be highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Our investment adviser's fee structure may induce it to make certain investments, including speculative investments.

The fees payable by us to our investment adviser may create an incentive for our investment adviser to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which income based fees payable to our investment adviser are determined, which are calculated as a percentage of the return on invested capital, may encourage our investment adviser to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock and the holders of securities convertible into our common stock. In addition, our investment adviser will receive the capital gains incentive fee based, in part, upon net capital gains realized on our investments. Unlike income based fees, there is no hurdle rate applicable to the capital gains incentive fee. As a result, our investment adviser may have a tendency to invest more in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

The income based fees will be computed and paid on income that has been accrued but not yet received in cash, including as a result of investments with a deferred interest feature such as debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the income based fee will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of the fees it received that were based on such accrued interest that we never actually received.

Because of the structure of the income based fees, it is possible that we may have to pay income based fees in a quarter during which we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate for a quarter, we will pay the applicable income based fees even if we have incurred a loss in that quarter due to realized and/or unrealized capital losses. In addition, if market interest rates rise, our investment adviser may be able to invest our funds in debt instruments that provide for a higher return, which would increase our pre-incentive fee net investment income and make it easier for our investment adviser to surpass the fixed hurdle rate and receive income based fees.

Our investments in foreign companies may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates potential investments in foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S.

companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes (potentially at confiscatory levels), less liquid markets, less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of our investments will be U.S. dollar denominated, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we cannot assure you that such strategies will be effective or without risk to us.

We may expose ourselves to risks if we engage in hedging transactions.

We have and may in the future enter into hedging transactions, which may expose us to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Use of these hedging instruments may include counter-party credit risk.

Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price.

The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to (or be able to) establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. See also "Risk Factors Risks Relating to Our Business We are exposed to risks associated with changes in interest rates."

We may initially invest a portion of the net proceeds of offerings pursuant to this prospectus primarily in high-quality short-term investments, which will generate lower rates of return than those expected from the interest generated on first and second lien senior secured loans and mezzanine debt.

We may initially invest a portion of the net proceeds of offerings pursuant to this prospectus primarily in cash, cash equivalents, U.S. government securities and other high-quality short-term

investments. These securities generally earn yields substantially lower than the income that we anticipate receiving once we are fully invested in accordance with our investment objective. As a result, we may not, for a time, be able to achieve our investment objective and/or we may need to, for a time, decrease the amount of any dividend that we may pay to our stockholders to a level that is substantially lower than the level that we expect to pay when the net proceeds of offerings are fully invested in accordance with our investment objective. If we do not realize yields in excess of our expenses, we may incur operating losses and the market price of our shares may decline.

RISKS RELATING TO OFFERINGS PURSUANT TO THIS PROSPECTUS

There is a risk that investors in our debt securities may not receive all of the interest income to which they are entitled.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. If we declare a dividend and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments.

In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. Certain of the Facilities may also limit our ability to declare dividends if we default under certain provisions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution.

The above-referenced restrictions on distributions may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

The trading market or market value of our publicly issued debt securities may fluctuate.

Our publicly issued debt securities may or may not have an established trading market. We cannot assure you that a trading market for our publicly issued debt securities will ever develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, our publicly issued debt securities. These factors include, but are not limited to, the following:

the time remaining to the maturity of these debt securities;

the outstanding principal amount of debt securities with terms identical to these debt securities;

the ratings assigned by national statistical ratings agencies;

the general economic environment;

the supply of such debt securities trading in the secondary market, if any;

the redemption or repayment features, if any, of these debt securities;

the level, direction and volatility of market interest rates generally; and

market rates of interest higher or lower than rates borne by the debt securities.

You should also be aware that there may be a limited number of buyers if and when you decide to sell your debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.

If your debt securities are redeemable at our option, we may choose to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In addition, if your debt securities are subject to mandatory redemption, we may be required to redeem your debt securities also at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as your debt securities being redeemed.

Our credit ratings may not reflect all risks of an investment in our debt securities.

Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the publicly issued debt securities.

RISKS RELATING TO THE AMERICAN CAPITAL ACQUISITION

Completion of the American Capital Acquisition will cause immediate dilution to our stockholders' voting interests in us and may cause immediate dilution to the net asset value per share of our common stock.

Upon completion of the American Capital Acquisition, each share of American Capital Common Stock issued and outstanding immediately prior to the effective time of the American Capital Acquisition will be converted into the right to receive, in accordance with the Merger Agreement, certain cash consideration as well as stock consideration from us at the exchange ratio of 0.483 shares of common stock, par value \$0.001 per share, of our common stock (the "Exchange Ratio"). The Exchange Ratio of 0.483 of a share of our common stock for each share of American Capital Common Stock was fixed on May 23, 2016, the date of the signing of the Merger Agreement, and is not subject to adjustment based on changes in the trading price of our or American Capital Common Stock before the closing of the American Capital Acquisition. Based on the number of shares of American Capital Common Stock outstanding on the date of the Merger Agreement, this would result in approximately 110.8 million of our shares being exchanged for approximately 229.3 million outstanding American Capital shares, subject to adjustment in certain limited circumstances. If the American Capital Acquisition is completed, based on the number of our common shares issued and outstanding on the date hereof, our stockholders will own approximately 74% of the combined company's outstanding common stock and American Capital stockholders will own approximately 26% of the combined company's outstanding common stock. Consequently, our stockholders should expect to exercise less influence over the management and policies of the combined company following the American Capital Acquisition than they currently exercise over our management and policies.

Any change in the market price of our common stock prior to completion of the American Capital Acquisition will affect the value of the stock portion of the American Capital Acquisition consideration that holders of American Capital Common Stock will receive upon completion of the American Capital Acquisition. The conversion of shares of American Capital Common Stock into shares of our common stock may result in the issuance of shares of our common stock at a price below our net asset value per share, which would result in dilution to the net asset value per share of our common stock.

We cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a description of the terms of the American

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Capital Acquisition and "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition."

We may be unable to realize the benefits anticipated by the American Capital Acquisition and subsequent combination, including estimated cost savings and synergies, or it may take longer than anticipated to achieve such benefits.

The realization of certain benefits anticipated as a result of the American Capital Acquisition will depend in part on the integration of American Capital's investment portfolio with our investment portfolio and the integration of American Capital's business with our investment portfolio or business. There can be no assurance that American Capital's investment portfolio or business can be operated profitably or integrated successfully into ours in a timely fashion or at all. The dedication of management resources to such integration may detract attention from the day-to-day business of the Company and there can be no assurance that there will not be substantial costs associated with the transition process or there will not be other material adverse effects as a result of these integration efforts. Such effects, including but not limited to, incurring unexpected costs or delays in connection with such integration and failure of American Capital's investment portfolio to perform as expected, could have a material adverse effect on the financial results of the combined company.

In connection with the American Capital Acquisition, our investment adviser has agreed to (1) provide \$275 million of cash consideration, or \$1.20 per share of American Capital Common Stock, payable to American Capital stockholders in accordance with the terms and conditions set forth in the Merger Agreement at the effective time of the Mergers and (2) waive, for each of the first ten calendar quarters beginning with the first full calendar quarter after the closing of the American Capital Acquisition, the lesser of (A) \$10 million of the income based fees and (B) the amount of income based fees for such quarter, in each case, to the extent earned and payable by us in such quarter pursuant to and as calculated under the investment advisory and management agreement.

We also expect to achieve certain cost savings and synergies from the American Capital Acquisition when the two companies have fully integrated their portfolios. It is possible that our estimates of the potential cost savings and synergies could turn out to be incorrect. If the estimates turn out to be incorrect or we are not able to successfully combine the investment portfolios and businesses of the two companies, the anticipated cost savings and synergies may not be fully realized or realized at all or may take longer to realize than expected.

American Capital's and our inability to obtain consents with respect to certain certain investment funds managed by ACAM and its subsidiaries representing at least 75% of the aggregate assets under management of such funds as of March 31, 2016 could delay or prevent the completion of the American Capital Acquisition.

Under the Merger Agreement, American Capital's and our obligation to complete the American Capital Acquisition is subject to the prior receipt of consents required to be obtained from certain investment funds managed by ACAM, with respect to aggregate assets under management of such consenting funds representing at least 75% of the aggregate assets under management of all such funds as of March 31, 2016 and approvals and consents required to be obtained from other third parties. Although American Capital and we expect that all such approvals and consents will be obtained and remain in effect and all conditions related to such consents will be satisfied, if they are not, the closing of the American Capital Acquisition could be significantly delayed or the American Capital Acquisition may not occur at all.

The American Capital Acquisition may trigger certain "change of control" provisions and other restrictions in contracts of American Capital, the Company or their affiliates and the failure to obtain any required consents or waivers could adversely impact the combined company.

Certain agreements of American Capital and the Company or their affiliates, including with respect to certain funds managed by ACAM and its affiliates, will or may require the consent or waiver of one or more counter-parties in connection with the American Capital Acquisition. The failure to obtain any such consent or waiver may permit such counter-parties to terminate, or otherwise increase their rights or the combined company's obligations under, any such agreement because the American Capital Acquisition may violate an anti-assignment, change of control or other provision relating to any of such transactions. If this happens, we may have to seek to replace such an agreement with a new agreement or seek an amendment to such agreement. American Capital and the Company cannot assure you that we will be able to replace or amend any such agreement on comparable terms or at all.

If any such agreement is material, the failure to obtain consents, amendments or waivers under, or to replace on similar terms or at all, any of these agreements could adversely affect the financial performance or results of operations of the combined company following the American Capital Acquisition, including preventing the Company from operating a material part of American Capital's business.

In addition, the completion of the American Capital Acquisition may violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event that, with or without notice or lapse of time or both, would constitute a default) under, or result in the termination, cancellation, acceleration or other change of any right or obligation (including any payment obligation) under agreements of American Capital or the Company. Any such violation, conflict, breach, loss, default or other effect could, either individually or in the aggregate, have a material adverse effect on the financial condition, results of operations, assets or business of the combined company following completion of the American Capital Acquisition.

Litigation filed against American Capital and its board of directors, the Company, and certain parties to the Merger Agreement, could prevent or delay the completion of the American Capital Acquisition or result in the payment of damages following completion of the American Capital Acquisition.

American Capital and we are aware that three lawsuits have been filed by stockholders of American Capital challenging the American Capital Acquisition. Each of these suits is filed as a stockholder class action. These actions assert claims against the members of American Capital's board of directors and American Capital alleging that the Merger Agreement is the product of a flawed sales process and that American Capital's directors breached their fiduciary duties by facilitating the acquisition of American Capital by the Company for inadequate consideration and agreeing to lock up the American Capital Acquisition with deal protection devices that preclude other bidders from making a successful competing offer for American Capital. The lawsuits also claim that American Capital, ACAM, American Capital Mortgage Management, LLC, a wholly owned subsidiary of ACAM or "ACMM," American Capital Agency Corp. or "AGNC," the Company and certain of the Company's affiliates aided and abetted the directors' alleged breaches of fiduciary duties. The lawsuits demand, among other things, a preliminary and permanent injunction enjoining the American Capital Acquisition and rescinding the transaction or any part thereof that may be implemented. These legal proceedings could delay or prevent the American Capital Acquisition from becoming effective within the agreed upon timeframe or at all, and, if the American Capital Acquisition is completed, may be material to the results of operations, cash flows or financial condition of the combined company. It is possible that third parties could try to seek to impose liability against the combined company in connection with this matter or other potential legal proceedings.

Termination of the Merger Agreement could negatively impact us.

If the Merger Agreement is terminated, there may be various consequences, including:

our business may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the American Capital Acquisition, without realizing any of the anticipated benefits of completing the American Capital Acquisition;

the market price of our common stock might decline to the extent that the market price prior to termination reflects a market assumption that the American Capital Acquisition will be completed; and

the payment of any reverse termination fee, if required under the circumstances, could adversely affect our financial condition and liquidity.

Under certain circumstances, American Capital and the Company are obligated to pay each other a termination fee upon termination of the Merger Agreement.

No assurance can be given that the American Capital Acquisition will be completed. The Merger Agreement provides for the payment by American Capital to us of a termination fee of \$140 million if the Merger Agreement is terminated by American Capital or us under certain circumstances. If American Capital stockholders do not adopt the Merger Agreement and the Merger Agreement is terminated, American Capital will be required to reimburse us for our expenses up to \$15 million, which amount will reduce, on a dollar for dollar basis, any termination fee that becomes payable by American Capital to us. In addition, the Merger Agreement provides for a payment by us to American Capital of a reverse termination fee of \$140 million under certain other circumstances. If the issuance of the shares of our common stock to be issued pursuant to the Merger Agreement (including, if applicable, at a price below its then current net asset value per share) does not receive required stockholder and other Investment Company Act approvals, if any, and the Merger Agreement is terminated, we will be required to reimburse American Capital for its expenses up to \$15 million, which amount will reduce, on a dollar for dollar basis, any termination fee that becomes payable by us to American Capital.

The market price of our common stock after the completion of the American Capital Acquisition may be affected by factors different from those affecting American Capital Common Stock or our common stock currently.

Our business differs from that of American Capital in some respects and, accordingly, the results of operations of the combined company and the market price of our common stock after the completion of the American Capital Acquisition may be affected by factors different from those currently affecting our results of operations or American Capital's results of operations prior to the completion of the American Capital Acquisition.

FORWARD-LOOKING STATEMENTS

Some of the statements in this 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 involve a number of risks and uncertainties, including statements concerning:

the American Capital Acquisition;

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 or the operations of our competitors;

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

our ability to recover unrealized losses;

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

our contractual arrangements and relationships with third parties, including parties to our co-investment programs;

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

uncertainty surrounding the financial stability of the U.S., the EU and China;

the social, geopolitical, financial, trade and legal implications of Brexit;

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

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

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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" and the other information included in this prospectus.

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We have based the forward-looking statements included in this prospectus on information available to us on the date of this prospectus, 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, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

The forward-looking statements in this 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 Securities Exchange Act of 1934, as amended (the "Exchange Act").

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under the Merger Agreement, subject to the completion of the Mergers, American Capital stockholders will receive \$1.470 billion in cash from us, or \$6.41 per share, plus 0.483 shares of Ares Capital common stock for each share of American Capital common stock, resulting in approximately 110.8 million shares of Ares Capital common stock issued in exchange for approximately 229.3 million shares of American Capital common stock. The purchase price is approximately \$3.0 billion in total cash and stock consideration from us which is based upon a closing price of \$14.25 per share of Ares Capital common stock as of July 1, 2016 and an implied value per share of American Capital common stock of \$13.29. Additionally as part of the total merger consideration received by American Capital stockholders, Ares Capital Management will provide approximately \$275 million of cash, or \$1.20 per fully diluted share, to American Capital stockholders at closing. Separately, upon completion of the Mergers, each share of American Capital common stock will also be entitled to receive \$2.45 per share in cash (representing an aggregate amount of approximately \$562 million), which amount represents the per share cash consideration to be paid to American Capital as a result of the completion of the Mortgage Manager Sale, which was completed on July 1, 2016. The unaudited pro forma condensed consolidated financial information has been derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of both American Capital and the Company, which are included elsewhere in this prospectus. See "Index to Financial Statements."

The following unaudited pro forma condensed consolidated financial information and explanatory notes illustrate the effect of the Mergers on our financial position and results of operations based upon our and American Capital's respective historical financial positions and results of operations under the acquisition method of accounting with the Company treated as the acquirer.

In accordance with GAAP, the acquired assets and assumed liabilities of American Capital will be recorded by us at their estimated fair values as of the effective time. The unaudited pro forma condensed consolidated financial information of the Company and American Capital reflects the unaudited pro forma condensed consolidated balance sheet as of March 31, 2016 and the unaudited pro forma condensed consolidated income statements for the three months ended March 31, 2016 and the year ended December 31, 2015. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2016 assumes the Mergers and the Other Pro Forma Transactions had been completed on March 31, 2016. The unaudited pro forma condensed consolidated statements of income for the three months ended March 31, 2016 and the year ended December 31, 2015 assumes the Mergers and the Other Pro Forma Transactions had been completed on December 31, 2014.

The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and does not necessarily indicate the results of operations or the combined financial position that would have resulted had the Mergers and the Other Pro Forma Transactions been completed at the beginning of the applicable period presented, nor the impact of potential expense efficiencies of the Mergers, certain potential asset dispositions and other factors. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed consolidated financial information, the allocation of the pro forma purchase price reflected in the unaudited pro forma condensed consolidated financial information involves estimates, is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon completion of the Mergers and the Other Pro Forma Transactions. Additionally, the unaudited pro forma condensed consolidated financial data does not include any estimated net increase (decrease) in stockholders' equity resulting from operations or other asset sales and repayments that are not already reflected that may occur between March 31, 2016 and the completion of the Mergers.

We cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a description of the terms of the American Capital Acquisition and "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition.

Ares Capital Corporation and Subsidiaries
Pro Forma Condensed Consolidated Balance Sheet
As of March 31, 2016
Unaudited
(in millions, except share and per share data)

	Actual Ares Capital	Adjusted American Capital(A)	Pro Forma Adjustments	Pro Forma Ares Capital Combined
Assets and Liabilities Data:				
Investments, at fair value	\$ 9,072	\$ 3,174	\$ (184) (B)	\$ 12,062
Cash and cash equivalents	77	894	(737) (B)	77
			(1,470) (C)	
			1,313 (D)	
Other assets	217	377	(222) (B)	377
			5 (D)	
Total assets	\$ 9,366	\$ 4,445	\$ (1,295)	\$ 12,516
Debt	\$ 3,985	\$	\$ 1,353 (D)	\$ 5,338
Other liabilities	201	145	70 (B)	415
			(1) (D)	
Total liabilities	4,186	145	1,422	5,753
Stockholders' equity	5,180	4,300	(1,213) (B)	6,763
			(1,470) (C)	
			(34) (D)	
Total liabilities and stockholders' equity	\$ 9,366	\$ 4,445	\$ (1,295)	\$ 12,516
Total shares outstanding	313,954,008	211,968,417	110,767,419	424,721,427
Net assets per share	\$ 16.50	\$ 20.29		\$ 15.92

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

Ares Capital Corporation and Subsidiaries
Pro Forma Condensed Consolidated Statement of Operations
For the Three Months Ended March 31, 2016
Unaudited
(in millions, except share and per share data)

	Actual Ares Capital	Actual American Capital	Pro Forma Adjustments	Pro Forma Ares Capital Combined
Performance Data:				
Interest and dividend income	\$ 224	\$ 149	\$ (55) (E)	\$ 318
Fees and other income	24	13	(3) (E)	34
Total investment income	248	162	(58)	352
Interest and credit facility fees	50	15	(12) (F)	62
			(9) (F)	
Base management fees	35	2	11 (G)	48
Income based fees	29		(8) (H)	21
Capital gains incentive fees	4		(H)	4
Other expenses	12	51	(24) (I)	39(L)
Total expenses	130	68	(24)	174
Net investment income before taxes	118	94	(34)	178
Income taxes	5	20	(20) (J)	5
Net investment income	113	74	(14)	173
Net realized gains (losses)	27	(88)	(12) (J)	(73)
Net unrealized losses	(9)	(66)	54 (E)	(26)
			(5) (J)	
Net realized and unrealized gains (losses)	18	(154)	37	(99)
Net increase (decrease) in stockholders' equity	\$ 131	\$ (80)	\$ 23	\$ 74
Weighted average shares outstanding	314,293,027	234,989,955	110,767,419 (K)	425,060,446
Earnings (loss) per share	\$ 0.42	\$ (0.34)		\$ 0.18

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

Ares Capital Corporation and Subsidiaries
Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2015
Unaudited
(in millions, except share and per share data)

	Actual Ares Capital	Actual American Capital	Pro Forma Adjustments	Pro Forma Ares Capital Combined
Performance Data:				
Interest and dividend income	\$ 891	\$ 607	\$ (182) (E)	\$ 1,316
Fees and other income	134	64	(12) (E)	186
Total investment income	1,025	671	(194)	1,502
Interest and credit facility fees	227	79	(48) (F)	293
			35 (F)	
Base management fees	134	13	67 (G)	214
Income based fees	121		(26) (H)	95
Capital gains incentive fees	(27)		(H)	(27)
Other expenses	44	201	(90) (I)	155(L)
Total expenses	499	293	(62)	730
Net investment income before taxes	526	378	(132)	772
Income taxes	18	125	(125) (J)	18
Net investment income	508	253	(7)	754
Net realized gains (losses)	128	(627)	(91) (J)	(590)
Net unrealized gains (losses)	(246)	187	152 (E)	211
			118 (J)	
Net realized and unrealized losses	(118)	(440)	179	(379)
Loss on extinguishment of debt	(10)			(10)
Net increase (decrease) in stockholders' equity	\$ 380	\$ (187)	\$ 172	\$ 365
Weighted average shares outstanding	314,375,099	267,192,057	110,767,419 (K)	425,142,518
Earnings (loss) per share	\$ 1.20	\$ (0.70)		\$ 0.86

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

Ares Capital Corporation and Subsidiaries

Pro Forma Schedule of Investments
Unaudited
As of March 31, 2016
(Dollar Amounts in Millions)

Company	Business Description	Investment	Ares Capital Cost	Ares Capital Fair Value	American Capital Cost	American Capital Fair Value	Pro Forma Combined Cost	Pro Forma Combined Fair Value
Investment Funds and Vehicles								
ACAS CLO 2007-1, Ltd.	Investment company	Secured notes (due 4/21)			\$ 8.4	\$ 8.3	\$ 8.4	\$ 8.3
		Subordinated notes (due 4/21)			11.6	12.6	11.6	12.6
ACAS Wachovia Investments, L.P.(4)	Investment partnership	Partnership interest			1.8	0.5	1.8	0.5
Apidos CLO XVIII, Ltd.	Investment company	Subordinated notes (due 7/26)			32.3	20.2	32.3	20.2
Apidos CLO XXI	Investment company	Subordinated notes (due 6/27)			10.9	8.8	10.9	8.8
Ares IIR/IVR CLO Ltd.	Investment company	Subordinated notes (due 4/21)			11.1	3.9	11.1	3.9
Babson CLO Ltd. 2006-II	Investment company	Income notes (due 10/20)			2.7		2.7	
Babson CLO Ltd. 2013-II	Investment company	Income notes (due 1/25)			3.7	2.5	3.7	2.5
Babson CLO Ltd. 2014-I	Investment company	Subordinated notes (due 7/25)			6.2	3.3	6.2	3.3
Babson CLO Ltd. 2014-II	Investment company	Subordinated notes (due 9/26)			19.9	8.5	19.9	8.5
Blue Hill CLO, Ltd.	Investment company	Subordinated notes (due 1/26)			17.3	5.8	17.3	5.8
Blue Wolf Capital Fund II, L.P.	Investment partnership	Limited partnership interest			9.0	8.0	9.0	8.0
Carlyle Global Market Strategies CLO 2013-3, Ltd.	Investment company	Subordinated notes (due 7/25)			3.4	2.6	3.4	2.6
Carlyle Global Market Strategies CLO 2015-3, Ltd.	Investment company	Subordinated notes (due 7/28)			24.1	20.6	24.1	20.6
Cent CDO 12 Limited	Investment company	Income notes (due 11/20)			13.4	26.0	13.4	26.0
Cent CLO 22 Limited	Investment company	Subordinated notes (due 11/26)			36.6	15.2	36.6	15.2
Cent CLO 24 Limited	Investment company	Subordinated notes (due 10/26)			27.0	20.2	27.0	20.2
Centurion CDO 8 Limited	Investment company	Subordinated notes (due 3/17)			0.2		0.2	
CoLTs 2005-1 Ltd.	Investment company	Preference shares (360 shares, due 3/16)			1.7	0.1	1.7	0.1
CoLTs 2005-2 Ltd.	Investment company	Preference shares (34,170,000 shares,			11.0	0.4	11.0	0.4

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			due 12/18)			
Covestia Capital Partners, LP	Investment partnership	Limited partnership interest	\$ 0.5	\$ 1.9	0.5	1.9
CREST Exeter Street Solar 2004-1	Investment company	Preferred securities (3,500,000 shares, due 6/39)		3.2	3.2	
Dryden 40 Senior Loan Fund	Investment company	Subordinated notes (due 8/28)		8.3	6.2	8.3
Eaton Vance CDO X plc	Investment company	Secured subordinated notes (due 2/27)		11.1	4.1	11.1
European Capital Private Debt LP(4)	Investment partnership	Partnership interest		97.1	101.6	97.1
European Capital UK SME Debt LP(4)	Investment partnership	Partnership interest		12.2	12.0	12.2
Flagship CLO V	Investment company	Deferrable notes (due 9/19)		1.5	1.7	1.5
		Subordinated securities (15,000 shares, due 9/19)		7.1	0.7	7.1
Galaxy III CLO, Ltd	Investment company	Subordinated notes (due 8/16)		0.2		0.2

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
GoldenTree Loan Opportunities VII, Limited	Investment company	Subordinated notes (due 4/25)			30.5	20.7	30.5	20.7
Halcyon Loan Advisors Funding 2014-1 Ltd.	Investment company	Subordinated notes (due 2/26)			1.0	0.4	1.0	0.4
Halcyon Loan Advisors Funding 2015-2, Ltd.	Investment company	Subordinated notes (due 7/27)			18.9	14.8	18.9	14.8
HCI Equity, LLC(4)	Investment company	Member interest		0.1				0.1
Herbert Park B.V.	Investment company	Subordinated notes (due 10/26)			26.7	19.8	26.7	19.8
Imperial Capital Private Opportunities, LP	Investment partnership	Limited partnership interest	4.1	15.4			4.1	15.4
LightPoint CLO IV, LTD	Investment company	Income notes (due 4/18)			3.6		3.6	
LightPoint CLO VII, Ltd.	Investment company	Subordinated notes (due 5/21)			2.6	1.4	2.6	1.4
Madison Park Funding XII, Ltd.	Investment company	Subordinated notes (due 7/26)			8.3	6.4	8.3	6.4
Madison Park Funding XIII, Ltd.	Investment company	Subordinated notes (due 1/25)			24.8	18.0	24.8	18.0
Montgomery Lane, LLC(4)	Holding company for RMBS securities	Common membership units (100 units)				3.8		3.8
NYLIM Flatiron CLO 2006-1 LTD.	Investment company	Subordinated securities (10,000 shares, due 8/20)			4.4	2.4	4.4	2.4
Och Ziff Loan Management XIII, Ltd.	Investment company	Subordinated notes (due 7/27)			13.2	11.7	13.2	11.7
Octagon Investment Partners XIX, Ltd.	Investment company	Subordinated notes (due 4/26)			18.2	12.8	18.2	12.8
Octagon Investment Partners XVIII, Ltd.	Investment company	Subordinated notes (due 12/24)			12.4	7.5	12.4	7.5
OHA Credit Partners XI, Ltd.	Investment company	Subordinated notes (due 10/28)			30.9	26.7	30.9	26.7
Partnership Capital Growth Fund I, L.P.	Investment partnership	Limited partnership interest		0.7				0.7
Partnership Capital Growth Investors III, L.P.	Investment partnership	Limited partnership interest	2.5	3.3			2.5	3.3
PCG-Ares Sidecar Investment II, L.P.	Investment partnership	Limited partnership interest	6.5	8.3			6.5	8.3
PCG-Ares Sidecar Investment, L.P.	Investment partnership	Limited partnership interest	2.2	0.2			2.2	0.2
Piper Jaffray Merchant Banking Fund I, L.P.	Investment partnership	Limited partnership interest	1.6	1.6			1.6	1.6
Qualium I	Investment company/partnership	Common stock (247,939 shares)			5.2	5.0	5.2	5.0
Sapphire Valley CDO I, Ltd.	Investment company	Subordinated notes (due 12/22)			17.6	10.9	17.6	10.9

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Senior Secured Loan Fund LLC(4)	Co-investment vehicle	Subordinated certificates (due 12/24) Member interest (87.5% interest)	1,938.4	1,889.7		1,938.4	1,889.7	
THL Credit Wind River 2014-2 CLO Ltd.	Investment company	Income notes (due 7/26)			9.7	7.4	9.7	7.4
Vitesse CLO, Ltd.	Investment company	Preferred securities (20,000,000 shares, due 8/20)			11.9		11.9	
Voya CLO 2014-4, Ltd.	Investment company	Subordinated notes (due 10/26)			22.6	15.4	22.6	15.4
VSC Investors LLC	Investment company	Membership interest	0.3	1.2			0.3	1.2
Total			1,956.1	1,922.4	655.5	478.9	2,611.6	2,401.3

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Healthcare Services								
Absolute Dental Management LLC and ADM Equity, LLC	Dental services provider	Senior secured loan (9.3%, due 1/22)	18.8	18.8			18.8	18.8
		Senior secured loan (9.3%, due 1/22)	5.0	5.0			5.0	5.0
		Class A preferred units (4,000,000 units)	4.0	4.0			4.0	4.0
		Class A common units (4,000,000 units)						
Alcami Holdings LLC(4)	Chemistry outsourcing partner to the pharmaceutical and biotechnology industries	Senior secured loan (6.5%, due 3/17 10/20)			102.8	105.7	102.8	105.7
		Senior subordinated loan (13.2%, due 10/20)(2)			142.1	143.1	142.1	143.1
		Redeemable preferred stock (84,936 shares)			61.1	0.1	61.1	0.1
Alegeus Technologies Holdings Corp.	Benefits administration and transaction processing provider	Preferred stock (2,997 shares)	3.1	1.8			3.1	1.8
		Common stock (3 shares)						
American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	Senior secured loan (7.0%, due 6/19)	8.8	8.8			8.8	8.8
		Senior secured loan (7.0%, due 6/19)	52.0	52.0			52.0	52.0
		Senior secured loan (4.0%, due 6/19)	2.8	2.8			2.8	2.8
Argon Medical Devices, Inc.	Manufacturer and marketer of single-use specialty medical devices	Junior secured loan (10.5%, due 6/22)	8.7	9.0			8.7	9.0
AwarePoint Corporation	Healthcare technology platform developer	Senior secured loan (9.5%, due 6/18)	9.4	9.5			9.4	9.5
		Warrant to purchase up to 3,213,367 shares of Series 1 preferred stock				0.6		
CCS Intermediate Holdings, LLC and CCS Group Holdings, LLC	Correctional facility healthcare operator	Senior secured revolving loan (5.0%, due 7/19)	3.8	3.5			3.8	3.5
		Senior secured revolving loan (6.5%, due 7/19)	1.5	1.4			1.5	1.4
		Senior secured loan (5.0%, due 7/21)	6.6	6.2			6.6	6.2
		Junior secured loan (9.4%, due 7/22)	133.9	121.5			133.9	121.5
		Class A units (601,937 units)				0.7		
Correctional Medical Group Companies, Inc.	Correctional facility healthcare operator	Senior secured loan (9.6%, due 9/21)	3.1	3.1			3.1	3.1
		Senior secured loan (9.6%, due 9/21)	4.1	4.1			4.1	4.1
		Senior secured loan (9.6%, due 9/21)	44.7	44.7			44.7	44.7
			1.6	1.6			1.6	1.6

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DCA Investment Holding, LLC	Multi-branded dental practice management	Senior secured revolving loan (7.8%, due 7/21)				
		Senior secured loan (6.3%, due 7/21)	18.9	18.7	18.9	18.7
DNAxenus, Inc.	Bioinformatics company	Senior secured loan (9.3%, due 10/18)	10.2	10.5	10.2	10.5
		Warrant to purchase up to 909,092 units of Series C preferred stock		0.3		0.3

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
ECA Acquisition Holdings, Inc.(4)	Developer and manufacturer of disposable tools used in implantable medical devices	Senior secured loan (10.0%, due 12/16)(2)			9.0	9.0	9.0	9.0
		Senior subordinated loan (due 12/16)(3)			12.1	4.0	12.1	4.0
		Redeemable preferred stock (2,150 shares)			2.2		2.2	
		Common stock (1,000 shares)			14.9		14.9	
Global Healthcare Exchange, LLC and GHX Ultimate Parent Corp.	On-demand supply chain automation solutions provider	Class A common stock (2,991 shares)	3.0	3.0			3.0	3.0
		Class B common stock (980 shares)		4.7				4.7
Greenphire, Inc. and RMCF III CIV XXIX, L.P	Software provider for clinical trial management	Senior secured loan (9.0%, due 12/18)	4.0	4.0			4.0	4.0
		Limited partnership interest	1.0	1.0			1.0	1.0
HALT Medical, Inc.(4)	Patented disposable needle used to remove uterine fibroids	Senior secured loan (due 6/16)(3)			74.0	36.0	74.0	36.0
INC Research Mezzanine Co-Invest, LLC	Pharmaceutical and biotechnology consulting services	Common units (1,410,000 units)		2.8				2.8
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Junior secured loan (9.3%, due 6/20)	112.0	107.5			112.0	107.5
LM Acquisition Holdings, LLC	Developer and manufacturer of medical equipment	Class A units (426 units)	0.7	1.7			0.7	1.7
MC Acquisition Holdings I, LLC	Healthcare professional provider	Class A units (1,338,314 shares)	1.3	1.4			1.3	1.4
MW Acquisition Corporation(4)	Facility based treatment provider for psychological conditions and addictive behaviors	Redeemable preferred stock (2,485 shares)			2.9	2.9	2.9	2.9
		Convertible preferred stock (88,084 shares)			51.2	76.0	51.2	76.0
		Common stock (110,720 shares)				20.3		20.3
MW Dental Holding Corp.	Dental services provider	Senior secured revolving loan (8.5%, due 4/18)	2.0	2.0			2.0	2.0
		Senior secured loan (8.5%, due 4/18)	50.2	50.2			50.2	50.2
		Senior secured loan (8.5%, due 4/18)	47.6	47.6			47.6	47.6
		Senior secured loan (8.5%, due 4/18)	19.7	19.7			19.7	19.7
My Health Direct, Inc.	Healthcare scheduling exchange software solution provider	Senior secured loan (10.8%, due 1/18)	2.2	2.2			2.2	2.2
		Warrant to purchase up to 4,548 shares of Series D						

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preferred stock

Napa Management Services Corporation	Anesthesia management services provider	Senior secured loan (10.0%, due 2/19)	16.0	16.0	16.0	16.0
		Senior secured loan (10.0%, due 2/19)	54.0	54.0	54.0	54.0
		Common units (5,345 units)	5.8	20.0	5.8	20.0
Netsmart Technologies, Inc. and NS Holdings, Inc.	Healthcare technology provider	Junior secured loan (10.5%, due 8/19)	90.0	90.0	90.0	90.0
		Common stock (2,500,000 shares)	0.8	8.9	0.8	8.9

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
New Trident Holdcorp, Inc.	Outsourced mobile diagnostic healthcare service provider	Junior secured loan (10.3%, due 7/20)	79.0	76.8			79.0	76.8
Nodality, Inc.	Biotechnology company	Senior secured loan (due 5/16)(3)	2.2	2.3			2.2	2.3
		Senior secured loan (due 5/16)(3) Warrant to purchase up to 225,746 shares of Series B preferred stock	9.7	1.6			9.7	1.6
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	Provider of technology-enabled solutions to pharmacies	Senior secured loan (8.5%, due 11/18)	12.2	12.2			12.2	12.2
		Senior secured loan (8.5%, due 11/18)	6.8	6.8			6.8	6.8
		Limited liability company membership interest (1.57%)	1.0	1.1			1.0	1.1
Patterson Medical Supply, Inc.	Distributor of rehabilitation supplies and equipment	Junior secured loan (8.8%, due 8/23)	18.8	18.4			18.8	18.4
PerfectServe, Inc.	Communications software platform provider for hospitals and physician practices	Senior secured loan (9.0%, due 3/20)	8.7	9.0			8.7	9.0
		Senior secured loan (9.0%, due 7/20)	2.0	2.0			2.0	2.0
		Senior secured loan (9.0%, due 6/21)	1.0	1.0			1.0	1.0
		Warrant to purchase up to 28,428 shares of Series C preferred stock	0.2	0.2			0.2	0.2
		Warrant to purchase up to 34,113 units of Series C preferred stock		0.2				0.2
PhyMED Management LLC	Provider of anesthesia services	Junior secured loan (9.8%, due 5/21)	46.5	44.9			46.5	44.9
POS I Corp. (fka Vantage Oncology, Inc.)	Radiation oncology care provider	Common stock (62,157 shares)	4.7	3.2			4.7	3.2
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	Warrant to purchase up to 99,094 shares of Series C preferred stock						
Sage Products Holdings III, LLC	Patient infection control and preventive care solutions provider	Junior secured loan (9.3%, due 6/20)	108.5	108.7	20.7	20.6	129.2	129.3
Sarnova HC, LLC, Tri-Anim Health Services, Inc., and BEMS Holdings, LLC	Distributor of emergency medical service and respiratory products	Junior secured loan (10.5%, due 7/22)	54.0	54.0			54.0	54.0
Transaction Data Systems, Inc.	Pharmacy management software provider	Junior secured loan (9.3%, due 6/22)	27.5	26.9			27.5	26.9
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	Junior secured loan (10.3%, due 9/20)	23.5	23.5			23.5	23.5
		Junior secured loan (10.3%, due 9/20)	50.0	50.0			50.0	50.0

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC	Operator of urgent care clinics	Senior secured loan (7.0%, due 12/22)	14.0	13.7			14.0	13.7
		Senior secured loan (7.0%, due 12/22)	54.6	53.5			54.6	53.5
		Preferred units (7,494,819 units)	7.5	7.9			7.5	7.9
		Series A common units (2,000,000 units)	2.0	1.3			2.0	1.3
		Series C common units (999,943 units)		0.5				0.5
VistaPharm, Inc. and Vertice Pharma UK Parent Limited	Manufacturer and distributor of generic pharmaceutical products	Senior secured loan (6.5%, due 12/21)	5.1	5.1			5.1	5.1
		Preferred shares (40,662 shares)	0.4	0.4			0.4	0.4
WRH, Inc.	Non-clinical provider of safety and toxicological assessment research and services	Senior subordinated loan (15.2%, due 8/18)(2)			103.9	100.3	103.9	100.3
Young Innovations, Inc.	Dental supplies and equipment manufacturer	Junior secured loan (9.0%, due 7/19)	45.0	45.0			45.0	45.0
Total			1,336.2	1,335.5	596.9	518.0	1,933.1	1,853.5
Financial Services								
AllBridge Financial, LLC(4)	Asset management services	Equity interests		0.5				0.5
American Capital Asset Management, LLC(4)	Asset management services	Senior subordinated loan (5.0%, due 9/16)			35.0	35.0	35.0	35.0
		Common membership interest (100% interest)			601.1	998.0	601.1	998.0
AmWINS Group, LLC	Wholesale insurance broker	Junior secured loan (9.5%, due 9/20)			45.0	45.1	45.0	45.1
Callidus Capital Corporation(4)	Asset management services	Common stock (100 shares)	3.0	1.7			3.0	1.7
CGSC of Delaware Holdings Corporation	Wholesale insurance broker	Junior secured loan (8.3%, due 10/20)			2.0	2.0	2.0	2.0
Ciena Capital LLC(4)	Real estate and small business loan servicer	Senior secured revolving loan (6.0%, due 12/16)	14.0	14.0			14.0	14.0
		Senior secured loan (12.0%, due 12/16)	0.5	0.5			0.5	0.5
		Senior secured loan (12.0%, due 12/16)	5.0	5.0			5.0	5.0
		Senior secured loan (12.0%, due 12/16)	2.5	2.5			2.5	2.5
		Equity interests	39.0	17.8			39.0	17.8
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (12.8%, due 5/18)	28.0	28.0			28.0	28.0
FAMS Acquisition, Inc.(4)	Provider of outsourced receivables management services	Senior subordinated loan (14.0%, due 1/16)(2)			12.9	11.8	12.9	11.8
		Senior subordinated loan (due 1/16)(3)			18.3	15.1	18.3	15.1

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Gordian Acquisition Corp. and The Gordian Group, Inc.	Financial services firm	Senior secured loan (5.6%, due 7/19) Common stock (526 shares)	40.7	39.9	40.7	39.9
Imperial Capital Group LLC	Investment services	2006 Class B common units (5,670 units) 2007 Class B common units (707 units) Class A common units (17,307 units)	8.5	12.8	8.5	12.8
Ivy Hill Asset Management, L.P.(4)	Asset management services	Member interest	171.0	232.9	171.0	232.9

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC	Asset-backed financial services company	Senior secured revolving loan (10.4%, due 6/17)	40.8	40.8			40.8	40.8
LSQ Funding Group, L.C. and LM LSQ Investors LLC	Asset based lender	Senior subordinated loan (10.5%, due 6/21)	30.0	30.0			30.0	30.0
		Membership units	3.3	3.0			3.3	3.0
Total			345.6	389.5	755.0	1,146.9	1,100.6	1,536.4
Business Services								
2329497 Ontario Inc.	Outsourced data center infrastructure and related services provider	Junior secured loan (10.5%, due 6/19)	43.1	27.7			43.1	27.7
BeyondTrust Software, Inc.	Provider of privileged account management and vulnerability management software solutions	Senior secured loan (8.0%, due 9/19)			30.1	29.2	30.1	29.2
Blue Topco GmbH(4)	Web sheet and sheet fed printing facilities	Senior secured loan (5.0%, due 6/19)(2)			2.4	2.4	2.4	2.4
		Senior subordinated loan (due 6/19)(3)			7.2	8.3	7.2	8.3
BluePay Processing, LLC	Technology-enabled payment processing solutions provider	Junior secured loan (9.5%, due 8/22)			32.8	32.8	32.8	32.8
Brandtone Holdings Limited	Mobile communications and marketing services provider	Senior secured loan (9.5%, due 11/18)	5.2	5.3			5.2	5.3
		Senior secured loan (9.5%, due 1/19)	3.2	3.3			3.2	3.3
		Warrant to purchase up to 115,002 units of Series Three participating convertible preferred ordinary shares						
CallMiner, Inc.	Provider of cloud-based conversational analytics solutions	Senior secured loan (10.0%, due 5/18)	3.1	3.2			3.1	3.2
		Senior secured loan (10.0%, due 9/18)	1.7	1.8			1.7	1.8
		Warrant to purchase up to 2,350,636 shares of Series 1 preferred stock						
Cast & Crew Payroll, LLC	Payroll and accounting services provider to the entertainment industry	Junior secured loan (8.8%, due 8/23)			35.7	34.5	35.7	34.5
CIBT Holdings, Inc. and CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)	2.5	4.8			2.5	4.8
CMW Parent LLC (fka Black Arrow, Inc.)	Multiplatform media firm	Series A units (32 units)						
Columbo TopCo Limited(4)	Outsourced compliance consulting and software provider	Redeemable preferred stock (34,179,330 shares)			76.5	51.8	76.5	51.8
					1.1		1.1	

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Common stock (757,743 shares)

Command Alkon, Incorporated and CA Note Issuer, LLC	Software solutions provider to the ready-mix concrete industry	Junior secured loan (9.3%, due 8/20)	10.0	10.0	10.0	10.0	
		Junior secured loan (9.3%, due 8/20)	11.5	11.5	11.5	11.5	
		Junior secured loan (9.3%, due 8/20)	26.5	26.5	26.5	26.5	
		Senior subordinated loan (14.0%, due 8/21)(2)	21.0	21.0	21.0	21.0	
Compusearch Software Systems, Inc.	E-procurement and contract management solutions for the Federal marketplace	Junior secured loan (9.8%, due 11/21)		51.0	51.0	51.0	51.0

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Compuware Parent, LLC	Web and mobile cloud performance testing and monitoring services provider	Class A-1 common stock (4,132 units)	2.3	1.8			2.3	1.8
		Class A-2 common stock (4,132 units)	0.5	0.4			0.5	0.4
		Class B-1 common stock (4,132 units)	0.3	0.2			0.3	0.2
		Class B-2 common stock (4,132 units)						
		Class C-1 common stock (4,132 units)						
		Class C-2 common stock (4,132 units)						
Convergent Technologies, LLC	Service-based integrator of Electronic Security, Fire Alarm & Life Safety, Healthcare Technologies, Communications and Building Automation	Junior secured loan (9.0%, due 12/17 12/20)			94.0	94.0	94.0	94.0
Datapipe, Inc.	Provider of outsourced IT solutions	Junior secured loan (8.5%, due 9/19)			29.2	28.8	29.2	28.8
Directworks, Inc. and Co-Exprise Holdings, Inc.	Provider of cloud-based software solutions for direct materials sourcing and supplier management for manufacturers	Senior secured loan (10.3%, due 4/18)	2.1	2.1			2.1	2.1
		Warrant to purchase up to 1,875,000 shares of Series 1 preferred stock						
DTI Holdco, Inc. and OPE DTI Holdings, Inc.	Provider of legal process outsourcing and managed services	Senior secured loan (5.8%, due 8/20)	1.0	0.9			1.0	0.9
		Class A common stock (7,500 shares)	7.5	7.3			7.5	7.3
		Class B common stock (7,500 shares)						
Electronic Warfare Associates, Inc.	Provider of electronic warfare, cyber security and advanced commercial test tools systems	Senior secured loan (13.0%, due 2/19)			15.0	15.0	15.0	15.0
		Warrant to purchase 863,887 shares of common stock			0.8	0.8	0.8	0.8
eLynx Holdings, Inc.(4)	Provider of secure electronic data and document processing solutions for the mortgage banking industry	Convertible preferred stock (11,728 shares)			35.5	41.7	35.5	41.7
		Redeemable preferred stock (30,162 shares)			37.1	40.3	37.1	40.3
		Common stock (16,087 shares)			1.1		1.1	
		Warrant to purchase 1,026,321 shares of common stock			5.5		5.5	
EN Engineering, L.L.C.			2.6	2.6			2.6	2.6

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National utility services firm providing engineering and consulting services to natural gas, electric power and other energy & industrial end markets

Senior secured loan (8.5%, due 6/21)

Senior secured loan (7.0%, due 6/21)

22.2

22.3

22.2

22.3

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Faction Holdings, Inc. and The Faction Group LLC (fka PeakColo Holdings, Inc.)	Wholesaler of cloud-based software applications and services	Senior secured loan (9.8%, due 12/19)	3.0	3.0			3.0	3.0
		Senior secured loan (9.8%, due 5/19)	3.9	4.0			3.9	4.0
		Warrant to purchase up to 1,481 shares of Series A preferred stock				0.1		0.1
		Warrant to purchase up to 2,037 shares of Series A preferred stock	0.1	0.1			0.1	0.1
Financière Tarmac S.A.S.(4)	Provider of health & safety services for multi-unit residential buildings	Redeemable preferred stock (31,303,601 shares)			32.7	35.4	32.7	35.4
		Common stock (69,801,903 shares)			23.7	7.0	23.7	7.0
First Insight, Inc.	Software company providing merchandising and pricing solutions to companies worldwide	Warrant to purchase up to 122,827 units of Series C preferred stock						
Flexera Software LLC	Provider of software used to deploy and track the usage of software applications	Junior secured loan (8.0%, due 4/21)			5.0	4.7	5.0	4.7
GCN Storage Solutions, LLC	Energy storage and power efficiency solutions provider for commercial and industrial businesses	Senior secured loan (9.8%, due 12/21)	8.3	8.4			8.3	8.4
Holding Saint Augustine S.A.S.(4)	Provider of outsourced services to industrial customers	Senior secured loan (due 9/19)			4.5		4.5	
Hyland Software, Inc.	Provider of ECM software, serving small and medium size organizations	Junior secured loan (8.3%, due 7/23)			10.0	9.5	10.0	9.5
iControl Networks, Inc. and uControl Acquisition, LLC	Software and services company for the connected home market	Junior secured loan (9.5%, due 3/19)	19.7	20.1			19.7	20.1
		Warrant to purchase up to 385,616 shares of Series D preferred stock				0.2		0.2
IfByPhone Inc.	Voice-based marketing automation software provider	Warrant to purchase up to 124,300 shares of Series C preferred stock	0.1	0.1			0.1	0.1
Infogix Parent Corporation	Provides data integrity, analytics, and visibility solutions	Senior secured loan (7.8%, due 12/21)			88.3	88.1	88.3	88.1
		Redeemable preferred stock (2,475 shares)			2.6	2.6	2.6	2.6
Inmar, Inc.	Provides technology-driven logistics management solutions in the consumer goods and healthcare markets	Junior secured loan (8.0%, due 1/22)			19.8	15.6	19.8	15.6

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Interactions Corporation	Developer of a speech recognition software based customer interaction system	Junior secured loan (9.9%, due 7/19)	2.2	2.5	2.2	2.5
		Junior secured loan (9.9%, due 7/19)	22.2	22.5	22.2	22.5
		Warrant to purchase up to 68,187 shares of Series G-3 convertible preferred stock	0.3	0.3	0.3	0.3

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
iParadigms, LLC	Provider of anti-plagiarism software to the education industry	Junior secured loan (8.3%, due 7/22)			39.3	38.7	39.3	38.7
iPipeline, Inc., Internet Pipeline, Inc. and iPipeline Holdings, Inc.	Provider of SaaS-based software solutions to the insurance and financial services industry	Senior secured loan (8.3%, due 8/22)	11.9	11.9			11.9	11.9
		Senior secured loan (8.3%, due 8/22)	44.8	44.8			44.8	44.8
		Senior secured loan (8.3%, due 8/22)	14.9	14.9			14.9	14.9
		Preferred stock (1,485 shares) Common stock (647,542 shares)	1.5	2.2			1.5	2.2
Iron Bow Technologies, LLC	Provider of information technology solutions	Junior secured loan (13.2%, due 2/21)(2)			15.1	15.1	15.1	15.1
IronPlanet, Inc.	Online auction platform provider for used heavy equipment	Warrant to purchase to up to 133,333 shares of Series C preferred stock	0.2	0.2			0.2	0.2
IS Holdings I, Inc.(5)	Develops high availability software solutions for IBM's mid-range iSeries computing platform	Common stock (2,000,000 shares)			5.2	11.5	5.2	11.5
ISS Compressors Industries, Inc., ISS Valves Industries, Inc., ISS Motors Industries, Inc., ISS Machining Industries, Inc., and ISS Specialty Services Industries, Inc.	Provider of repairs, refurbishments and services to the broader industrial end user markets	Senior secured loan (7.0%, due 6/18)	2.4	2.4			2.4	2.4
		Senior secured loan (7.0%, due 6/18)	32.6	32.6			32.6	32.6
Itel Laboratories, Inc.	Data services provider for building materials to property insurance industry	Preferred units (1,798,391 units)	1.0	1.2			1.0	1.2
Landslide Holdings, Inc.	Software for IT departments and systems management	Junior secured loan (8.3%, due 2/21)			9.0	8.1	9.0	8.1
LLSC Holdings Corporation(4)	Provider of in-store marketing services to retailers and marketers of consumer products	Convertible preferred stock (9,000 shares)			10.9	19.1	10.9	19.1
		Common stock (1,000 shares)				1.2		1.2
		Warrant to purchase 675 shares of common stock				0.8		0.8
Market Track Holdings, LLC	Business media consulting services company	Preferred stock (1,685 shares)	2.2	2.5			2.2	2.5
		Common stock (16,251 shares)	2.2	2.2			2.2	2.2
Maximus Holdings, LLC	Provider of software simulation tools and related services	Warrant to purchase up to 1,050,013 shares of common stock						

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Miles 33 Limited(4)	Supplier of computer software to the publishing sector	Senior secured loan (5.3%, due 12/17 9/18)(2)	7.3	7.3	7.3	7.3
		Senior subordinated loan (due 9/21)(3)	13.4	13.4	13.4	13.4
Ministry Brands, LLC and MB Parent Holdings, LLC	Software and payment services provider to faith-based institutions	Senior secured loan (10.4%, due 11/21)	48.9	49.2	48.9	49.2
		Senior secured loan (10.4%, due 11/21)	25.2	25.2	25.2	25.2
		Class A common units (2,130,772 units)	2.1	2.1	2.1	2.1

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Mitchell International, Inc.	Provider of information services and technology solutions for the automobile insurance claims industry	Senior secured loan (4.5%, due 10/20)			2.2	2.1	2.2	2.1
		Junior secured loan (8.5%, due 10/21)			16.9	15.1	16.9	15.1
Multi-Ad Services, Inc.(5)	Marketing services and software provider	Preferred units (1,725,280 units)		0.2				0.2
		Common units (1,725,280 units)						
MVL Group, Inc.(4)	Marketing research provider	Senior subordinated loan (due 7/12)(3)	0.2	0.2			0.2	0.2
		Common stock (560,716 shares)						
NAS, LLC, Nationwide Marketing Group, LLC and Nationwide Administrative Services, Inc.	Buying and marketing services organization for appliance, furniture and consumer electronics dealers	Junior secured loan (9.8%, due 12/21)	24.1	23.1			24.1	23.1
Novetta Solutions, LLC	A provider of threat and fraud analytics software and solutions	Senior secured loan (6.0%, due 10/22)			12.9	12.7	12.9	12.7
		Junior secured loan (9.5%, due 10/23)			30.7	29.9	30.7	29.9
Park Place Technologies, LLC	Provider of third party maintenance services to the server and storage markets.	Junior secured loan (10.0%, due 12/22)			41.5	41.5	41.5	41.5
PayNearMe, Inc.	Electronic cash payment system provider	Senior secured loan (9.5%, due 9/19)	9.5	9.8			9.5	9.8
		Warrant to purchase up to 195,726 shares of Series E preferred stock	0.2	0.2			0.2	0.2
PHL Investors, Inc., and PHL Holding Co.(4)	Mortgage services	Class A common stock (576 shares)	3.8				3.8	
Poplicus Incorporated	Business intelligence and market analytics platform for companies that sell to the public sector	Senior secured loan (8.5%, due 7/19)	4.8	5.0			4.8	5.0
		Warrant to purchase up to 2,402,991 shares of Series C preferred stock	0.1	0.1			0.1	0.1
PowerPlan, Inc. and Project Torque Ultimate Parent Corporation	Fixed asset financial management software provider	Junior secured loan (10.8%, due 2/23)	29.8	30.0			29.8	30.0
		Junior secured loan (10.8%, due 2/23)	49.6	50.0			49.6	50.0
		Class A common stock (1,980 shares)	2.0				2.0	
		Class B common stock (989,011 shares)		3.0				3.0
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common units (1,972 units)	1.0	1.2			1.0	1.2

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Project Silverback Holdings Corp.	Management software solution offering	Senior secured loan (6.5%, due 7/20)	23.7	23.2	23.7	23.2
		Convertible preferred stock (743 shares)	0.9	0.7	0.9	0.7
		Common stock (308,224 shares)		0.4		0.4
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)	0.3	0.2	0.3	0.2
Rocket Fuel Inc.	Provider of open and integrated software for digital marketing optimization	Common stock (11,405 units)				

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Sonian Inc.	Cloud-based email archiving platform	Senior secured loan (9.0%, due 9/19)	7.3	7.5			7.3	7.5
		Warrant to purchase up to 169,045 shares of Series C preferred stock	0.1	0.1			0.1	0.1
Systems Maintenance Services Holding, Inc.	Provides multi-vendor maintenance solutions for IT original equipment manufacturers	Junior secured loan (9.3%, due 10/20)			34.8	34.8	34.8	34.8
Talari Networks, Inc.	Networking equipment provider	Senior secured loan (9.8%, due 12/18)	5.9	6.0			5.9	6.0
		Warrant to purchase up to 421,052 shares of Series D-1 preferred stock	0.1	0.1			0.1	0.1
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC(4)	Healthcare compliance advisory services	Senior subordinated loan (due 5/15)(3)	2.7				2.7	
		Class A units (14,293,110 units)	12.8				12.8	
TraceLink, Inc.	Supply chain management software provider for the pharmaceutical industry	Senior secured revolving loan (7.5%, due 12/16)	4.4	4.4			4.4	4.4
		Senior secured loan (8.5%, due 1/19)	4.4	4.5			4.4	4.5
		Warrant to purchase up to 283,353 shares of Series A-2 preferred stock	0.1	1.0			0.1	1.0
Tyche Holdings, LLC	Provider of tailor-made secure payment processing solutions	Junior secured loan (10.5%, due 11/22)			34.9	35.0	34.9	35.0
Tyden Cayman Holdings Corp.	Manufacturer and provider of cargo security and product identification and traceability solutions	Convertible preferred stock (46,276 shares)			0.1	0.1	0.1	0.1
		Common stock (5,521,203 shares)			5.5	3.4	5.5	3.4
Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,713,546 units)	4.5	3.3			4.5	3.3
W3 Co.	Provider of integrated safety and compliance solutions to companies operating in hazardous environments	Junior secured loan (9.3%, due 9/20)			8.8	4.0	8.8	4.0
WIS Holding Company, Inc.(4)	Provider of inventory management services	Convertible preferred stock (1,206,598 shares)			105.9		105.9	
		Common stock (301,650 shares)			16.0		16.0	
WorldPay Group PLC	Payment processing company	C2 shares (73,974 shares)						
		Ordinary shares (1,310,386 shares)	1.1	5.2			1.1	5.2

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Total			584.8	560.5	1,076.6	911.6	1,661.4	1,472.1
Other Services								
American Residential Services L.L.C.	Heating, ventilation and air conditioning services provider	Junior secured loan (8.5%, due 12/21)	49.6	50.0			49.6	50.0
Capital.com, Inc.(4)	Holding company for internet domain names	Common stock (8,500,100 shares)			0.9	1.2	0.9	1.2

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Community Education Centers, Inc. and CEC Parent Holdings LLC(4)	Offender re-entry and in-prison treatment services provider	Senior secured loan (6.3%, due 12/17)	13.6	13.6			13.6	13.6
		Senior secured loan (7.8%, due 12/17)	0.7	0.7			0.7	0.7
		Junior secured loan (15.6%, due 6/18)	21.9	21.9			21.9	21.9
		Class A senior preferred units (7,846 units)	9.4	10.2			9.4	10.2
		Class A junior preferred units (26,154 units) Class A common units (134 units)	20.2	16.3			20.2	16.3
Competitor Group, Inc., Calera XVI, LLC and Champion Parent Corporation(4)	Endurance sports media and event operator	Senior secured revolving loan (5.0%, due 11/18)	4.5	4.5			4.5	4.5
		Senior secured loan (5.0%, due 11/18)	38.0	38.1			38.0	38.1
		Preferred shares (18,875 shares)	16.0	0.5			16.0	0.5
		Membership units Common shares (114,000 shares)	2.5				2.5	
Crown Health Care Laundry Services, Inc. and Crown Laundry Holdings, LLC(5)	Provider of outsourced healthcare linen management solutions	Senior secured revolving loan (7.3%, due 3/19)	1.7	1.7			1.7	1.7
		Senior secured loan (7.3%, due 3/19)	18.3	18.3			18.3	18.3
		Class A preferred units (2,475,000 units)	2.5	3.1			2.5	3.1
		Class B common units (275,000 units)	0.3	0.3			0.3	0.3
Dwyer Acquisition Parent, Inc. and TDG Group Holding Company	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (11.0%, due 2/20)	31.5	31.5			31.5	31.5
		Senior subordinated loan (11.0%, due 2/20)	52.7	52.7			52.7	52.7
		Common stock (32,843 shares)	3.4	4.4			3.4	4.4
Hard 8 Games, LLC(4)	Develops disruptive gaming technology for casino applications	Senior secured loan (7.2%, due 12/16)(2)			62.2	62.2	62.2	62.2
		Membership units (2 units)			24.0	23.1	24.0	23.1
Massage Envy, LLC	Franchisor in the massage industry	Senior secured loan (8.5%, due 9/18)	8.0	8.0			8.0	8.0
		Senior secured loan (8.5%, due 9/18)	46.4	46.4			46.4	46.4
		Senior secured loan (8.5%, due 9/18)	19.5	19.5			19.5	19.5
		Common stock (3,000,000 shares)	3.0	5.4			3.0	5.4
McKenzie Sports Products, LLC	Designer, manufacturer and distributor of hunting-related supplies	Senior secured loan (6.8%, due 9/20)	39.5	37.9			39.5	37.9
		Senior secured loan (6.8%, due 9/20)	45.0	43.2			45.0	43.2
OpenSky Project, Inc. and OSP Holdings, Inc.	Social commerce platform operator	Senior secured loan (10.0%, due 9/17)	1.8	1.8			1.8	1.8

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		Warrant to purchase up to 159,496 shares of Series D preferred stock							
Osmose Utility Services, Inc. and Osmose Utility Services, Inc.	Provider of structural integrity management services to transmission and distribution infrastructure	Junior secured loan (8.8%, due 8/23)	24.5	24.2	33.7	33.1	58.2	57.3	

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
PHC Sharp Holdings, Inc.(4)	Designer, manufacturer and marketer of branded razor cutting tools for the store supply and safety market	Senior secured loan (12.5%, due 1/18)			1.4	1.4	1.4	1.4
		Senior subordinated loan (17.0%, due 1/18)(2)			11.2	11.2	11.2	11.2
		Senior subordinated loan (due 1/18)(3)			22.6	22.9	22.6	22.9
		Common stock (631,049 shares)			4.2		4.2	
PODS, LLC	Storage and warehousing	Junior secured loan (9.3%, due 2/23)	17.3	17.5			17.3	17.5
SEHAC Holding Corporation(4)	HVAC installation, maintenance, and repair services	Convertible preferred stock (14,850 shares)			15.0	232.3	15.0	232.3
		Common stock (150 shares)			0.2	2.3	0.2	2.3
SocialFlow, Inc.	Social media optimization platform provider	Senior secured loan (9.5%, due 8/19)	3.9	4.0			3.9	4.0
		Warrant to purchase up to 215,331 shares of Series C preferred stock						
Spin HoldCo Inc.	Laundry service and equipment provider	Junior secured loan (8.0%, due 5/20)	140.0	133.0			140.0	133.0
Surface Dive, Inc.	SCUBA diver training and certification provider	Junior secured loan (9.0%, due 1/22)	53.7	53.7			53.7	53.7
		Junior secured loan (10.3%, due 1/22)	71.6	72.0			71.6	72.0
TWH Water Treatment Industries, Inc., TWH Filtration Industries, Inc. and TWH Infrastructure Industries, Inc.	Wastewater infrastructure repair, treatment and filtration holding company	Senior secured loan (10.3%, due 10/19)	5.4	5.4			5.4	5.4
		Senior secured loan (10.3%, due 10/19)	36.4	36.4			36.4	36.4
U.S. Security Associates Holdings, Inc	Security guard service provider	Junior secured loan (11%, due 7/18)	25.0	25.0			25.0	25.0
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc.	Laundry service and equipment provider	Junior secured loan (8.0%, due 5/23)	3.6	3.5			3.6	3.5
		Junior secured loan (8.0%, due 5/23)	20.9	20.2			20.9	20.2
Wrench Group LLC	Provider of essential home services to residential customers	Senior secured loan (7.8%, due 3/22)	10.0	10.0			10.0	10.0
Total			862.3	834.9	175.4	389.7	1,037.7	1,224.6
Consumer Products								
Bellotto Holdings Limited(4)	Provider of made-to-measure blinds	Redeemable preferred stock (7,300,610 shares)			40.5	42.1	40.5	42.1
		Common stock (2,697,010 shares)			92.2	118.7	92.2	118.7
BRG Sports, Inc.					2.5	3.0	2.5	3.0

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	Designer, manufacturer and licensor of branded sporting goods, reconditioning services and collectibles	Redeemable preferred stock (2,009 shares)				
		Common units (6,566,655 units)	0.7		0.7	
Delsey Holding S.A.S.	Designs, markets and distributes high-quality innovative travel luggage	Senior subordinated loan (13.5%, due 7/21)(2)	1.4	1.1	1.4	1.1
		Senior subordinated loan (13.5%, due 7/21)(2)	8.0	6.7	8.0	6.7

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	Senior secured loan (4.0%, due 3/19)	4.5	4.4			4.5	4.4
		Senior secured loan (6.6%, due 3/19)	9.5	9.1			9.5	9.1
		Senior secured loan (4.0%, due 3/19)	6.7	6.5			6.7	6.5
		Senior secured loan (6.6%, due 3/19)	50.1	48.1			50.1	48.1
		Common units (300 units)	3.7	3.6			3.7	3.6
FXI Holdings, Inc.	Producer of flexible polyurethane foam	Common stock (3,163 shares)				0.6		0.6
Group Montana, Inc.(4)	Leading designer, manufacturer and distributor of western-style accessories	Senior secured loan (6.3%, due 1/17)			5.2	5.2	5.2	5.2
		Convertible preferred stock (4,000 shares)			6.4	6.6	6.4	6.6
		Common stock (100% interest)			12.5	1.7	12.5	1.7
Indra Holdings Corp.	Designer, marketer, and distributor of rain and cold weather products	Junior secured loan (8.5%, due 11/21)	79.0	66.4			79.0	66.4
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of OTC healthcare products	Warrant to purchase up to 1,654,678 shares of common stock		1.4				1.4
		Warrant to purchase up to 1,120 shares of preferred stock		0.6				0.6
Oak Parent, Inc.	Manufacturer of athletic apparel	Senior secured loan (7.6%, due 4/18)	2.5	2.5			2.5	2.5
		Senior secured loan (7.6%, due 4/18)	7.9	7.9			7.9	7.9
PG-ACP Co-Invest, LLC	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units (1,000,0000 units)	1.0	2.2			1.0	2.2
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc.	Provider of branded lawn and garden products	Junior secured loan (9.5%, due 6/21)	2.0	2.0			2.0	2.0
		Junior secured loan (9.5%, due 6/21)	53.7	54.0			53.7	54.0
		Junior secured loan (9.5%, due 6/21)	10.0	10.0			10.0	10.0
		Common stock (30,000 shares)	3.0	4.6			3.0	4.6
RD Holdco Inc.(4)	Manufacturer of steam cleaning carpet care machines rented to consumers	Junior secured loan (11.3%, due 12/18)			15.5	16.6	15.5	16.6
		Common stock (458,596 shares)			23.6	19.8	23.6	19.8
		Warrant to purchase 56,372 shares of common stock			2.9	2.4	2.9	2.4
SHO Holding I Corporation	Manufacturer and distributor of slip resistant footwear	Junior secured loan (9.5%, due 4/23)	97.6	98.0			97.6	98.0

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Shock Doctor, Inc. and Shock Doctor Holdings, LLC(5)	Developer, marketer and distributor of sports protection equipment and accessories.	Junior secured loan (11.5%, due 10/21)	35.4	35.4	35.4	35.4
		Junior secured loan (11.5%, due 10/21)	54.0	54.0	54.0	54.0
		Class A preferred units (50,000 units)	5.0	5.2	5.0	5.2
		Class C preferred units (50,000 units)	5.0	5.2	5.0	5.2

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
The Hygenic Corporation	Designer, manufacturer and marketer of branded wellness products	Junior secured loan (9.8%, due 4/21)	70.0	67.9			70.0	67.9
The Step2 Company, LLC(4)	Toy manufacturer	Junior secured loan (10%, due 9/19)	27.5	27.6			27.5	27.6
		Junior secured loan (10%, due 9/19)	4.5	4.5			4.5	4.5
		Junior secured loan (due 9/19)(3)	30.8	20.9			30.8	20.9
		Common units (1,116,879 units)						
		Class B common units (126,278,000 units)						
		Warrant to purchase up to 3,157,895 units						
Varsity Brands Holding Co., Inc., Hercules Achievement, Inc., Hercules Achievement Holdings, Inc. and Hercules VB Holdings, Inc.	Leading manufacturer and distributor of textiles, apparel & luxury goods	Junior secured loan (9.8%, due 12/22)	55.1	55.6			55.1	55.6
		Junior secured loan (9.8%, due 12/22)	90.9	91.7			90.9	91.7
		Common stock (3,353,370 shares)	3.4	4.8			3.4	4.8
		Common stock (3,353,371 shares)	4.2	6.0			4.2	6.0
Total			717.0	700.1	211.4	224.5	928.4	924.6
Power Generation								
Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	Senior secured loan (12.5%, due 8/17)	3.8	3.5			3.8	3.5
		Series B preferred stock (74,449 shares)	0.3	0.1			0.3	0.1
		Warrant to purchase up to 59,524 units of Series B preferred stock	0.1	0.1			0.1	0.1
Bicent (California) Holdings LLC	Gas turbine power generation facilities operator	Senior subordinated loan (8.3%, due 2/21)	49.5	49.5			49.5	49.5
Brush Power, LLC	Gas turbine power generation facilities operator	Senior secured loan (6.3%, due 8/20)	44.7	44.7			44.7	44.7
		Senior secured loan (7.8%, due 8/20)	0.1	0.1			0.1	0.1
		Senior secured loan (6.3%, due 8/20)	2.3	2.3			2.3	2.3
		Senior secured loan (7.8%, due 8/20)						
		Senior secured loan (6.3%, due 8/20)	9.7	9.7			9.7	9.7
		Senior secured loan (7.8%, due 8/20)						
CEI Kings Mountain Investor, LP	Gas turbine power generation facilities operator	Senior subordinated loan (11.0%, due 3/17)(2)	29.9	30.0			29.9	30.0
			44.5	41.6			44.5	41.6

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CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan (10.0%, due 12/20)				
		Warrant to purchase up to 4 units of common stock				
DESRI VI Management Holdings, LLC	Wind power generation facility operator	Senior subordinated loan (9.8%, due 12/21)	25.0	25.0	25.0	25.0
		Non-Controlling units (10.0 units)	1.5	1.7	1.5	1.7
Grant Wind Holdings II, LLC	Wind power generation facility	Senior subordinated loan (10.0%, due 7/16)	23.4	24.2	23.4	24.2

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	Gas turbine power generation facilities operator	Senior secured loan (6.5%, due 11/21)	24.8	23.1			24.8	23.1
		Senior subordinated loan (13.3%, due 12/21)(2)	18.8	17.7			18.8	17.7
		Senior subordinated loan (13.3%, due 12/21)(2)	87.7	82.8			87.7	82.8
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	Senior secured loan (10.0%, due 10/18)	9.3	8.0			9.3	8.0
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock						
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant operator	Junior secured loan (due 2/20)(3)	9.2	2.1			9.2	2.1
Moxie Liberty LLC	Gas turbine power generation facilities operator	Senior secured loan (7.5%, due 8/20)	34.7	33.3			34.7	33.3
Moxie Patriot LLC	Gas turbine power generation facilities operator	Senior secured loan (6.8%, due 12/20)	34.7	32.4			34.7	32.4
Panda Power Annex Fund Hummel Holdings II LLC	Gas turbine power generation facilities operator	Senior subordinated loan (12.0%, due 10/16)	75.5	75.8			75.5	75.8
Panda Sherman Power, LLC	Gas turbine power generation facilities operator	Senior secured loan (9.0%, due 9/18)	32.0	28.2			32.0	28.2
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	Senior secured loan (7.3%, due 4/19)	19.8	16.8			19.8	16.8
Panda Temple Power, LLC	Gas turbine power generation facilities operator	Senior secured loan (7.3%, due 3/22)	23.6	20.3			23.6	20.3
PERC Holdings I LLC	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units (21,653,543 units)	21.7	21.7			21.7	21.7
Total			626.6	594.7			626.6	594.7
Manufacturing								
Cambrios Technologies Corporation	Nanotechnology-based solutions for electronic devices and computers	Warrant to purchase up to 400,000 shares of Series D-4 convertible preferred stock						
Chariot Acquisition, LLC	Distributor and designer of aftermarket golf cart parts and accessories	Senior secured loan (7.3%, due 9/21)	55.7	55.7	29.6	28.5	85.3	84.2
Component Hardware Group, Inc.	Commercial equipment	Senior secured revolving loan (5.5%, due 7/19)	2.2	2.2			2.2	2.2
			8.0	7.9			8.0	7.9

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		Senior secured loan (5.5%, due 7/19)					
Harvey Tool Company, LLC and Harvey Tool Holding, LLC	Cutting tool provider to the metalworking industry	Senior subordinated loan (11.0%, due 9/20)	27.9	27.9		27.9	27.9
		Class A membership units (750 units)	0.9	1.5		0.9	1.5
HCV1 S.A.S(4)	R&D designer of in-line inspection devices for product quality control	Senior secured loan (13.8%, due 2/20)(2)			3.6	3.5	3.6
		Common stock (14,569,412 shares)			26.1		26.1

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Ioxus, Inc	Energy storage devices	Senior secured loan (12.0%, due 6/18)(2)	10.0	8.7			10.0	8.7
		Warrant to purchase up to 3,038,730 shares of common stock Warrant to purchase up to 1,210,235 shares of Series BB preferred stock			0.2			0.2
KPS Global LLC	Walk-in cooler and freezer systems	Senior secured loan (9.6%, due 12/20)	40.0	40.0			40.0	40.0
MacLean-Fogg Company and MacLean-Fogg Holdings, L.L.C.	Manufacturer and supplier for the power utility and automotive markets worldwide	Senior subordinated loan (13.5%, due 10/25)(2)	97.7	97.7			97.7	97.7
		Preferred units (70,183 units)(2)	72.4	72.4			72.4	72.4
MWI Holdings, Inc.	Engineered springs, fasteners, and other precision components	Senior secured loan (7.4%, due 3/19)	9.4	9.4			9.4	9.4
		Senior secured loan (7.6%, due 3/19)						
		Senior secured loan (9.4%, due 3/19)	28.1	28.1			28.1	28.1
		Senior secured loan (9.4%, due 3/19)	19.9	19.9			19.9	19.9
Niagara Fiber Intermediate Corp.	Insoluble fiber filler products	Senior secured loan (6.8%, due 5/18)	1.4	1.1			1.4	1.1
		Senior secured revolving loan (6.8%, due 5/18)	1.9	1.5			1.9	1.5
		Senior secured loan (6.8%, due 5/18)	13.6	10.9			13.6	10.9
Nordco Inc.	Railroad maintenance-of-way machinery	Senior secured revolving loan (8.8%, due 8/20)	3.4	3.3			3.4	3.3
		Senior secured loan (7.3%, due 8/20)	70.1	68.7			70.1	68.7
		Senior secured loan (8.8%, due 8/20)	0.2	0.2			0.2	0.2
Pelican Products, Inc.	Flashlights	Junior secured loan (9.3%, due 4/21)	40.0	37.2			40.0	37.2
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)	1.0				1.0	
SI Holdings, Inc.	Elastomeric parts, mid-sized composite structures, and composite tooling	Common stock (1,500 shares)	1.5	1.8			1.5	1.8
TPTM Merger Corp.	Time temperature indicator products	Senior secured revolving loan (7.3%, due 9/18)	0.8	0.7			0.8	0.7
		Senior secured loan (9.4%, due 9/18)	22.0	21.8			22.0	21.8
		Senior secured loan (9.4%, due 9/18)	10.0	9.9			10.0	9.9
WP CPP Holdings, LLC	Precision engineered castings	Junior secured loan (8.8%, due 4/21)			19.6	17.1	19.6	17.1
Zodiac Marine and Pool S.A.	Boat equipment and marine products	Junior secured loan (due 3/17)(3)			25.7	0.4	25.7	0.4

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manufacturer	Senior subordinated loan (due 9/17)(3)	38.8	0.2	38.8	0.2		
Total		538.1	528.7	143.4	49.7	681.5	578.4

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Education								
BarBri, Inc.	Provider of preparatory services for the bar exam	Senior secured loan (4.5%, due 7/19)			4.0	3.1	4.0	3.1
Campus Management Corp. and Campus Management Acquisition Corp.(5)	Education software developer	Preferred stock (485,159 shares)	10.5	10.7			10.5	10.7
Infilaw Holding, LLC	Operator of for-profit law schools	Senior secured loan (11.5%, due 1/17)(2)	3.4	3.4			3.4	3.4
		Series A preferred units (124,890 units)(2)	124.9	113.7			124.9	113.7
		Series B preferred units (1.96 units)	9.2	5.0			9.2	5.0
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private School Operator	Senior secured loan (10.5%, due 12/18)(2)	1.7	1.7			1.7	1.7
		Series B preferred stock (1,750,000 shares)	5.0				5.0	
		Series C preferred stock (2,512,586 shares)	0.7				0.7	
		Senior preferred series A-1 shares (163,902 shares)	119.4	90.3			119.4	90.3
		Common stock (20 shares)						
Lakeland Tours, LLC	Educational travel provider	Senior secured loan (5.8%, due 2/22)	18.9	19.1			18.9	19.1
		Senior secured loan (10.5%, due 2/22)	43.2	43.7			43.2	43.7
OnCourse Learning Corporation	Provider of state and federally mandated education and training solutions	Senior secured loan (8.5%, due 2/19)			19.4	19.4	19.4	19.4
PIH Corporation and Primrose Holding Corporation(5)	Franchisor of education-based early childhood centers	Senior secured revolving loan (7.0%, due 12/18)	0.6	0.6			0.6	0.6
		Common stock (7,227 shares)				8.1		8.1
R3 Education, Inc. and EIC Acquisitions Corp.	Medical school operator	Preferred stock (1,977 shares)	0.5	0.5			0.5	0.5
		Common membership interest (15.76% interest)	15.8	29.4			15.8	29.4
		Warrant to purchase up to 27,890 shares						
Regent Education, Inc.	Provider of software solutions designed to optimize the financial aid and enrollment processes	Senior secured loan (12.0%, due 1/18)	3.9	3.9			3.9	3.9
		Warrant to purchase up to 987,771 shares of Series CC preferred stock		0.1				0.1
Severin Acquisition, LLC	Provider of student information system software solutions to K-12 education market	Junior secured loan (9.8%, due 7/22)	4.1	4.1	29.4	29.4	33.5	33.5
		Junior secured loan (10.3%, due 7/22)	3.2	3.3			3.2	3.3

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		Junior secured loan (9.8%, due 7/22)	14.7	14.8		14.7	14.8
WCI-Quantum Holdings, Inc.	Distributor of instructional products, services and resources	Series A preferred stock (1,272 shares)	1.0	1.1		1.0	1.1
Total			380.7	345.4	52.8	60.0	433.5

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Oil and Gas								
EXPL Pipeline Holdings LLC(4)	Common-carrier pipeline system that transports petroleum products	Senior secured loan (8.1%, due 1/17)			40.7	41.9	40.7	41.9
		Common membership units (100,000 units)			60.6	38.1	60.6	38.1
Lonestar Prospects, Ltd.	Sand proppant producer and distributor to the oil and natural gas industry	Senior secured loan (8.5%, due 9/18)(2)	24.9	23.7			24.9	23.7
		Senior secured loan (8.5%, due 9/18)(2)	48.6	46.2			48.6	46.2
Petroflow Energy Corporation	Oil and gas exploration and production company	Senior secured loan (due 7/17)(3)	49.3	18.4			49.3	18.4
Primexx Energy Corporation	Privately-held oil and gas exploration and production company	Junior secured loan (10.0%, due 1/20)	124.5	112.5			124.5	112.5
UL Holding Co., LLC and Universal Lubricants, LLC(5)	Manufacturer and distributor of re-refined oil products	Junior secured loan (3.6%, due 12/16)	8.7	11.6			8.7	11.6
		Junior secured loan (3.6%, due 12/16)	37.0	49.3			37.0	49.3
		Junior secured loan (3.6%, due 12/16)	4.3	5.7			4.3	5.7
		Class A common units (533,351 units)	5.0				5.0	
		Class B-5 common units (272,834 units)	2.5				2.5	
		Class C common units (758,546 units)						
		Warrant to purchase up to 702,665 shares of Class A units						
		Warrant to purchase up to 28,009 shares of Class B-1 units						
		Warrant to purchase up to 56,019 shares of Class B-2 units						
		Warrant to purchase up to 28,969 shares of Class B-3 units						
		Warrant to purchase up to 78,540 shares of Class B-5 units						
		Warrant to purchase up to 58,296 shares of Class B-6 units						
		Warrant to purchase up to 1,022,856 shares of Class C units						
Total			304.8	267.4	101.3	80.0	406.1	347.4
Containers and Packaging								
Charter NEX US Holdings, Inc.	Producer of high-performance specialty films used in flexible packaging	Junior secured loan (9.3%, due 2/23)	15.8	15.7			15.8	15.7
GS Pretium Holdings, Inc.	Manufacturer and supplier of high performance plastic	Common stock (500,000 shares)	0.5	0.4			0.5	0.4

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containers							
ICSH, Inc. and Industrial Container Services, LLC	Industrial container manufacturer, reconditioner and servicer	Senior secured revolving loan (8.3%, due 12/18)	1.0	1.0		1.0	1.0
		Senior secured loan (6.8%, due 12/18)			49.7	49.7	49.7
		Junior secured loan (10.0%, due 12/19)	66.0	66.0		66.0	66.0
		Junior secured loan (10.2%, due 12/19)			9.9	9.9	9.9

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
LBP Intermediate Holdings LLC	Manufacturer of paper and corrugated foodservice packaging	Senior secured loan (6.5%, due 7/20)	24.3	24.6			24.3	24.6
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Junior secured loan (8.5%, due 12/18)	78.5	78.5			78.5	78.5
		Junior secured loan (8.5%, due 12/18)	54.0	54.0			54.0	54.0
		Junior secured loan (8.5%, due 12/18)	10.0	10.0			10.0	10.0
		Common stock (50,000 shares)	3.9	7.4			3.9	7.4
Ranpak Corp.	Manufacturer of paper-based protective packaging systems and materials	Junior secured loan (8.3%, due 10/22)			25.0	22.0	25.0	22.0
Total			254.0	257.6	84.6	81.6	338.6	339.2
Restaurants and Food Services								
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	Restaurant owner and operator	Senior secured loan (9.3%, due 12/18)	28.6	26.3			28.6	26.3
		Senior secured loan (9.3%, due 12/18)	10.9	10.1			10.9	10.1
		Promissory note (\$22,797 par due 12/2023)	13.8	8.4			13.8	8.4
		Warrant to purchase up to 23,750 units of Series D common stock						
Benihana, Inc.	Restaurant owner and operator	Senior secured revolving loan (8.3%, due 7/18)	0.5	0.5			0.5	0.5
		Senior secured loan (7.3%, due 1/19)	4.8	4.6			4.8	4.6
DineInFresh, Inc.	Meal-delivery provider	Senior secured loan (9.8%, due 7/18)	6.9	7.0			6.9	7.0
		Warrant to purchase up to 143,079 shares of Series A preferred stock						
Garden Fresh Restaurant Corp.	Restaurant owner and operator	Senior secured revolving loan (10.5%, due 7/18)	1.1	1.1			1.1	1.1
		Senior secured loan (10.5%, due 7/18)	40.1	40.1			40.1	40.1
Global Franchise Group, LLC and GFG Intermediate Holding, Inc.	Worldwide franchisor of quick service restaurants	Senior secured loan (10.5%, due 12/19)	62.5	62.5			62.5	62.5
Heritage Food Service Group, Inc. and WCI-HFG Holdings, LLC	Distributor of repair and replacement parts for commercial kitchen equipment	Junior secured loan (9.5%, due 10/22)	31.7	30.7			31.7	30.7
		Preferred units (3,000,000 units)	3.0	2.7			3.0	2.7
Orion Foods, LLC(4)			1.4	0.5			1.4	0.5

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Convenience food service retailer	Senior secured loan (due 9/15)(3)
	Junior secured loan (due 9/15)(3)
	Preferred units (10,000 units)
	Class A common units (25,001 units)
	Class B common units (1,122,452 units)

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
OTG Management, LLC	Airport restaurant operator	Senior secured revolving loan (8.8%, due 12/17)	2.3	2.3			2.3	2.3
		Senior secured loan (8.8%, due 12/17)	12.5	12.5			12.5	12.5
		Senior secured loan (8.8%, due 12/17)	22.1	22.1			22.1	22.1
		Senior secured loan (8.8%, due 12/17)	24.7	24.7			24.7	24.7
		Common units (3,000,000 units)	3.0	11.5			3.0	11.5
		Warrant to purchase up to 7.73% of common units	0.1	23.0			0.1	23.0
Restaurant Holding Company, LLC	Fast food restaurant operator	Senior secured loan (8.8%, due 2/19)	36.0	35.1			36.0	35.1
Total			306.0	325.7			306.0	325.7
Automotive Services								
AEP Holdings, Inc. and Arrowhead Holdco Company	Distributor of non-discretionary, mission-critical aftermarket replacement parts	Senior secured loan (7.3%, due 8/21)	45.4	44.4			45.4	44.4
		Senior secured loan (8.8%, due 8/21)	0.8	0.8			0.8	0.8
		Senior secured loan (8.3%, due 8/21)	10.0	10.0			10.0	10.0
		Common stock (2,832 shares)	2.8	2.6			2.8	2.6
American Driveline Systems, Inc.(4)	Franchisor of automotive transmission repair centers	Senior subordinated loan (11.0%, due 3/21)(2)			49.0	49.0	49.0	49.0
		Redeemable preferred stock (7,121 shares)			83.5	9.7	83.5	9.7
		Common stock (289,215 shares)			18.2		18.2	
CH Hold Corp.	Collision repair company	Senior secured revolving loan (6.3%, due 11/19)	1.2	1.2			1.2	1.2
ChargePoint, Inc.	Developer and operator of electric vehicle charging stations	Senior secured loan (9.8%, due 7/19)	9.8	10.0			9.8	10.0
		Senior secured loan (9.8%, due 1/19)	9.6	10.0			9.6	10.0
		Warrant to purchase up to 404,563 shares of Series E preferred stock	0.3	0.3			0.3	0.3
Dent Wizard International Corporation and DWH Equity Investors, L.P.	Automotive reconditioning services	Junior secured loan (10.3%, due 10/20)	50.0	50.0			50.0	50.0
		Class A common stock (10,000 shares)	0.3	0.5			0.3	0.5
		Class B common stock (20,000 shares)	0.7	1.0			0.7	1.0
Eckler Industries, Inc.	Restoration parts and accessories provider for classic automobiles	Senior secured revolving loan (8.5%, due 7/17)	2.0	1.9			2.0	1.9
		Senior secured loan (7.3%, due 7/17)	7.0	6.6			7.0	6.6
			26.4	24.8			26.4	24.8

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Senior secured loan (7.3%, due 7/17)		
Series A preferred stock (1,800 shares)	1.8	1.8
Common stock (20,000 shares)	0.2	0.2

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
EcoMotors, Inc.	Engine developer	Senior secured loan (11.0%, due 3/18)	10.9	11.5			10.9	11.5
		Warrant to purchase up to 321,888 shares of Series C preferred stock		0.3				0.3
		Warrant to purchase up to 70,000 shares of Series C preferred stock		0.1				0.1
Simpson Performance Products, Inc.	Provider of motorsports safety equipment	Senior secured loan (9.8%, due 2/20)	24.5	24.5			24.5	24.5
SK SPV IV, LLC	Collision repair site operators	Series A common stock (12,500 units)	0.6	2.7			0.6	2.7
		Series B common stock (12,500 units)	0.6	2.7			0.6	2.7
TA THI Buyer, Inc. and TA THI Parent, Inc.	Collision repair company	Junior secured loan (9.8%, due 1/21)			41.0	41.9	41.0	41.9
		Series A preferred stock (50,000 shares)	5.0	9.8			5.0	9.8
		Convertible preferred stock (25,000 shares)			2.5	3.3	2.5	3.3
Total			209.9	215.7	194.2	103.9	404.1	319.6
Food and Beverage								
American Seafoods Group LLC and American Seafoods Partners LLC	Harvester and processor of seafood	Senior secured revolving loan (7.5%, due 8/21)	1.0	1.0			1.0	1.0
		Senior secured loan (6.0%, due 8/21)	19.4	19.1			19.4	19.1
		Junior secured loan (10.0%, due 2/22)	55.0	53.3			55.0	53.3
		Class A units (77,922 units)	0.1	0.1			0.1	0.1
		Warrant to purchase up to 7,422,078 Class A units	7.4	8.2			7.4	8.2
Eagle Family Foods Group LLC	Manufacturer and producer of milk products	Senior secured loan (10.1%, due 12/21)	4.7	4.8			4.7	4.8
		Senior secured loan (10.1%, due 12/21)	49.6	50.0			49.6	50.0
FPI Holding Corporation(4)	Distributor of stone fruits, grapes, persimmons, pomegranates and Asian pears	Senior secured loan (due 7/16)(3)			0.4		0.4	
GF Parent LLC	Producer of low-acid, aseptic food and beverage products	Class A Preferred Units (2,940 units)	3.0	2.2			3.0	2.2
		Class A Common Units (59,999.74 units)	0.1				0.1	
Kettle Cuisine, LLC	Manufacturer of fresh refrigerated and frozen food products	Junior secured loan (10.8%, due 2/22)	28.5	28.5			28.5	28.5
KeyImpact Holdings, Inc. and JWC/KI Holdings, LLC	Foodservice sales and marketing agency	Senior secured loan (7.1%, due 11/21)	46.1	46.1			46.1	46.1
		Membership units	5.0	5.7			5.0	5.7
NECCO Holdings, Inc.(4)	Confectioner				9.7	7.9	9.7	7.9

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		Senior secured loan (due 11/16)(3)				
		Junior secured loan (due 11/16)(3)	3.1		3.1	
		Common stock (860,189 shares)	0.1		0.1	
Teasdale Foods, Inc.	Provider of store brand and branded bean and hominy products	Junior secured loan (8.8%, due 10/21)	31.5	30.4	31.5	30.4
Total			219.9	219.0	44.8	38.3
					264.7	257.3

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Environmental Services								
RE Community Holdings II, Inc., Pegasus Community Energy, LLC., and MPH Energy Holdings, LP	Operator of municipal recycling facilities	Preferred stock (1,000 shares)	8.9				8.9	
		Limited partnership interest						
Soil Safe Acquisition Corp.(4)	Provider of environmental services for lightly contaminated soil	Senior secured loan (8.0%, due 1/18 12/18)			20.3	20.4	20.3	20.4
		Junior secured loan (10.8%, due 7/19)			12.7	12.7	12.7	12.7
		Senior subordinated loan (16.2%, due 12/19)(2)			73.6	73.7	73.6	73.7
		Common stock (810 shares)			9.0	11.6	9.0	11.6
Waste Pro USA, Inc	Waste management services	Junior secured loan (8.5%, due 10/20)	76.5	76.5			76.5	76.5
Total			85.4	76.5	115.6	118.4	201.0	194.9
Wholesale Distribution								
Bensussen Deutsch & Associates, LLC	Full-service branded merchandising agency	Junior secured loan (14.0%, due 9/19)(2)			41.3	44.7	41.3	44.7
		Common stock (1,224,089 shares)			2.2	15.7	2.2	15.7
CPI Buyer, LLC	Marketer, distributor and manufacturer of products specializing in fluid handling, test and measurement and electrochemistry	Junior secured loan (8.5%, due 8/22)			24.7	23.7	24.7	23.7
Flow Solutions Holdings, Inc.	Distributor of high value fluid handling, filtration and flow control products	Junior secured loan (10.0%, due 10/18)	6.0	5.7			6.0	5.7
		Junior secured loan (10.0%, due 10/18)	29.5	28.0			29.5	28.0
Kele Holdco, Inc.	Distributor of peripheral control products used in building automation systems of commercial buildings	Senior secured loan (7.0%, due 10/20 10/22)			71.3	71.3	71.3	71.3
		Common stock (30,000 shares)			3.0	3.0	3.0	3.0
Total			35.5	33.7	142.5	158.4	178.0	192.1
Commercial Real Estate Finance								
10th Street, LLC and New 10th Street, LLC(4)	Real estate holding company	Senior secured loan (13.0%, due 11/19)(2)	25.4	25.4			25.4	25.4
		Senior subordinated loan (13.0%, due 11/19)(2)	27.3	27.3			27.3	27.3
		Member interest Option (25,000 units)	0.6	44.5			0.6	44.5
ACAS Real Estate Holdings Corporation(4)	Real estate holding company	Common stock (100% interest)			4.5	9.9	4.5	9.9
	Hotel operator				3.2			3.2

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Crescent Hotels & Resorts, LLC and affiliates(4)		Senior subordinated loan (15.0%, due 9/11)				
		Common equity interest				
Crossroads Equity Holdings LLC	Commercial real estate loan	Senior secured loan (5.9%, due 6/18)	3.2	2.9	3.2	2.9
Lenox Park C-F Owner, LLC	Commercial real estate loan	Senior secured loan (5.2%, due 4/18)	17.0	16.6	17.0	16.6
M-IV Lake Center LLC	Commercial real estate loan	Senior secured loan (5.7%, due 12/17)	7.0	6.6	7.0	6.6

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
NECCO Realty Investments, LLC(4)	Confectionery production facility	Senior secured loan (due 12/17)(3)			32.8	24.9	32.8	24.9
		Common membership units (7,450 units)			4.9		4.9	
Parmenter Woodland Park Plaza, LLC	Commercial real estate loan	Senior secured loan (5.3%, due 9/18)			17.5	16.2	17.5	16.2
Total			53.3	100.4	86.9	77.1	140.2	177.5
Aerospace and Defense								
Cadence Aerospace, LLC	Aerospace precision components manufacturer	Senior secured loan (6.5%, due 5/18)	4.0	4.1			4.0	4.1
		Junior secured loan (10.5%, due 5/19)	79.7	77.3			79.7	77.3
CAMP International Holding Company	Provider of subscription-based maintenance tracking information services to the corporate aviation market	Junior secured loan (8.3%, due 11/19)			15.0	13.7	15.0	13.7
Jazz Acquisition, Inc.	Manufacturer and distributor of components for the commercial aerospace, business, military and general aviation markets	Junior secured loan (7.8%, due 6/22)			24.9	18.8	24.9	18.8
Photonis Technologies SAS	Services photo sensor technology needs for Industry & Science, Medical Imaging and Night Vision	Senior secured loan (8.5%, due 9/19)			29.4	29.2	29.4	29.2
Wesco Aircraft Hardware Corp.	Provider of innovative supply chain management solutions to the global aerospace industry	Senior secured loan (3.3%, due 2/21)			1.7	1.6	1.7	1.6
Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Senior preferred stock (775 shares)(2)	0.1	0.1			0.1	0.1
		Common stock (1,885,195 shares)	2.3	2.6			2.3	2.6
Total			86.1	84.1	71.0	63.3	157.1	147.4
Computers and Electronics								
Everspin Technologies, Inc.	Designer and manufacturer of computer memory solutions	Senior secured revolving loan (7.3%, due 6/17)	1.5	1.5			1.5	1.5
		Senior secured loan (8.8%, due 6/19)	7.6	7.9			7.6	7.9
		Warrant to purchase up to 480,000 shares of Series B preferred stock	0.3	0.3			0.3	0.3
Liquid Robotics, Inc.	Ocean data services provider utilizing long duration, autonomous	Senior secured loan (9.0%, due 5/19)	4.9	5.0			4.9	5.0

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	surface vehicles	Warrant to purchase up to 50,263 shares of Series E preferred stock	0.1	0.1	0.1	0.1
Mobipark S.A.S.	On-street parking management solutions and Pay & Display systems	Senior secured loan (0.7%, due 10/17 12/17)		2.2	2.2	2.2
		Senior secured loan (2.1%, due 12/17)		3.8	3.4	3.8
		Convertible preferred stock (28,317,268 shares)		9.1	28.2	9.1
		Redeemable preferred stock (25,751,312 shares)		7.2	31.0	7.2

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Scanner Holdings Corporation(4)	Developer, manufacturer and distributor of high-speed, high-capacity document image scanners	Senior subordinated loan (14.0%, due 6/22)			16.6	16.6	16.6	16.6
		Convertible preferred stock (66,424,135 shares)			8.9	6.2	8.9	6.2
		Common stock (167,387 shares)			0.1		0.1	
Southwire Company, LLC	Manufactures and supplies wires and cables for various markets in North America	Senior secured loan (3.2%, due 2/21)			8.0	7.6	8.0	7.6
Total			14.4	14.8	55.9	95.2	70.3	110.0
Hotel Services								
Aimbridge Hospitality, LLC	Hotel operator	Senior secured loan (8.3%, due 10/18)	2.9	2.9			2.9	2.9
		Senior secured loan (8.3%, due 10/18)	3.3	3.3			3.3	3.3
		Senior secured loan (8.3%, due 10/18)	14.8	15.0			14.8	15.0
Castle Management Borrower LLC	Hotel operator	Senior secured loan (5.5%, due 9/20)	5.9	5.9			5.9	5.9
		Junior secured loan (11.0%, due 3/21)	10.0	10.0			10.0	10.0
		Junior secured loan (11.0%, due 3/21)	55.0	55.0			55.0	55.0
Total			91.9	92.1			91.9	92.1
Telecommunications								
Adaptive Mobile Security Limited	Developer of security software for mobile communications networks	Senior secured loan (10.0%, due 7/18)	2.9	3.1			2.9	3.1
		Senior secured loan (10.0%, due 10/18)	0.8	0.8			0.8	0.8
American Broadband Communications, LLC, American Broadband Holding Company, and Cameron Holdings of NC, Inc.	Broadband communication services	Warrant to purchase up to 208 shares		7.2				7.2
		Warrant to purchase up to 200 shares		6.9				6.9
Iotum Global Holdings, Inc.	Conference calling provider	Senior secured loan (10.0%, due 5/17)(2)			1.3	1.3	1.3	1.3
LTG Acquisition, Inc.	Manufacturer of display, lighting and passenger communication systems for global mass transportation markets	Junior secured loan (9.0%, due 10/20)			46.0	42.2	46.0	42.2
		Common stock (5,000 shares)			5.0	3.6	5.0	3.6
Startec Equity, LLC(4)	Communication services	Member interest						
Wilcon Holdings LLC	Communications infrastructure provider	Class A common stock (2,000,000 shares)	1.8	2.9			1.8	2.9

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Total			5.5	20.9	52.3	47.1	57.8	68.0
Chemicals								
Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products	Warrant to purchase 322,422 shares of Series D preferred stock						
K2 Pure Solutions Nocal, L.P.	Chemical Producer	Senior secured loan (7.0%, due 2/21)	14.0	14.0			14.0	14.0
		Senior secured loan (7.0%, due 2/21)	26.0	26.0			26.0	26.0
		Senior secured loan (7.0%, due 2/21)	13.0	13.0			13.0	13.0

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Kinestral Technologies, Inc.	Designer of adaptive, dynamic glass for the commercial and residential markets.	Senior secured loan (8.8%, due 10/18)	9.8	10.0			9.8	10.0
		Warrant to purchase up to 325,000 shares of Series A preferred stock	0.1	0.2			0.1	0.2
		Warrant to purchase up to 131,883 shares of Series B preferred stock						
Liquid Light, Inc.	Developer and licensor of process technology for the conversion of carbon dioxide into major chemicals	Senior secured loan (10.0%, due 11/17)	2.3	2.4			2.3	2.4
		Warrant to purchase up to 86,009 shares of Series B preferred stock	0.1	0.1			0.1	0.1
Total			65.3	65.7			65.3	65.7
Housing-Building Materials								
DiversiTech Corporation	Manufacturer & marketer of parts, supplies, and accessories to HVACR industry	Junior secured loan (9.0%, due 11/22)			9.4	9.4	9.4	9.4
Financière Newglass S.A.S.	Manufacturer and distributor of dual-pane insulated glass for windows	Convertible preferred stock (15,000,000 shares)			18.2	16.4	18.2	16.4
Financière OFIC S.A.S.	Designs, produces, and markets lightweight materials for roofing products	Warrants				3.0		3.0
Hallex Holdings, Inc.(4)	Manufacturer and Distributer of floor covering installation products	Junior secured loan (due 1/18)(3)			15.6	15.6	15.6	15.6
		Common stock (51,853 shares)			9.2	13.1	9.2	13.1
Total					52.4	57.5	52.4	57.5
Retail								
Galls, LLC	Distributes public safety equipment and apparel	Junior secured loan (9.5%, due 6/17 8/21)			31.6	31.6	31.6	31.6
Modacin France S.A.S.	European retailer of women's ready-to-wear clothing	Senior subordinated loan (due 11/19)(3)			11.7		11.7	
Paper Source, Inc. and Pine Holdings, Inc.	Retailer of fine and artisanal paper products	Senior secured loan (7.3%, due 9/18)	9.8	9.8			9.8	9.8
		Class A Common Stock (36,364 shares)	6.0	8.0			6.0	8.0
Things Remembered, Inc. and TRM Holdings Corporati	Personalized gifts retailer	Senior secured loan (due 5/17)(3)	4.1	1.8			4.1	1.8
		Senior secured loan (due 5/18)(3)	12.6	5.5			12.6	5.5

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Total			32.5	25.1	43.3	31.6	75.8	56.7
Health Clubs								
Athletic Club Holdings, Inc.	Premier health club operator	Senior secured loan (9.5%, due 10/20)	41.0	41.0			41.0	41.0
CFW Co-Invest, L.P., NCP Curves, L.P. and Curves International Holdings, Inc.	Health club franchisor	Limited partnership interest	4.2				4.2	
		Common stock (1,680 shares)						
		Limited partnership interest	2.2	6.6			2.2	6.6
Total			47.4	47.6			47.4	47.6

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Company	Business Description	Investment	Ares Capital		American Capital		Pro Forma Combined	
			Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Printing, Publishing and Media								
Batanga, Inc.	Independent digital media company	Senior secured loan (12.0%, due 12/16)	9.9	10.0			9.9	10.0
Earthcolor Group, LLC	Printing management services	Limited liability company interests (9.30%)						
Rebellion Media Group Corp.(4)	Diversified digital media company	Senior secured loan (due 7/16)(3)			12.3	3.9	12.3	3.9
Roark Money Mailer, LLC(5)	Shared mail direct marketing company	Common membership units (6% interest)			0.7	1.7	0.7	1.7
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (10,663 shares)	1.1	4.1			1.1	4.1
		Common stock (15,393 shares)						
Total			11.0	14.1	13.0	5.6	24.0	19.7
Total Investments before Pro Forma Adjustments			9,170.3	9,072.1	4,724.8	4,737.3	13,895.1	13,809.4
Pro Forma Adjustments:								
Actual exits and repayments of American Capital investments between April 1, 2016 and July 1, 2016(6)					(873.2)	(1,476.2)	(873.2)	(1,476.2)
Investments expected to be sold pursuant to contractual agreements as of July 1, 2016(7)					(131.0)	(86.5)	(131.0)	(86.5)
Estimated Purchase Price Allocation Adjustment(1)								(184.4)
Total Investments			\$ 9,170.3	\$ 9,072.1	\$ 3,720.6	\$ 3,174.6	\$ 12,890.9	\$ 12,062.3

- (1) Upon consumation of the Merger and in accordance with ASC 805-50, Business Combinations-Related Issues, we will be required to allocate the purchase price of American Capital's assets based on our estimate of fair value and record such fair value as the cost basis and initial fair value of each such investment in our financial statements. In this regard, our management determined that the aggregate adjustment to American Capital's investments approximates \$184 million. As a result, such adjustment has been reflected in a single line item entitled "Estimated Purchase Price Allocation Adjustment." However, a final determination of the fair value of American Capital's investments will be made after the Merger is completed and, as a result, the actual amount of this adjustment may vary from the preliminary amount set forth herein. Thus, the information set forth in the columns reflect historical amounts and have not been individually adjusted to reflect the Estimated Purchase Price Allocation Adjustment.
- (2) Has a payment-in-kind (PIK) interest feature.
- (3) Loan is on non-accrual status at March 31, 2016.
- (4) As defined in the Investment Company Act, the combined company "Controls" this portfolio company because it owns 25% or more of its outstanding voting securities and/or the combined company has the power to exercise control over the management or policies of the portfolio company.

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- (5) As defined in the Investment Company Act, the combined company is an "Affiliated Person" to this portfolio company because it owns 5% or more of its outstanding voting securities and/or the combined company has the power to exercise control over the management or policies of the portfolio company (including through a management agreement).
- (6) Includes actual exits and repayments of American Capital's investments occurring between April 1, 2016 and July 1, 2016, including the Mortgage Manager Sale.
- (7) Includes investments expected to be sold pursuant to contractual agreements as of July 1, 2016. We and American Capital cannot assure you that it will sell all or any portion of these investments.

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed consolidated financial information related to the Mergers is included as of and for the three months ended March 31, 2016 and for the year ended December 31, 2015. On May 23, 2016, we and American Capital entered into the Merger Agreement. For the purposes of the pro forma condensed consolidated financial statements, the purchase price is approximately \$3.3 billion in total cash and stock consideration which is based upon a price of \$14.25 per share of Ares Capital common stock as of July 1, 2016 and an implied value per share of American Capital common stock of \$13.29. The pro forma adjustments included herein reflect the conversion of American Capital common stock into Ares Capital common stock using an exchange ratio of 0.483 of a share of Ares Capital common stock, for each of the approximately 229.3 million shares of American Capital common stock outstanding. Each share of American Capital common stock issued and outstanding immediately prior to the effective time of the Mergers will also be entitled to (1) \$6.41 per share in cash from Ares Capital, (2) \$1.20 per share in cash (representing an aggregate amount of approximately \$275) from Ares Capital Management, acting solely on its own behalf and (3) certain Ares Capital dividend make-up amounts, if applicable. Separately, upon completion of the Mergers, each share of American Capital common stock will also be entitled to receive \$2.45 per share in cash, which amount represents the per share cash consideration to be paid to American Capital as a result of the completion of the Mortgage Manager Sale, which occurred on July 1, 2016.

The merger of Acquisition Sub with and into American Capital will be accounted for as an asset acquisition of American Capital by Ares Capital in accordance with the asset acquisition method of accounting as detailed in ASC 805-50, *Business Combinations-Related Issues*. The fair value of the merger consideration paid by us is allocated to the assets acquired and liabilities assumed based on their relative fair values as of the date of acquisition and will not give rise to goodwill. If the fair value of the net assets acquired exceeds the fair value of the merger consideration paid by us, then we would recognize a deemed contribution from Ares Capital Management in an amount up to approximately \$275. If the fair value of the net assets acquired exceeds the fair value of the merger consideration paid by us and by Ares Capital Management, then we would recognize a purchase accounting gain. Alternatively, if the fair value of the net assets acquired is less than the fair value of the merger consideration paid by us, then we would recognize a purchase accounting loss. As indicated in Note 2 below regarding the preliminary pro forma purchase price allocation calculated as of March 31, 2016, the estimated fair value of the net assets acquired on a pro forma basis exceeds the estimated fair value of the merger consideration paid by us resulting in the recognition of a deemed contribution from Ares Capital Management of approximately \$39, which would be recorded by Ares Capital in the period the Mergers are completed.

Under the Investment Company Act, the regulations pursuant to Article 6 of Regulation S-X and the American Institute of Certified Public Accountants' Audit and Accounting Guide for Investment Companies, we are precluded from consolidating any entity other than another investment company or an operating company which provides substantially all of its services and benefits to us. Our financial statements include its accounts and the accounts of all our consolidated subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

In determining the fair value of the assets to be acquired, we follow ASC 820-10, *Fair Value Measurements*, which expands the application of fair value accounting. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure of fair value measurements. ASC 820-10 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires us to assume that the portfolio investment is sold in its principal market to market participants, or in the absence of a principal market, the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able

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to transact. In accordance with ASC 820-10, we have considered its principal market as the market in which Ares Capital exits its portfolio investments with the greatest volume and level of activity. ASC 820-10 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with ASC 820-10, these inputs are summarized in the three broad levels listed below:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that Ares Capital has the ability to access.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In addition to using the above inputs in investment valuations, we continue to employ the net asset valuation policy approved by our board of directors that is consistent with ASC 820-10. Consistent with our valuation policy, it evaluates the source of inputs, including any markets in which our investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. Our valuation policy considers the fact that because there is not a readily available market value for most of the investments in our portfolio, the fair value of its investments must typically be determined using unobservable inputs.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we may realize significantly less than the value at which we have recorded it. As of March 31, 2016, substantially all of the investments held by us and American Capital are Level 3 investments.

The following table presents fair value measurements of investments for the pro forma combined company as of March 31, 2016:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments not measured at net asset value(1)	\$ 11,929	\$ 8	\$ 382	\$ 11,539
Investments measured at net asset value(1)	133			
Total Investments	\$ 12,062			

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

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The following table presents changes in investments that use Level 3 inputs between the actual March 31, 2016 amounts and those presented for the pro forma combined company as of March 31, 2016:

	Actual Ares Capital	Actual American Capital	Pro Forma Adjustments	Pro Forma Combined Ares Capital
Actual balance as of March 31, 2016	\$ 9,057	\$ 4,168		\$ 13,225
Estimated purchase price allocation adjustment			(181)	(181)
Actual exits and repayments of American Capital investments between April 1, 2016 and July 1, 2016		(1,418)		(1,418)
Investments expected to be sold pursuant to contractual agreements as of July 1, 2016		(87)		(87)
Net transfers in and/or out of Level 3				
Pro Forma Balance as of March 31, 2016	\$ 9,057	\$ 2,663	\$ (181)	\$ 11,539

As of March 31, 2016, the net unrealized depreciation on the investments that use Level 3 inputs for the pro forma combined company was \$110.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than would be realized based on the valuations currently assigned.

The unaudited pro forma condensed consolidated financial information includes preliminary estimated purchase price allocation adjustments to record the assets and liabilities of American Capital at their respective estimated fair values and represents our estimates based on available information. The pro forma adjustments included herein may be revised as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the Mergers are completed and after completion of a final analysis to determine the estimated fair values of American Capital's assets and liabilities as of the effective time of the Mergers. Accordingly, the final purchase accounting adjustments and integration charges may be materially different from the pro forma adjustments presented in this prospectus. Increases or decreases in the estimated fair values of the net assets and other items of American Capital as compared to the information shown in this prospectus may change the amount of the purchase price recognized as a deemed contribution, income or loss in accordance with ASC 805-50.

The unaudited pro forma condensed consolidated financial information presented in this prospectus is for illustrative purposes only and does not necessarily indicate the results of operations or the combined financial position that would have resulted had the Mergers been completed at the beginning of the applicable period presented, nor the impact of expense efficiencies, asset dispositions, share repurchases and other factors. The unaudited pro forma condensed consolidated financial information is not indicative of the results of operations in future periods or the future financial position of the combined company.

2. Preliminary Purchase Accounting Allocations

The unaudited pro forma condensed consolidated financial information includes the unaudited pro forma condensed consolidated balance sheet as of March 31, 2016 assuming the Mergers and the Other Pro Forma Transactions had been completed on March 31, 2016. The unaudited pro forma condensed consolidated income statements for the three months ended March 31, 2016 and for the year ended December 31, 2015 were prepared assuming the Mergers and the Other Pro Forma Transactions had been completed on December 31, 2014.

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The unaudited pro forma condensed consolidated financial information reflects the issuance of approximately 110.8 million shares of Ares Capital common stock pursuant to the Merger Agreement.

The merger of Acquisition Sub with and into American Capital will be accounted for using the asset acquisition method of accounting; accordingly, the merger consideration paid by us in connection with the Mergers will be allocated to the acquired assets and assumed liabilities of American Capital at their relative fair values estimated by us as of the effective time. The excess fair value of the net assets acquired over the fair value of the merger consideration paid by us is recognized as a deemed contribution from Ares Capital Management in an amount up to approximately \$275. Accordingly, the pro forma purchase price has been allocated to the assets acquired and the liabilities assumed based on our estimate of relative fair values as summarized in the following table:

	Pro Forma American Capital March 31, 2016	
Common stock issued	\$	1,578
Cash consideration paid		1,470
Deemed contribution from Ares Capital Management		39
Total purchase price	\$	3,087
Assets acquired:		
Investments	\$	2,990
Cash and cash equivalents		157
Other assets		155
Total assets acquired	\$	3,302
Other liabilities assumed		(215)
Net assets acquired	\$	3,087

3. Preliminary Pro Forma Adjustments

The preliminary pro forma purchase accounting allocation included in the unaudited pro forma condensed consolidated financial information is as follows:

A.

To reflect American Capital's balance sheet as of March 31, 2016, updated for estimated changes subsequent to March 31, 2016:

	Actual American Capital March 31, 2016	Pro Forma Adjustments	Adjusted American Capital March 31, 2016
Investments, at fair value	\$ 4,737	\$ (1,563)(1)	\$ 3,174
Cash and cash equivalents	396	498 (1)(2)(3)	894
Other assets	382	(5)	377
Total assets	\$ 5,515	\$ (1,070)	\$ 4,445
Debt	\$ 887	\$ (887)(2)	\$
Other liabilities	148	(3)	145
Total liabilities	1,035	(890)	145
Net assets	4,480	(180)(3)	4,300

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Total liabilities and net assets	\$	5,515	\$	(1,070)	\$	4,445
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(1)

Includes actual exits and repayments of investments occurring between April 1, 2016 and July 1, 2016 of \$1,476 at fair value (total proceeds of \$1,456), including the Mortgage Manager Sale. Also includes investments expected to be sold pursuant to contractual

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agreements as of July 1, 2016 of \$87 at fair value (total proceeds of \$116). We and American Capital cannot assure you that American Capital will sell all or any portion of these investments.

- (2) Reflects the use of available cash to repay all outstanding indebtedness as of March 31, 2016.
- (3) Primarily reflects approximately \$180, or 11.4 million shares, of common stock repurchased by American Capital pursuant to its stock repurchase program from April 1, 2016 through May 20, 2016. Also reflects proceeds received from 1.1 million stock options exercised from April 1, 2016 through July 1, 2016, totaling \$11.

B. To reflect the acquisition of American Capital by the issuance of approximately 110.8 million shares of Ares Capital common stock. The table below reflects the allocation of the purchase price on the basis of our estimate of the fair value of assets acquired and liabilities assumed:

Components of the purchase price:

	Adjusted American Capital March 31, 2016	Pro Forma Adjustments	Pro Forma March 31, 2016
Common stock issued			\$ 1,578
Cash consideration paid			1,470
Deemed contribution from Ares Capital Management			39
Total purchase price			\$ 3,087
Assets acquired:			
Investments, at fair value	\$ 3,174	\$ (184)(1)	\$ 2,990
Cash and cash equivalents	894	(737)(2)(3)	157
Deferred tax asset	212	(212)(1)	
Other assets	165	(10)(1)	155
Total assets acquired	\$ 4,445	\$ (1,143)	\$ 3,302
Other liabilities assumed	(145)	(70)(1)(2)	(215)
Net assets acquired	\$ 4,300	\$ (1,213)	\$ 3,087

-
- (1) Primarily to reflect the allocation of the purchase price to American Capital's assets and liabilities based on our estimates of fair value. There is no single approach for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process. The adjustment to other liabilities includes an adjustment to record a liability for the estimated loss on future lease payments of \$51.
- (2) In addition to the net effect of the fair value adjustments to American Capital's assets and liabilities, the net assets of American Capital were decreased for various transaction costs expected to be incurred by American Capital of approximately \$195, including \$21 of other liabilities expected to be paid within the 24 months following the completion of the Mergers.
- (3) Pursuant to the Merger Agreement, in connection with the Mortgage Manager Sale, American Capital stockholders will receive a distribution equal to approximately \$562.

- C. The net assets of the pro forma combined company were decreased for the cash consideration paid by us to American Capital stockholders of approximately \$6.41 per fully diluted share, or approximately \$1,470.

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- D. The pro forma adjustment to cash and cash equivalents primarily reflects draws under our revolving credit facilities with the cash proceeds used to fund the various net cash requirements of Ares Capital related to the Mergers, including certain costs expected to be incurred by Ares Capital related to the Mergers. For the purposes of these unaudited pro forma condensed consolidated financial statements, it is assumed that the Revolving Funding Facility (defined below) is amended and upsized from its current committed amount of \$540 to \$1,000 as contemplated by the Debt Commitment Letter (as defined in the Merger Agreement). The net assets of the pro forma combined company were decreased by \$33 to reflect various other costs expected to be incurred by us in connection with the Mergers.
- E. Investment income and any unrealized gains and losses associated with actual exits and repayments of investments occurring between April 1, 2016 and July 1, 2016, including the Mortgage Manager Sale, or expected to be sold pursuant to contractual agreements as of July 1, 2016 were removed from the pro forma condensed consolidated statement of operations for the three months ended March 31, 2016 and for the year ended December 31, 2015.
- F. Reflects the reduction to interest expense associated with the repayment of all outstanding indebtedness of American Capital as of March 31, 2016. Also reflects the interest expense associated with the additional draws under our revolving credit facilities assumed in Note D above.
- G. Base management fees were computed based on 1.5% of average total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) per our investment advisory and management agreement.
- H. Income based and capital gains incentive fees were recomputed based on the formulas described in our investment advisory and management agreement. The additional income based fees prior to the consideration of the fee waiver from Ares Capital Management for the three months ended March 31, 2016 and for the year ended December 31, 2015 were \$2 and \$14, respectively. After applying the fee waiver for such periods, the reduction in the income based fees for the three months ended March 31, 2016 and for the year ended December 31, 2015 were \$8 and \$26, respectively.
- I. Adjustments to other expenses were made to reflect compensation costs for American Capital employees that would have been covered by the base management fees paid to Ares Capital Management and therefore would not be directly incurred by us. Additionally, all American Capital stock option costs were excluded as such costs would not exist at the Company as there is no stock option plan maintained by us. Lastly, any actual costs incurred related to the Mergers and the Other Pro Forma Transactions were also excluded.
- J. Adjustments were made to reflect that American Capital would have been a RIC under the Code and operated in a manner so as to qualify for the tax treatment applicable to RICs. For the periods presented, American Capital was subject to taxation as a corporation under Subchapter C of the Code.
- K. Total shares outstanding as of March 31, 2016 have been adjusted to reflect the following:

Ares Capital shares outstanding as of March 31, 2016	313,954,008
Estimated shares issued in connection with the Mergers reflected as outstanding for the periods presented	110,767,419
Ares Capital adjusted shares outstanding as of March 31, 2016	424,721,427

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Weighted average shares for the three months ended March 31, 2016 and the year ended December 31, 2015 have been adjusted to reflect the following:

	For the Three Months Ended March 31, 2016	For the Year Ended December 31, 2015
Ares Capital weighted average shares outstanding	314,293,027	314,375,099
Estimated shares issued in connection with the Mergers reflected as outstanding for the periods presented	110,767,419	110,767,419
Ares Capital adjusted weighted average shares outstanding	425,060,446	425,142,518

L.

Includes compensation costs for certain American Capital employees that would have been subject to reimbursement by us, pursuant to the administrative agreement with our administrator, Ares Operations, for our allocable share of such compensation. For the three months ended March 31, 2016, includes such compensation costs of \$17. For the year ended December 31, 2015, includes such compensation costs of \$57. These compensation costs as well as other general and administrative expenses do not reflect any potential expense efficiencies of the Mergers.

USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from the sale of our debt securities for general corporate purposes, which include investing in portfolio companies in accordance with our investment objective. We also expect to use the net proceeds of an offering to repay or repurchase outstanding indebtedness, which may include indebtedness (approximately \$3.9 billion aggregate principal amount outstanding as of June 1, 2016) under (a) the Revolving Credit Facility (as defined below) (\$1,085.0 million outstanding as of June 1, 2016), (b) the Revolving Funding Facility (as defined below) (approximately \$123.0 million outstanding as of June 1, 2016), (c) the SMBC Funding Facility (as defined below) (approximately \$125.0 million outstanding as of June 1, 2016), (d) the 2017 Convertible Notes (approximately \$162.5 million aggregate principal amount outstanding as of June 1, 2016), (e) the 2018 Convertible Notes (approximately \$270.0 million aggregate principal amount outstanding as of June 1, 2016), (f) the 2019 Convertible Notes (approximately \$300.0 million aggregate principal amount outstanding as of June 1, 2016), (g) the 2018 Notes (as defined below) (approximately \$750.0 million aggregate principal amount outstanding as of June 1, 2016), (h) the 2020 Notes (as defined below) (approximately \$600.0 million aggregate principal amount outstanding as of June 1, 2016), (i) the October 2022 Notes (as defined below) (approximately \$182.5 million aggregate principal amount outstanding as of June 1, 2016), and (j) the 2047 Notes (as defined below) (approximately \$229.6 million aggregate principal amount outstanding as of June 1, 2016). In addition, we may also use the net proceeds of an offering to fund our cash portion of the merger consideration for the pending American Capital Acquisition. See "Pending American Capital Acquisition" for more information on the terms of the American Capital Acquisition.

The interest charged on the indebtedness incurred under the Revolving Credit Facility is based on LIBOR (one-, two-, three- or six-month) plus an applicable spread of either 1.75% or 2.00% or an "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility) plus an applicable spread of either 0.75% or 1.00%, in each case, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of June 1, 2016, one-, two-, three- and six-month LIBOR was 0.47%, 0.56%, 0.68% and 0.99%, respectively. The Revolving Credit Facility is scheduled to expire on May 4, 2021. The interest charged on the indebtedness incurred under the Revolving Funding Facility is based on LIBOR plus applicable spreads ranging from 2.25% to 2.50% and ranging from 1.25% to 1.50% over "base rate" (as defined in the agreements governing the Revolving Funding Facility), in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the facility. The Revolving Funding Facility is scheduled to expire on May 14, 2019 (subject to extension exercisable upon mutual consent). The interest rate charged on the indebtedness incurred under the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a "base rate" (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. The SMBC Funding Facility is scheduled to expire on September 14, 2022 (subject to two one-year extension options exercisable upon mutual consent). The interest charged on the Convertible Unsecured Notes and the Unsecured Notes is as follows: (a) 4.875% in the case of the 2017 Convertible Notes, (b) 4.75% in the case of the 2018 Convertible Notes, (c) 4.375% in the case of the 2019 Convertible Notes, (d) 4.875% in the case of the 2018 Notes, (e) 3.875% in the case of the 2020 Notes, (f) 5.875% in the case of the October 2022 Notes and (g) 6.875% in the case of the 2047 Notes. The 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes mature on March 15, 2017, January 15, 2018 and January 15, 2019, respectively. The 2018 Notes, the 2020 Notes, the October 2022 Notes and the 2047 Notes mature on November 30, 2018, January 15, 2020, October 1, 2022 and April 15, 2047, respectively. The supplement to this prospectus relating to an offering may more fully identify the use of the proceeds from such offering.

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We anticipate that substantially all of the net proceeds of an offering of debt securities pursuant to this prospectus and its related prospectus supplement will be used for the above purposes within three months of any such offering, depending on the availability of appropriate investment opportunities consistent with our investment objective, but no longer than within six months of any such offerings.

While our primary focus is to generate current income and capital appreciation through investments in first and second lien senior secured 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." 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. Pending such investments, we will invest a portion of the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality short-term investments. These securities generally earn yields substantially lower than the income that we anticipate receiving once we are fully invested in accordance with our investment objective. As a result, we may not, for a time, be able to achieve our investment objective and/or we may need to, for a time, decrease the amount of any dividend that we may pay to our stockholders to a level that is substantially lower than the level that we expect to pay when the net proceeds of offerings are fully invested in accordance with our investment objective. If we do not realize yields in excess of our expenses, we may incur operating losses and the market price of our common stock and debt securities may decline. See "Regulation Temporary Investments" for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

RATIOS OF EARNINGS TO FIXED CHARGES

For the three months ended March 31, 2016 and years ended December 31, 2015, 2014, 2013, 2012 and 2011, the ratios of earnings to fixed charges of the Company, computed as set forth below, were as follows:

	For the Three Months Ended March 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011
Earnings to Fixed Charges(1)	3.7	2.7(2)	3.8(3)	3.9	4.6(4)	3.7(5)

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in stockholders' equity resulting from operations plus (or minus) income tax expense (benefit) including excise tax expense plus fixed charges. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.

- (1) Earnings include net realized and unrealized gains or losses and the capital gains incentive fee expense accrued in accordance with GAAP. Net realized and unrealized gains or losses and the capital gains incentive fee expense accrued in accordance with GAAP can vary substantially from period to period.

Excluding the net realized and unrealized gains or losses and the capital gains incentive fee expense accrued in accordance with GAAP, the earnings to fixed charges ratio would be 3.4 for the three months ended March 31, 2016, 3.2 for the year ended December 31, 2015, 3.2 for the year ended December 31, 2014, 3.7 for the year ended December 31, 2013, 3.7 for the year ended December 31, 2012 and 3.6 for the year ended December 31, 2011.

- (2) Earnings for the year ended December 31, 2015 included a net realized loss on the extinguishment of debt of \$6.6 million.
- (3) Earnings for the year ended December 31, 2014 included a net realized loss on the extinguishment of debt of \$0.1 million.
- (4) Earnings for the year ended December 31, 2012 included a net realized loss on the extinguishment of debt of \$2.7 million.
- (5) Earnings for the year ended December 31, 2011 included a net realized loss on the extinguishment of debt of \$19.3 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

The information contained in this section should be read in conjunction with the "Selected Condensed Consolidated Financial Data of Ares Capital," the "Unaudited Selected Pro Forma Condensed Consolidated Financial Data," the "Unaudited Pro Forma Condensed Consolidated Financial Statements" and our and American Capital's financial statements and notes thereto appearing elsewhere in this prospectus or the accompanying prospectus supplement.

We cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a description of the terms of the American Capital Acquisition, "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition and "Risk Factors Risks Relating to the American Capital Acquisition" for a description of the risks that the combined company may face if the American Capital Acquisition is completed.

OVERVIEW

We are 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 ("BDC") under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act").

We are externally managed by Ares Capital Management, a subsidiary of Ares Management, a publicly traded, leading global alternative asset manager, pursuant to our investment advisory and management agreement. Our administrator, Ares Operations LLC ("Ares Operations" or our "administrator"), a subsidiary of Ares Management, provides certain administrative and other 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 first lien senior secured loans (including unitranche loans), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component like warrants.

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.

Since our initial public offering ("IPO") on October 8, 2004 through March 31, 2016, our exited investments resulted in an aggregate cash flow realized internal rate of return to us of approximately 13% (based on original cash invested, net of syndications, of approximately \$12.5 billion and total proceeds from such exited investments of approximately \$15.3 billion). 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 a 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. Approximately 69% of these exited investments resulted in an aggregate cash flow realized internal rate of return to us of 10% or greater.

Additionally, since our IPO on October 8, 2004 through March 31, 2016, our realized gains have exceeded our realized losses by approximately \$506 million (excluding a one-time gain on the acquisition of Allied Capital Corporation ("Allied Capital") and realized gains/losses from the

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extinguishment of debt and from other assets). For this same time period, our average annualized net realized gain rate was approximately 1.1% (excluding a one-time gain on the acquisition of Allied Capital and realized gains/losses from the extinguishment of debt and from other assets). Net realized gain/loss rates for a particular period are the amount of net realized gains/losses during such period divided by the average quarterly investments at amortized cost in such period.

Information included herein regarding internal rates of return, realized gains and losses and annualized net realized gain rates are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities and indebtedness of private U.S. companies and certain public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We also may invest up to 30% of our portfolio in non-qualifying assets, as permitted by the Investment Company Act. See "Regulation." 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.

We have elected to be treated as a regulated investment company, or a "RIC", under the Code, and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders generally at least 90% of our investment company taxable income, as defined by the Code, for each year. Pursuant to this election, we generally will not have to pay U.S. federal corporate-level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

PORTFOLIO AND INVESTMENT ACTIVITY

Our investment activity for the three months ended March 31, 2016 and 2015 and for the years ended December 31, 2015, 2014 and 2013 is presented below (information presented herein is at amortized cost unless otherwise indicated).

(dollar amounts in millions)	For the Three Months Ended March 31,		For the Years Ended December 31,		
	2016	2015	2015	2014	2013
New investment commitments(1):					
New portfolio companies	\$ 276.0	\$ 252.9	\$ 2,482.4	\$ 2,283.8	\$ 2,148.5
Existing portfolio companies(2)	194.6	247.3	1,334.2	2,294.8	1,854.4
Total new investment commitments(3)	470.6	500.2	3,816.6	4,578.6	4,002.9
Less:					
Investment commitments exited(4)	484.3	1,123.3	3,816.0	3,539.8	1,840.0
Net investment commitments (exited)	\$ (13.7)	\$ (623.1)	\$ 0.6	\$ 1,038.8	\$ 2,162.9
Principal amount of investments funded:					
First lien senior secured loans	\$ 272.2	\$ 133.0	\$ 2,070.6	\$ 2,642.1	\$ 2,011.1
Second lien senior secured loans	157.3	380.5	1,232.2	1,046.9	602.8
Subordinated certificates of the SSLP(5)	3.0	33.3	228.7	463.6	652.5
Senior subordinated debt	59.3	28.8	257.1	298.8	181.0
Preferred equity securities	5.5		89.3	13.7	1.8
Other equity securities	1.0	2.1	27.1	69.2	44.0
Total	\$ 498.3	\$ 577.7	\$ 3,905.0	\$ 4,534.3	\$ 3,493.2
Principal amount of investments sold or repaid:					
First lien senior secured loans	\$ 282.7	\$ 924.8	\$ 2,948.6	\$ 2,326.0	\$ 885.8
Second lien senior secured loans	160.4	55.9	194.6	444.3	526.1
Subordinated certificates of the SSLP		93.2	329.7	174.3	145.2
Senior subordinated debt	29.5	0.9	132.6	143.5	201.0
Preferred equity securities		1.3	11.1	31.2	26.3
Other equity securities	10.8	7.5	32.6	88.7	16.8
Commercial real estate		0.4	2.1	4.8	0.2
Total	\$ 483.4	\$ 1,084.0	\$ 3,651.3	\$ 3,212.8	\$ 1,801.4
Number of new investment commitments(6)	19	18	86	115	95
Average new investment commitment amount	\$ 24.8	\$ 27.8	\$ 44.4	\$ 39.8	\$ 42.1
Weighted average term for new investment commitments (in months)	59	71	65	73	74
Percentage of new investment commitments at floating rates	81%	94%	89%	90%	89%
Percentage of new investment commitments at fixed rates	17%	6%	8%	8%	10%
Weighted average yield of debt and other income producing securities(7):					
Funded during the period at amortized cost	9.8%	10.1%	9.0%	9.0%	9.8%
Funded during the period at fair value(8)	9.7%	10.0%	9.0%	9.0%	9.8%
Exited or repaid during the period at amortized cost	9.3%	7.5%	7.9%	8.3%	9.8%
Exited or repaid during the period at fair value(8)	9.3%	7.5%	7.9%	8.3%	9.7%

(1) New investment commitments include new agreements to fund revolving credit facilities or delayed draw loans. See "Off Balance Sheet Arrangements" as well as Note 7 to our consolidated financial statements for the three months ended March 31, 2016 and for the year ended December 31, 2015, for more information on our commitments to fund revolving credit facilities or delayed draw loans.

(2) Includes investment commitments to the SSLP to make co-investments with GE in first lien senior secured loans of middle market companies of \$0.0 million and \$25.5 million for the three months ended March 31,

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2016 and 2015, respectively, and \$219.4 million, \$494.2 million and \$736.6 million for the years ended December 31, 2015, 2014 and 2013, respectively

- (3) Includes both funded and unfunded commitments. Of these new investment commitments, we funded \$434.4 million and \$427.7 million for the three months ended March 31, 2016 and 2015, respectively, and \$3,571.4 million, \$4,112.4 million and \$3,382.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.
- (4) Includes both funded and unfunded commitments. For the three months ended March 31, 2016 and 2015, investment commitments exited included exits of unfunded commitments of \$42.8 million and \$70.6 million, respectively. For the years ended December 31, 2015, 2014 and 2013, investment commitments exited included exits of unfunded commitments of \$263.1 million, \$448.9 million and \$113.2 million, respectively.
- (5) See "Senior Secured Loan Program" below and Note 4 to our consolidated financial statements for the three months ended March 31, 2016 and for the year ended December 31, 2015 for more information on the SSLP.
- (6) Number of new investment commitments represents each commitment to a particular portfolio company or a commitment to multiple companies as part of an individual transaction (e.g., the purchase of a portfolio of investments).
- (7) "Weighted average yield of debt and other income producing securities" is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) the total accruing debt and other income producing securities at amortized cost or at fair value as applicable.
- (8) Represents fair value for investments in the portfolio as of the most recent prior quarter end, if applicable.

As of March 31, 2016 and December 31, 2015, our investments consisted of the following:

(in millions)	As of			
	March 31, 2016		December 31, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First lien senior secured loans	\$ 2,708.8	\$ 2,622.3	\$ 2,735.2	\$ 2,638.8
Second lien senior secured loans	2,941.9	2,864.2	2,944.6	2,861.3
Subordinated certificates of the SSLP(1)	1,938.4	1,889.7	1,935.4	1,884.9
Senior subordinated debt	698.2	691.3	663.0	654.1
Preferred equity securities	458.2	381.8	435.1	375.8
Other equity securities	424.8	622.8	434.4	640.5
Commercial real estate				0.1
Total	\$ 9,170.3	\$ 9,072.1	\$ 9,147.7	\$ 9,055.5

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- (1) The proceeds from these certificates were applied to co-investments with GE to fund first lien senior secured loans to 38 and 41 different borrowers as of March 31, 2016 and December 31, 2015, respectively.

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The weighted average yields at amortized cost and fair value of the following portions of our portfolio as of March 31, 2016 and December 31, 2015 were as follows:

	As of			
	March 31, 2016		December 31, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt and other income producing securities(1)	10.1%	10.3%	10.1%	10.3%
Total portfolio(2)	9.2%	9.3%	9.1%	9.2%
First lien senior secured loans(2)	8.4%	8.7%	8.2%	8.5%
Second lien senior secured loans(2)	9.6%	9.8%	9.4%	9.7%
Subordinated certificates of the SSLP(2)(3)	11.8%	12.1%	12.0%	12.3%
Senior subordinated debt(2)	11.8%	11.9%	11.6%	11.7%
Income producing equity securities (2)	12.3%	13.1%	11.0%	11.7%

- (1) "Weighted average yield of debt and other income producing securities" is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) the total accruing debt and other income producing securities at amortized cost or at fair value as applicable.
- (2) "Weighted average yields at amortized cost" or "weighted average yields at fair value" are computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on the relevant accruing debt and other income producing securities, divided by (b) the total relevant investments at amortized cost or at fair value as applicable.
- (3) The proceeds from these certificates were applied to co-investments with GE to fund first lien senior secured loans.

Ares Capital Management, our investment adviser, employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our investment adviser grades the credit risk of all investments on a scale of 1 to 4 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to our initial cost basis in respect of such portfolio investment (i.e., at the time of origination or acquisition), although it may also take into account under certain circumstances the performance of the portfolio company's business, the collateral coverage of the investment and other relevant factors. Under this system, investments with a grade of 4 involve the least amount of risk to our initial cost basis. The trends and risk factors for this investment since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments graded 3 involve a level of risk to our initial cost basis that is similar to the risk to our initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup the cost of our investment are neutral to favorable. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3. Investments graded 2 indicate that the risk to our ability to recoup the initial cost basis of such investment has increased materially since origination or acquisition, including as a result of factors such as declining performance and non-compliance with debt covenants; however, payments are generally not more than 120 days past due. An investment grade of 1 indicates that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition, and the portfolio company likely has materially declining performance. For debt investments with an investment grade of 1, most or all of the debt covenants are out of compliance and payments are substantially delinquent. For investments graded 1, it is anticipated that we will not recoup our initial cost basis and may realize a substantial loss of our initial cost basis upon exit. For

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investments graded 1 or 2, our investment adviser enhances its level of scrutiny over the monitoring of such portfolio company. The grade of a portfolio investment may be reduced or increased over time.

Set forth below is the grade distribution of our portfolio companies as of March 31, 2016 and December 31, 2015:

(dollar amounts in millions)	As of							
	March 31, 2016				December 31, 2015			
	Fair Value	%	Number of Companies	%	Fair Value	%	Number of Companies	%
Grade 1	\$ 124.2	1.4%	10	4.5%	\$ 28.6	0.3%	8	3.7%
Grade 2	483.1	5.3%	14	6.4%	445.6	4.9%	16	7.3%
Grade 3	7,640.2	84.2%	175	79.6%	7,824.5	86.4%	174	79.8%
Grade 4	824.6	9.1%	21	9.5%	756.8	8.4%	20	9.2%
Total	\$ 9,072.1	100.0%	220	100.0%	\$ 9,055.5	100.0%	218	100.0%

As of March 31, 2016 and December 31, 2015, the weighted average grade of the investments in our portfolio at fair value was 3.0 and 3.0, respectively.

As of March 31, 2016, loans on non-accrual status represented 1.3% and 0.6% of the total investments at amortized cost and at fair value, respectively. As of December 31, 2015, loans on non-accrual status represented 2.6% and 1.7% of the total investments at amortized cost and at fair value, respectively.

Senior Direct Lending Program

In December 2015, we established a joint venture with Varagon to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, to U.S. middle-market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. (NYSE:AIG) and other partners. The joint venture is called the Senior Direct Lending Program ("the SDLP"). It is expected that the SDLP will commit and hold individual loans of up to \$300 million. We may directly co-invest with the SDLP to accommodate larger transactions. We will provide capital to the SDLP in the form of the SDLP Certificates, and Varagon and its clients will provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. It is expected that we and Varagon will own 87.5% and 12.5%, respectively, of any outstanding SDLP Certificates.

As of March 31, 2016, we and Varagon had agreed to make capital available to the SDLP of \$2.9 billion in the aggregate, of which no amounts were funded. The SDLP will be capitalized as transactions are completed. All portfolio decisions and generally all other decisions in respect of the SDLP must be approved by an investment committee of the SDLP consisting of representatives of ours and Varagon (with approval from a representative of each required). As of March 31, 2016, we had agreed to make available to the SDLP (subject to the approval of the investment committee of the SDLP as described above) approximately \$591 million, of which no amounts were committed or funded. The SDLP Certificates will pay a coupon of LIBOR plus a stated spread and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SDLP Certificates that is greater than the stated coupon. The SDLP Certificates are junior in right of payment to the senior notes and intermediate funding notes.

During the year ended December 31, 2015, we entered into an agreement with the SDLP to sell certain of our investments to the SDLP at a mutually agreed upon price on a future date. The value of the agreement with the SDLP will change as the fair value of the identified loans changes and as additional loans are added to such agreement. See Note 6 to our consolidated financial statements for the three months ended March 31, 2016, for more information on the agreement.

Senior Secured Loan Program

We have co-invested in first lien senior secured loans of middle market companies with GE through the SSLP. The SSLP has been capitalized as transactions are completed. 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 ours and GE (with approval from a representative of each required). We have provided capital to the SSLP in the form of the SSLP Certificates.

In August 2015, GE completed the sale of its U.S. Sponsor Finance business, through which GE had participated with us in the SSLP, to CPPIB. This sale excluded GE's interest in the SSLP, and the Company and GE continue to operate the SSLP. The Company and GE no longer have an obligation to present senior secured lending investment opportunities to the SSLP and since June 30, 2015, the SSLP has not made any investments related to new portfolio companies; however, the Company and GE may provide capital to support the SSLP's funding of existing commitments (see below) and other amounts to its portfolio companies. On August 24, 2015, we were advised that GECC, as the holder of the Senior Notes, directed State Street Bank and Trust Company, as trustee of the Senior Notes and the SSLP Certificates, pursuant to the terms of the indenture governing the Senior Notes and the SSLP Certificates, to apply all principal proceeds received by the SSLP from its investments to the repayment of the outstanding principal amount of the Senior Notes until paid in full (prior to the distribution of any such principal proceeds to the holders of the SSLP Certificates, which includes us). GECC had previously elected to waive its right to receive priority repayments on the Senior Notes from principal proceeds in most circumstances. Prior to closing the sale to CPPIB, GE had announced its intention to provide us and CPPIB the opportunity to work together on the SSLP on a go-forward basis. GECC has also stated that if a mutual agreement between us and CPPIB to partner on the SSLP is not reached, it intends to retain its interest in the SSLP and the SSLP would be wound down in an orderly manner. We have been in dialogue with GE and CPPIB to determine if there is an opportunity to work together; however, to date there has been no agreement in respect of the SSLP as a result of these discussions and there can be no assurance that such discussions will continue or any such agreement will be reached. In addition to discussions with CPPIB and GECC, we are also exploring other options with respect to the SSLP's portfolio, although there can be no assurance that we will pursue any of them.

As of March 31, 2016 and December 31, 2015, the Company and GE had outstanding amounts funded of approximately \$7.6 billion and \$8.5 billion in aggregate principal amount, respectively, to the SSLP. As discussed above, we anticipate that no new investments will be made by the SSLP and that the Company and GE will only provide additional capital to support the SSLP's funding of existing commitments and other amounts to its portfolio companies. As of March 31, 2016 and December 31, 2015, the SSLP had commitments to fund delayed draw loans to certain of its portfolio companies of \$145.4 million and \$198.6 million, respectively, which had been approved by the investment committee of the SSLP as described above.

As of March 31, 2016 and December 31, 2015, we had outstanding amounts funded of approximately \$2.0 billion and \$2.0 billion in aggregate principal amount, respectively, to the SSLP. Additionally, as of March 31, 2016 and December 31, 2015, we had commitments to co-invest in the SSLP for our portion of the SSLP's commitments to fund delayed draw loans to portfolio companies of up to \$23.6 million and \$32.6 million, respectively. As discussed above, it is not anticipated that we will make new investments through the SSLP.

As of March 31, 2016 and December 31, 2015, the SSLP had total assets of \$7.6 billion and \$8.5 billion, respectively. As of March 31, 2016 and December 31, 2015, GE's investment in the SSLP consisted of the Senior Notes of \$5.3 billion and \$6.2 billion, respectively, and SSLP Certificates of \$286.3 million and \$285.8 million, respectively. As of March 31, 2016 and December 31, 2015, the Company and GE owned 87.5% and 12.5%, respectively, of the outstanding SSLP Certificates.

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The SSLP Certificates pay a weighted average coupon of LIBOR plus approximately 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SSLP Certificates that is greater than the stated coupon. The SSLP Certificates are junior in right of payment to the Senior Notes held by GE. We expect that for so long as principal proceeds from SSLP repayments are directed entirely to repay the Senior Notes as discussed above, the yield on the SSLP Certificates will decline.

As of March 31, 2016 and December 31, 2015, the portfolio was comprised of all first lien senior secured loans to U.S. middle-market companies. As of March 31, 2016 and December 31, 2015, none of these loans were on non-accrual status. The portfolio companies in the SSLP are in industries similar to the companies in our portfolio.

Below is a summary of the SSLP's portfolio, followed by a listing of the individual first lien senior secured loans in the SSLP's portfolio as of March 31, 2016 and December 31, 2015:

(dollar amounts in millions)	March 31, 2016	As of December 31, 2015
Total first lien senior secured loans(1)	\$ 7,485.9	\$ 8,138.5
Weighted average yield on first lien senior secured loans(2)	6.8%	6.7%
Number of borrowers in the SSLP	38	41
Largest loan to a single borrower(1)	\$ 342.5	\$ 345.9
Total of five largest loans to borrowers(1)	\$ 1,505.4	\$ 1,579.9

(1) At principal amount.

(2) Computed as the (a) annual stated interest rate on accruing first lien senior secured loans, divided by (b) total first lien senior secured loans at principal amount.

SSLP Loan Portfolio as of March 31, 2016

(dollar amounts in millions)		Maturity Date	Stated Interest Rate(1)	Principal Amount
Portfolio Company	Business Description			
ADG, LLC	Dental services provider	9/2019	8.1%	\$ 204.0
AMZ Holding Corp.	Specialty chemicals manufacturer	12/2018	6.8%	225.1
Athletico Management, LLC and Accelerated Holdings, LLC	Provider of outpatient rehabilitation services	12/2020	6.3%	306.2
Breg, Inc.	Designer, manufacturer, and distributor of non-surgical orthopedic products for preventative, post-operative and rehabilitative use.	10/2020	6.3%	148.5
Brewer Holdings Corp. and Zywave, Inc.	Provider of software and technology-enabled content and analytical solutions to insurance brokers	3/2021	8.0%	256.6
CIBT Holdings, Inc.(2)(4)	Expedited travel document processing services	12/2018	6.8%	207.1
Connoisseur Media, LLC	Owner and operator of radio stations	6/2019	7.3%	102.3
CWD, LLC	Supplier of automotive aftermarket brake parts	6/2016	7.0%	120.1
DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	2/2022	6.5%	192.1
Drayer Physical Therapy Institute, LLC	Outpatient physical therapy provider	7/2018	8.0%	132.9
DTI Holdco, Inc.(2)(4)	Provider of legal process outsourcing and managed services	8/2020	5.8%	290.1
ECI Purchaser Company, LLC	Manufacturer of equipment to safely control pressurized gases	12/2019	6.0%	227.4
Excelligence Learning Corporation	Developer, manufacturer and retailer of educational products	12/2020	6.8%	178.6
Gehl Foods, LLC(4)	Producer of low-acid, aseptic food and beverage products	3/2021	7.5%	158.0
Gentle Communications, LLC	Dental services provider	6/2020	6.5%	85.9
III US Holdings, LLC	Provider of library automation software and systems	6/2018	6.0%	183.5
Implus Footcare, LLC	Provider of footwear and other accessories	4/2021	7.0%	262.1
Intermedix Corporation(3)	Revenue cycle management provider to the emergency healthcare industry	12/2019	5.8%	261.0
Laborie Medical Technologies Corp(4)	Developer and manufacturer of medical equipment	9/2019	7.3%	198.3
Mavis Tire Supply LLC	Auto parts retailer	10/2020	6.3%	241.8
MCH Holdings, Inc.(4)	Healthcare professional provider	1/2020	6.3%	173.8
MWI Holdings, Inc.(2)	Engineered springs, fasteners, and other precision components	3/2019	7.4%	254.3
Oak Parent, Inc.(2)	Manufacturer of athletic apparel	4/2018	7.6%	274.8
Palermo Finance Corporation	Provider of mission-critical integrated public safety software and services to local, state, and federal agencies	11/2020	7.0%	188.1
Penn Detroit Diesel Allison, LLC	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	10/2019	7.3%	70.7
Pretium Packaging, L.L.C(4)	Manufacturer and supplier of high performance plastic containers	6/2020	6.3%	216.3
Restaurant Technologies, Inc.	Provider of bulk cooking oil management services to the restaurant and fast food service industries	10/2021	6.8%	228.3
Sanders Industries Holdings, Inc.(4)	Elastomeric parts, mid-sized composite structures, and composite tooling	5/2020	7.0%	77.3
Singer Sewing Company	Manufacturer of consumer sewing machines	6/2017	7.3%	190.0
Square Brands International, LLC	Franchisor and operator of specialty battery and light bulb retail stores	6/2021	6.7%	199.0
STATS Acquisition, LLC	Sports technology, data and content company	6/2020	7.0%	102.2
Strategic Partners, Inc.(4)	Supplier of medical uniforms, specialized medical footwear and accessories	8/2018	7.3%	285.7

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(dollar amounts in millions)		Maturity	Stated	Principal
Portfolio Company	Business Description	Date	Interest Rate(1)	Amount
TA THI Buyer, Inc. and TA THI Parent, Inc.(4)	Collision repair company	7/2020	6.5%	342.5
The Linen Group	Provider of outsourced commercial linen and laundry services	8/2019	8.0%	95.9
Towne Holdings, Inc.	Provider of contracted hospitality services and parking systems	12/2019	6.8%	179.2
U.S. Anesthesia Partners, Inc.(3)	Anesthesiology service provider	12/2019	6.0%	261.4
WCI-Quantum Holdings, Inc.(4)	Distributor of instructional products, services and resources	10/2020	5.8%	83.9
Woodstream Group, Inc.	Pet products manufacturer	5/2022	7.3%	280.9
				\$ 7,485.9

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- (1) Represents the weighted average annual stated interest rate as of March 31, 2016. All interest rates are payable in cash.
- (2) We also hold a portion of this company's first lien senior secured loan.
- (3) We also hold a portion of this company's second lien senior secured loan.
- (4) We hold an equity investment in this company.

SSLP Loan Portfolio as of December 31, 2015

(dollar amounts in millions)		Maturity	Stated	Principal	Fair
Portfolio Company	Business Description	Date	Interest Rate(1)	Amount	Value(2)
ADG, LLC	Dental services provider	9/2019	8.1%	\$ 204.5	\$ 204.5
AMZ Holding Corp.	Specialty chemicals manufacturer	12/2018	6.8%	225.3	220.8
Athletico Management, LLC and Accelerated Holdings, LLC	Provider of outpatient rehabilitation services	12/2020	6.3%	307.0	307.0
Breg, Inc.	Designer, manufacturer, and distributor of non-surgical orthopedic products for preventative, post-operative and rehabilitative use	10/2020	6.3%	148.9	142.9
Brewer Holdings Corp. and Zywave, Inc.	Provider of software and technology-enabled content and analytical solutions to insurance brokers	3/2021	8.0%	257.3	257.3
Cambridge International, Inc.	Manufacturer of custom designed and engineered metal products	4/2018	8.0%	79.5	79.5
CH Hold Corp.	Collision repair company	11/2019	5.5%	345.9	342.4
CIBT Holdings, Inc.(3)(5)	Expedited travel document processing services	12/2018	6.8%	209.0	209.0
Connoisseur Media, LLC	Owner and operator of radio stations	6/2019	7.3%	117.9	114.4
CWD, LLC	Supplier of automotive aftermarket brake parts	6/2016	7.0%	121.3	121.3
DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	2/2022	6.5%	192.5	190.6
Drayer Physical Therapy Institute, LLC	Outpatient physical therapy provider	7/2018	8.0%	133.2	131.9
DTI Holdco, Inc.(3)(5)	Provider of legal process outsourcing and managed services	8/2020	5.8%	297.2	288.3
ECI Purchaser Company, LLC	Manufacturer of equipment to safely control pressurized gases	12/2019	6.0%	227.4	220.6
Excelligence Learning Corporation	Developer, manufacturer and retailer of educational products	12/2020	6.8%	179.1	177.3
Gehl Foods, LLC(5)	Producer of low-acid, aseptic food and beverage products	3/2021	7.5%	159.2	157.6
Gentle Communications, LLC	Dental services provider	6/2020	6.5%	83.9	82.3
III US Holdings, LLC	Provider of library automation software and systems	6/2018	6.0%	204.0	204.0
Implus Footcare, LLC	Provider of footwear and other accessories	4/2021	7.0%	262.7	257.4
Intermedix Corporation(4)	Revenue cycle management provider to the emergency healthcare industry	12/2019	5.8%	261.0	258.4
ISS Compressors Industries, Inc.	Provider of repairs, refurbishments and services to the broader industrial end user markets	6/2018	6.5%	172.8	172.8
Laborie Medical Technologies Corp(5)	Developer and manufacturer of medical equipment	9/2019	7.3%	198.9	196.9
Mavis Tire Supply LLC	Auto parts retailer	10/2020	6.3%	242.4	242.4
MCH Holdings, Inc.(5)	Healthcare professional provider	1/2020	6.3%	173.8	173.8
MWI Holdings, Inc.(3)	Engineered springs, fasteners, and other precision components	3/2019	7.4%	254.9	254.9
Oak Parent, Inc.(3)	Manufacturer of athletic apparel	4/2018	7.6%	285.0	285.0
Palermo Finance Corporation	Provider of mission-critical integrated public safety software and services to local, state, and federal agencies	11/2020	7.0%	188.1	188.1
Penn Detroit Diesel Allison, LLC	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	10/2019	7.3%	70.9	70.9
Pretium Packaging, L.L.C(5)	Manufacturer and supplier of high performance plastic containers	6/2020	6.3%	217.1	212.7
Restaurant Technologies, Inc.	Provider of bulk cooking oil management services to the restaurant and fast food service industries	10/2021	6.8%	228.9	226.6
Sanders Industries Holdings, Inc.(5)	Elastomeric parts, mid-sized composite structures, and composite tooling	5/2020	7.0%	77.5	77.5
Singer Sewing Company	Manufacturer of consumer sewing machines	6/2017	7.3%	190.0	184.3
Square Brands International, LLC	Franchisor and operator of specialty battery and light bulb retail stores	6/2021	6.7%	199.5	197.5
STATS Acquisition, LLC	Sports technology, data and content company	6/2020	7.0%	102.7	97.6
Strategic Partners, Inc.(5)	Supplier of medical uniforms, specialized medical footwear and accessories	8/2018	7.3%	286.4	286.4

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TA THI Buyer, Inc. and TA THI Parent, Inc.(5)	Collision repair company	7/2020	6.5%	343.4	343.4
The Linen Group	Provider of outsourced commercial linen and laundry services	8/2019	8.0%	96.2	95.2
Towne Holdings, Inc.	Provider of contracted hospitality services and parking systems	12/2019	6.8%	166.1	166.1

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(dollar amounts in millions)						
Portfolio Company	Business Description	Maturity Date	Stated Interest Rate(1)	Principal Amount	Fair Value(2)	
U.S. Anesthesia Partners, Inc.(4)	Anesthesiology service provider	12/2019	6.0%	261.4	261.4	
WCI-Quantum Holdings, Inc.(5)	Distributor of instructional products, services and resources	10/2020	5.8%	84.1	83.3	
Woodstream Group, Inc.	Pet products manufacturer	5/2022	7.3%	281.6	276.0	
				\$ 8,138.5	\$ 8,060.3	

- (1) Represents the weighted average annual stated interest rate as of December 31, 2015. All interest rates are payable in cash.
- (2) Represents the fair value in accordance with Accounting Standards Codification ("ASC") 820-10. The determination of such fair value is not included in our board of directors valuation process described elsewhere herein.
- (3) We also hold a portion of this company's first lien senior secured loan.
- (4) We also hold a portion of this company's second lien senior secured loan.
- (5) We hold an equity investment in this company.

The amortized cost and fair value of our SSLP Certificates were \$1.9 billion and \$1.9 billion, respectively, as of March 31, 2016, and \$1.9 billion and \$1.9 billion, respectively, as of December 31, 2015. As described above, the SSLP Certificates pay a weighted average coupon of LIBOR plus approximately 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the underlying loan portfolio, which may result in a return to the holders of the SSLP Certificates that is greater than both the coupon on the SSLP Certificates as well as the weighted average yield on the SSLP's portfolio of 6.8% and 6.7% as of March 31, 2016 and December 31, 2015, respectively. Our yield on our investment in the SSLP at amortized cost and fair value was 11.8% and 12.1%, respectively, as of March 31, 2016, and 12.0% and 12.3%, respectively, as of December 31, 2015. For the three months ended March 31, 2016 and 2015, we earned interest income of \$58.8 million and \$68.3 million, respectively, from our investment in the SSLP Certificates.

We are also entitled to certain fees in connection with the SSLP. For the three months ended March 31, 2016 and 2015, in connection with the SSLP, we earned capital structuring service, sourcing and other fees totaling \$5.8 million and \$14.7 million, respectively.

Selected financial information for the SSLP as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015, was as follows:

(in millions)	As of	
	March 31, 2016	December 31, 2015
Selected Balance Sheet Information:		
Investments in loans receivable, net	\$ 7,442.6	\$ 8,090.0
Cash and other assets	132.5	437.4
 Total assets	 \$ 7,575.1	 \$ 8,527.4
 Senior notes	 \$ 5,305.2	 \$ 6,248.4
Other liabilities	67.8	72.8
 Total liabilities	 5,373.0	 6,321.2
Subordinated certificates and members' capital	2,202.1	2,206.2

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Total liabilities and members' capital	\$	7,575.1	\$	8,527.4
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	For the Three Months Ended March 31,	
	2016	2015
Selected Statement of Operations Information:		
Total interest and other income	\$ 138.5	\$ 165.2
Interest expense	48.9	57.3
Management and sourcing fees	15.0	18.0
Other expenses	7.8	16.8
Total expenses	71.7	92.1
Net income	\$ 66.8	\$ 73.1

RESULTS OF OPERATIONS

For the three months ended March 31, 2016 and 2015

Operating results for the three months ended March 31, 2016 and 2015 were as follows:

(in millions)	For the Three Months Ended March 31,	
	2016	2015
Total investment income	\$ 248.0	\$ 253.2
Total expenses	130.1	128.0
Net investment income before income taxes	117.9	125.2
Income tax expense, including excise tax	5.2	3.5
Net investment income	112.7	121.7
Net realized gains on investments and foreign currency transactions	27.3	31.7
Net unrealized losses on investments, foreign currency and other transactions	(8.5)	(49.0)
Realized losses on extinguishment of debt		(3.8)
Net increase in stockholders' equity resulting from operations	\$ 131.5	\$ 100.6

Net income can vary substantially from period to period due to various factors, including acquisitions, the level of new investment commitments, the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, comparisons of net increase in stockholders' equity resulting from operations may not be meaningful.

Investment Income

(in millions)	For the Three Months Ended March 31,	
	2016	2015
Interest income from investments	\$ 207.1	\$ 198.7
Capital structuring service fees	15.7	20.2
Dividend income	16.5	24.5
Management and other fees	5.0	6.0
Other income	3.7	3.8

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Total investment income \$ 248.0 \$ 253.2

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The increase in interest income from investments for the three months ended March 31, 2016 from the comparable period in 2015 was primarily due to an increase in the size of our portfolio, which increased from an average of \$8.6 billion at amortized cost for the three months ended March 31, 2015 to an average of \$9.2 billion at amortized cost for the comparable period in 2016. The decrease in capital structuring service fees for the three months ended March 31, 2016 from the comparable period in 2015 was primarily due to the decrease in the weighted average capital structuring fees received on new investment commitments, which decreased from 4.0% for the three months ended March 31, 2015 to 3.3% in the comparable period in 2016, as well as the decrease in new investment commitments, which decreased from \$500.2 million for the three months ended March 31, 2015 to \$470.6 million for the comparable period in 2016. Dividend income for the three months ended March 31, 2016 and 2015 included dividends received from IHAM, a wholly owned portfolio company, totaling \$10.0 million and \$20.0 million, respectively. The dividends received from IHAM for the three months ended March 31, 2015 included additional dividends of \$10.0 million that were paid in addition to the quarterly dividends generally paid by IHAM. IHAM paid the additional dividends out of accumulated earnings that had previously been retained by IHAM. Also during the three months ended March 31, 2016, we received \$1.4 million in other non-recurring dividends from non-income producing equity securities compared to \$1.5 million for the comparable period in 2015.

Operating Expenses

(in millions)	For the Three Months Ended March 31,	
	2016	2015
Interest and credit facility fees	\$ 50.2	\$ 58.6
Base management fees	34.8	33.9
Income based fees	29.1	29.4
Capital gains incentive fees	3.8	(4.2)
Administrative fees	3.4	3.4
Other general and administrative	8.8	6.9
Total operating expenses	\$ 130.1	\$ 128.0

Interest and credit facility fees for the three months ended March 31, 2016 and 2015, were comprised of the following:

(in millions)	For the Three Months Ended March 31,	
	2016	2015
Stated interest expense	\$ 42.5	\$ 47.2
Facility fees	1.2	2.9
Amortization of debt issuance costs	3.9	4.4
Accretion of net discount on notes payable	2.6	4.1
Total interest and credit facility fees	\$ 50.2	\$ 58.6

Stated interest expense for the three months ended March 31, 2016 decreased from the comparable period in 2015 primarily due to the decrease in our weighted average stated interest rate of our debt outstanding, partially offset by an increase in the average principal amount of debt outstanding. The weighted average stated interest rate on our outstanding debt was 4.2% for the three months ended March 31, 2016 as compared to 5.2% for the comparable period in 2015 primarily as a result of the maturity of the higher cost \$575.0 million aggregate principal amount of unsecured

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convertible notes (the "February 2016 Convertible Notes") and increased utilization of the Company's lower cost revolving facilities. For the three months ended March 31, 2016, our average principal debt outstanding increased to \$4.1 billion as compared to \$3.6 billion for the comparable period in 2015.

The increase in base management fees for the three months ended March 31, 2016 from the comparable period in 2015 was primarily due to the increase in the size of the portfolio. The decrease in income based fees for the three months ended March 31, 2016 from the comparable period in 2015 was primarily due to the decrease in net investment income excluding income based fees and capital gains incentive fees.

For the three months ended March 31, 2016, the capital gains incentive fees expense calculated in accordance with GAAP was \$3.8 million. For the three months ended March 31, 2015, the reduction in capital gains incentive fees calculated in accordance with GAAP was \$4.2 million. Capital gains incentive fee expense accrual for the three months ended March 31, 2016 increased from the comparable period in 2015 primarily due to net gains on investments, foreign currency and other transactions and the extinguishment of debt during the three months ended March 31, 2016 of \$18.8 million compared to net losses of \$21.1 million during the three months ended March 31, 2015. The capital gains incentive fee accrued under GAAP includes an accrual related to unrealized capital appreciation, whereas the capital gains incentive fee actually payable under our investment advisory and management agreement does not. There can be no assurance that such unrealized capital appreciation will be realized in the future. The accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. As of March 31, 2016 and December 31, 2015, the total capital gains incentive fee accrual calculated in accordance with GAAP was \$46.0 million and \$42.3 million, respectively. As of March 31, 2016 and December 31, 2015, there was no capital gains incentive fee actually payable under our investment advisory and management agreement. See Note 3 to our consolidated financial statements for the three months ended March 31, 2016, for more information on the base management fees, income based fees and capital gains incentive fees.

Administrative fees represent fees paid to Ares Operations for our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our executive officers and their respective staffs. Other general and administrative expenses include professional fees, rent, insurance, depreciation and director's fees, among other costs.

Income Tax Expense, Including Excise Tax

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must generally (among other requirements) timely distribute to our stockholders at least 90% of our investment company taxable income, as defined by the Code, for each year. In order to maintain our RIC status, we have made and intend to continue to make the requisite distributions to our stockholders which will generally relieve us from U.S. federal corporate-level income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward such taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. If we determine that our estimated current year taxable income will be in excess of estimated dividend distributions for the current year from such income, we accrue excise tax on estimated excess taxable income as such taxable income is earned. For the three months ended March 31, 2016 and 2015, we recorded a net expense of \$3.0 million and \$1.6 million, respectively, for U.S. federal excise tax.

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Certain of our consolidated subsidiaries are subject to U.S. federal and state income taxes. For the three months ended March 31, 2016 and 2015, we recorded a tax expense of approximately \$2.2 million and \$1.9 million, respectively, for these subsidiaries.

Net Realized Gains/Losses

During the three months ended March 31, 2016, we had \$504.4 million of sales, repayments or exits of investments resulting in \$25.5 million of net realized gains on investments. These sales, repayments or exits included \$65.4 million of investments sold to IHAM and certain vehicles managed by IHAM. A net realized gain of \$0.1 million was recorded on these transactions. See Note 4 to our consolidated financial statements for the three months ended March 31, 2016 for more detail on IHAM and its managed vehicles. During the three months ended March 31, 2016, net realized gains on investments of \$25.5 million were comprised of \$25.5 million of gross realized gains and no gross realized losses.

The net realized gains on investments during the three months ended March 31, 2016 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Physiotherapy Associates Holdings, Inc.	\$ 8.1
AllBridge Financial, LLC	6.3
Lakeland Tours, LLC	4.6
MedAssets, Inc.	3.0
Other, net	3.5
Total	\$ 25.5

During the three months ended March 31, 2016, we also recognized net realized gains on foreign currency transactions of \$1.8 million.

During the three months ended March 31, 2015, we had \$1.1 billion of sales, repayments or exits of investments resulting in \$27.2 million of net realized gains on investments. These sales, repayments or exits included \$258.0 million of investments sold to IHAM and certain vehicles managed by IHAM. A net realized gain of \$0.1 million was recorded on these transactions. During the three months ended March 31, 2015, net realized gains on investments of \$27.2 million were comprised of \$28.7 million of gross realized gains and \$1.5 million of gross realized losses.

The net realized gains on investments during the three months ended March 31, 2015 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Tripwire, Inc.	\$ 13.8
Protective Industries, Inc.	8.1
Panda Temple Power, LLC	2.4
Other, net	2.9
Total	\$ 27.2

During the three months ended March 31, 2015, we also recognized net realized gains on foreign currency transactions of \$4.5 million. In addition, during the three months ended March 31, 2015, we redeemed the entire outstanding \$143.8 million principal amount of unsecured notes that were scheduled to mature on February 15, 2022. The total redemption price (including accrued and

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unpaid interest) was \$144.6 million, which resulted in a realized loss on the extinguishment of debt of \$3.8 million.

Net Unrealized Gains/Losses

We value our portfolio investments quarterly and the changes in value are recorded as unrealized gains or losses in our consolidated statement of operations. Net unrealized gains and losses for our portfolio for the three months ended March 31, 2016 and 2015, were comprised of the following:

(in millions)	For the Three Months Ended March 31,	
	2016	2015
Unrealized appreciation	\$ 72.5	\$ 29.6
Unrealized depreciation	(60.2)	(53.0)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	(17.7)	(24.3)
 Total net unrealized losses	 \$ (5.4)	 \$ (47.7)

(1)

The net unrealized (appreciation) depreciation reversed related to net realized gains or losses represents the unrealized appreciation or depreciation recorded on the related asset at the end of the prior period.

The changes in net unrealized appreciation and depreciation during the three months ended March 31, 2016 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
UL Holding Co., LLC	\$ 9.4
The Step2 Company, LLC	8.4
ADF Restaurant Group, LLC	8.3
Community Education Centers, Inc.	4.9
Netsmart Technologies, Inc. and NS Holdings, Inc.	4.4
R3 Education, Inc.	3.5
Orion Foods, LLC	3.0
Napa Management Services Corporation	2.7
POS I Corp. (fka Vantage Oncology, Inc.)	2.3
Things Remembered, Inc.	(2.4)
Ivy Hill Asset Management, L.P.	(2.6)
Ciena Capital LLC	(3.1)
Primexx Energy Corporation	(3.8)
Infilaw Holding, LLC	(4.8)
Indra Holdings Corp.	(5.6)
Instituto de Banca y Comercio, Inc.	(9.2)
Other, net	(3.1)
 Total	 \$ 12.3

During the three months ended March 31, 2016, we also recognized net unrealized losses on foreign currency and other transactions of \$3.1 million.

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The changes in net unrealized appreciation and depreciation during the three months ended March 31, 2015 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.	\$ 4.3
Ciena Capital LLC	3.7
Infilaw Holding, LLC	(2.0)
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	(2.6)
ADF Capital, Inc. & ADF Restaurant Group, LLC	(3.5)
2329497 Ontario Inc.	(4.0)
Ivy Hill Asset Management, L.P.	(20.1)
Other, net	0.8
Total	\$ (23.4)

During the three months ended March 31, 2015, we also recognized net unrealized losses on foreign currency and other transactions of \$1.3 million.

For the years ended December 31, 2015, 2014 and 2013

Operating results for the years ended December 31, 2015, 2014 and 2013 were as follows:

(in millions)	For the Years Ended December 31,		
	2015	2014	2013
Total investment income	\$ 1,025.4	\$ 989.0	\$ 881.7
Total expenses	499.8	532.9	437.2
Net investment income before income taxes	525.6	456.1	444.5
Income tax expense, including excise tax	17.8	18.3	14.1
Net investment income	507.8	437.8	430.4
Net realized gains on investments and foreign currency transactions	127.5	93.9	63.7
Net unrealized gains (losses) on investments, foreign currency and other transactions	(246.2)	59.4	(5.6)
Realized losses on extinguishment of debt	(10.4)	(0.1)	
Net increase in stockholders' equity resulting from operations	\$ 378.7	\$ 591.0	\$ 488.5

Net income can vary substantially from period to period due to various factors, including acquisitions, the level of new investment commitments, the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, comparisons of net increase in stockholders' equity resulting from operations may not be meaningful.

Investment Income

(in millions)	For the Years Ended		
	December 31,		
	2015	2014	2013
Interest income from investments	\$ 817.4	\$ 741.4	\$ 647.9
Capital structuring service fees	94.6	113.6	91.7
Dividend income	73.5	84.3	99.6
Management and other fees	23.9	24.6	20.2
Other income	16.0	25.1	22.3
Total investment income	\$ 1,025.4	\$ 989.0	\$ 881.7

The increase in interest income from investments for the year ended December 31, 2015 from the comparable period in 2014 was primarily due to an increase in the size of our portfolio, which increased from an average of \$8.1 billion at amortized cost for the year ended December 31, 2014 to an average of \$8.6 billion at amortized cost for the comparable period in 2015. The decrease in capital structuring service fees for the year ended December 31, 2015 from the comparable period in 2014 was primarily due to the decrease in new investment commitments, which decreased from \$4.6 billion for the year ended December 31, 2014 to \$3.8 billion for the comparable period in 2015. Dividend income for the years ended December 31, 2015 and 2014 included dividends received from IHAM, a wholly owned portfolio company, totaling \$50.0 million and \$50.0 million, respectively. Also during the year ended December 31, 2015, we received \$8.9 million in other non-recurring dividends from non-income producing equity securities compared to \$19.0 million for the comparable period in 2014. The decrease in other income for the year ended December 31, 2015 from the comparable period in 2014 was primarily attributable to lower amendment fees.

The increase in interest income from investments for the year ended December 31, 2014 from the comparable period in 2013 was primarily due to an increase in the size of our portfolio, which increased from an average of \$6.7 billion at amortized cost for the year ended December 31, 2013 to an average of \$8.1 billion at amortized cost for the comparable period in 2014. The increase in capital structuring service fees for the year ended December 31, 2014 from the comparable period in 2013 was primarily due to the increase in new investment commitments, which increased from \$4.0 billion for the year ended December 31, 2013 to \$4.6 billion for the comparable period in 2014, as well as the increase in the weighted average capital structuring service fees received on new investment commitments, from 2.3% for the year ended December 31, 2013 to 2.5% in the comparable period in 2014. Dividend income for the years ended December 31, 2014 and 2013 included dividends received from IHAM totaling \$50.0 million and \$72.4 million, respectively. The dividends received from IHAM for the years ended December 31, 2014 and 2013 included additional dividends of \$10.0 million and \$32.4 million, respectively, that were paid in addition to the quarterly dividends generally paid by IHAM. IHAM paid the additional dividends out of accumulated earnings that had previously been retained by IHAM. Also during the year ended December 31, 2014, we received \$19.0 million in other non-recurring dividends from non-income producing equity securities compared to \$9.0 million for the comparable period in 2013. The increase in management and other fees for the year ended December 31, 2014 from the comparable period in 2013 was primarily attributable to higher sourcing and other fees received from the SSLP.

Operating Expenses

(in millions)	For the Years Ended		
	December 31,		
	2015	2014	2013
Interest and credit facility fees	\$ 227.0	\$ 216.0	\$ 171.5
Base management fees	134.3	128.0	104.9
Income based fees	121.4	118.3	110.5
Capital gains incentive fees	(26.7)	29.5	11.6
Administrative fees	14.2	13.7	12.3
Other general and administrative	29.6	27.4	26.4
Total operating expenses	\$ 499.8	\$ 532.9	\$ 437.2

Interest and credit facility fees for the years ended December 31, 2015, 2014 and 2013, were comprised of the following:

(in millions)	For the Years Ended		
	December 31,		
	2015	2014	2013
Stated interest expense	\$ 183.2	\$ 173.7	\$ 136.3
Facility fees	10.3	10.8	8.2
Amortization of debt issuance costs	17.1	16.4	13.2
Accretion of net discount on notes payable	16.4	15.1	13.8
Total interest and credit facility fees	\$ 227.0	\$ 216.0	\$ 171.5

Stated interest expense for the year ended December 31, 2015 increased from the comparable period in 2014 primarily due to the increase in the average principal amount of debt outstanding, partially offset by a decrease in our weighted average stated interest rate of our debt outstanding. For the year ended December 31, 2015, our average principal debt outstanding increased to \$3.7 billion as compared to \$3.3 billion for the comparable period in 2014, and the weighted average stated interest rate on our outstanding debt was 5.0% for the year ended December 31, 2015 as compared to 5.3% for the comparable period in 2014.

Stated interest expense for the year ended December 31, 2014 increased from the comparable period in 2013 primarily due to the increase in the average principal amount of debt outstanding, partially offset by a decrease in our weighted average stated interest rate of our debt outstanding. For the year ended December 31, 2014, our average principal debt outstanding increased to \$3.3 billion as compared to \$2.6 billion for the comparable period in 2013, and the weighted average stated interest rate on our outstanding debt was 5.3% for the year ended December 31, 2014 as compared to 5.3% for the comparable period in 2013.

The increase in base management fees and our income based fees for the year ended December 31, 2015 from the comparable period in 2014 and from the comparable period in 2013 were primarily due to the increases in the size of the portfolio in the case of base management fees and in the case of income based fees, the related increase in net investment income excluding income based fees and capital gains incentive fees.

For the year ended December 31, 2015, the reduction in capital gains incentive fees calculated in accordance with GAAP was \$26.7 million. For the years ended December 31, 2014 and 2013, the capital gains incentive fee expense accrual calculated in accordance with GAAP was \$29.5 million and \$11.6 million, respectively. Capital gains incentive fee expense accrual for the year ended December 31, 2015 decreased from the comparable period in 2014 primarily due to net losses on investments, foreign

currency and other transactions and the extinguishment of debt during the year ended December 31, 2015 of \$129.1 million compared to net gains of \$153.1 million during the year ended December 31, 2014. Capital gains incentive fee expense accrual for the year ended December 31, 2014 increased from the comparable period in 2013 primarily due to higher net gains on investments and foreign currency transactions, which increased from \$58.1 million during the year ended December 31, 2013 to \$153.1 million for the comparable period in 2014. The capital gains incentive fee accrued under GAAP includes an accrual related to unrealized capital appreciation, whereas the capital gains incentive fee actually payable under our investment advisory and management agreement does not. There can be no assurance that such unrealized capital appreciation will be realized in the future. The accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. As of December 31, 2015, 2014 and 2013, the total capital gains incentive fee accrual calculated in accordance with GAAP was \$42.3 million, \$93.0 million and \$80.9 million, respectively. As of December 31, 2015, there was no capital gains incentive fee actually payable under our investment advisory and management agreement. As of December 31, 2014 and 2013, the capital gains incentive fee actually payable under our investment advisory and management agreement was \$24.0 million and \$17.4 million, respectively. See Note 3 to our consolidated financial statements for the year ended December 31, 2015, for more information on the base management fees, income based fees and capital gains incentive fees.

Administrative fees represent fees paid to Ares Operations for our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our executive officers and their respective staffs. Other general and administrative expenses include professional fees, rent, insurance, depreciation and director's fees, among other costs.

Income Tax Expense, Including Excise Tax

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must generally (among other requirements) timely distribute to our stockholders at least 90% of our investment company taxable income, as defined by the Code, for each year. In order to maintain our RIC status, we have made and intend to continue to make the requisite distributions to our stockholders which will generally relieve us from U.S. federal corporate-level income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward such taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. If we determine that our estimated current year taxable income will be in excess of estimated dividend distributions for the current year from such income, we accrue excise tax on estimated excess taxable income as such taxable income is earned. For the years ended December 31, 2015, 2014 and 2013, we recorded a net expense of \$9.0 million, \$5.5 million and \$10.3 million, respectively, for U.S. federal excise tax. The net expense for the years ended December 31, 2015 and 2014 each included a reduction in expense related to the recording of a requested refund resulting from the overpayment of the prior year's excise tax of \$1.0 million and \$1.7 million, respectively.

Certain of our consolidated subsidiaries are subject to U.S. federal and state income taxes. For the years ended December 31, 2015, 2014 and 2013, we recorded a tax expense of approximately \$8.8 million, \$12.8 million and \$3.8 million, respectively, for these subsidiaries. The decrease in income tax expense for our taxable consolidated subsidiaries for the year ended December 31, 2015 from the comparable period in 2013 was primarily driven by lower realized gains from the exits of certain investments held by such subsidiaries during the year ended December 31, 2015. The increase in

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income tax expense for our taxable consolidated subsidiaries for the year ended December 31, 2014 from the comparable period in 2013 was primarily driven by the realized gains from the exits of certain investments held by such subsidiaries during the year ended December 31, 2014.

Net Realized Gains/Losses

During the year ended December 31, 2015, we had \$3.7 billion of sales, repayments or exits of investments resulting in \$121.3 million of net realized gains on investments. These sales, repayments or exits included \$538.1 million of investments sold to IHAM or certain vehicles managed by IHAM. A net realized gain of \$0.6 million was recorded on these transactions. See Note 4 to our consolidated financial statements for the year ended December 31, 2015 for more detail on IHAM and its managed vehicles. Net realized gains on investments of \$121.3 million were comprised of \$125.6 million of gross realized gains and \$4.3 million of gross realized losses.

The net realized gains on investments during the year ended December 31, 2015 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Cast & Crew Payroll, LLC	\$ 25.9
Tripwire, Inc.	13.8
TAP Holdings, LLC	11.2
Global Healthcare Exchange, LLC	8.3
Protective Industries, Inc.	8.2
Hojeij Branded Foods, Inc.	8.0
Wellspring Distribution Corp	5.6
Driven Brands, Inc.	5.5
Fulton Holdings Corp.	4.5
Other, net	30.3
Total	\$ 121.3

During the year ended December 31, 2015, we also recognized net realized gains on foreign currency transactions of \$6.2 million. In addition, during the year ended December 31, 2015, we redeemed the entire \$143.8 million aggregate principal amount outstanding of the unsecured notes that were scheduled to mature on February 15, 2022 (the "February 2022 Notes"). The February 2022 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately \$144.6 million, which resulted in a realized loss on the extinguishment of debt of \$3.8 million. We also redeemed the entire \$200.0 million aggregate principal amount outstanding of the 2040 Notes (as defined below). The 2040 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately \$200.6 million, which resulted in a realized loss on the extinguishment of debt of \$6.6 million.

During the year ended December 31, 2014, we had \$3.3 billion of sales, repayments or exits of investments resulting in \$91.7 million of net realized gains on investments. These sales, repayments or exits included \$219.6 million of investments sold to IHAM or certain vehicles managed by IHAM. A net realized loss of \$0.1 million was recorded on these transactions. Net realized gains on investments of \$91.7 million were comprised of \$153.8 million of gross realized gains and \$62.1 million of gross realized losses.

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The net realized gains on investments during the year ended December 31, 2014 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Insight Pharmaceuticals Corporation	\$ 33.1
The Dwyer Group	21.1
Waste Pro USA, Inc.	18.4
Service King Paint & Body, LLC	10.4
The Thymes, LLC	9.8
CT Technologies Intermediate Holdings, Inc.	6.7
ELC Acquisition Corp.	5.9
VSS-Tranzact Holdings, LLC	5.1
Platform Acquisition, Inc.	4.7
Apple & Eve, LLC	4.3
Pillar Processing LLC	(6.6)
CitiPostal Inc.	(20.8)
MVL Group, Inc.	(27.7)
Other, net	27.3
Total	\$ 91.7

During the year ended December 31, 2014, we also recognized net realized gains on foreign currency transactions of \$2.2 million. In addition, during the year ended December 31, 2014, we purchased \$0.4 million aggregate principal amount of the 2047 Notes (as defined below) and as a result of these transactions, we recognized realized losses on extinguishment of debt of \$2.2 million.

During the year ended December 31, 2013, we had \$1.8 billion of sales, repayments or exits of investments resulting in \$63.7 million of net realized gains on investments. These sales, repayments or exits included \$442.3 million of investments sold to IHAM or certain vehicles managed by IHAM. A net realized loss of \$0.1 million was recorded on these transactions. Net realized gains on investments of \$63.7 million were comprised of \$112.9 million of gross realized gains and \$49.2 million of gross realized losses.

The net realized gains on investments during the year ended December 31, 2013 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Passport Health Communications, Inc.	\$ 19.8
Financial Pacific Company	17.7
Component Hardware Group, Inc.	17.2
Tradesmen International, Inc.	10.0
AWTP, LLC	8.7
Performant Financial Corporation	8.6
Senior Secured Loan Fund LLC	7.1
Performance Food Group, Inc.	4.1
eInstruction Corporation	(40.3)
Other, net	10.8
Total	\$ 63.7

Net Unrealized Gains/Losses

We value our portfolio investments quarterly and the changes in value are recorded as unrealized gains or losses in our consolidated statement of operations. Net unrealized gains and losses for our portfolio for the years ended December 31, 2015, 2014 and 2013, were comprised of the following:

(in millions)	For the Years Ended December 31,		
	2015	2014	2013
Unrealized appreciation	\$ 115.7	\$ 176.6	\$ 106.5
Unrealized depreciation	(304.2)	(120.4)	(105.1)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	(60.1)	1.6	(7.0)
Total net unrealized gains (losses)	\$ (248.6)	\$ 57.8	\$ (5.6)

(1)

The net unrealized (appreciation) depreciation reversed related to net realized gains or losses represents the unrealized appreciation or depreciation recorded on the related asset at the end of the prior period.

The changes in net unrealized appreciation and depreciation during the year ended December 31, 2015 consisted of the following:

(in millions)	Net Unrealized Appreciation (Depreciation)
Portfolio Company	
OTG Management, LLC	\$ 27.6
Ciena Capital LLC	11.3
Physiotherapy Associates Holdings, Inc.	6.4
Napa Management Services Corporation	5.6
UL Holding Co., LLC	4.7
Lakeland Tours, LLC	4.5
Spin HoldCo Inc.	(5.6)
Things Remembered, Inc.	(5.7)
La Paloma Generating Company, LLC	(6.2)
10th Street, LLC	(6.4)
Indra Holdings Corp.	(7.4)
Green Energy Partners	(8.2)
Primexx Energy Corporation	(8.3)
Nodality, Inc.	(8.6)
Competitor Group, Inc.	(9.3)
2329497 Ontario Inc.	(9.8)
Instituto de Banca y Comercio, Inc.	(13.8)
CCS Intermediate Holdings, LLC	(14.2)
Infilaw Holding, LLC	(14.3)
Ivy Hill Asset Management, L.P.	(23.8)
Petroflow Energy Corporation	(26.4)
Senior Secured Loan Fund LLC	(77.1)
Other, net	(3.5)
Total	\$ (188.5)

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During the year ended December 31, 2015, we also recognized net unrealized gains on foreign currency and other transactions of \$2.3 million.

The changes in net unrealized appreciation and depreciation during the year ended December 31, 2014 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
10th Street, LLC	\$ 43.7
UL Holding Co., LLC	15.0
Cast & Crew Payroll, LLC	11.6
Imperial Capital Private Opportunities, LP	10.1
Ciena Capital LLC	9.8
Tripwire, Inc.	8.4
Senior Secured Loan Fund LLC	7.0
Campus Management Corp.	6.8
Global Healthcare Exchange, LLC	4.0
Eckler Industries, Inc.	(4.0)
OTG Management, LLC	(4.2)
Orion Foods, LLC	(4.6)
Community Education Centers, Inc.	(6.9)
2329497 Ontario Inc.	(7.4)
The Step2 Company, LLC	(17.1)
ADF Restaurant Group, LLC	(18.1)
Ivy Hill Asset Management, L.P.	(21.0)
Other, net	23.1
Total	\$ 56.2

During the year ended December 31, 2014, we also recognized net unrealized gains on foreign currency transactions of \$1.6 million.

The changes in net unrealized appreciation and depreciation during the year ended December 31, 2013 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Senior Secured Loan Fund LLC	\$ 9.8
Orion Foods, LLC	7.0
10th Street, LLC	6.8
American Broadband Communications, LLC	6.6
Imperial Capital Private Opportunities, LP	5.7
OTG Management, LLC	4.5
The Dwyer Group	4.2
Ciena Capital LLC	(7.7)
Competitor Group, Inc.	(9.5)
Instituto de Banca y Comercio, Inc.	(12.6)
UL Holding Co., LLC	(13.2)
CitiPostal Inc.	(13.8)
Ivy Hill Asset Management, L.P.	(13.9)
Other, net	27.5
Total	\$ 1.4

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Our liquidity and capital resources are generated primarily from the net proceeds of public offerings of equity and debt securities, advances from the Facilities, net proceeds from the issuance of other securities, including unsecured notes and the SBA Debentures, as well as cash flows from operations.

As of March 31, 2016, we had \$77.2 million in cash and cash equivalents and \$4.1 billion in total aggregate principal amount of debt outstanding (\$4.0 billion at carrying value). Subject to leverage, borrowing base and other restrictions, we had approximately \$0.9 billion available for additional borrowings under the Facilities and the SBA Debentures as of March 31, 2016.

We may from time to time seek to retire or repurchase our common stock through cash purchases, as well as retire, cancel or purchase our outstanding debt through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. Such purchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. The amounts involved may be material. In addition, we may from time to time enter into additional debt facilities, increase the size of existing facilities or issue additional debt securities, including unsecured debt and/or debt securities convertible into common stock. Any such incurrence or issuance would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. In accordance with the Investment Company Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, calculated pursuant to the Investment Company Act, is at least 200% after such borrowing. As of March 31, 2016, our asset coverage was 226%.

Equity Capital Activities

The following table summarizes the total shares issued and proceeds received in public offerings of our common stock net of underwriting discounts and offering costs for the years ended December 31, 2014 and 2013.

(in millions, except per share data)	Shares issued	Offering price per share(1)	Proceeds net of underwriting discounts and offering costs
2014			
July 2014 public offering	15.5	\$ 16.63	\$ 257.7
Total for the year ended December 31, 2014	15.5		\$ 257.7
2013			
December 2013 public offering	16.4	\$ 17.47	\$ 286.0
October 2013 public offering	12.7	\$ 16.98	\$ 214.3
April 2013 public offering	19.1	\$ 17.43	\$ 333.2
Total for the year ended December 31, 2013	48.2		\$ 833.5

(1) The shares were sold to the underwriters for a price equal to the offering price per share, which the underwriters were then permitted to sell at variable prices to the public.

As of March 31, 2016 and December 31, 2015, our total equity market capitalization was \$4.7 billion and \$4.5 billion, respectively. There were no sales of our equity securities during the three months ended March 31, 2016 or during the year ended December 31, 2015.

In September 2015, our board of directors approved a stock repurchase program authorizing us to repurchase up to \$100 million in the aggregate of our outstanding common stock in the open market at certain thresholds below our net asset value per share, in accordance with the guidelines specified in

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Rule 10b-18 under the Exchange Act of. The timing, manner, price and amount of any share repurchases will be determined by us, in our discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors. The program will be in effect until September 30, 2016, unless extended or until the approved dollar amount has been used to repurchase shares. The program does not require us to repurchase any specific number of shares and we cannot assure stockholders that any shares will be repurchased under the program. The program may be suspended, extended, modified or discontinued at any time.

In connection with our stock repurchase program, in March 2016, we entered into a Rule 10b5-1 plan to repurchase shares of our common stock in accordance with certain parameters set forth in such plan.

See "Recent Developments," as well as Note 15 to our consolidated financial statements for the three months ended March 31, 2016 for more information on the stock repurchase program.

During the quarter ended March 31, 2016, we repurchased a total of 393,056 shares of our common stock in the open market for \$5.5 million under the stock repurchase program. The shares were repurchased at an average price of \$13.92 per share, including commissions paid.

Debt Capital Activities

Our debt obligations consisted of the following as of March 31, 2016 and December 31, 2015:

(in millions)	March 31, 2016			As of	December 31, 2015		
	Total Aggregate Principal Amount Available/ Outstanding(1)	Principal Amount	Carrying Value		Total Aggregate Principal Amount Available/ Outstanding(1)	Principal Amount	Carrying Value
Revolving Credit Facility	\$ 1,290.0(2)	\$ 1,170.0	\$ 1,170.0		\$ 1,290.0(2)	\$ 515.0	\$ 515.0
Revolving Funding Facility	540.0(3)	118.0	118.0		540.0	250.0	250.0
SMBC Funding Facility	400.0	25.0	25.0		400.0	110.0	110.0
SBA Debentures	75.0	25.0	24.4		75.0	22.0	21.4
February 2016 Convertible Notes				(4)	575.0	575.0	573.9(5)
June 2016 Convertible Notes	230.0	230.0	229.2(5)		230.0	230.0	228.0(5)
2017 Convertible Notes	162.5	162.5	160.5(5)		162.5	162.5	160.0(5)
2018 Convertible Notes	270.0	270.0	265.0(5)		270.0	270.0	264.4(5)
2019 Convertible Notes	300.0	300.0	294.9(5)		300.0	300.0	294.5(5)
2018 Notes	750.0	750.0	743.5(6)		750.0	750.0	743.0(6)
2020 Notes	600.0	600.0	594.5(7)		600.0	600.0	594.2(7)
October 2022 Notes	182.5	182.5	178.0(8)		182.5	182.5	177.9(8)
2047 Notes	229.6	229.6	181.7(9)		229.6	229.6	181.6(9)
Total	\$ 5,029.6	\$ 4,062.6	\$ 3,984.7		\$ 5,604.6	\$ 4,196.6	\$ 4,113.9

(1) Subject to borrowing base, leverage and other restrictions. Represents the total aggregate amount committed or outstanding, as applicable, under such instrument.

(2) Provides for a feature that allows us, under certain circumstances, to increase the size of the Revolving Credit Facility to a maximum of \$1,935.0 million. See "Recent Developments," as well as Note 15 to our consolidated financial statements for the three months ended March 31, 2016 for more information on an amendment to the Revolving Credit Facility.

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- (3) Provides for a feature that allows us and our consolidated subsidiary, Ares Capital CP Funding LLC ("Ares Capital CP"), under certain circumstances, to increase the size of the Revolving Funding Facility to a maximum of \$865.0 million.
- (4) See below for more information on the repayment of the February 2016 Convertible Notes.
- (5) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below) and the February 2016 Convertible Unsecured Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuances of such notes. As of March 31, 2016, the total of the unamortized debt issuance costs and the unaccreted discount for the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes (each as defined below) were \$0.8 million, \$2.0 million, \$5.0 million and \$5.1 million, respectively. As of December 31, 2015, the total of the unamortized debt issuance costs and the unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes were \$1.1 million, \$2.0 million, \$2.5 million, \$5.6 million and \$5.5 million, respectively.
- (6) Represents the aggregate principal amount outstanding of the 2018 Notes (as defined below) less unamortized debt issuance costs plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes. As of March 31, 2016 and December 31, 2015, the total unamortized debt issuance costs less the net unamortized premium were \$6.5 million and \$7.0 million, respectively.
- (7) Represents the aggregate principal amount outstanding of the 2020 Notes (as defined below) less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuances of the 2020 Notes. As of March 31, 2016, and December 31, 2015, the total of the unamortized debt issuance costs and the net unaccreted discount were \$5.5 million and \$5.8 million, respectively.
- (8) Represents the aggregate principal amount outstanding of the October 2022 Notes (as defined below) less unamortized debt issuance costs. As of March 31, 2016 and December 31, 2015, the unamortized debt issuance costs were \$4.5 million and \$4.6 million, respectively.
- (9) Represents the aggregate principal amount outstanding of the 2047 Notes (as defined below) less the unaccreted purchased discount recorded as part of the acquisition of Allied Capital Corporation in April 2010 (the "Allied Acquisition"). As of March 31, 2016 and December 31, 2015, the total unaccreted purchased discount was \$47.9 million and \$48.0 million, respectively.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount, of all our debt outstanding as of March 31, 2016 were 4.0% and 4.8 years, respectively, and as of December 31, 2015 were 4.4% and 4.5 years, respectively.

The ratio of total principal amount of debt outstanding to stockholders' equity as of March 31, 2016 was 0.78:1.00 compared to 0.81:1.00 as of December 31, 2015. The ratio of total carrying value of debt outstanding to stockholders' equity as of March 31, 2016 was 0.77:1.00 compared to 0.80:1.00 as of December 31, 2015.

Revolving Credit Facility

We are party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), which as of March 31, 2016 allowed us to borrow up to \$1,290.0 million at any one time outstanding. As of March 31, 2016, the end of the revolving period and the stated maturity date for the Revolving Credit Facility were May 4, 2019 and May 4, 2020, respectively. The Revolving Credit Facility also provides for a feature that allowed us as of March 31, 2016, under certain circumstances, to increase the size of the Revolving Credit Facility to a maximum of

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\$1,935.0 million. The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over an "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of March 31, 2016, the interest rate in effect was LIBOR plus 1.75%. We are also required to pay a letter of credit fee of either 2.00% or 2.25% per annum on letters of credit issued, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. Additionally, we are required to pay a commitment fee of 0.375% per annum on any unused portion of the Revolving Credit Facility. As of March 31, 2016, there was \$1,170.0 million outstanding under the Revolving Credit Facility and we were in compliance in all material respects with the terms of the Revolving Credit Facility. See "Recent Developments," as well as Note 15 to our consolidated financial statements for the three months ended March 31, 2016 for more information on the Revolving Credit Facility.

Revolving Funding Facility

Our consolidated subsidiary, Ares Capital CP, is party to a revolving funding facility (as amended, the "Revolving Funding Facility"), which allows Ares Capital CP to borrow up to \$540.0 million at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility is May 14, 2017 and May 14, 2019, respectively. The Revolving Funding Facility also provides for a feature that allows, under certain circumstances, for an increase in the size of the Revolving Funding Facility to a maximum of \$865.0 million. The interest rate charged on the Revolving Funding Facility is based on an applicable spread ranging from 2.25% to 2.50% over LIBOR or ranging from 1.25% to 1.50% over a "base rate" (as defined in the agreements governing the Revolving Funding Facility) in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. As of March 31, 2016, the interest rate in effect was LIBOR plus 2.25%. Additionally, Ares Capital CP is required to pay a commitment fee of between 0.50% and 1.50% per annum depending on the size of the unused portion of the Revolving Funding Facility. As of March 31, 2016, there was \$118.0 million outstanding under the Revolving Funding Facility and we and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

SMBC Funding Facility

Our consolidated subsidiary, Ares Capital JB Funding LLC ("ACJB"), is party to a revolving funding facility (as amended, the "SMBC Funding Facility"), which allows ACJB to borrow up to \$400.0 million at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. As of March 31, 2016, the end of the reinvestment period and the stated maturity date for the SMBC Funding Facility were September 14, 2017 and September 14, 2022, respectively. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement. The interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a "base rate" (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. As of March 31, 2016, the interest rate in effect was LIBOR plus 1.75%. Additionally, ACJB is required to pay a commitment fee of between 0.35% and 0.875% per annum depending on the size of the unused portion of the SMBC Funding Facility. As of March 31, 2016, there was \$25.0 million outstanding under the SMBC Funding Facility and we and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

SBA Debentures

In April 2015, our wholly owned subsidiary, AVF LP, received a license from the SBA to operate as a SBIC under the provisions of Section 301(c) of the Small Business Investment Act. The SBA places certain limitations on the financing of investments by SBICs in portfolio companies, including regulating the types of financings, restricting investments to only include small businesses with certain characteristics or in certain industries, and requiring capitalization thresholds that may limit distributions to us.

The license from the SBA allows AVF LP to obtain leverage by issuing the SBA Debentures, subject to issuance of a capital commitment by the SBA and other customary procedures. Leverage through the SBA Debentures is subject to required capitalization thresholds. Current SBA regulations limit the amount that any SBIC may borrow to \$150.0 million and as of March 31, 2016, the amount of the SBA Debentures committed to AVF LP by the SBA was \$75.0 million. The SBA Debentures are non-recourse to us, have interest payable semi-annually, have a ten-year maturity and may be prepaid at any time without penalty. As of March 31, 2016, AVF LP had \$25.0 million of the SBA Debentures issued and outstanding, which mature between September 2025 and March 2026. AVF LP is subject to an annual periodic examination by an SBA examiner to determine AVF LP's compliance with the relevant SBA regulations and an annual financial audit of its financial statements that are prepared on a basis of accounting other than GAAP (such as ASC 820) by an independent auditor. As of March 31, 2016, AVF LP was in compliance in all material respects with SBA regulatory requirements.

The interest rate for the SBA Debentures is fixed at the time the SBA Debentures and other applicable issued SBA- guaranteed debentures can be pooled and sold to the public and is based on a spread over U.S. treasury notes with ten-year maturities. The pooling of newly issued SBA-guaranteed debentures occurs twice per year. The spread includes an annual charge as determined by the SBA (the "Annual Charge") as well as a market-driven component. Prior to the ten-year fixed interest rate being determined, the interest rate charged for the SBA Debentures is based on LIBOR plus an applicable spread of 0.30% and the Annual Charge. As of March 31, 2016, the weighted average interest rate in effect for the SBA Debentures was 3.48%.

Convertible Unsecured Notes

In February 2016, we repaid in full the \$575.0 million aggregate principal amount of the February 2016 Convertible Notes.

We have issued \$230.0 million aggregate principal amount of unsecured convertible notes that mature on June 1, 2016 (the "June 2016 Convertible Notes"), \$162.5 million aggregate principal amount of unsecured convertible notes that mature on March 15, 2017 (the "2017 Convertible Notes"), \$270.0 million aggregate principal amount of unsecured convertible notes that mature on January 15, 2018 (the "2018 Convertible Notes") and \$300.0 million aggregate principal amount of unsecured convertible notes that mature on January 15, 2019 (the "2019 Convertible Notes"). The Convertible Notes mature upon their respective maturity dates unless previously converted or repurchased in accordance with their terms. We do not have the right to redeem the Convertible Unsecured Notes prior to maturity. The June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes bear interest at a rate of 5.125% , 4.875%, 4.750% and 4.375%, respectively, per year, payable semi-annually.

In certain circumstances, the Convertible Unsecured Notes will be convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, at their respective conversion rates (listed below as of March 31, 2016) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the "Convertible Unsecured Notes Indentures"). To the extent the June 2016 Convertible Unsecured Notes are converted, we have elected to settle with a combination of cash and shares of our common stock. Prior to the close of business on

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the business day immediately preceding their respective conversion date (listed below), holders may convert their Convertible Unsecured Notes only under certain circumstances set forth in the respective Convertible Unsecured Notes Indenture. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding their respective maturity date, holders may convert their Convertible Unsecured Notes at any time. In addition, if we engage in certain corporate events as described in their respective Convertible Unsecured Notes Indenture, holders of the Convertible Unsecured Notes may require us to repurchase for cash all or part of the Convertible Unsecured Notes at a repurchase price equal to 100% of the principal amount of the Convertible Unsecured Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of March 31, 2016 are listed below.

	June 2016	2017	2018	2019
	Convertible Notes	Convertible Notes	Convertible Notes	Convertible Notes
Conversion premium	17.5%	17.5%	17.5%	15.0%
Closing stock price at issuance	\$16.20	\$16.46	\$16.91	\$17.53
Closing stock price date	March 22, 2011	March 8, 2012	October 3, 2012	July 15, 2013
Conversion price(1)	\$18.20	\$18.89	\$19.64	\$19.99
Conversion rate (shares per one thousand dollar principal amount)(1)	54.9549	52.9303	50.9054	50.0292
Conversion dates	December 15, 2015	September 15, 2016	July 15, 2017	July 15, 2018

- (1) Represents conversion price and conversion rate, as applicable, as of March 31, 2016, taking into account certain de minimis adjustments that will be made on the conversion date.

Unsecured Notes

2018 Notes

We have issued \$750.0 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 4.875% per year and mature on November 30, 2018 (the "2018 Notes"). The 2018 Notes require payment of interest semi-annually, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time at our option at a redemption price equal to par plus a "make whole" premium, as determined pursuant to the indenture governing the 2018 Notes, and any accrued and unpaid interest. \$600.0 million in aggregate principal amount of the 2018 Notes were issued at a discount to the principal amount and \$150.0 million in aggregate principal amount of the 2018 Notes were issued at a premium of 102.7% of their principal amount.

2020 Notes

We have issued \$600.0 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 3.875% per year and mature on January 15, 2020 (the "2020 Notes"). The 2020 Notes require payment of interest semi-annually, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time at our option at a redemption price equal to par plus a "make whole" premium, if applicable, as determined pursuant to the indenture governing the 2020 Notes, and any accrued and unpaid interest. \$400.0 million in aggregate principal amount of the 2020 Notes were issued at a discount to the principal amount and \$200.0 million in aggregate principal amount of the 2020 Notes were issued at a premium of 100.2% of their principal amount.

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October 2022 Notes

We have issued \$182.5 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 5.875% per year and mature on October 1, 2022 (the "October 2022 Notes"). The October 2022 Notes require payment of interest quarterly and all principal is due upon maturity. These notes are redeemable in whole or in part at any time or from time to time at our option, at a par redemption price of \$25.00 per security plus accrued and unpaid interest.

2047 Notes

As part of the Allied Acquisition, we assumed \$230.0 million aggregate principal amount of unsecured notes which bear interest at a rate of 6.875% and mature on April 15, 2047 (the "2047 Notes" and together with the 2018 Notes, the 2020 Notes and the October 2022 Notes, the "Unsecured Notes"). The 2047 Notes require payment of interest quarterly, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time or from time to time at our option, at a par redemption price of \$25.00 per security plus accrued and unpaid interest.

As of March 31, 2016, we were in compliance in all material respects with the terms of the Convertible Unsecured Notes Indentures and the indentures governing the Unsecured Notes.

The Convertible Unsecured Notes and the Unsecured Notes are our senior unsecured obligations and rank senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Unsecured Notes and the Unsecured Notes; equal in right of payment to our existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of our secured indebtedness (including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

See Note 5 to our consolidated financial statements for the three months ended March 31, 2016 for more detail on our debt obligations.

CONTRACTUAL OBLIGATIONS

A summary of the maturities of our principal amounts of debt and other contractual payment obligations as of December 31, 2015 are as follows:

(in millions)	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Revolving Credit Facility	\$ 515.0	\$	\$	\$ 515.0	\$
Revolving Funding Facility	250.0			250.0	
SMBC Funding Facility	110.0				110.0
SBA Debentures	22.0				22.0
February 2016 Convertible Notes	575.0	575.0			
June 2016 Convertible Notes	230.0	230.0			
2017 Convertible Notes	162.5		162.5		
2018 Convertible Notes	270.0		270.0		
2019 Convertible Notes	300.0			300.0	
2018 Notes	750.0		750.0		
2020 Notes	600.0			600.0	
October 2022 Notes	182.5				182.5
2047 Notes	229.6				229.6
Operating lease obligations	94.1	9.2	18.4	18.0	48.5
	\$ 4,290.7	\$ 814.2	\$ 1,200.9	\$ 1,683.0	\$ 592.6

OFF BALANCE SHEET ARRANGEMENTS

We have various commitments to fund investments in our portfolio, as described below.

As of March 31, 2016 and December 31, 2015, we had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to fund which are at (or substantially at) our discretion:

(in millions)	As of	
	March 31, 2016	December 31, 2015
Total revolving and delayed draw loan commitments	\$ 355.4	\$ 418.9
Less: drawn commitments	(70.8)	(122.9)
Total undrawn commitments	284.6	296.0
Less: commitments substantially at our discretion	(6.8)	(6.0)
Less: unavailable commitments due to borrowing base or other covenant restrictions		
Total net adjusted undrawn revolving and delayed draw loan commitments	\$ 277.8	\$ 290.0

Included within the total revolving and delayed draw loan commitments as of March 31, 2016 and December 31, 2015 were delayed draw loan commitments totaling \$137.5 million and \$148.6 million, respectively. Our commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated terms and conditions. Generally, the most significant and uncertain term requires the borrower to satisfy a specific use of proceeds covenant. The use of proceeds covenant typically requires the borrower to use the additional loans for the specific purpose of a permitted acquisition or permitted investment, for example. In addition to the use of proceeds covenant, the borrower is generally required to satisfy additional negotiated covenants (including specified leverage levels).

Also included within the total revolving and delayed draw loan commitments as of March 31, 2016 were commitments to issue up to \$45.2 million in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of March 31, 2016, we had \$13.8 million in letters of credit issued and outstanding under these commitments on behalf of the portfolio companies. For all these letters of credit issued and outstanding, we would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. None of these letters of credit issued and outstanding are recorded as a liability on our balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company. Of these letters of credit, \$12.8 million expire in 2016 and \$1.0 million expire in 2017.

We also have commitments to co-invest in the SSLP for our portion of the SSLP's commitments to fund delayed draw loans to certain portfolio companies of the SSLP. See "Senior Secured Loan Program" above and Note 4 to our consolidated financial statements for the three months ended March 31, 2016 for more information.

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As of March 31, 2016 and December 31, 2015, we were party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions)	As of	
	March 31, 2016	December 31, 2015
Total private equity commitments	\$ 107.0	\$ 107.0
Less: funded private equity commitments	(21.1)	(20.9)
Total unfunded private equity commitments	85.9	86.1
Less: private equity commitments substantially at our discretion	(84.5)	(84.6)
Total net adjusted unfunded private equity commitments	\$ 1.4	\$ 1.5

In the ordinary course of business, we may sell certain of our investments to third party purchasers. In particular, in connection with the sale of certain controlled portfolio company equity investments (as well as certain other sales), we have, and may continue to do so in the future, agreed to indemnify such purchasers for future liabilities arising from the investments and the related sale transaction. Such indemnification provisions have given rise to liabilities in the past and may do so in the future.

RECENT DEVELOPMENTS

American Capital Acquisition

On May 23, 2016, we entered into a definitive agreement to acquire American Capital in a cash and stock transaction. American Capital is an internally managed closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the Investment Company Act.

While there can be no assurances as to the exact timing, or that the American Capital Acquisition will be completed at all, we expect to complete the American Capital Acquisition as early as the fourth quarter of 2016. The completion of the American Capital Acquisition is subject to certain conditions, including, among others, American Capital stockholder approval, Ares Capital stockholder approval, required regulatory approvals, receipt of certain third party consents, and other customary closing conditions.

We cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Pending American Capital Acquisition" for a more detailed description of the terms of the American Capital Acquisition, "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition and "Risk Factors Risks Relating to the American Capital Acquisition" for a description of the risks that the combined company may face if the American Capital Acquisition is completed.

In connection with the American Capital Acquisition, we entered into an agreement with our investment adviser, dated May 23, 2016, pursuant to which our investment adviser will (i) provide \$275 million of cash consideration payable to American Capital stockholders in accordance with the terms and conditions set forth in the Merger Agreement at closing and (ii) waive, for each of the first ten calendar quarters beginning with the first full calendar quarter after the closing of the American Capital Acquisition, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case to the extent earned and payable by us in such quarter pursuant to and as calculated under our investment advisory and management agreement.

Other Recent Developments

In April 2016, we entered into an agreement to amend and restate the Revolving Credit Facility that, among other things, (a) extended the expiration of the revolving period for certain lenders electing to extend their commitments in an amount equal to \$1.195 billion from May 4, 2019 to May 4, 2020, during which period we, subject to certain conditions, may make borrowings under the Revolving Credit Facility, (b) extended the stated maturity date for certain lenders electing to extend their commitments in an amount equal to \$1.195 billion from May 4, 2020 to May 4, 2021, (c) permitted certain lenders electing not to extend their commitments in an amount equal to \$70 million to remain subject to the existing revolving period and stated maturity in respect of their non-extending commitments, and (d) modified the debt and lien provisions of the Revolving Credit Facility to, among other things, (i) expand the types of additional debt that may be secured by certain assets of ours on a *pari passu* basis with the Revolving Credit Facility, subject to certain limitations, and (ii) increase the amount of additional secured debt permitted to be incurred by us, subject to certain conditions. The size of the Revolving Credit Facility is \$1.265 billion following the amendment and restatement thereof. The Revolving Credit Facility includes an "accordion" feature that allows us, under certain circumstances, to increase the size of the facility by an amount up to \$632.5 million.

In April 2016, our board of directors authorized an extension of our stock repurchase program through February 28, 2017. Our stock repurchase program was set to expire on September 30, 2016. Under the stock repurchase program, we may repurchase up to \$100 million in the aggregate of our outstanding common stock in the open market at a price per share that meets certain thresholds below its net asset value per share, in accordance with the guidelines specified in Rule 10b-18 of the Exchange Act. The timing, manner, price and amount of any share repurchases will be determined by us, in our discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors. As of March 31, 2016, we had repurchased a total of 514,677 shares of our common stock in the open market under the stock repurchase program since its inception in September 2015, at an average price of \$13.92 per share, including commissions paid, leaving approximately \$92.8 million available for additional repurchases under the program.

In May 2016, in connection with the American Capital Acquisition, we suspended our stock repurchase program pending the completion of the Merger Agreement.

In June 2016, we repaid in full the \$230 million aggregate principal amount outstanding of the June 2016 Convertible Notes upon their maturity. We used amounts available under our revolving credit facilities to repay the June 2016 Convertible Notes.

In June 2016, we, our investment adviser, Ares Venture Finance GP LLC and AVF LP received exemptive relief from the SEC allowing us to modify the asset coverage requirements to exclude the SBA Debentures from this calculation. As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This exemptive relief provides us with increased investment flexibility but also increases our risk related to leverage.

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with GAAP, and include the accounts of ours and our consolidated subsidiaries. We are an investment company following accounting and reporting guidance in ASC 946. The consolidated financial statements reflect all adjustments and reclassifications that, in the opinion of management, are necessary for the fair presentation of the results of the operations and financial

condition as of and for the periods presented. All significant intercompany balances and transactions have been eliminated.

Interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period presented, have been included. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2016.

Cash and Cash Equivalents

Cash and cash equivalents include funds from time to time deposited with financial institutions and short-term, liquid investments in a money market account. Cash and cash equivalents are carried at cost which approximates fair value.

Concentration of Credit Risk

We place our cash and cash equivalents with financial institutions and, at times, cash held in money market accounts may exceed the Federal Deposit Insurance Corporation insured limit.

Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized.

Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, we look at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (i.e., substantially all of our investments) are valued at fair value as determined in good faith by our board of directors, based on, among other things, the input of our investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions) and under a valuation policy and a consistently applied valuation process. The valuation process is conducted at the end of each fiscal quarter, and a minimum of 55% of our portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, our independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, our investment valuation process within the context of performing the integrated audit.

As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, changes in the interest rate environment and the credit markets, which may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase

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transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate our valuation.

Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board of directors, as described herein. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

Our board of directors undertakes a multi-step valuation process each quarter, as described below:

Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with our portfolio management team.

Preliminary valuations are reviewed and discussed with our investment adviser's management and investment professionals, and then valuation recommendations are presented to our board of directors.

The audit committee of our board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms, who review a minimum of 55% of our portfolio at fair value.

Our board of directors discusses valuations and ultimately determines the fair value of each investment in our portfolio without a readily available market quotation in good faith based on, among other things, the input of our investment adviser, audit committee and, where applicable, independent third-party valuation firms.

See Note 8 to our consolidated financial statements for the year ended December 31, 2015 and Note 8 to our consolidated financial statements for the three months ended March 31, 2016 for more information on our valuation process.

Interest and Dividend Income Recognition

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on securities purchased are accreted/amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current. We may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Payment-in-Kind Interest

We have loans in our portfolio that contain PIK provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To maintain our status as a RIC, this non-cash source of income must be paid out to stockholders in the form of dividends, even though we have not yet collected the cash.

Capital Structuring Service Fees and Other Income

Our investment adviser seeks to provide assistance to our portfolio companies and in return we may receive fees for capital structuring services. These fees are generally only available to us as a result of our underlying investments, are normally paid at the closing of the investments, are generally non-recurring and are recognized as revenue when earned upon closing of the investment. The services that our investment adviser provides vary by investment, but generally include reviewing existing credit facilities, arranging bank financing, arranging equity financing, structuring financing from multiple lenders, structuring financing from multiple equity investors, restructuring existing loans, raising equity and debt capital, and providing general financial advice, which concludes upon closing of the investment. Any services of the above nature subsequent to the closing would generally generate a separate fee payable to us. In certain instances where we are invited to participate as a co-lender in a transaction and do not provide significant services in connection with the investment, a portion of loan fees paid to us in such situations will be deferred and amortized over the estimated life of the loan.

Other income includes fees for management and consulting services, loan guarantees, commitments, amendments and other services rendered by us to portfolio companies. Such fees are recognized as income when earned or the services are rendered.

Foreign Currency Translation

Our books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) Fair value of investment securities, other assets and liabilities at the exchange rates prevailing at the end of the period.
- (2) Purchases and sales of investment securities, income and expenses at the exchange rates prevailing on the respective dates of such transactions, income or expenses.

Results of operations based on changes in foreign exchange rates are separately disclosed in the statement of operations, if any. Foreign security and currency translations may involve certain considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices more volatile than those of comparable U.S. companies or U.S. government securities.

Derivative Instruments

We do not utilize hedge accounting and as such we value our derivatives at fair value with the unrealized gains or losses recorded in "net unrealized gains (losses) from foreign currency and other transactions" in our consolidated statement of operations.

Equity Offering Expenses

Our offering costs, excluding underwriters' fees, are charged against the proceeds from equity offerings when received.

Debt Issuance Costs

Debt issuance costs are amortized over the life of the related debt instrument using the straight line method or the effective yield method, depending on the type of debt instrument.

Income Taxes

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must (among other requirements) meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders at least 90% of our investment company taxable income, as defined by the Code, for each year. We (among other requirements) have made and intend to continue to make the requisite distributions to our stockholders, which will generally relieve us from U.S. federal corporate-level income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. To the extent that we determine that our estimated current year taxable income will be in excess of estimated dividend distributions for the current year, we accrue excise tax, if any, on estimated excess taxable income as such taxable income is earned.

Certain of our consolidated subsidiaries are subject to U.S. federal and state corporate-level income taxes.

Dividends to Common Stockholders

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by our board of directors each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are generally distributed, although we may decide to retain such capital gains for investment.

We have adopted a dividend reinvestment plan that provides for reinvestment of any distributions we declare in cash on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our board of directors authorizes, and we declare, a cash dividend, then our stockholders who have not "opted out" of our dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of our common stock, rather than receiving the cash dividend. We intend to use primarily newly issued shares to implement the dividend reinvestment plan (so long as we are trading at a premium to net asset value). If our shares are trading at a discount to net asset value and we are otherwise permitted under applicable law to purchase such shares, we may purchase shares in the open market in connection with our obligations under our dividend reinvestment plan. However, we reserve the right to issue new shares of our common stock in connection with our obligations under the dividend reinvestment plan even if our shares are trading below net asset value.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of actual and contingent assets and liabilities at the date of the financial statements and the reported amounts of income or loss and

expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of investments.

Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. The new guidance modifies the consolidation analysis for limited partnerships and similar type entities as well as variable interests in a variable interest entity, particularly those that have fee arrangements and related party relationships. Additionally, it provides a scope exception to the consolidation guidance for certain entities. The amendments in ASU No. 2015-02 are effective for annual reporting periods beginning after December 15, 2015. The Company adopted ASU No. 2015-02 as of March 31, 2016 and there was no material impact of adopting this ASU on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The new guidance modifies the requirements for reporting debt issuance costs. Under the amendments in ASU No. 2015-03, debt issuance costs related to a recognized debt liability will no longer be recorded as a separate asset, but will be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by ASU No. 2015-03. In addition, in August 2015, the FASB issued ASU No. 2015-15, Interest-Imputation of Interest (Subtopic 835-30). The additional guidance reiterates that the SEC would not object to an entity deferring and presenting debt issuance costs related to a line of credit arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line of credit arrangement, regardless of whether there are any outstanding borrowings. ASU No. 2015-03 and ASU No. 2015-15 are required to be applied retrospectively for periods beginning after December 15, 2015. The Company adopted ASU No. 2015-03 as of March 31, 2016. Prior to ASU No. 2015-03, deferred debt issuance costs related to term debt were reported on the balance sheet as other assets and amortized as interest expense. The consolidated balance sheet as of December 31, 2015 has been adjusted to apply the change in accounting principle retrospectively. There is no effect on the statement of operations as a result of the change in accounting principle. Debt issuance costs related to term debt of \$24.5 million previously reported within other assets on the consolidated balance sheet as of December 31, 2015 have been reclassified as a direct deduction from the carrying amount of the related debt liability. ASU No. 2015-03 had no impact on the presentation or amortization of the debt issuance costs related to the Company's revolving credit facilities.

In May 2015, the FASB issued ASU No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent). The new guidance removed the requirement that investments for which net asset value is determined based on practical expedient reliance be reported utilizing the fair value hierarchy. ASU No. 2015-07 is required to be applied retrospectively for periods beginning after December 15, 2015. The Company adopted ASU No. 2015-07 as of March 31, 2016, and thereby removed any investments valued in this manner from the fair value disclosures. See Note 8 to our consolidated financial statements for the year ended December 31, 2015 and Note 8 to our consolidated financial statements for the three months ended March 31, 2016 for more information regarding the impact on the fair value disclosures.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition." Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in ASU No. 2014-09 are effective for annual reporting periods beginning after December 15, 2017,

including interim periods within that reporting period. In March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations", which clarifies the guidance in ASU No. 2014-09 and has the same effective date as the original standard. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." The guidance in this ASU supersedes the leasing guidance in Topic 840, "Leases." Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for those leases previously classified as operating leases. The amendments in ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates and the valuations of our investment portfolio.

Interest Rate Risk

Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

As of March 31, 2016, 80% of the investments at fair value in our portfolio bore interest at variable rates, 10% bore interest at fixed rates, 9% were non-interest earning and 1% were on non-accrual status. Additionally, for the variable rate investments, 73% of these investments contained interest rate floors (representing 59% of total investments at fair value). Also, as of March 31, 2016, all the loans made through the SSLP contained interest rate floors. The Facilities all bear interest at variable rates with no interest rate floors, while the SBA Debentures, the Unsecured Notes and the Convertible Unsecured Notes bear interest at fixed rates.

We regularly measure our exposure to interest rate risk. We assess interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on that review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates.

While hedging activities may mitigate our exposure to adverse fluctuations in interest rates, certain hedging transactions that we may enter into in the future, such as interest rate swap agreements, may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio investments. In addition, there can be no assurance that we will be able to effectively hedge our interest rate risk.

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Based on our March 31, 2016, balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

(in millions) Basis Point Change	Interest Income	Interest Expense	Net Income(1)
Up 300 basis points	\$ 189.3	\$ 39.1	\$ 150.2
Up 200 basis points	\$ 114.8	\$ 26.0	\$ 88.8
Up 100 basis points	\$ 40.3	\$ 12.9	\$ 27.4
Down 100 basis points	\$ 11.5	\$ (6.0)	\$ 17.5
Down 200 basis points	\$ 11.4	\$ (6.0)	\$ 17.4
Down 300 basis points	\$ 11.4	\$ (6.0)	\$ 17.4

(1)

Excludes the impact of income based fees. See Note 3 to our consolidated financial statements for the three months ended March 31, 2016 for more information on the income based fees.

Based on our December 31, 2015, balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

(in millions) Basis Point Change	Interest Income	Interest Expense	Net Income(1)
Up 300 basis points	\$ 177.0	\$ 26.6	\$ 150.4
Up 200 basis points	\$ 105.4	\$ 17.9	\$ 87.5
Up 100 basis points	\$ 33.9	\$ 9.1	\$ 24.8
Down 100 basis points	\$ 14.2	\$ (3.4)	\$ 17.6
Down 200 basis points	\$ 14.0	\$ (3.4)	\$ 17.4
Down 300 basis points	\$ 14.0	\$ (3.4)	\$ 17.4

(1)

Excludes the impact of income based fees. See Note 3 to our consolidated financial statements for the three months ended March 31, 2016 for more information on the income based fees.

SENIOR SECURITIES
(dollar amounts in thousands, except per unit data)

Information about our senior securities (including preferred stock, debt securities and other indebtedness) is shown in the following tables as of the end of the last ten fiscal years and as of March 31, 2016. The report of our independent registered public accounting firm, KPMG LLP, on the senior securities table as of December 31, 2015, is attached as an exhibit to the registration statement of which this prospectus and the accompanying prospectus supplement is a part. The " " indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Revolving Credit Facility				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 1,170,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 515,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 170,000	\$ 2,292	\$	N/A
Fiscal 2013	\$	\$	\$	N/A
Fiscal 2012	\$	\$	\$	N/A
Fiscal 2011	\$ 395,000	\$ 2,393	\$	N/A
Fiscal 2010	\$ 146,000	\$ 3,079	\$	N/A
Fiscal 2009	\$ 474,144	\$ 2,294	\$	N/A
Fiscal 2008	\$ 480,486	\$ 2,201	\$	N/A
Fiscal 2007	\$ 282,528	\$ 2,644	\$	N/A
Fiscal 2006	\$ 193,000	\$ 2,628	\$	N/A
Revolving Funding Facility				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 118,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 250,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 324,000	\$ 2,292	\$	N/A
Fiscal 2013	\$ 185,000	\$ 2,547	\$	N/A
Fiscal 2012	\$ 300,000	\$ 2,721	\$	N/A
Fiscal 2011	\$ 463,000	\$ 2,393	\$	N/A
Fiscal 2010	\$ 242,050	\$ 3,079	\$	N/A
Fiscal 2009	\$ 221,569	\$ 2,294	\$	N/A
Fiscal 2008	\$ 114,300	\$ 2,201	\$	N/A
Fiscal 2007	\$ 85,000	\$ 2,644	\$	N/A
Fiscal 2006	\$ 15,000	\$ 2,628	\$	N/A
Revolving Funding II Facility				
Fiscal 2009	\$	\$	\$	N/A
SMBC Revolving Funding Facility				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 25,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 110,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 62,000	\$ 2,292	\$	N/A
Fiscal 2013	\$	\$	\$	N/A
Fiscal 2012	\$	\$	\$	N/A
SBA Debentures				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 25,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 22,000	\$ 2,213	\$	N/A
Debt Securitization				
Fiscal 2011	\$ 77,531	\$ 2,393	\$	N/A

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Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Fiscal 2010	\$ 155,297	\$ 3,079	\$	N/A
Fiscal 2009	\$ 273,752	\$ 2,294	\$	N/A
Fiscal 2008	\$ 314,000	\$ 2,201	\$	N/A
Fiscal 2007	\$ 314,000	\$ 2,644	\$	N/A
Fiscal 2006	\$ 274,000	\$ 2,628	\$	N/A
February 2016 Convertible Notes				
Fiscal 2015	\$ 575,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 575,000	\$ 2,292	\$	N/A
Fiscal 2013	\$ 575,000	\$ 2,547	\$	N/A
Fiscal 2012	\$ 575,000	\$ 2,721	\$	N/A
Fiscal 2011	\$ 575,000	\$ 2,393	\$	N/A
June 2016 Convertible Notes				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 230,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 230,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 230,000	\$ 2,292	\$	N/A
Fiscal 2013	\$ 230,000	\$ 2,547	\$	N/A
Fiscal 2012	\$ 230,000	\$ 2,721	\$	N/A
Fiscal 2011	\$ 230,000	\$ 2,393	\$	N/A
2017 Convertible Notes				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 162,500	\$ 2,256	\$	N/A
Fiscal 2015	\$ 162,500	\$ 2,213	\$	N/A
Fiscal 2014	\$ 162,500	\$ 2,292	\$	N/A
Fiscal 2013	\$ 162,500	\$ 2,547	\$	N/A
Fiscal 2012	\$ 162,500	\$ 2,721	\$	N/A
2018 Convertible Notes				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 270,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 270,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 270,000	\$ 2,292	\$	N/A
Fiscal 2013	\$ 270,000	\$ 2,547	\$	N/A
Fiscal 2012	\$ 270,000	\$ 2,721	\$	N/A
2019 Convertible Notes				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 300,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 300,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 300,000	\$ 2,292	\$	N/A
Fiscal 2013	\$ 300,000	\$ 2,547	\$	N/A
2011 Notes				
Fiscal 2010	\$ 300,584	\$ 3,079	\$	\$ 1,018
2012 Notes				
Fiscal 2010	\$ 161,210	\$ 3,079	\$	\$ 1,018
2018 Notes				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 750,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 750,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 750,000	\$ 2,292	\$	N/A
Fiscal 2013	\$ 600,000	\$ 2,547	\$	N/A
2020 Notes				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 600,000	\$ 2,256	\$	N/A
Fiscal 2015	\$ 600,000	\$ 2,213	\$	N/A

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Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Fiscal 2014	\$ 400,000	\$ 2,292	\$	N/A
February 2022 Notes				
Fiscal 2014	\$ 143,750	\$ 2,292	\$	\$ 1,024
Fiscal 2013	\$ 143,750	\$ 2,547	\$	\$ 1,043
Fiscal 2012	\$ 143,750	\$ 2,721	\$	\$ 1,035
October 2022 Notes				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 182,500	\$ 2,256	\$	\$ 1,009
Fiscal 2015	\$ 182,500	\$ 2,213	\$	\$ 1,011
Fiscal 2014	\$ 182,500	\$ 2,292	\$	\$ 1,013
Fiscal 2013	\$ 182,500	\$ 2,547	\$	\$ 993
Fiscal 2012	\$ 182,500	\$ 2,721	\$	\$ 986
2040 Notes				
Fiscal 2014	\$ 200,000	\$ 2,292	\$	\$ 1,040
Fiscal 2013	\$ 200,000	\$ 2,547	\$	\$ 1,038
Fiscal 2012	\$ 200,000	\$ 2,721	\$	\$ 1,041
Fiscal 2011	\$ 200,000	\$ 2,393	\$	\$ 984
Fiscal 2010	\$ 200,000	\$ 3,079	\$	\$ 952
2047 Notes				
Fiscal 2016 (as of March 31, 2016, unaudited)	\$ 229,557	\$ 2,256	\$	\$ 1,006
Fiscal 2015	\$ 229,557	\$ 2,213	\$	\$ 1,011
Fiscal 2014	\$ 229,557	\$ 2,292	\$	\$ 985
Fiscal 2013	\$ 230,000	\$ 2,547	\$	\$ 972
Fiscal 2012	\$ 230,000	\$ 2,721	\$	\$ 978
Fiscal 2011	\$ 230,000	\$ 2,393	\$	\$ 917
Fiscal 2010	\$ 230,000	\$ 3,079	\$	\$ 847

- (1) Total amount of each class of senior securities outstanding at principal value at the end of the period presented.
- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by total senior securities representing indebtedness. This asset coverage ratio is multiplied by \$1,000 to determine the "Asset Coverage Per Unit" (including for the February 2022 Notes, the October 2022 Notes, the 2040 Notes and the 2047 Notes, which were issued in \$25 increments). Certain prior year amounts have been reclassified to conform to the 2016 presentation. In particular, unamortized debt issuance costs were previously included in other assets and were reclassified to long-term debt as a result of the adoption of Accounting Standards Update ASU 2015-03, Interest-Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs during the first quarter of 2016.
- (3) The amount to which such class of senior security would be entitled upon our involuntary liquidation in preference to any security junior to it.
- (4) Not applicable, except for with respect to the 2011 Notes, the 2012 Notes, the February 2022 Notes, the October 2022 Notes, the 2040 Notes and the 2047 Notes, as other senior securities are not registered for public trading on a stock exchange. The average market value per unit for each of the 2011 Notes, the 2012 Notes, the February 2022 Notes, the October 2022 Notes, the 2040 Notes and the 2047 Notes is based on the average daily prices of such notes and is expressed per \$1,000 of indebtedness (including for the February 2022 Notes, the October 2022 Notes, the 2040 Notes and the 2047 Notes, which were issued in \$25 increments).

BUSINESS

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 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 \$9.4 billion of total assets as of March 31, 2016.

We are externally managed by our investment adviser, Ares Capital Management, a subsidiary of Ares Management, a publicly traded, leading global alternative asset manager. Our administrator, Ares Operations, a subsidiary of Ares Management, provides certain administrative and other 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 or smaller (in particular, for investments in early-stage and/or venture capital-backed) companies. 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 lien senior secured loans (including "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component. First and second lien senior secured 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 \$500 million each, investments in project finance/power generation projects generally range between \$10 million and \$200 million each and investments in early-stage and/or venture capital-backed companies 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, among other things, our capital availability, the composition of our portfolio and general micro- and macro-economic factors.

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 initially agree to fund up to a certain dollar amount of an investment, we may subsequently syndicate or sell a portion of such amount (including, without limitation, to vehicles managed by our portfolio company, IHAM), 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 (including purchases of a portfolio of investments).

The first and second lien senior secured 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 Ratings Services), which, under the guidelines established by these entities, 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 of Ares Management with financial sponsors, financial institutions, hedge funds and other investment firms 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 over 15 years and its partners have an average of over 24 years of experience in leveraged finance, private equity, distressed debt, commercial real estate finance, investment banking and capital markets. We have access to Ares' investment professionals and administrative professionals, who provide assistance in accounting, finance, legal, compliance, operations, information technology and investor relations. As of March 31, 2016, Ares had approximately 340 investment professionals and approximately 525 administrative professionals.

Ares Management, L.P.

Ares is a publicly traded, leading global alternative asset manager. As of March 31, 2016, Ares had approximately 870 employees in over 15 principal and originating offices across the United States, Europe and Asia. Since its inception in 1997, Ares has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares believes each of its three distinct but complementary investment groups in Credit, Private Equity and Real Estate is a market leader based on investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole.

Ares Capital Management LLC

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 80 U.S.-based investment professionals as of March 31, 2016 and led by certain partners of the Ares Credit Group: Michael Arougheti, 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 12 members comprised of certain of the U.S.-based partners of the Ares Credit Group and certain partners in the Ares Private Equity Group.

MARKET OPPORTUNITY

We believe that current market conditions present attractive opportunities for us to invest in middle-market companies, specifically:

We believe that many commercial and investment banks have, in recent years, de-emphasized their service and product offerings to middle-market businesses in favor of lending to large corporate clients and managing capital markets transactions. In addition, these lenders may be constrained in their ability to underwrite and hold bank loans and high yield securities for middle-market issuers as they seek to meet existing and future regulatory capital requirements. These factors may result in opportunities for alternative

funding sources to middle-market companies and therefore more new-issue market opportunities for us.

We believe that the disruption and volatility in the credit markets between 2008 and 2009 reduced capital available to certain specialty finance companies and other capital providers, causing a reduction in competition. While market conditions have largely recovered from the events of 2008 and 2009, there have been continuing periods of volatility, some lasting longer than others. These market conditions may continue to create opportunities to achieve attractive risk-adjusted returns.

We believe that there is a lack of market participants that are willing to hold meaningful amounts of certain middle-market loans. As a result, we believe our ability to minimize syndication risk for a company seeking financing by being able to hold our loans without having to syndicate them is a competitive advantage.

We believe that middle-market companies have faced difficulty in raising debt through the capital markets. This approach to financing may become more difficult to the extent institutional investors seek to invest in larger, more liquid offerings, leaving less competition and fewer financing alternatives for middle-market companies.

We believe there is a large pool of un-invested private equity capital for middle-market businesses. We expect private equity firms will seek to leverage their investments by combining equity capital with senior secured loans and mezzanine debt from other sources such as us.

COMPETITIVE ADVANTAGES

We believe that we have the following competitive advantages over other capital providers to middle-market companies:

The Ares Platform

Ares operates three distinct but complementary investment groups, including the Ares Credit Group, the Ares Private Equity Group and the Ares Real Estate Group. We believe Ares' current investment platform provides a competitive advantage in terms of access to origination and marketing activities and diligence for us. In particular, we believe that the Ares platform provides us with an advantage through its deal flow generation and investment evaluation process. Ares' asset management platform also provides additional market information, company knowledge and industry insight that benefit our investment and due diligence process. Ares' professionals maintain extensive financial sponsor and intermediary relationships, which provide valuable insight and access to transactions and information.

Seasoned Management Team

The investment professionals in the Ares Credit Group and members of our investment adviser's investment committee also have significant experience investing across market cycles. This experience also provides us with a competitive advantage in identifying, originating, investing in and managing a portfolio of investments in middle-market companies.

Broad Origination Strategy

We focus on self-originating most of our investments by pursuing a broad array of investment opportunities in middle-market companies, venture capital backed businesses and power generation projects across multiple channels. We also leverage off of the extensive relationships of the broader Ares platform, including relationships with the portfolio companies in the IHAM Vehicles, to identify

investment opportunities. We believe that this allows for asset selectivity and that there is a significant relationship between proprietary deal origination and credit performance. We believe that our focus on generating proprietary deal flow and lead investing also gives us greater control over capital structure, deal terms, pricing and documentation and enables us to actively manage our portfolio investments. Moreover, by leading the investment process, we are often able to secure controlling positions in credit tranches, thereby providing additional control in investment outcomes. We also have originated substantial proprietary deal flow from middle-market intermediaries, which often allows us to act as the sole or principal source of institutional capital to the borrower.

Scale and Flexible Transaction Structuring

We believe that being one of the largest BDCs makes us a more desirable and flexible capital provider, especially in competitive markets. We are flexible with the types of investments we make and the terms associated with those investments. We believe this approach and experience enables our investment adviser to identify attractive investment opportunities throughout economic cycles and across a company's capital structure so we can make investments consistent with our stated investment objective and preserve principal while seeking appropriate risk adjusted returns. In addition, we have the flexibility to provide "one stop" financing with the ability to invest capital across the balance sheet and syndicate and hold larger investments than many of our competitors. We believe that the ability to underwrite, syndicate and hold larger investments benefits our stockholders by (a) potentially increasing net income and earnings through syndication, (b) increasing originated deal flow flexibility, (c) broadening market relationships and deal flow, (d) allowing us to optimize our portfolio composition and (e) allowing us to provide capital to a broader spectrum of middle-market companies, which we believe currently have limited access to capital from traditional lending sources. In addition, we believe that the ability to provide capital at every level of the balance sheet provides a strong value proposition to middle-market borrowers and our senior debt capabilities provide superior deal origination and relative value analysis capabilities compared to traditional "mezzanine only" lenders.

Experience with and Focus on Middle-Market Companies

Ares has historically focused on investments in middle-market companies and we benefit from this experience. In sourcing and analyzing deals, our investment adviser benefits from Ares' extensive network of relationships focused on middle-market companies, including management teams, members of the investment banking community, private equity groups and other investment firms with whom Ares has had long-term relationships. We believe this network enables us to identify well-positioned prospective portfolio company investments. The Ares Credit Group works closely with Ares' other investment professionals. As of March 31, 2016, Ares oversaw a portfolio of investments in approximately 1,000 companies, approximately 495 structured assets and approximately 155 properties across over 50 industries, which provides access to an extensive network of relationships and insights into industry trends and the state of the capital markets.

Disciplined Investment Philosophy

In making its investment decisions, our investment adviser has adopted Ares' long-standing, consistent, credit-based investment approach that was developed over 15 years ago by its founders. Specifically, our investment adviser's investment philosophy, portfolio construction and portfolio management involve an assessment of the overall macroeconomic environment and financial markets and company-specific research and analysis. Its investment approach emphasizes capital preservation, low volatility and minimization of downside risk. In addition to engaging in extensive due diligence from the perspective of a long-term investor, our investment adviser's approach seeks to reduce risk in investments by focusing on:

businesses with strong franchises and sustainable competitive advantages;

industries with positive long-term dynamics;

businesses and industries with cash flows that are dependable and predictable;

management teams with demonstrated track records and appropriate economic incentives;

rates of return commensurate with the perceived risks;

securities or investments that are structured with appropriate terms and covenants; and

businesses backed by experienced private equity sponsors.

Extensive Industry Focus

We seek to concentrate our investing activities in industries with a history of predictable and dependable cash flows and in which the Ares investment professionals have had extensive investment experience. Ares investment professionals have developed long-term relationships with management teams and management consultants in over 50 industries, and have accumulated substantial information and identified potential trends within these industries. In turn, we benefit from these relationships, information and identification of potential trends in making investments.

OPERATING AND REGULATORY STRUCTURE

Our investment activities are managed by our investment adviser, Ares Capital Management, which is a subsidiary of Ares, and supervised by our board of directors, a majority of whom are independent of Ares and its affiliates. Ares Capital Management is registered under the Advisers Act. Under our investment advisory and management agreement, we have agreed to pay Ares Capital Management base management fees, income based fees and capital gains incentive fees. See "Management Investment Advisory and Management Agreement." Ares Operations provides us with certain administrative and other services necessary for us to operate pursuant to our administration agreement. See "Management Administration Agreement."

As a BDC, we are required to comply with certain regulatory requirements. For example, we are not generally permitted to invest in any portfolio company in which a fund managed by Ares or any of its downstream affiliates (other than us and our downstream affiliates) currently has an investment. However, we may co-invest with funds managed by Ares or any of its downstream affiliates, subject to compliance with existing regulatory guidance, applicable regulations and our allocation procedures. Certain types of co-investment transactions would only be permitted pursuant to an exemptive order from the SEC, for which we have applied. Any such order will be subject to certain terms and conditions. Further there is no assurance that this application for exemptive relief will be granted by the SEC.

Also, while we may borrow funds to make investments, our ability to use debt is limited in certain significant aspects. In particular, BDCs must have at least 200% asset coverage calculated pursuant to the Investment Company Act (i.e., we are permitted to borrow one dollar for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us) in order to issue senior securities, which requires us to finance our investments with at least as much equity as senior securities in the aggregate. Certain of our credit facilities also require that we maintain asset coverage of at least 200%.

In addition, as a consequence of us being a RIC under the Code for U.S. federal income tax purposes, our asset growth is dependent on our ability to raise equity capital through the issuance of common stock. RICs generally must distribute substantially all of their investment company taxable income (as defined under the Code) to stockholders as dividends in order to preserve their status as a RIC and not to be subject to additional U.S. federal corporate-level taxes. This requirement, in turn,

generally prevents us from using our earnings to support our operations, including making new investments.

INVESTMENTS

Ares Capital Corporation Portfolio

We have built an investment portfolio of primarily first and second lien senior secured loans, mezzanine debt and, to a lesser extent, equity investments in private middle-market companies. Our portfolio is well diversified by industry sector and its concentration to any single issuer is limited.

Our debt investments in corporate borrowers generally range between \$30 million and \$500 million each, investments in project finance/power generation projects generally range between \$10 million and \$200 million each and investments in early-stage and/or venture capital-backed companies generally range between \$1 million and \$25 million each. However, the sizes of our investments may be more or less than these ranges and may vary based on, among other things, our capital availability, the composition of our portfolio and general micro- and macro-economic factors.

Our preferred and/or common equity investments 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.

In addition, 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 expected final hold size. In such situations, while we may initially agree to fund up to a certain dollar amount of an investment, we may subsequently syndicate a portion of such amount such that we are left with a smaller investment than what was reflected in our original commitment. We may also syndicate a "first out" loan to an investor and retain a "last out" loan, in which case the "first out" loan will generally receive priority with respect to payments of principal, interest and any other amounts due thereunder. In addition to originating investments, we may also acquire investments in the secondary market (including purchases of a portfolio of investments).

We make senior secured loans primarily in the form of first lien loans (including unitranche loans) and second lien loans. Our senior secured loans generally have terms of three to 10 years. In connection with our senior secured loans we generally receive a security interest in certain of the assets of the borrower and consequently such assets serve as collateral in support of the repayment of such senior secured loans. Senior secured loans are generally exposed to the least amount of credit risk because they typically hold a senior position with respect to scheduled interest and principal payments and security interests in assets of the borrower. However, unlike mezzanine debt, senior secured loans typically do not receive any stock, warrants to purchase stock or other yield enhancements. Senior secured loans may include both revolving lines of credit and term loans.

Structurally, mezzanine debt usually ranks subordinate in priority of payment to senior secured loans and is often unsecured. However, mezzanine debt ranks senior to preferred and common equity in a borrower's capital structure. Mezzanine debt investments generally offer lenders fixed returns in the form of interest payments and will often provide lenders an opportunity to participate in the capital appreciation of a borrower, if any, through an equity interest. This equity interest typically takes the form of an equity co-investment and/or warrants. Due to its higher risk profile and often less restrictive covenants as compared to senior secured loans, mezzanine debt generally bears a higher stated interest rate than senior secured loans. The equity co-investment and warrants (if any) associated with a mezzanine debt investment typically allow lenders to receive repayment of their principal on an agreed amortization schedule while retaining their equity interest in the borrower. Equity issued in connection

with mezzanine debt also may include a "put" feature, which permits the holder to sell its equity interest back to the borrower at a price determined through an agreed formula.

In making an equity investment, in addition to considering the factors discussed under " Investment Selection" below, we also consider the anticipated timing of a liquidity event, such as a public offering, sale of the company or redemption of our equity securities.

While our primary focus is to generate current income and capital appreciation through investments in first and second lien senior secured 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" below. 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.

In the first quarter of 2011, the Staff informally communicated to certain BDCs the Staff's belief that certain entities, which would be classified as an "investment company" under the Investment Company Act but for the exception from the definition of "investment company" set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) under the Investment Company Act) (i.e., not eligible to be included in a BDC's 70% "qualifying assets" basket). Subsequently, in August 2011 the SEC issued the Concept Release which stated that "[a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which the U.S. Congress intended BDCs primarily to invest" and requested comment on whether or not a 3a-7 issuer should be considered an "eligible portfolio company." We provided a comment letter in respect of the Concept Release and continue to believe that the language of Section 2(a)(46) of the Investment Company Act permits a BDC to treat as "eligible portfolio companies" entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release) and subsequent discussions with the Staff, we have, solely for purposes of calculating the composition of our portfolio pursuant to Section 55(a) of the Investment Company Act, identified such entities, which include the SDLP and the SSLP, as "non-qualifying assets" should the Staff ultimately disagree with our position.

Co-Investment Programs

Senior Direct Lending Program

In December 2015, we established a joint venture with Varagon to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, to U.S. middle-market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. (NYSE:AIG) and other partners. The joint venture is called the SDLP. It is expected that the SDLP will commit and hold individual loans of up to \$300 million. We may directly co-invest with the SDLP to accommodate larger transactions. We will provide capital to the SDLP in the form of the SDLP Certificates, and Varagon and its clients will provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. It is expected that we and Varagon will own 87.5% and 12.5%, respectively, of any outstanding SDLP Certificates.

As of March 31, 2016, we and Varagon had agreed to make capital available to the SDLP of \$2.9 billion in the aggregate, of which no amounts were funded. The SDLP will be capitalized as transactions are completed. All portfolio decisions and generally all other decisions in respect of the SDLP must be approved by an investment committee of the SDLP consisting of representatives of ours and Varagon (with approval from a representative of each required). As of March 31, 2016, we had

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agreed to make available to the SDLP (subject to the approval of the investment committee of the SDLP as described above) approximately \$591 million, of which no amounts were committed or funded. The SDLP Certificates will pay a coupon of LIBOR plus a stated spread and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SDLP Certificates that is greater than the stated coupon. The SDLP Certificates are junior in right of payment to the senior notes and intermediate funding notes.

Senior Secured Loan Program

We and GE have co-invested in first lien senior secured loans of middle market companies through the SSLP. The SSLP has been capitalized as transactions are completed. 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 ours and GE (with approval from a representative of each required). We have provided capital to the SSLP in the form the SSLP Certificates.

In August 2015, GE completed the sale of its U.S. Sponsor Finance business, through which GE had participated with us in the SSLP, to CPPIB. This sale excluded GE's interest in the SSLP, and we and GE continue to operate the SSLP. We and GE no longer have an obligation to present senior secured lending investment opportunities to the SSLP and since June 30, 2015, the SSLP has not made any investments related to new portfolio companies; however, we and GE may provide capital to support the SSLP's funding of existing commitments (see below) and other amounts to its portfolio companies. On August 24, 2015, we were advised that GECC, as the holder of the Senior Notes, directed State Street Bank and Trust Company, as trustee of the Senior Notes and the SSLP Certificates, pursuant to the terms of the indenture governing the Senior Notes and the SSLP Certificates, to apply all principal proceeds received by the SSLP from its investments to the repayment of the outstanding principal amount of the Senior Notes until paid in full (prior to the distribution of any such principal proceeds to the holders of the SSLP Certificates, which includes us). GECC had previously elected to waive its right to receive priority repayments on the Senior Notes from principal proceeds in most circumstances. Prior to closing the sale to CPPIB, GE had announced its intention to provide us and CPPIB the opportunity to work together on the SSLP on a go-forward basis. GECC has also stated that if a mutual agreement between us and CPPIB to partner on the SSLP is not reached, it intends to retain its interest in the SSLP and the SSLP would be wound down in an orderly manner. We have been in dialogue with GE and CPPIB to determine if there is an opportunity to work together; however, to date there has been no agreement in respect of the SSLP as a result of these discussions and there can be no assurance that such discussions will continue or any such agreement will be reached. In addition to discussions with CPPIB and GECC, we are also exploring other options with respect to the SSLP's portfolio, although there can be no assurance that we will pursue any of them.

As of March 31, 2016, we and GE had funded approximately \$7.6 billion in aggregate principal amount to the SSLP. As discussed above, we anticipate that no new investments will be made by the SSLP and that we and GE will only provide additional capital to support the SSLP's funding of existing commitments and other amounts to its portfolio companies. As of March 31, 2016, the SSLP had commitments to fund delayed draw loans to certain of its portfolio companies of \$145.4 million, which had been approved by the investment committee of the SSLP as described above. As of March 31, 2016, we had funded approximately \$2.0 billion in aggregate principal amount to the SSLP. Additionally, as of March 31, 2016, we had commitments to co-invest in the SSLP for our portion of the SSLP's commitments to fund delayed draw loans to portfolio companies of up to \$23.6 million. As of March 31, 2016, the fair value of the SSLP Certificates held by us was \$1.9 billion at fair value (including unrealized depreciation of \$48.7 million), which represented approximately 21% of our total portfolio at fair value. As of March 31, 2016, the SSLP had 38 different underlying borrowers. For

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more information on the SSLP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Senior Secured Loan Program."

Ivy Hill Asset Management, L.P.

As of March 31, 2016, our portfolio company, IHAM, an SEC registered investment adviser, managed 16 vehicles and served as the sub-manager/sub-servicer for three other vehicles. As of March 31, 2016, IHAM had assets under management of approximately \$3.6 billion. As of March 31, 2016, the amortized cost and fair value of our investment in IHAM was \$171.0 million and \$232.9 million, respectively. 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. From time to time, IHAM or certain IHAM Vehicles may purchase investments from us or sell investments to us, in each case for a price equal to the fair market value of such investments determined at the time of such transactions. See Note 4 to our consolidated financial statements for the three months ended March 31, 2016 and for the year ended December 31, 2015 for more information about IHAM.

Industry Composition

We generally seek to invest in companies in the industries in which Ares' investment professionals have direct expertise. The following is a representative list of the industries in which we have invested:

Aerospace and Defense

Automotive Services

Business Services

Consumer Products

Containers and Packaging

Education

Environmental Services

Financial Services

Food and Beverage

Healthcare Services

Investment Funds and Vehicles

Manufacturing

Oil and Gas

Other Services

Power Generation

Restaurant and Food Services

Retail

Telecommunications

However, we may invest in other industries if we are presented with attractive opportunities.

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The industrial and geographic compositions of the Company's portfolio at fair value as of March 31, 2016 and December 31, 2015 were as follows:

Industry	As of	
	March 31, 2016	December 31, 2015
Investment Funds and Vehicles(1)	21.2%	21.2%
Healthcare Services	14.7	14.6
Other Services	9.2	9.0
Consumer Products	7.7	7.7
Power Generation	6.6	6.3
Business Services	6.2	5.3
Manufacturing	5.8	6.0
Financial Services	4.3	4.6
Education	3.8	4.6
Restaurants and Food Services	3.6	3.5
Oil and Gas	3.0	2.9
Containers and Packaging	2.8	2.8
Food and Beverage	2.4	2.5
Automotive Services	2.4	2.3
Commercial Real Estate Finance	1.1	1.1
Other	5.2	5.6
Total	100.0%	100.0%

-
- (1) Includes the Company's investment in the SSLP, which had made first lien senior secured loans to 38 and 41 different borrowers as of March 31, 2016 and December 31, 2015, respectively. The portfolio companies in the SSLP are in industries similar to the companies in the Company's portfolio.

Geographic Region	As of	
	March 31, 2016	December 31, 2015
West(1)	38.1%	37.9%
Midwest	24.0	23.8
Southeast	20.5	20.3
Mid Atlantic	13.1	13.7
Northeast	2.4	2.3
International	1.9	2.0
Total	100.0%	100.0%

-
- (1) Includes the Company's investment in the SSLP, which represented 20.8% and 20.8% of the total investment portfolio at fair value as of March 31, 2016 and December 31, 2015, respectively.

As of March 31, 2016, 1.3% of total investments at amortized cost (or 0.6% of total investments at fair value) were on non-accrual status. As of December 31, 2015, 2.6% of total investments at amortized cost (or 1.7% of total investments at fair value) were on non-accrual

status.

Since our IPO on October 8, 2004 through March 31, 2016, our exited investments resulted in an aggregate cash flow realized internal rate of return to us of approximately 13% (based on original cash invested, net of syndications, of approximately \$12.5 billion and total proceeds from such exited

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investments of approximately \$15.3 billion). Approximately 69% of these exited investments resulted in an aggregate cash flow realized internal rate of return to us of 10% or greater.

The aggregate cash flow realized internal rate of return, original cash invested, net of syndications, and total proceeds, in each case from exited investments, are listed below from our initial public offering on October 8, 2004 through the end of each period shown below.

(dollar amounts in millions)	Exited Investments IPO through												
	March 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004
Realized internal rate of return(1)	13%	13%	13%	13%	13%	14%	15%	14%	19%	21%	26%	41%	17%
Original cash invested, net of syndications	\$ 12,457	\$ 12,170	\$ 9,883	\$ 7,717	\$ 6,817	\$ 4,638	\$ 2,696	\$ 1,220	\$ 923	\$ 684	\$ 424	\$ 119	\$ 28
Total proceeds	\$ 15,273	\$ 14,903	\$ 12,121	\$ 9,445	\$ 8,264	\$ 5,627	\$ 3,256	\$ 1,405	\$ 1,104	\$ 818	\$ 511	\$ 140	\$ 32

(1)

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 a 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.

Additionally, since our IPO on October 8, 2004 through March 31, 2016, our realized gains have exceeded our realized losses by approximately \$506 million (excluding a one-time gain on the acquisition of Allied Capital and realized gains/losses from the extinguishment of debt and from other assets). For this same time period, our average annualized net realized gain rate was approximately 1.1% (excluding a one-time gain on the acquisition of Allied Capital and realized gains/losses from the extinguishment of debt and from other assets). Net realized gain/loss rates for a particular period are the amount of net realized gains/losses during such period divided by the average quarterly investments at amortized cost in such period.

Information included herein regarding internal rates of return, realized gains and losses and annualized net realized gain rates are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

INVESTMENT SELECTION

Ares' investment philosophy was developed over 15 years ago and has remained consistent and relevant throughout a number of economic cycles. We are managed using a similar investment philosophy used by the investment professionals of Ares in respect of its other investment funds.

This investment philosophy involves, among other things:

- an assessment of the overall macroeconomic environment and financial markets and how such assessment may impact industry and asset selection;

- company-specific research and analysis; and

- with respect to each individual company, an emphasis on capital preservation, low volatility and minimization of downside risk.

The foundation of Ares' investment philosophy is intensive credit investment analysis, a portfolio management discipline based on both market technicals and fundamental value-oriented research, and diversification strategy. We follow a rigorous investment process based on:

- a comprehensive analysis of issuer creditworthiness, including a quantitative and qualitative assessment of the issuer's business;

an evaluation of management and its economic incentives;

an analysis of business strategy and industry trends; and

an in-depth examination of capital structure, financial results and projections.

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We seek to identify those companies exhibiting superior fundamental risk-reward profiles and strong defensible business franchises while focusing on the relative value of the investment across the industry as well as for the specific company.

Intensive Due Diligence

The process through which an investment decision is made involves extensive research into the target company, its industry, its growth prospects and its ability to withstand adverse conditions. If the senior investment professional responsible for the potential transaction determines that an investment opportunity should be pursued, we will engage in an intensive due diligence process. Approximately 30-40% of the investments initially reviewed by us proceed to this phase. Though each transaction will involve a somewhat different approach, the regular due diligence steps generally undertaken include:

meeting with the target company's management team to get a detailed review of the business, and to probe for potential weaknesses in business prospects;

checking management's backgrounds and references;

performing a detailed review of historical financial performance, including performance through various economic cycles, and the quality of earnings;

reviewing both short and long term projections of the business, and sensitizing them for both upside and downside risk;

visiting headquarters and company operations and meeting with top and middle-level executives;

contacting customers and vendors to assess both business prospects and standard practices;

conducting a competitive analysis, and comparing the issuer to its main competitors on an operating, financial, market share and valuation basis;

researching the industry for historic growth trends and future prospects as well as to identify future exit alternatives (including available Wall Street research, industry association literature and general news);

assessing asset value and the ability of physical infrastructure and information systems to handle anticipated growth; and

investigating legal risks and financial and accounting systems.

Selective Investment Process

After an investment has been identified and preliminary diligence has been completed, a credit research and analysis report is prepared. This report is reviewed by the senior investment professional in charge of the potential investment. If such senior and other investment professionals are in favor of the potential investment, then it is first presented to an underwriting committee, which is comprised of certain senior members of the Ares Credit Group.

After the investment is approved by the underwriting committee, a more extensive due diligence process is employed by the transaction team. Additional due diligence with respect to any investment may be conducted on our behalf by attorneys, independent accountants, and other third party consultants and research firms prior to the closing of the investment, as appropriate on a case-by-case basis. Approximately 7-10% of all investments initially reviewed by us will be presented to the investment committee. Approval of an investment for funding requires the approval of the majority of the investment committee of our investment adviser, although unanimous consent is sought.

Issuance of Formal Commitment

Once we have determined that a prospective portfolio company is suitable for investment, we work with the management and/or sponsor of that company and its other capital providers, including senior, junior and equity capital providers, if any, to finalize the structure of the investment. Approximately 5-7% of the investments initially reviewed by us eventually result in the issuance of formal commitments and the closing of such transactions.

Debt Investments

We invest in portfolio companies primarily in the form of first lien senior secured loans (including unitranche loans), second lien senior secured loans and mezzanine debt. The first and second lien senior secured loans generally have terms of three to 10 years. In connection with our first and second lien senior secured loans we generally receive security interests in certain assets of our portfolio companies that could serve as collateral in support of the repayment of such loans. First and second lien senior secured loans generally have floating interest rates, which may have LIBOR floors, and also may provide for some amortization of principal and excess cash flow payments, with the remaining principal balance due at maturity.

We structure our mezzanine investments primarily as unsecured subordinated loans that provide for relatively higher fixed interest rates. The mezzanine debt investments generally have terms of up to 10 years. These loans typically have interest-only payments, with amortization of principal, if any, deferred to the later years of the mezzanine investment. In some cases, we may enter into loans that, by their terms, convert into equity or additional debt or defer payments of interest (or at least cash interest) for the first few years after our investment. Also, in some cases our mezzanine debt will be secured by a subordinated lien on some or all of the assets of the borrower.

In some cases, our debt investments may provide for a portion of the interest payable to be PIK interest. To the extent interest is PIK, it will be payable through the increase of the principal amount of the loan by the amount of interest due on the then-outstanding aggregate principal amount of such loan.

In the case of our first and second lien senior secured loans and mezzanine debt, we tailor the terms of the investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that aims to protect our rights and manage our risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability. For example, in addition to seeking a senior position in the capital structure of our portfolio companies, we will seek, where appropriate, to limit the downside potential of our investments by:

targeting a total return on our investments (including both interest and potential equity appreciation) that compensates us for credit risk;

incorporating "put" rights, call protection and LIBOR floors for floating rate loans, into the investment structure; and

negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or participation rights.

We generally require financial covenants and terms that require an issuer to reduce leverage, thereby enhancing credit quality. These methods include: (a) maintenance leverage covenants requiring a decreasing ratio of indebtedness to cash flow over time, (b) maintenance cash flow covenants requiring an increasing ratio of cash flow to the sum of interest expense and capital expenditures and

(c) indebtedness incurrence prohibitions, limiting a company's ability to take on additional indebtedness. In addition, by including limitations on asset sales and capital expenditures we may be able to prevent a borrower from changing the nature of its business or capitalization without our consent.

Our debt investments may include equity features, such as warrants or options to buy a minority interest in the portfolio company. Warrants we receive with our debt investments may require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure the warrants to provide provisions protecting our rights as a minority-interest holder, as well as puts, or rights to sell such securities back to the portfolio company, upon the occurrence of specified events. In many cases, we also obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

Equity Investments

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.

ACQUISITION OPPORTUNITIES

We believe the recent volatility in the credit markets has increased the likelihood of further consolidation in our industry. To that end, in addition to the American Capital Acquisition, we are evaluating (and expect to continue to evaluate in the future) a number of additional potential strategic opportunities, including acquisitions of:

asset portfolios;

other private and public finance companies, business development companies and asset managers; and

selected secondary market assets.

In this regard, on May 23, 2016 we entered into a definitive agreement to acquire American Capital in a cash and stock transaction. See "Pending American Capital Acquisition" for more information.

We have been in, and from time to time may engage in, discussions with counterparties in respect of various potential strategic acquisition and investment transactions, including potential acquisitions of other finance companies, business development companies and asset managers. Some of these transactions could be material to our business and, if completed, could be difficult to integrate, result in increased leverage or dilution and/or subject us to unexpected liabilities. However, other than in connection with the American Capital Acquisition, none of these discussions has progressed to the point at which the completion of any such transaction could be deemed to be probable or reasonably certain as of the date of this prospectus. Completion of any such transaction would be subject to completion of due diligence, finalization of key business and financial terms (including price) and negotiation of final definitive documentation as well as a number of other factors and conditions including, without limitation, the approval of our board of directors, any required third party consents and, in certain cases, the approval of our stockholders. We cannot predict how quickly the terms of any such transaction could be finalized, if at all. Accordingly, there can be no assurance that such transaction would be completed. In connection with evaluating potential strategic acquisition and investment transactions, we have, and may in the future, incur significant expenses for the evaluation and due diligence investigation of these potential transactions.

ON-GOING RELATIONSHIPS WITH AND MONITORING OF PORTFOLIO COMPANIES

We closely monitor each investment we make, maintain a regular dialogue with both the management team and other stakeholders and seek specifically tailored financial reporting. In addition, senior investment professionals may take board seats or obtain board observation rights in connection with our portfolio companies. As of March 31, 2016, of our 220 portfolio companies, we were entitled to board seats or board observation rights on 37% of these companies and these companies represented approximately 63% of our portfolio at fair value.

We seek to exert significant influence post-investment, in addition to covenants and other contractual rights and through board participation, when appropriate, by actively working with management on strategic initiatives. We often introduce managers of companies in which we have invested to other portfolio companies to capitalize on complementary business activities and best practices.

Our investment adviser employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our investment adviser grades the credit risk of all investments on a scale of 1 to 4 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to our initial cost basis in respect of such portfolio investment (i.e., at the time of origination or acquisition), although it may also take into account under certain circumstances the performance of the portfolio company's business, the collateral coverage of the investment and other relevant factors. Under this system, investments with a grade of 4 involve the least amount of risk to our initial cost basis. The trends and risk factors for this investment since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments graded 3 involve a level of risk to our initial cost basis that is similar to the risk to our initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup the cost of our investment are neutral to favorable. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3. Investments graded 2 indicate that the risk to our ability to recoup the initial cost basis of such investment has increased materially since origination or acquisition, including as a result of factors such as declining performance and non-compliance with debt covenants; however, payments are generally not more than 120 days past due. An investment grade of 1 indicates that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition, and the portfolio company likely has materially declining performance. For debt investments with an investment grade of 1, most or all of the debt covenants are out of compliance and payments are substantially delinquent. For investments graded 1, it is anticipated that we will not recoup our initial cost basis and may realize a substantial loss of our initial cost basis upon exit. For investments graded 1 or 2, our investment adviser enhances its level of scrutiny over the monitoring of such portfolio company. The grade of a portfolio investment may be reduced or increased over time.

As of March 31, 2016, the weighted average grade of our portfolio at fair value was 3.0. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity."

MANAGERIAL ASSISTANCE

As a BDC, we must offer, and must provide upon request, significant managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. Ares Operations may provide all or a portion of this assistance pursuant to our

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administration agreement, the costs of which will be reimbursed by us. We may receive fees for these services.

COMPETITION

Our primary competitors include public and private funds, commercial and investment banks, commercial finance companies, other BDCs and private equity funds, each of which we compete with for financing opportunities. Many of our competitors are substantially larger and have considerably greater financial and marketing resources than we do. For example, some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider more investments and establish more relationships than we do. Furthermore, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act imposes on us as a BDC. For additional information concerning the competitive risks we face, see "Risk Factors Risks Relating to Our Business We operate in a highly competitive market for investment opportunities".

We believe that the relationships of the members of our investment adviser's investment committee and of the partners of Ares enable us to learn about, and compete effectively for, financing opportunities with attractive middle-market companies in the industries in which we seek to invest. We believe that Ares' professionals' deep and long-standing direct sponsor relationships and the resulting proprietary transaction opportunities that these relationships often present, provide valuable insight and access to transactions and information. We use the industry information of Ares' investment professionals to which we have access to assess investment risks and determine appropriate pricing for our investments in portfolio companies.

STAFFING

We do not currently have any employees and do not expect to have any employees. Services necessary for our business are provided by individuals who are employees or affiliates of our investment adviser, Ares Capital Management, and our administrator, Ares Operations, each of which is a subsidiary of Ares Management, pursuant to the terms of our investment advisory and management agreement and our administration agreement, respectively, each as described below. Each of our executive officers is an employee or affiliate of our investment adviser or our administrator. Our day-to-day investment activities are managed by our investment adviser. Most of the services necessary for the origination of our investment portfolio are provided by investment professionals employed by Ares Capital Management. Ares Capital Management had approximately 90 U.S.-based investment professionals as of March 31, 2016 who focus on origination, transaction development, investment and the ongoing monitoring of our investments. See "Management Investment Advisory and Management Agreement" below. We reimburse both our investment adviser and our administrator for a certain portion of expenses incurred in connection with such staffing, as described in more detail below. Because we have no employees, Ares Capital does not have a formal employee relations policy.

PROPERTIES

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are currently located at 245 Park Avenue, 44th Floor, New York, New York 10167. We are party to office leases pursuant to which we are leasing office facilities from third parties. For certain of these office leases, we have also entered into separate subleases with Ares Management LLC and IHAM, pursuant to which Ares Management LLC, the sole member of Ares Capital Management, and IHAM sublease a portion of these leases. Ares Management LLC has also entered into separate subleases with us, pursuant to which we sublease certain office spaces from Ares Management LLC.

LEGAL PROCEEDINGS

We are party to certain lawsuits in the normal course of business. In addition, Allied Capital was involved in various legal proceedings that we assumed in connection with the Allied Acquisition. Furthermore, third parties may try to seek to impose liability on us in connection with our activities or the activities of our portfolio companies. While the outcome of any such legal proceedings cannot at this time be predicted with certainty, we do not expect that these legal proceedings will materially affect our business, financial condition or results of operations.

On May 20, 2013, we were named as one of several defendants in an action (the "Action") filed in the United States District Court for the Eastern District of Pennsylvania (the "Pennsylvania Court") by the bankruptcy trustee of DSI Renal Holdings LLC and two related companies. On March 17, 2014, the Action was transferred to the United States District Court for the District of Delaware (the "Delaware Court") pursuant to a motion filed by the defendants and granted by the Pennsylvania Court. On May 6, 2014, the Delaware Court referred the Action to the United States Bankruptcy Court for the District of Delaware. The complaint in the Action alleges, among other things, that each of the named defendants participated in a purported "fraudulent transfer" involving the restructuring of a subsidiary of DSI Renal Holdings LLC. Among other things, the complaint seeks, jointly and severally from all defendants, (1) damages of approximately \$425 million, of which the complaint states our individual share is approximately \$117 million, and (2) punitive damages. We are currently unable to assess with any certainty whether we may have any exposure in the Action. We believe the plaintiff's claims are without merit and intend to vigorously defend ourselves in the Action.

We are aware that three lawsuits have been filed by stockholders of American Capital challenging the American Capital Acquisition. These legal proceedings could delay or prevent the American Capital Acquisition from becoming effective within the agreed upon timeframe or at all, and, if the American Capital Acquisition is completed, may be material to the results of operations, cash flows or financial condition of the combined company. It is possible that third parties could try to seek to impose liability against the combined company in connection with this matter or other potential legal proceedings.

On or about June 24, 2016, Larry Sutton filed a putative shareholder class action allegedly on behalf of holders of the common stock of American Capital against the members of American Capital's board of directors in the Circuit Court for Montgomery County, Maryland in connection with the American Capital Acquisition. The action alleges that the American Capital's directors failed to adequately discharge their fiduciary duties to the public shareholders of American Capital by failing to take steps necessary to obtain for the shareholders the highest value available in the marketplace for their shares in the American Capital Acquisition. The complaint further alleges that American Capital's directors exacerbated this failure by including deal protection devices in the American Capital Acquisition that precluded other bidders from making a higher offer to American Capital. A purported claim is asserted against the Company for aiding and abetting American Capital's directors' alleged breaches of their fiduciary duties. The complaint seeks to enjoin the shareholder vote on the American Capital Acquisition between the Company and American Capital until American Capital adopts a process to obtain a transaction providing the best available terms for its shareholders. In the event that the American Capital Acquisition is completed, the complaint seeks to recover compensatory damages for all losses resulting from the alleged breaches of fiduciary duty. We believe that this claim is without merit and intend to vigorously defend against it.

On or about July 12, 2016, Renee J. Bercury, Renee J. Bercury IRA, William T. Bercury, William T. Bercury IRA, Atha P. Bercury, John G. Bercury, and Bercury Homes, Ltd. filed a putative shareholder class action allegedly on behalf of holders of the common stock of American Capital against the members of American Capital's board of directors in the Circuit Court for Montgomery County, Maryland. The action alleges that American Capital's directors failed to adequately discharge

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their fiduciary duties to the public shareholders of American Capital by failing to take steps necessary to obtain for the shareholders the highest value available in the marketplace for their shares in the American Capital Acquisition. The complaint further alleges that the American Capital Acquisition was the product of flawed sales process due to the American Capital directors' conflicts of interest and use of deal protection devices in the American Capital Acquisition that precluded other bidders from making a higher offer to American Capital. A purported claim is asserted against the Company for aiding and abetting American Capital's directors' alleged breaches of their fiduciary duties. The complaint seeks to enjoin the shareholder vote on the American Capital Acquisition until American Capital adopts a process to obtain a transaction providing the best available terms for its shareholders. In the event that the American Capital Acquisition is consummated, the complaint seeks to recover compensatory damages for all losses resulting from the alleged breaches of fiduciary duty. We believe that this claim is without merit and intend to vigorously defend against it.

On or about July 21, 2016, Garry Tischler filed a putative shareholder class action allegedly on behalf of all shareholders of American Capital against the members of American Capital's board of directors in the Circuit Court for Montgomery County, Maryland. The action alleges that the American Capital directors failed to adequately discharge their fiduciary duties to the shareholders of American Capital by failing to take steps necessary to obtain for the shareholders the highest value available in the marketplace for their shares in the American Capital Acquisition. The complaint further alleges that American Capital's directors exacerbated this failure by including deal protection devices in the American Capital Acquisition that precluded other bidders from making a higher offer to American Capital and by relying upon guidance from a conflicted financial advisor that owned common stock in the Company and stood to directly benefit from the American Capital Acquisition. A purported claim is asserted against the Company for aiding and abetting the American Capital directors' alleged breaches of their fiduciary duties. The complaint seeks to enjoin the American Capital Acquisition, including the shareholder vote on the American Capital Acquisition. In the alternative, the complaint seeks to amend or enjoin the deal protection devices as necessary to ensure a fair sales process. In the event that the American Capital Acquisition is completed, the complaint seeks to recover compensatory damages for all losses resulting from the alleged breaches of fiduciary duty. We believe that this claim is without merit and intend to vigorously defend against it.

PENDING AMERICAN CAPITAL ACQUISITION

On May 23, 2016, we entered into a definitive agreement to acquire American Capital in a cash and stock transaction. American Capital is an internally managed closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the Investment Company Act.

Subject to the terms and conditions of the Merger Agreement, the American Capital Acquisition will be accomplished with two mergers: (1) Acquisition Sub will merge with and into American Capital, with American Capital being the surviving entity in the Merger and a wholly owned subsidiary of the Company and (2) ACAM, a portfolio company of American Capital, will merge with and into IHAM, our portfolio company, with IHAM being the surviving entity in the ACAM Merger. Immediately following the Mergers, American Capital will convert into a Delaware limited liability company and withdraw its election as a BDC.

Simplified Structure Before the Completion of the American Capital Acquisition

Simplified Structure Following the Completion of the American Capital Acquisition

*

Immediately following the Mergers, American Capital will convert into a Delaware limited liability company and withdraw its election as a BDC.

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Upon completion of the American Capital Acquisition, each share of American Capital common stock issued and outstanding immediately prior to the effective time of the American Capital Acquisition will be converted into the right to receive, in accordance with the Merger Agreement, (i) \$6.41 per share in cash from us, (ii) \$1.20 per share in cash from our investment adviser, acting solely on its own behalf, (iii) the Exchange Ratio, (iv) \$2.45 per share in cash, which amount represents the per share cash consideration paid to American Capital pursuant to the sale by ACAM of ACMM, a wholly owned subsidiary of ACAM, to American Capital Agency Corp. (the "Mortgage Manager Sale") and (v) (A) if the closing occurs after the record date with respect to our dividend payable with respect to the fourth quarter of 2016, 37.5% of the Exchange Ratio times our dividend for such quarter, plus (B) if the closing occurs after the record date with respect to our dividend payable with respect to the first quarter of 2017, 75% of the Exchange Ratio times our dividend for such quarter, plus (C) if the closing occurs after the record date with respect to our dividend for any subsequent quarter, 100% of the Exchange Ratio times our dividend for such quarter. Based on the number of shares of American Capital Common Stock outstanding on the date of the Merger Agreement, this would result in approximately 110.8 million of our shares being exchanged for approximately 229.3 million outstanding shares of American Capital common stock, subject to adjustment in certain limited circumstances. Following completion of the American Capital Acquisition, the directors of our board of directors will continue as directors of the Company.

The Merger Agreement contains (a) customary representations and warranties of American Capital and the Company, including representations and warranties relating to, among others: corporate organization, capitalization, corporate authority and absence of conflicts, third party and governmental consents and approvals, reports and regulatory matters, financial statements, compliance with law and legal proceedings, absence of certain changes, taxes, employee matters, intellectual property, insurance and certain contracts, (b) limited representations and warranties from IHAM and ACAM, including representations and warranties relating to, among others: corporate organization, capitalization, corporate authority and absence of conflicts, (c) limited representations and warranties from our investment adviser, including representations and warranties relating to, among others: corporate organization, capitalization, corporate authority, absence of conflicts and regulatory matters, (d) covenants of American Capital and the Company to conduct our respective businesses in the ordinary course until the American Capital Acquisition is completed and (e) covenants of American Capital and the Company not to take certain actions during this interim period.

Among other things, American Capital and we have agreed to, and will cause our respective affiliates, consolidated subsidiaries, and each of their respective officers, directors, managers, employees and other advisors, representatives and agents to, immediately cease and cause to be terminated all discussions and negotiations with respect to a "Competing Proposal" (as defined in the Merger Agreement) from a third party and not to directly or indirectly solicit or take any other action (including providing information) with the intent to solicit any inquiry, discussion, proposal or offer with respect to a Competing Proposal.

However, if either American Capital or the Company receives a Competing Proposal from a third party, and the board of directors of American Capital or the Company, as applicable, determines in good faith after consultation with its outside legal counsel and independent financial advisers that (i) failure to consider such proposal would reasonably be expected to be inconsistent with the fiduciary duties of the respective directors under applicable law and (ii) the Competing Proposal constitutes or is reasonably expected to result in a "Superior Proposal" (as defined in the Merger Agreement), then the party receiving such proposal may engage in discussions and negotiations with such third party so long as certain notice and other procedural requirements are satisfied. American Capital or the Company may terminate the Merger Agreement and enter into an agreement with a third party who makes a Superior Proposal, subject to certain procedural requirements and the payment of a \$140 million termination fee.

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The representations and warranties of each party set forth in the Merger Agreement (i) have been qualified by confidential disclosures made to the other party in connection with the Merger Agreement, (ii) will not survive completion of the American Capital Acquisition and cannot be the basis for any claims under the Merger Agreement by the other party after the American Capital Acquisition is completed, (iii) are qualified in certain circumstances by a materiality standard which may differ from what may be viewed as material by investors, (iv) were made only as of the date of the Merger Agreement or such other date as is specified in the Merger Agreement and (v) may have been included in the Merger Agreement for the purpose of allocating risk between American Capital and the Company rather than establishing matters as facts.

While there can be no assurances as to the exact timing, or that the American Capital Acquisition will be completed at all, we expect to complete the American Capital Acquisition as early as the fourth quarter of 2016. The completion of the American Capital Acquisition is subject to certain conditions, including, among others, American Capital stockholder approval, our stockholder approval, required regulatory approvals, receipt of certain third party consents, including consents from regulatory authorities in the United Kingdom and Guernsey and consents from certain investment funds managed by ACAM and its subsidiaries representing at least 75% of the aggregate assets under management from all such funds as of March 31, 2016 and other customary closing conditions.

The Merger Agreement also contains certain termination rights for us and American Capital and provides that, in connection with the termination of the Merger Agreement under specified circumstances (including as more specifically described above), American Capital or the Company may be required to pay the other party a termination fee of \$140 million.

We cannot assure you that the American Capital Acquisition will be completed as scheduled, or at all. See "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition and "Risk Factors Risks Relating to the American Capital Acquisition" for a description of the risks that the combined company may face if the American Capital Acquisition is completed.

Additionally, on May 23, 2016, we entered into an agreement with our investment adviser (the "Transaction Support Agreement") in connection with the American Capital Acquisition. Under the terms of the Transaction Support Agreement, our investment adviser will (i) provide \$275 million of cash consideration, or \$1.20 per share of American Capital common stock, payable to American Capital stockholders in accordance with the terms and conditions set forth in the Merger Agreement at closing and (ii) waive, for each of the first ten calendar quarters beginning with the first full calendar quarter after the closing of the American Capital Acquisition, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case to the extent earned and payable by us in such quarter pursuant to and as calculated under our investment advisory and management agreement. The financial support contemplated by the Transaction Support Agreement is conditioned upon completion of the American Capital Acquisition, which is subject to the closing conditions described above.

PORTFOLIO COMPANIES

The following table describes each of the businesses included in our portfolio and reflects data as of March 31, 2016. Percentages shown for class of investment securities held by us represent percentage of the class owned and do not necessarily represent voting ownership. Percentages shown for equity securities, other than warrants or options, represent the actual percentage of the class of security held before dilution. Percentages shown for warrants and options held represent the percentage of class of security we may own assuming we exercise our warrants or options before dilution.

We have indicated by footnote portfolio companies (a) where we directly or indirectly own more than 25% of the outstanding voting securities of such portfolio company and, therefore, are presumed to be "controlled" by us under the Investment Company Act and (b) where we directly or indirectly own 5% to 25% of the outstanding voting securities of such portfolio company or where we hold one or more seats on the portfolio company's board of directors and, therefore, are deemed to be an "affiliated person" under the Investment Company Act. We directly or indirectly own less than 5% of the outstanding voting securities of all other portfolio companies (or have no other affiliations with such portfolio companies) listed on the table. We offer to make significant managerial assistance to certain of our portfolio companies. Where we do not hold a seat on the portfolio company's board of directors, we may receive rights to observe such board meetings.

Where we have indicated by footnote the amount of undrawn commitments to portfolio companies to fund various revolving and delayed draw senior secured and subordinated loans, such undrawn commitments are presented net of (i) standby letters of credit treated as drawn commitments because they are issued and outstanding, (ii) commitments substantially at the Company's discretion and (iii) commitments that are unavailable due to borrowing base or other covenant restrictions.

ARES CAPITAL AND SUBSIDIARIES
PORTFOLIO COMPANIES
As of March 31, 2016
(dollar amounts in thousands)

Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
10th Street, LLC and	Real estate holding company	First lien senior secured loan	12.00% Cash, 1.00% PIK	11/2/2019		\$ 25,384
New 10th Street, LLC(4)		Senior subordinated loan	12.00% Cash, 1.00% PIK	11/2/2019		\$ 27,303
5 North 11th Street Brooklyn, NY 11211		Member interest Option			10.00% 40.10%	\$ 44,502 \$ 25
2329497 Ontario Inc.	Outsourced data center	Second lien senior secured loan	10.50% (Libor + 9.25%/Q)	6/30/2019		\$ 27,738
77 King Street West, Suite 4400 PO Box 235 Toronto, ON M5K 1J3 Canada	infrastructure and related services provider					
Absolute Dental Management LLC and ADM Equity, LLC 526 South Tonopah Dr. Suite #200 Las Vegas, NV 89106	Dental services provider	First lien senior secured loan Class A preferred units Class A common units	9.27% (Libor + 8.27%/Q)	1/5/2022		\$ 23,750 9.30% \$ 4,000 9.30% \$
Adaptive Mobile Security Limited Ferry House	Developer of security software for mobile	First lien senior secured loan First lien senior secured loan	10.00% (Libor + 9.00%/Q) 10.00% (Libor + 9.00%/Q)	7/1/2018 10/1/2018		\$ 3,099 \$ 792
48-52 Lower Mount Street Dublin 2, Ireland	communications networks					
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc. 165 Passaic Avenue Fairfield, NJ 07004	Restaurant owner and operator	First lien senior secured loan Promissory note Warrant	9.25% (Libor + 8.25%/Q)	12/18/2018 12/18/2023		\$ 36,340 \$ 8,390 95.00% \$ (2)
AEP Holdings, Inc. and Arrowhead Holdco Company 3787 95th Ave. N.E. Blaine, MN 55014	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan First lien senior secured loan First lien senior secured loan Common stock	7.25% (Libor + 6.25%/Q) 8.75%(Base Rate + 5.25%/Q) 8.25% (Libor + 7.25%/Q)	8/31/2021 8/31/2021 8/31/2021		\$ 44,439 \$ 772 \$ 10,000 1.13% \$ 2,677
Aimbridge Hospitality, LLC 5851 Legacy Circle, Suite 400 Plano, TX 75024	Hotel operator	First lien senior secured loan First lien senior secured loan First lien senior secured loan		10/8/2018 10/8/2018 10/8/2018		\$ (5) \$ 2,885 \$ 18,305
Alegeus Technologies Holdings Corp. 1601 Trapelo Road	Benefits administration and transaction processing	Preferred stock Common stock			0.79% 0.00%	\$ 1,782 \$

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South Building, 2nd Floor Waltham, MA 02451	provider					
AllBridge Financial, LLC(4) 13760 Noel Road, Suite 1100 Dallas, TX 75240	Asset management services	Equity interests			100.00% \$	534
Alphabet Energy, Inc. 26225 Eden Landing Road, Suite D Hayward, CA 94545	Technology developer to convert waste-heat into electricity	First lien senior secured loan Series B preferred stock Warrant	12.50% (Libor + 11.50%/M)	8/1/2017	\$	3,549
American Academy Holdings, LLC 2480 South 3850 West, Suite B Salt Lake City, UT 84120	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured loan First lien senior secured loan	7.00% (Libor + 6.00%/Q) 4.00% (Libor + 3.00%/Q)	6/27/2019 6/27/2019	\$	60,849 2,801
American Broadband Communications, LLC, American Broadband Holding Company, and Cameron Holdings of NC, Inc. 401 N. Tryon Street, 10th Floor Charlotte, NC 28202	Broadband communication services	Warrant Warrant			20.76% \$ 20.00% \$	7,204(2) 6,927(2)
American Residential Services L.L.C. 965 Ridge Lake Blvd. Memphis, TN 38120	Heating, ventilation and air conditioning services provider	Second lien senior secured loan	8.50% (Libor + 7.50%/Q)	12/31/2021	\$	50,000
American Seafoods Group LLC and American Seafoods Partners LLC 2025 First Avenue, Suite 900 Seattle, WA 98121	Harvester and processor of seafood	First lien senior secured revolving loan First lien senior secured loan Second lien senior secured loan Class A units Warrant	7.50%(Base Rate + 4.00%/Q) 6.00% (Libor + 5.00%/Q) 10.00% (Libor + 9.00%/Q)	8/19/2021 8/19/2021 2/19/2022	\$ \$ \$ 0.24% \$ 3.36% \$	998(6) 19,062 53,350 86 8,163(2)

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
Argon Medical Devices, Inc. 5151 Headquarters Drive, Suite 210 Plano, TX 75024	Manufacturer and marketer of single-use specialty medical devices	Second lien senior secured loan	10.50% (Libor + 9.50%/Q)	6/23/2022		\$ 9,000
Athletic Club Holdings, Inc. 5201 East Tudor Road Anchorage, AL 99507	Premier health club operator	First lien senior secured loan		10/31/2020		\$ (7)
		First lien senior secured loan	9.50% (Libor + 8.50%/Q)	10/31/2020		\$ 41,000
AwarePoint Corporation 600 W. Broadway, Suite 250 San Diego, CA 92101	Healthcare technology platform developer	First lien senior secured loan Warrant	9.50%	6/1/2018		\$ 9,474
					8.83%	\$ 609(2)
Batanga, Inc. 2121 Ponce de Leon Blvd., Suite 800 Coral Gables, FL 33134	Independent digital media company	First lien senior secured loan	12.00% (Libor + 11.00%/M)	12/31/2016		\$ 9,975
Benihana, Inc. 8685 Northwest 53rd Terrace Miami, FL 33166	Restaurant owner and operator	First lien senior secured revolving loan	8.25%(Base Rate + 4.75%/Q)	7/17/2018		\$ 460(8)
		First lien senior secured loan	7.25% (Libor + 6.00%/Q)	1/17/2019		\$ 4,573
Bicent (California) Holdings LLC c/o Beowolf Energy LLC 100 N. West Street Easton, MD 21601	Gas turbine power generation facilities operator	Senior subordinated loan	8.25% (Libor + 7.25%/Q)	2/6/2021		\$ 49,507
Brandtone Holdings Limited 51-54 Pearse Street Dublin 2, Ireland	Mobile communications and marketing services provider	First lien senior secured loan	9.50% (Libor + 8.50%/M)	11/1/2018		\$ 5,340
		First lien senior secured loan	9.50% (Libor + 8.50%/M)	1/1/2019		\$ 3,296
		Warrant			1.99%	\$ 1(2)
Brush Power, LLC 1150 West Century Ave. Bismarck ND, 58503	Gas turbine power generation facilities operator	First lien senior secured loan	6.25% (Libor + 5.25%/Q)	8/1/2020		\$ 56,699
		First lien senior secured loan	7.75%(Base Rate + 4.25%/Q)	8/1/2020		\$ 157
Cadence Aerospace, LLC 2600 94th Street SW, Suite 150 Everett, WA 98204	Aerospace precision components manufacturer	First lien senior secured loan	6.50% (Libor + 5.25%/Q)	5/9/2018		\$ 4,074
		Second lien senior secured loan	10.50% (Libor + 9.25%/Q)	5/9/2019		\$ 77,267
Callidus Capital Corporation(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Asset management services	Common stock			100.00%	\$ 1,662
CallMiner, Inc. 200 West Street Waltham, MA 02452	Provider of cloud-based conversational analytics solutions	First lien senior secured loan	10.00%	5/1/2018		\$ 3,152
		First lien senior secured loan	10.00%	9/1/2018		\$ 1,758
		Warrant			1.83%	\$ (2)

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Cambrios Technologies Corporation 930 East Arques Ave. Sunnyvale, CA 94085	Manufacturer of nanotechnology-based solutions for electronic devices and computers	Warrant			4.88% \$	(2)
Campus Management Corp. and Campus Management Acquisition Corp.(3) 350 Park Avenue, 23rd Floor New York, NY 10022	Education software developer	Preferred stock			16.75% \$	10,730
Castle Management Borrower LLC 545 East John Carpenter Freeway, Suite 1400 Irving, TX 75062	Hotel operator	First lien senior secured loan	5.50% (Libor + 4.50%/Q)	9/18/2020	\$	5,925
		Second lien senior secured loan	11.00% (Libor + 10.00%/Q)	3/18/2021	\$	10,000
		Second lien senior secured loan	11.00% (Libor + 10.00%/Q)	3/18/2021	\$	55,000
CCS Intermediate Holdings, LLC and CCS Group Holdings, LLC 3343 Perimeter Hill Drive, Suite 300 Nashville, TN 37211	Correctional facility healthcare operator	First lien senior secured revolving loan	5.00% (Libor + 4.00%/Q)	7/23/2019	\$	3,487(9)
		First lien senior secured revolving loan	6.50%(Base Rate + 3.00%/Q)	7/23/2019	\$	1,395(9)
		First lien senior secured loan	5.00% (Libor + 4.00%/Q)	7/23/2021	\$	6,170
		Second lien senior secured loan	9.38% (Libor + 8.38%/Q)	7/23/2022	\$	121,500
		Class A units			1.24% \$	661
CEI Kings Mountain Investor, LP 8800 N. Gainey Drive, Suite 250 Scottsdale, AZ 85258	Gas turbine power generation facilities operator	Senior subordinated loan	11.00% PIK	3/11/2017	\$	30,024
CFW Co-Invest, L.P., NCP Curves, L.P. and Curves International Holdings, Inc. 100 Ritchie Road Waco, TX 76712	Health club franchisor	Limited partnership interest			12.24% \$	6,585
		Limited partnership interest			12.25% \$	
		Common stock			7.41% \$	
CH Hold Corp. 401 E. Corporate Drive, Suite 150 Lewisville, TX 75057	Collision repair company	First lien senior secured revolving loan	6.25% (Libor + 5.25%/Q)	11/20/2019	\$	1,185(10)

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
ChargePoint, Inc. 1692 Dell Avenue Campbell, CA 95008	Developer and operator of electric vehicle charging stations	First lien senior secured loan	9.75% (Libor + 8.75%/M)	7/1/2019		\$ 10,000
		First lien senior secured loan	9.75% (Libor + 8.75%/M)	1/1/2019		\$ 10,000
		Warrant			2.12%	\$ 327(2)
Chariot Acquisition, LLC 3510 Port Jacksonville Pkwy Jacksonville, Florida 32226	Manufacturer, distributor and designer of aftermarket golf cart parts and accessories	First lien senior secured revolving loan		9/30/2021		\$ (11)
		First lien senior secured loan	7.25% (Libor + 6.25%/Q)	9/30/2021		\$ 55,711
Charter NEX US Holdings, Inc. 1264 E High St. Milton, WI 53563	Producer of high-performance specialty films used in flexible packaging	Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	2/6/2023		\$ 15,680
CIBT Holdings, Inc. and CIBT Investment Holdings, LLC 111 Huntington Ave., 30th Floor Boston, MA 02199	Expedited travel document processing services	First lien senior secured loan		12/15/2018		\$ (12)
		Class A shares			1.97%	\$ 4,759
Ciena Capital LLC(4) 1633 Broadway, 39th Floor New York, NY 10019	Real estate and small business loan servicer	First lien senior secured revolving loan	6.00%	12/31/2016		\$ 14,000(13)
		First lien senior secured loan	12.00%	12/31/2016		\$ 500
		First lien senior secured loan	12.00%	12/31/2016		\$ 5,000
		First lien senior secured loan	12.00%	12/31/2016		\$ 2,500
		Equity interests			100.00%	\$ 17,784
CMW Parent LLC (fka Black Arrow, Inc.) 65 North San Pedro San Jose, CA 95110	Multiplatform media firm	Series A units			0.00%	\$
Command Alkon, Incorporated and CA Note Issuer, LLC 1800 International Park Dr., Suite 400 Birmingham, AL 35243	Software solutions provider to the ready-mix concrete industry	Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	8/8/2020		\$ 10,000
		Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	8/8/2020		\$ 11,500
		Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	8/8/2020		\$ 26,500
		Senior subordinated loan	14.00% PIK	8/8/2021		\$ 21,028
Commercial Credit Group, Inc. 121 West Trade Street, Suite 2100 Charlotte, NC 28202	Commercial equipment finance and leasing company	Senior subordinated loan	12.75%	5/10/2018		\$ 28,000
Community Education Centers, Inc. and CEC Parent Holdings LLC(4) 35 Fairfield Place West Caldwell, NJ 07006	Offender re-entry and in-prison treatment services provider	First lien senior secured loan	6.25% (Libor + 5.25%/Q)	12/13/2017		\$ 13,612
		First lien senior secured loan	7.75%(Base Rate + 4.25%/Q)	12/13/2017		\$ 673
		Second lien senior secured loan	15.62% (Libor + 15.00%/Q)	6/13/2018		\$ 21,895

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		Class A senior preferred units			0.90%	\$	10,150
		Class A junior preferred units			30.77%	\$	16,310
		Class A common units			30.77%	\$	
Competitor Group, Inc., Calera XVI, LLC and Champion Parent Corporation 9401 Waples Street, Suite 150 San Diego, CA 92121	Endurance sports media and event operator	First lien senior secured revolving loan First lien senior secured loan	5.00% (Libor + 3.75%/Q)	11/30/2018		\$	4,476(14)
		Preferred shares			50.00%	\$	508
		Membership units			7.88%	\$	
		Common shares			32.96%	\$	
Component Hardware Group, Inc. 1890 Swarthmore Avenue Lakewood, NJ 08701	Manufacturer of commercial equipment	First lien senior secured revolving loan First lien senior secured loan	5.50% (Libor + 4.50%/Q)	7/1/2019		\$	2,196(15)
			5.50% (Libor + 4.50%/Q)	7/1/2019		\$	7,881
Compuware Parent, LLC 777 Mariners Island Blvd. San Mateo, CA 94404	Web and mobile cloud performance testing and monitoring services provider	Class A-1 common stock Class B-1 common stock Class C-1 common stock Class A-2 common stock Class B-2 common stock Class C-2 common stock			0.41%	\$	1,834
					0.41%	\$	367
					0.41%	\$	245
					0.41%	\$	
					0.41%	\$	
Correctional Medical Group Companies, Inc. 2511 Garden Road, Suite A160 Monterey, CA 93940	Correctional facility healthcare operator	First lien senior secured loan First lien senior secured loan First lien senior secured loan		9/29/2021		\$	(16)
			9.59% (Libor + 8.59%/Q)	9/29/2021		\$	3,088
			9.59% (Libor + 8.59%/Q)	9/29/2021		\$	48,800
Covestia Capital Partners, LP 11111 Santa Monica Blvd, Suite 1620 Los Angeles, CA 90025	Investment partnership	Limited partnership interest			47.00%	\$	\$1,863
CPV Maryland Holding Company II, LLC c/o Competitive Power Ventures, Inc. 8403 Colesville Road, Suite 915 Silver Spring, MD 20910	Gas turbine power generation facilities operator	Senior subordinated loan Warrant	10.00%	12/31/2020		\$	41,570
					4.00%	\$	(2)

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
Crescent Hotels & Resorts, LLC and affiliates(4)	Hotel operator	Senior subordinated loan	15.00%	9/8/2011		\$ 3,244
		Common equity interest			90.00%	\$
2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067						
Crown Health Care Laundry Services, Inc. and Crown Laundry Holdings, LLC(3)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan	7.25% (Libor + 6.00%/Q)	3/13/2019		\$ 1,700(17)
1501 North Guillemard Street Pensacola, FL 32501		First lien senior secured loan	7.25% (Libor + 6.00%/Q)	3/13/2019		\$ 18,323
		Class A preferred units			11.76%	\$ 3,112
		Class B common units			11.76%	\$ 345
DCA Investment Holding, LLC	Multi-branded dental practice management	First lien senior secured revolving loan	7.75%(Base Rate + 4.25%/Q)	7/2/2021		\$ 1,572(18)
6240 Lake Osprey Drive Sarasota, FL 34240		First lien senior secured loan	6.25% (Libor + 5.25%/Q)	7/2/2021		\$ 18,660
Dent Wizard International Corporation and DWH Equity Investors, L.P.	Automotive reconditioning services	Second lien senior secured loan	10.25% (Libor + 9.25%/Q)	10/7/2020		\$ 50,000
4710 Earth City Expressway Bridgeton, MO 63044		Class A common stock			0.44%	\$ 493
		Class B common stock			0.37%	\$ 987
DESRI VI Management Holdings, LLC	Wind power generation facility operator	Senior subordinated loan	9.75%	12/24/2021		\$ 25,000
c/o D.E. Shaw & Co., L.P. 1166 Avenue of the Americas, 9th Floor New York, NY 10036		Non-controlling units			10.00%	\$ 1,652
DineInFresh, Inc.	Meal-delivery provider	First lien senior secured loan	9.75% (Libor + 8.75%/M)	7/1/2018		\$ 7,000
22 West 19th Street, 5th Floor New York, NY 10011		Warrant			1.48%	\$ 4(2)
Directworks, Inc.	Provider of cloud-based software solutions for direct materials sourcing and supplier management for manufacturers	First lien senior secured loan	10.25% (Libor + 9.25%/M)	4/1/2018		\$ 2,082
and Co-Exprise Holdings, Inc. 6021 Wallace Road, Suite 300 Wexford, PA 15090		Warrant			4.76%	\$ (2)
DNAexus, Inc.	Bioinformatics company	First lien senior secured loan	9.25% (Libor + 8.25%/M)	10/1/2018		\$ 10,500
1975 W. El Camino Real, Suite 101 Mountain View, CA 94040		Warrant			1.60%	\$ 250(2)
DTI Holdco, Inc.	Provider of legal process outsourcing and managed services	First lien senior secured loan	5.75% (Libor + 4.75%/Q)	8/19/2020		\$ 927
and OPE DTI Holdings, Inc. Two Ravinia Drive, Suite 850 Atlanta, GA 30346		Class A common stock			1.65%	\$ 7,288
		Class B common stock			1.65%	\$
Dwyer Acquisition Parent, Inc.	Operator of multiple franchise concepts primarily related to home	Senior subordinated loan	11.00%	2/15/2020		\$ 31,500
and TDG Group Holding Company 1020 N University Park Drive		Senior subordinated loan	11.00%	2/15/2020		\$ 52,670
		Common stock			1.87%	\$ 4,403

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Waco, TX 76707	maintenance or repairs					
Eagle Family Foods Group LLC 1 Strawberry Lane Orrville, OH 44667	Manufacturer and producer of milk products	First lien senior secured loan	10.05% (Libor + 9.05%/Q)	12/31/2021	\$	54,775
Earthcolor Group, LLC 249 Pomeroy Road Parsippany, NJ 07054	Printing management services	Limited liability company interests			9.30%	\$
Eckler Industries, Inc. 5200 S. Washington Ave. Titusville, FL 32780	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan	8.50%(Base Rate + 5.00%/Q)	7/12/2017	\$	1,880(19)
		First lien senior secured loan	7.25% (Libor + 6.00%/Q)	7/12/2017	\$	6,584
		First lien senior secured loan	7.25% (Libor + 6.00%/Q)	7/12/2017	\$	24,834
		Series A preferred stock			5.41%	\$
		Common stock			5.41%	\$
EcoMotors, Inc. 17000 Federal Drive, Suite 200 Allen Park, MI 48101	Engine developer	First lien senior secured loan	11.00%	3/1/2018	\$	11,480
		Warrant			2.10%	\$ 286(2)
		Warrant			0.46%	\$ 62(2)
EN Engineering, L.L.C. 28100 Torch Parkway, Suite 400 Warrenville, Illinois 60555	National utility services firm providing engineering and consulting services to natural gas, electric power and other energy and industrial end markets	First lien senior secured loan		6/30/2021	\$	(20)
		First lien senior secured loan	8.50%(Base Rate + 5.00%/Q)	6/30/2021	\$	2,561
		First lien senior secured loan	7.00% (Libor + 6.00%/Q)	6/30/2021	\$	22,311
Everspin Technologies, Inc. 1347 N. Alma School Road, Suite 220 Chandler, AZ 85224	Designer and manufacturer of computer memory solutions	First lien senior secured revolving loan	7.25%(Base Rate + 3.75%/M)	6/5/2017	\$	1,485(21)
		First lien senior secured loan	8.75% (Libor + 7.75%/M)	6/1/2019	\$	7,920
		Warrant			1.61%	\$ 355(2)

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
Faction Holdings, Inc. and The Faction Group LLC (fka PeakColo Holdings, Inc.) 303 E. 17th Avenue, Suite 1000 Denver, CO 80203	Wholesaler of cloud-based software applications and services	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Warrant Warrant	9.75% (Libor + 8.75%/Q) 9.75% (Libor + 8.75%/Q)	11/30/2017 12/1/2019 5/1/2019		\$ (22) 3,000 4,000 1.97% \$ 62(2) 2.71% \$ 85(2)
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC 110 Beasley Rd. Cartersville, GA 30120	Provider of branded archery and bowhunting accessories	First lien senior secured loan First lien senior secured loan First lien senior secured loan First lien senior secured loan Common units	4.00% (Libor + 3.00%/Q) 6.55% (Libor + 5.55%/Q) 4.00% (Libor + 3.00%/Q) 6.55% (Libor + 5.55%/Q)	3/31/2019 3/31/2019 3/31/2019 3/31/2019		\$ 4,365 9,120 6,508 48,096 3.57% \$ 3,574
First Insight, Inc. 1606 Carmody Court, Suite 106 Sewickley, PA 15143	Software company providing merchandising and pricing solutions to companies worldwide	Warrant			13.17%	\$ 12(2)
Flow Solutions Holdings, Inc. 22908 NE Alder Crest Drive, Suite 100 Redmond, WA 98053	Distributor of high value fluid handling, filtration and flow control products	Second lien senior secured loan Second lien senior secured loan	10.00% (Libor + 9.00%/Q) 10.00% (Libor + 9.00%/Q)	10/30/2018 10/30/2018		\$ 5,700 28,025
Garden Fresh Restaurant Corp. 15822 Bernardo Center Drive, Suite A San Diego, CA 92127	Restaurant owner and operator	First lien senior secured revolving loan First lien senior secured loan	10.50% (Libor + 9.00%/Q) 10.50% (Libor + 9.00%/Q)	7/3/2018 7/3/2018		\$ 1,100(23) 40,141
GCN Storage Solutions, LLC 4151 Burton Drive Santa Clara, CA 95054	Energy storage and power efficiency solutions provider for commercial and industrial businesses	First lien senior secured loan First lien senior secured loan	9.75%	12/31/2021 12/31/2021		\$ (24) 8,443(24)
Genomatica, Inc. Cambridge Discovery Park, 5th Floor 100 Acorn Park Drive Cambridge, MA 02140	Developer of a biotechnology platform for the production of chemical products	Warrant			2.46%	\$ 6(2)
GF Parent LLC 4757 Nexus Center Drive San Diego, CA 92121	Producer of low-acid, aseptic food and beverage products	Class A preferred units Class A common units			2.58% 2.20%	\$ 2,227
Global Franchise Group, LLC and GFG Intermediate Holding, Inc.	Worldwide franchisor of quick service restaurants	First lien senior secured loan	10.51% (Libor + 9.51%/Q)	12/18/2019		\$ 62,500

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1346 Oakbrook Drive,
Suite 170
Norcross, GA 30093

Global Healthcare Exchange, LLC and GHX Ultimate Parent Corp. 1315 W Century Drive Louisville, CO 80027	On-demand supply chain automation solutions provider	Class A common stock			1.03%	\$	2,991
		Class B common stock			0.93%	\$	4,735
Gordian Acquisition Corp. 950 Third Avenue, 17th Floor New York, NY 10022	Financial services firm	Common stock			5.00%	\$	
Grant Wind Holdings II, LLC 615 South DuPont Highway Dover, DE 19901	Wind power generation facility	Senior subordinated loan	10.00%	7/15/2016		\$	24,195
Green Energy Partners, Stonewall LLC and Panda Stonewall	Gas turbine power generation facilities operator	First lien senior secured loan	6.50% (Libor + 5.50%/Q)	11/13/2021		\$	23,125
		Senior subordinated loan	8.00% Cash, 5.25% PIK	12/31/2021		\$	17,722
Intermediate Holdings II LLC 12 Paoli Pike Suite 5 Paoli, PA 19301		Senior subordinated loan	8.00% Cash, 5.25% PIK	12/31/2021		\$	82,845
Greenphire, Inc. and RMCF III CIV XXIX, L.P. 640 Freedom Business Center Drive, Suite 201 King of Prussia, PA 19406	Software provider for clinical trial management	First lien senior secured revolving loan		12/19/2018		\$	(25)
		First lien senior secured loan		12/19/2018		\$	(26)
		First lien senior secured loan	9.00% (Libor + 8.00%/M)	12/19/2018		\$	4,000
		Limited partnership interest			99.90%	\$	999
GS Pretium Holdings, Inc. 15450 South Outer Forty Drive, Suite 120 Chesterfield, MO 63017	Manufacturer and supplier of high performance plastic containers	Common stock			0.41%	\$	405
Harvey Tool Company, LLC and Harvey Tool Holding, LLC 428 Newburyport Turnpike Rowley, MA 01969	Manufacturer and provider of cutting tools to the metalworking industry	First lien senior secured revolving loan		3/28/2019		\$	(27)
		Senior subordinated loan	11.00%	9/28/2020		\$	27,925
		Class A membership units			1.09%	\$	1,460
HCI Equity, LLC(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Investment company	Member interest			100.00%	\$	127

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
Heritage Food Service Group, Inc. and WCI-HFG Holdings, LLC 5130 Executive Boulevard Fort Wayne, IN 46808	Distributor of repair and replacement parts for commercial kitchen equipment	Second lien senior secured loan	9.50% (Libor + 8.50%/Q)	10/20/2022		\$ 30,696
iControl Networks, Inc. and uControl Acquisition, LLC 555 Twin Dolphin Drive, Suite 280 Redwood City, CA 94065	Software and services company for the connected home market	Second lien senior secured loan	9.50% (Libor + 8.50%/Q)	3/1/2019	2.50%	\$ 2,706
ICSH, Inc. 1540 Greenwood Avenue Montebello, CA 90640	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan	8.25%(Base Rate + 4.75%/Q)	12/31/2018		\$ 1,000(28)
IfByPhone Inc. 300 W. Adams Street, Suite 900 Chicago, IL 60606	Voice-based marketing automation software provider	Second lien senior secured loan	10.00% (Libor + 9.00%/Q)	12/31/2019		\$ 66,000
Imperial Capital Group LLC 2000 Avenue of the Stars, 9th Floor S Los Angeles, CA 90067	Investment services	Warrant			4.76%	\$ 71(2)
Imperial Capital Private Opportunities, LP 2000 Avenue of the Stars, 9th Floor S Los Angeles, CA 90067	Investment partnership	Class A common units 2006 Class B common units 2007 Class B common units			2.80% 2.80% 2.80%	\$ 12,775 3
INC Research Mezzanine Co-Invest, LLC 3201 Beechleaf Court, Suite 600 Raleigh, NC 27604	Pharmaceutical and biotechnology consulting services	Limited partnership interest			80.00%	\$ 15,343
Indra Holdings Corp. 9655 International Blvd. Cincinnati, OH 45246	Designer, marketer, and distributor of rain and cold weather products	Common units			15.07%	\$ 2,796
Infilaw Holding, LLC 1100 5th Avenue South, Suite 301 Naples, FL 34102	Operator of for-profit law schools	Second lien senior secured loan	8.50% (Libor + 7.50%/Q)	11/1/2021		\$ 66,400
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc. Calle Santa Ana 1660 Santurce, Puerto Rico 00909	Private school operator	First lien senior secured revolving loan		1/31/2017		\$ (29)
		First lien senior secured loan	11.50% (Libor + 8.50% Cash, 2.00% PIK/Q)	1/31/2017		\$ 3,410
		Series A preferred units	11.50% (Libor + 8.50% Cash, 2.00% PIK/Q)		95.34%	\$ 113,650
		Series B preferred units			6.67%	\$ 4,956
		Senior preferred series A-1 shares	10.50% PIK (Libor + 9.00%/Q)	12/31/2018		\$ 1,714
		Series B preferred stock			83.50%	\$ 90,279
					5.00%	\$

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		Series C preferred stock			3.98%	\$	
		Common stock			4.02%	\$	
Interactions Corporation	Developer of a speech recognition software based customer interaction system	Second lien senior secured loan	9.85% (Libor + 8.85%/Q)	7/1/2019		\$	25,000
31 Hayward Street, Suite E Franklin, MA 02038		Warrant			0.30%	\$	290(2)
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	6/27/2020		\$	107,520
6451 N. Federal Highway, Suite 1000 Fort Lauderdale, FL 33308							
Ioxus, Inc	Manufacturer of energy storage devices	First lien senior secured loan	10.00% Cash, 2.00% PIK	6/1/2018		\$	8,687
18 Stadium Circle Oneonta, NY 13820		Warrant			3.61%	\$	216(2)
		Warrant			8.06%	\$	(2)
iPipeline, Inc., Internet Pipeline, Inc. and iPipeline Holdings, Inc.	Provider of SaaS-based software solutions to the insurance and financial services industry	First lien senior secured revolving loan		8/4/2022		\$	(30)
222 Valley Creek Blvd, Suite 300 Exton, PA 19341		First lien senior secured loan	8.25% (Libor + 7.25%/Q)	8/4/2022		\$	71,640
		Preferred stock			0.73%	\$	2,179
		Common stock			0.64%	\$	22
IronPlanet, Inc.	Online auction platform provider for used heavy equipment	Warrant			7.60%	\$	203(2)
3825 Hopyard Road, Suite 250 Pleasanton, CA 94588							
ISS Compressors Industries, Inc., ISS Valves Industries, Inc., ISS Motors Industries, Inc., ISS Machining Industries, Inc., and ISS Specialty Services Industries, Inc.	Provider of repairs, refurbishments and services to the broader industrial end user markets	First lien senior secured loan		6/5/2018		\$	(31)
875 North Michigan Avenue Suite 4020 Chicago, Illinois 60611		First lien senior secured loan	7.00% (Libor + 6.00%/Q)	6/5/2018		\$	2,369
		First lien senior secured loan	7.00% (Libor + 6.00%/Q)	6/5/2018		\$	32,627
Itel Laboratories, Inc.	Data services provider for building materials to property insurance industry	First lien senior secured revolving loan		6/29/2018		\$	(32)
6745 Phillips Industrial Boulevard Jacksonville, FL 32256		Preferred units			1.80%	\$	1,181

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
Ivy Hill Asset Management, L.P.(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Asset management services	Member interest			100.00%	\$ 232,937
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC 1414 Harney Street Suite 440 Omaha, NE 68102	Asset-backed financial services company	First lien senior secured revolving loan	10.43% (Libor + 10.00%/Q)	6/24/2017		\$ 40,832
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation 18 Crosby Drive Bedford, MA 01730	Renewable fuel and chemical production developer	First lien senior secured loan Warrant	10.00% (Libor + 9.00%/M)	10/1/2018		\$ 7,985
					2.17%	\$ (2)
K2 Pure Solutions Nocal, L.P. 260 Queen Street West, 4th Floor Toronto, ON M5V 1Z8 Canada	Chemical producer	First lien senior secured revolving loan		2/19/2021		\$ (33)
		First lien senior secured loan	7.00% (Libor + 6.00%/Q)	2/19/2021		\$ 52,975
Kettle Cuisine, LLC 330 Lynnway Lynn, MA 01901	Manufacturer of fresh refrigerated and frozen food products	Second lien senior secured loan	10.75% (Libor + 9.75%/Q)	2/21/2022		\$ 28,500
KeyImpact Holdings, Inc. and JWC/KI Holdings, LLC 1701 Crossroads Dr. Odenton, MD 21113	Foodservice sales and marketing agency	First lien senior secured loan First lien senior secured loan Membership units		11/16/2021		\$ (34)
			7.13% (Libor + 6.13%/Q)	11/16/2021		\$ 46,134
					5.13%	\$ 5,727
Kinestral Technologies, Inc. 400 East Jamie Court, Suite 201 South San Francisco, CA 94080	Designer of adaptive, dynamic glass for the commercial and residential markets.	First lien senior secured loan Warrant Warrant	8.75% (Libor + 7.75%/M)	10/1/2018		\$ 10,000
					1.17%	\$ 151(2)
					0.61%	\$ (2)
KPS Global LLC 4201 N Beach St Fort Worth, TX 76137	Manufacturer of walk-in cooler and freezer systems	First lien senior secured loan	9.61% (Libor + 8.61%/Q)	12/4/2020		\$ 40,000
La Paloma Generating Company, LLC 24 Waterway Avenue, Suite 800 Houston, TX 77380	Natural gas fired, combined cycle plant operator	Second lien senior secured loan		2/20/2020		\$ 2,100
Lakeland Tours, LLC 218 West Water Street, Suite 400	Educational travel provider	First lien senior secured revolving loan		2/10/2022		\$ (35)

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Charlottesville, VA 22902		First lien senior secured loan	5.75% (Libor + 4.75%/Q)	2/10/2022	\$ 19,083
		First lien senior secured loan	10.45% (Libor + 9.45%/Q)	2/10/2022	\$ 43,707
LBP Intermediate Holdings LLC 1325 S. Cicero Ave. Cicero, IL 60804	Manufacturer of paper and corrugated foodservice packaging	First lien senior secured revolving loan		7/10/2020	\$ (36)
		First lien senior secured loan	6.50% (Libor + 5.50%/Q)	7/10/2020	\$ 24,555
Liquid Light, Inc. 11 Deer Park Drive, Suite 121 Monmouth Junction, NJ 08852	Developer and licensor of process technology for the conversion of carbon dioxide into major chemicals	First lien senior secured loan	10.00% (Libor + 9.00%/M)	11/1/2017	\$ 2,444
		Warrant			1.00% \$ 74(2)
Liquid Robotics, Inc. 1329 Moffett Park Drive Sunnyvale, CA 94089	Ocean data services provider utilizing long duration, autonomous surface vehicles	First lien senior secured loan	9.00% (Libor + 8.00%/M)	5/1/2019	\$ 4,950
		Warrant			0.17% \$ 72(2)
LM Acquisition Holdings, LLC 6415 Northwest Drive, Unit 11 Mississauga, ON L4V 1X1 Canada	Developer and manufacturer of medical equipment	Class A units			0.89% \$ 1,725
Lonestar Prospects, Ltd. 4413 Carey Street Fort Worth, TX 76119	Sand proppant producer and distributor to the oil and natural gas industry	First lien senior secured loan	8.50% (Libor + 6.50% Cash, 1.00% PIK/Q)	9/18/2018	\$ 69,827
LSQ Funding Group, L.C. and LM LSQ Investors LLC 2600 Lucien Way, Suite 100 Maitland, Florida 32751	Asset based lender	Senior subordinated loan		6/25/2021	\$ (37)
		Senior subordinated loan	10.50%	6/25/2021	\$ 30,000
		Membership units			2.57% \$ 2,999
MacLean-Fogg Company and MacLean-Fogg Holdings, L.L.C. 1000 Allanson Road Mundelein, IL 60060	Manufacturer and supplier for the power utility and automotive markets worldwide	Senior subordinated loan	10.50% Cash, 3.00% PIK	10/9/2025	\$ 97,716
		Preferred units	4.50% Cash, 9.25% PIK		93.58% \$ 72,410
Market Track Holdings, LLC 10 S. Wacker Drive, Suite 2550 Chicago, IL 60606	Business media consulting services company	Preferred stock			1.50% \$ 2,418
		Common stock			1.50% \$ 2,247

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value	(38)
Massage Envy, LLC 14350 N. 87th Street Suites 200, 205 and 230 Scottsdale, AZ 85260	Franchisor in the massage industry	First lien senior secured revolving loan First lien senior secured loan Common stock	8.50% (Libor + 7.25%/Q)	9/26/2018 9/26/2018		\$	(38)
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp. 8515 E. Anderson Dr. Scottsdale, AZ 85255	Developer and marketer of OTC healthcare products	Warrant Warrant			4.56% 5.00%	\$	1,369(2) 613(2)
Maximus Holdings, LLC 4675 MacArthur Court Newport Beach, CA 92660	Provider of software simulation tools and related services	Warrant			15.00%	\$	(2)
MC Acquisition Holdings I, LLC 825 East Gate Blvd. Garden City, NY 11530	Healthcare professional provider	Class A units			0.59%	\$	1,352
McKenzie Sports Products, LLC 1910 Saint Luke's Church Road Salisbury, NC 28146	Designer, manufacturer and distributor of hunting-related supplies	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan		9/18/2020 9/18/2020 9/18/2020		\$	(39) (40) 81,120
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation 5299 DTC Blvd., Suite 510 Greenwood Village, CO 80111	Keg management solutions provider	Second lien senior secured loan Common stock	8.50% (Libor + 7.50%/Q)	12/14/2018		\$	142,500 7,435
Ministry Brands, LLC and MB Parent Holdings, LLC 14488 Old Stage Rd Lenoir City, Tennessee 37772	Software and payment services provider to faith- based institutions	First lien senior secured loan First lien senior secured loan Class A common units	10.37% (Libor + 9.37%/Q) 10.37% (Libor + 9.37%/Q)	11/20/2021 11/20/2021		\$	49,191 25,192 2,131
Moxie Liberty LLC 4100 Spring Valley, Suite 1001 Dallas, TX 75244	Gas turbine power generation facilities operator	First lien senior secured loan	7.50% (Libor + 6.50%/Q)	8/21/2020		\$	33,250
Moxie Patriot LLC 4100 Spring Valley, Suite 1001 Dallas, TX 75244	Gas turbine power generation facilities operator	First lien senior secured loan	6.75% (Libor + 5.75%/Q)	12/21/2020		\$	32,375
Multi-Ad Services, Inc.(3) 1720 W. Detweiller Drive Peoria, IL 61615	Marketing services and software provider	Preferred units Common units			13.95% 7.48%	\$	162
MVL Group, Inc.(4) 1061 E. Indiantown Road, Suite 300 Jupiter, FL 33477	Marketing research provider	Senior subordinated loan Common stock		7/8/2012		\$	226 56.10%

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MW Dental Holding Corp. 680 Hehli Way PO Box 69 Mondovi, WI 54755	Dental services provider	First lien senior secured revolving loan	8.50% (Libor + 7.00%/Q)	4/12/2018	\$ 2,000(41)
		First lien senior secured loan	8.50% (Libor + 7.00%/Q)	4/12/2018	\$ 117,532
MWI Holdings, Inc. 101 Godfrey Street P.O. Box 7008 Logansport, IN 46947	Manufacturer of engineered springs, fasteners, and other precision components	First lien senior secured loan	7.38% (Libor + 6.13%/Q)	3/27/2019	\$ 9,377
		First lien senior secured loan	7.63%(Base Rate + 4.13%/Q)	3/27/2019	\$ 24
		First lien senior secured loan	9.38% (Libor + 8.13%/Q)	3/27/2019	\$ 47,981
My Health Direct, Inc. 4322 Harding Pike Nashville, TN 37205	Healthcare scheduling exchange software solution provider	First lien senior secured revolving loan		9/18/2016	\$ (42)
		First lien senior secured loan	10.75%	1/1/2018	\$ 2,200
		Warrant			4.85% \$ 40(2)
Napa Management Services Corporation 68 South Service Road, Suite 350 Melville, NY 11747	Anesthesia management services provider	First lien senior secured loan	9.95% (Libor + 8.95%/Q)	2/28/2019	\$ 70,000
		Common units			8.90% \$ 20,035
NAS, LLC, Nationwide Marketing Group, LLC and Nationwide Administrative Services, Inc. 110 Oakwood Dr., Suite 200 Winston-Salem, NC 27103	Buying and marketing services organization for appliance, furniture and consumer electronics dealers	Second lien senior secured loan	9.75% (Libor + 8.75%/Q)	12/1/2021	\$ 23,136
Netsmart Technologies, Inc. and NS Holdings, Inc. 4950 College Boulevard Overland Park, KS 66211	Healthcare technology provider	Second lien senior secured loan	10.50% (Libor + 9.50%/Q)	8/27/2019	\$ 90,000
		Common stock			2.02% \$ 8,891
New Trident Holdcorp, Inc. 505 Hamilton Ave, Suite 200 Palo Alto, CA 94301	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan	10.25% (Libor + 9.00%/Q)	7/31/2020	\$ 76,800

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
Niagara Fiber Intermediate Corp. 50 Bridge Street North Tonawanda, NY 14120	Manufacturer of insoluble fiber filler products	First lien senior secured revolving loan	6.75% (Libor + 5.50%/Q)	5/27/2018		\$ 1,505(43)
		First lien senior secured loan	6.75% (Libor + 5.50%/Q)	5/27/2018		\$ 1,144
		First lien senior secured loan	6.75% (Libor + 5.50%/Q)	5/27/2018		\$ 10,919
Nodality, Inc. 170 Harbor Way, Suite 200 South San Francisco, CA 94080	Biotechnology company	First lien senior secured loan		5/1/2016		\$ 2,266
		First lien senior secured loan		5/1/2016		\$ 1,555
		Warrant			0.57%	\$ (2)
Nordco Inc. 245 West Forest Hill Avenue Oak Creek, WI 53154	Manufacturer of railroad maintenance-of-way machinery	First lien senior secured revolving loan	8.75%(Base Rate + 5.25%/Q)	8/26/2020		\$ 3,308(44)
		First lien senior secured loan	7.25% (Libor + 6.25%/Q)	8/26/2020		\$ 68,684
		First lien senior secured loan	8.75%(Base Rate + 5.25%/Q)	8/26/2020		\$ 173
Oak Parent, Inc. 425 Park 20 W Grovetown, GA 30813	Manufacturer of athletic apparel	First lien senior secured loan	7.61% (Libor + 7.00%/Q)	4/1/2018		\$ 10,430
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC 15950 Dallas Parkway Suite 350 Dallas, TX 75248	Provider of technology-enabled solutions to pharmacies	First lien senior secured revolving loan		11/21/2018		\$ (45)
		First lien senior secured loan	8.50% (Libor + 7.50%/Q)	11/21/2018		\$ 19,062
		Limited liability company membership interest			1.57%	\$ 1,051
OpenSky Project, Inc. and OSP Holdings, Inc. 18 West 18th Street New York, NY 10011	Social commerce platform operator	First lien senior secured loan	10.00%	9/1/2017		\$ 1,800
		Warrant			3.00%	\$ (2)
Orion Foods, LLC(4) 2930 W. Maple Street Sioux Falls, SD 57118	Convenience food service retailer	First lien senior secured loan		9/30/2015		\$ 549
		Second lien senior secured loan		9/30/2015		\$
		Preferred units			93.53%	\$
		Class A common units			100.00%	\$
		Class B common units			25.00%	\$
Osмосе Holdings, Inc. 635 Highway 74 S Peachtree City, GA 30269	Provider of structural integrity management services to transmission and distribution infrastructure	Second lien senior secured loan	8.75% (Libor + 7.75%/Q)	8/21/2023		\$ 24,250
OTG Management, LLC 352 Park Avenue South New York, NY 10010	Airport restaurant operator	First lien senior secured revolving loan	8.75% (Libor + 7.25%/Q)	12/11/2017		\$ 2,300(46)
		First lien senior secured loan	8.75% (Libor + 7.25%/Q)	12/11/2017		\$ 12,506
		First lien senior secured loan	8.75% (Libor + 7.25%/Q)	12/11/2017		\$ 22,101

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		First lien senior secured loan		12/11/2017	\$	(47)
		First lien senior secured loan	8.75% (Libor + 7.25%/Q)	12/11/2017	\$	24,688
		Common units			4.44% \$	11,517
		Warrant			7.73% \$	22,975(2)
Panda Power Annex Fund Hummel Holdings II LLC	Gas turbine power generation facilities operator	Senior subordinated loan	12.00% PIK	10/27/2016	\$	75,820
5001 Spring Valley Road, Suite 1150 West Dallast, TX 72544						
Panda Sherman Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan	9.00% (Libor + 7.50%/Q)	9/14/2018	\$	28,180
4100 Spring Valley Road, Suite 1001 Dallas, TX 75244						
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan	7.25% (Libor + 6.00%/Q)	4/3/2019	\$	16,758
4100 Spring Valley Road, Suite 1001 Dallas, TX 75244						
Panda Temple Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan	7.25% (Libor + 6.25%/Q)	3/6/2022	\$	20,295
4100 Spring Valley Road, Suite 1001 Dallas, TX 75244						
Paper Source, Inc. and Pine Holdings, Inc.	Retailer of fine and artisanal paper products	First lien senior secured revolving loan		9/23/2018	\$	(48)
410 N. Milwaukee Chicago, IL 60654						
		First lien senior secured loan	7.25% (Libor + 6.25%/Q)	9/23/2018	\$	9,774
		Class A common stock			3.64% \$	8,021
Partnership Capital Growth Fund I, L.P.	Investment partnership	Limited partnership interest			25.00% \$	692
1 Embarcadero Center, Suite 3810 San Francisco, CA 94111						
Partnership Capital Growth Investors III, L.P.	Investment partnership	Limited partnership interest			2.50% \$	3,289
1 Embarcadero Center, Suite 3810 San Francisco, CA 94111						
Patterson Medical Supply, Inc.	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan	8.75% (Libor + 7.75%/Q)	8/28/2023	\$	18,430
28100 Torch Parkway, Suite 700 Warrenville, IL 60555						

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
PayNearMe, Inc. 292 Gibraltar Drive, Suite 104 Sunnyvale, CA 94089	Electronic cash payment system provider	First lien senior secured loan Warrant	9.50% (Libor + 8.50%/M)	9/1/2019		\$ 9,800
PCG-Ares Sidecar Investment II, L.P. 1 Embarcadero Center, Suite 3810 San Francisco, CA 94111	Investment partnership	Limited partnership interest			1.23%	\$ 206(2)
PCG-Ares Sidecar Investment, L.P. 1 Embarcadero Center, Suite 3810 San Francisco, CA 94111	Investment partnership	Limited partnership interest			100.00%	\$ 8,316
PCG-Ares Sidecar Investment, L.P. 1 Embarcadero Center, Suite 3810 San Francisco, CA 94111	Investment partnership	Limited partnership interest			100.00%	\$ 215
Pelican Products, Inc. 23215 Early Avenue Torrance, CA 90505	Manufacturer of flashlights	Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	4/9/2021		\$ 37,200
PERC Holdings 1 LLC 2215 So. York Road Suite 202 Oak Brook, IL 60523	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units			18.83%	\$ 21,654
PerfectServe, Inc. 1225 East Weisgarber Road, Suite 300 Knoxville, TN 37909	Communications software platform provider for hospitals and physician practices	First lien senior secured loan First lien senior secured loan First lien senior secured loan First lien senior secured loan Warrant	9.00% (Libor + 8.00%/M) 9.00% (Libor + 8.00%/M) 9.00% (Libor + 8.00%/M) 9.00% (Libor + 8.00%/M)	3/1/2020 3/1/2020 7/1/2020 6/1/2021		\$ (49) \$ 9,000 \$ 2,000 \$ 1,000 4.77% \$ 464(2)
Petroflow Energy Corporation 525 S. Main, Suite 1120 Tulsa, OK 74103	Oil and gas exploration and production company	First lien senior secured loan		7/31/2017		\$ 18,389
PG-ACP Co-Invest, LLC 9800 De Soto Avenue Chatsworth, CA 91311	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units			99.99%	\$ 2,151
PHL Investors, Inc., and PHL Holding Co.(4) 50 Weston Street Hartford, CT 06120	Mortgage services	Class A common stock			100.00%	\$
PhyMED Management LLC 110 29th Avenue North, Suite 301 Nashville, TN 37203	Provider of anesthesia services	Second lien senior secured loan	9.75% (Libor + 8.75%/Q)	5/18/2021		\$ 44,877
PIH Corporation 3660 Cedarcrest Road Acworth, GA 30101	Franchisor of education-based early childhood centers	First lien senior secured revolving loan	7.00% (Libor + 6.00%/Q)	12/15/2018		\$ 621(50)

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Piper Jaffray Merchant Banking Fund I, L.P. 800 Nicollet Mall, Suite 800 Minneapolis, MN 55402	Investment partnership	Limited partnership interest				2.00%	\$	1,639
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc. 202 South Washington Street Norton, MA, 02766	Provider of branded lawn and garden products	Second lien senior secured loan	9.54% (Libor + 8.54%/Q)	6/23/2021			\$	66,000
		Common stock				2.56%	\$	4,623
PODS, LLC 5585 Rio Vista Drive Clearwater, FL 33760	Storage and warehousing	Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	2/2/2023			\$	17,500
Poplicus Incorporated 1061 Market Street, Floor 6 San Francisco, CA 94103	Business intelligence and market analytics platform for companies that sell to the public sector	First lien senior secured loan	8.50% (Libor + 7.50%/M)	7/1/2019			\$	4,950
		Warrant				3.23%	\$	125(2)
POS I Corp. (fka Vantage Oncology, Inc.) 1500 Rosecrans Ave, Suite 400 Manhattan Beach, CA 90266	Radiation oncology care provider	Common stock				5.08%	\$	3,254
PowerPlan, Inc. and Project Torque Ultimate Parent Corporation 300 Galleria Parkway, Suite 2100 Atlanta, GA 30339	Fixed asset financial management software provider	Second lien senior secured loan	10.75% (Libor + 9.75%/Q)	2/23/2023			\$	80,000
		Class A common stock				1.10%	\$	6
		Class B common stock				1.10%	\$	3,039
Powersport Auctioneer Holdings, LLC 13175 Gregg Street Poway, CA 92064	Powersport vehicle auction operator	Common units				2.38%	\$	1,232
Primexx Energy Corporation 4849 Greenville Ave #1600 Dallas, TX 75206	Privately-held oil and gas exploration and production company	Second lien senior secured loan	10.00% (Libor + 9.00%/Q)	1/7/2020			\$	112,500
R2 Acquisition Corp. 207 NW Park Ave Portland, OR 97209	Marketing services	Common stock				0.33%	\$	242

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
R3 Education, Inc. and EIC Acquisitions Corp. 1750 W. Broadway St. #222 Oviedo, FL 32765	Medical school operator	Preferred stock			18.94%	\$ 494
		Common membership interest			15.76%	\$ 29,393
		Warrant			10.00%	\$ (2)
RE Community Holdings II, Inc., Pegasus Community Energy, LLC., and MPH Energy Holdings, LP 809 West Hill Street Charlotte, NC 28208	Operator of municipal recycling facilities	Preferred stock			21.43%	\$
		Limited partnership interest			3.13%	\$
Regent Education, Inc. 12 West Church Street Frederick, MD 21701	Provider of software solutions designed to optimize the financial aid and enrollment processes	First lien senior secured loan	12.00% (Libor + 10.00%/M)	1/1/2018		\$ 3,933
		Warrant			5.88%	\$ 62(2)
Respicardia, Inc. 12400 Whitewater Drive, Suite 150 Minnetonka, MN 55343	Developer of implantable therapies to improve cardiovascular health	Warrant			0.19%	\$ 28(2)
Restaurant Holding Company, LLC Carretera 165 Km 6.2 Zona Industrial Cataño Cataño, Puerto Rico 00962	Fast food restaurant operator	First lien senior secured loan	8.75% (Libor + 7.75%/Q)	2/28/2019		\$ 35,128
Rocket Fuel Inc. 1900 Seaport Blvd. Pacific Shores Center Redwood City, CA 94063	Provider of open and integrated software for digital marketing optimization	Common stock			0.03%	\$ 18
RuffaloCODY, LLC 1025 Kirkwood Parkway SW Cedar Rapids, IA 52404	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan		5/29/2019		\$ (51)
Sage Products Holdings III, LLC 3909 Three Oaks Road Cary, IL 60013	Patient infection control and preventive care solutions provider	Second lien senior secured loan	9.25% (Libor + 8.00%/Q)	6/13/2020		\$ 108,679
Sarnova HC, LLC, Tri-Anim Health Services, Inc., and BEMS Holdings, LLC 333 W. Wacker, Suite 2800 Chicago, IL 60606	Distributor of emergency medical service and respiratory products	Second lien senior secured loan	10.50% (Libor + 9.50%/Q)	7/28/2022		\$ 54,000
Saw Mill PCG Partners LLC 8751 Old State Road 60 Sellersburg, IN 47172	Manufacturer of metal precision engineered components	Common units			66.67%	\$
Senior Secured Loan Fund LLC(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Co-investment vehicle	Subordinated certificates Member interest	8.63% (LIBOR + 8.00%/M)	12/20/2024		\$ 1,889,734
					87.50%	\$

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Severin Acquisition, LLC 150 Parkshore Drive Folsom, CA 95630	Provider of student information system software solutions to the K-12 education market	First lien senior secured revolving loan		7/31/2021	\$	(52)
		Second lien senior secured loan	9.75% (Libor + 8.75%/Q)	7/31/2022	\$	4,112
		Second lien senior secured loan	10.25% (Libor + 9.25%/Q)	7/29/2022	\$	3,273
		Second lien senior secured loan	9.75% (Libor + 8.75%/Q)	7/31/2022	\$	14,850
SHO Holding I Corporation 250 S. Australian Avenue West Palm Beach, FL 33401	Manufacturer and distributor of slip resistant footwear	Second lien senior secured loan	9.50% (Libor + 8.50%/Q)	4/27/2023	\$	98,000
Shock Doctor, Inc. and Shock Doctor Holdings, LLC(3) 110 Cheshire Lane, Suite 120 Minnetonka, MN 55305	Developer, marketer and distributor of sports protection equipment and accessories.	Second lien senior secured loan	11.50% (Libor + 10.50%/Q)	10/22/2021	\$	89,425
		Class A preferred units			3.74% \$	5,245
		Class C preferred units			12.20% \$	5,245
SI Holdings, Inc. 3701 Conant St. Long Beach, CA 90808	Manufacturer of elastomeric parts, mid-sized composite structures, and composite tooling	Common stock			1.83% \$	1,757
Simpson Performance Products, Inc. 328 FM 306 New Braunfels, TX 78130	Provider of motorsports safety equipment	First lien senior secured loan	9.80% (Libor + 8.80%/Q)	2/20/2020	\$	24,506
SK SPV IV, LLC 600 N. Central Expressway, Suite #4000 Richardson, TX 75080	Collision repair site operators	Series A common stock			76.92% \$	2,663
		Series B common stock			76.92% \$	2,663
SocialFlow, Inc. 52 Vanderbilt Avenue, 12th Floor New York, NY 10017	Social media optimization platform provider	First lien senior secured loan	9.50% (Libor + 8.50%/M)	8/1/2019	\$	4,000
		Warrant			1.95% \$	25(2)

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
Sonian Inc. 201 Jones Road Waltham, MA 02451	Cloud-based email archiving platform	First lien senior secured loan Warrant	9.00% (Libor + 8.00%/M)	9/1/2019		\$ 7,500
					1.14%	\$ 93(2)
Spin HoldCo Inc. 303 Sunnyside Blvd., Suite 70 Plainview, NY 11803	Laundry service and equipment provider	Second lien senior secured loan	8.00% (Libor + 7.00%/Q)	5/14/2020		\$ 133,000
Startec Equity, LLC(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Communication services	Member interest			100.00%	\$
Surface Dive, Inc. 30151 Tomas St. Rancho Santa Margarita, CA 92688	SCUBA diver training and certification provider	Second lien senior secured loan Second lien senior secured loan	9.00% (Libor + 8.00%/Q) 10.25% (Libor + 9.25%/Q)	1/29/2022 1/29/2022		\$ 53,686 \$ 72,000
TA THI Buyer, Inc. and TA THI Parent, Inc. 1901 East Ellsworth Road Ann Arbor, MI 48108	Collision repair company	Series A preferred stock			2.24%	\$ 9,852
Talari Networks, Inc. 1 Almaden Blvd, Suite 200 San Jose, CA 95113	Networking equipment provider	First lien senior secured loan Warrant	9.75% (Libor + 8.75%/M)	12/1/2018		\$ 6,000
					1.42%	\$ 50(2)
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC(4) 600 Fifth Avenue, 17th Floor New York, NY 10020	Healthcare compliance advisory services	Senior subordinated loan Class A units		5/17/2015		\$
					28.83%	\$
The Hygenic Corporation 1245 Home Avenue Akron, OH 44310	Designer, manufacturer and marketer of branded wellness products	Second lien senior secured loan	9.75% (Libor + 8.75%/Q)	4/11/2021		\$ 67,900
The Step2 Company, LLC(4) 10010 Aurora-Hudson Road Streetsboro, OH 44241	Toy manufacturer	Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Common units Class B common units Warrant	10.00% 10.00%	9/30/2019 9/30/2019 9/30/2019		\$ 27,583 \$ 4,500 \$ 20,892 1.77% \$ 100.00% \$ 5.00% \$
						(2)
The Teaching Company, LLC and The Teaching Company Holdings, Inc. 4151 Lafayette Center Drive, No. 100 Chantilly, VA 20151	Education publications provider	Preferred stock Common stock			1.77% 3.64%	\$ 4,116 \$ 11
Things Remembered, Inc. and TRM Holdings Corporati 5500 Avion Park Drive	Personalized gifts retailer	First lien senior secured revolving loan First lien senior secured loan		5/24/2017 5/24/2018		\$ 1,792(53) \$ 5,538

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Highland Heights, OH 44143

TPTM Merger Corp. 116 American Road Morris Plains, NJ 07950	Manufacturer of time temperature indicator products	First lien senior secured revolving loan	7.25% (Libor + 6.25%/Q)	9/12/2018	\$ 742(54)
		First lien senior secured loan	9.42% (Libor + 8.42%/Q)	9/12/2018	\$ 31,680
TraceLink, Inc. 200 Quannapowitt Parkway Wakefield, MA 01880	Supply chain management software provider for the pharmaceutical industry	First lien senior secured revolving loan	7.50%(Base Rate + 4.00%/M)	12/31/2016	\$ 4,400(55)
		First lien senior secured loan Warrant	8.50% (Libor + 7.00%/M)	1/1/2019	\$ 4,500 12.37% \$ 1,041(2)
Transaction Data Systems, Inc. 788 Montgomery Avenue Ocoee, FL 34761	Pharmacy management software provider	Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	6/15/2022	\$ 26,950
TWH Water Treatment Industries, Inc., TWH Filtration Industries, Inc. and TWH Infrastructure Industries, Inc. 100 S. Saunders Road, Suite 150 Lake Forest, IL 60045	Wastewater infrastructure repair, treatment and filtration holding company	First lien senior secured loan	10.25% (Libor + 9.25%/Q)	10/10/2019	\$ 5,370
		First lien senior secured loan		10/10/2019	\$ (56)
		First lien senior secured loan	10.25% (Libor + 9.25%/Q)	10/10/2019	\$ 36,400
U.S. Anesthesia Partners, Inc. 2411 Fountain View Dr., Suite 200 Houston, TX 77057	Anesthesiology service provider	Second lien senior secured loan	10.25% (Libor + 9.25%/Q)	9/24/2020	\$ 23,500
		Second lien senior secured loan	10.25% (Libor + 9.25%/Q)	9/24/2020	\$ 50,000
U.S. Security Associates Holdings, Inc 200 Mansell Court East, Suite 500 Roswell, GA 30076	Security guard service provider	Second lien senior secured loan	11.00%	7/28/2018	\$ 25,000

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3/31/2016	Fair Value
UL Holding Co., LLC and Universal Lubricants, LLC(3) 2824 N Ohio Wichita, KS 67201	Manufacturer and distributor of re-refined oil products	Second lien senior secured loan	3.56%	12/31/2016		\$ 11,620
		Second lien senior secured loan	3.56%	12/31/2016		\$ 49,283
		Second lien senior secured loan	3.56%	12/31/2016		\$ 5,734
		Class A common units			8.85%	\$
		Class B-5 common units			40.50%	\$
		Class C common units			8.65%	\$
		Warrant			8.35%	\$ (2)
		Warrant			8.35%	\$ (2)
		Warrant			8.35%	\$ (2)
		Warrant			8.35%	\$ (2)
		Warrant			8.35%	\$ (2)
		Warrant			8.35%	\$ (2)
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC 935 Shotwell Road, Suite 108 Clayton, NC 27520	Operator of urgent care clinics	First lien senior secured loan	7.00% (Libor + 6.00%/Q)	12/1/2022		\$ 13,685(57)
		First lien senior secured loan	7.00% (Libor + 6.00%/Q)	12/1/2022		\$ 53,496
		Preferred units			20.00%	\$ 7,907
		Series A common units			1.24%	\$ 1,262
		Series C common units			20.00%	\$ 516
Varsity Brands Holding Co., Inc., Hercules Achievement, Inc., Hercules Achievement Holdings, Inc. and Hercules VB Holdings, Inc. 6745 Lenox Center Court Memphis, TN 38115	Leading manufacturer and distributor of textiles, apparel & luxury goods	Second lien senior secured loan	9.75% (Libor + 8.75%/Q)	12/11/2022		\$ 55,576
		Second lien senior secured loan	9.75% (Libor + 8.75%/Q)	12/11/2022		\$ 91,697
		Common stock			1.72%	\$ 4,816
		Common stock			1.72%	\$ 5,955
Velocity Holdings Corp. 13432 Wards Rd Lynchburg, VA 24501	Hosted enterprise resource planning application management services provider	Common units			6.75%	\$ 3,259
VistaPharm, Inc. and Vertice Pharma UK Parent Limited 630 Central Avenue New Providence, NJ 07974	Manufacturer and distributor of generic pharmaceutical products	First lien senior secured loan	6.50% (Libor + 5.50%/Q)	12/21/2021		\$ 5,137
		Preferred shares			0.35%	\$ 418
VSC Investors LLC 401 Vance Street Los Angeles, CA 90272	Investment company	Membership interest			1.95%	\$ 1,158
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc. 3690 Redondo Beach Ave. Redondo Beach, CA 90278	Laundry service and equipment provider	Second lien senior secured loan	8.00% (Libor + 7.00%/Q)	5/14/2023		\$ 3,539
		Second lien senior secured loan	8.00% (Libor + 7.00%/Q)	5/14/2023		\$ 20,210
Waste Pro USA, Inc 2101 West State Road 434, Suite 315	Waste management services	Second lien senior secured loan	8.50% (Libor + 7.50%/Q)	10/15/2020		\$ 76,531

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Longwood, FL 32779

WCI-Quantum Holdings, Inc. 770 N. Raddant Rd Batavia, IL 60510	Distributor of instructional products, services and resources	Series A preferred stock	1.27% \$	1,121
Wilcon Holdings LLC 624 South Grand Ave., Suite 1200 Los Angeles, CA 90017	Communications infrastructure provider	Class A common stock	4.72% \$	2,927
WorldPay Group PLC The Walbrook Building, 25 Walbrook London EC4N 8AF United Kingdom	Payment processing company	C2 shares Ordinary shares	0.13% \$ 0.07% \$	43 5,179
Wrench Group LLC 280 Park Avenue, 36th Floor New York, NY 10017	Provider of essential home services to residential customers	First lien senior secured loan	7.75%(Base Rate + 4.25%/Q)	3/2/2022 \$ 10,000
Wyle Laboratories, Inc. and Wyle Holdings, Inc. 1960 E. Grand Ave., Suite 900 El Segundo, CA 90245	Provider of specialized engineering, scientific and technical services	Senior preferred stock Common stock	8.00% PIK	0.77% \$ 0.66% \$ 2,598
Young Innovations, Inc. 13705 Shoreline Court East Earth City, MO 63045	Dental supplies and equipment manufacturer	Second lien senior secured loan	9.00% (Libor + 8.00%/Q)	7/30/2019 \$ 45,000
Zemax, LLC 22908 NE Alder Crest Drive, Suite 100 Redmond, WA 98053	Provider of optical illumination design software to design engineers	First lien senior secured revolving loan		10/23/2019 \$ (58)

- (1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate loans to our portfolio companies bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which resets daily (D), monthly (M), bimonthly (B), quarterly (Q) or semiannually (S). For each such loan, we have provided the current interest rate in effect as of March 31, 2016.

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- (2) Percentages shown for warrants or convertible preferred stock held represents the percentages of common stock we may own on a fully diluted basis, assuming we exercise our warrants or convert our preferred stock to common stock.
- (3) As defined in the Investment Company Act, we are an "Affiliate" of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities.
- (4) As defined in the Investment Company Act, we are an "Affiliate" of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). In addition, as defined in the Investment Company Act, we "Control" this portfolio company because we own more than 25% of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement).
- (5) Total commitment of \$2,466 remains undrawn as of March 31, 2016.
- (6) \$21,096 of total commitment of \$22,125 remains undrawn as of March 31, 2016.
- (7) Total commitment of \$10,000 remains undrawn as of March 31, 2016.
- (8) \$2,746 of total commitment of \$3,231 remains undrawn as of March 31, 2016.
- (9) \$2,250 of total commitment of \$7,500 remains undrawn as of March 31, 2016.
- (10) \$3,815 of total commitment of \$5,000 remains undrawn as of March 31, 2016.
- (11) Total commitment of \$1,000 remains undrawn as of March 31, 2016.
- (12) Total commitment of \$26,440 remains undrawn as of March 31, 2016.
- (13) \$6,000 of total commitment of \$20,000 remains undrawn as of March 31, 2016.
- (14) \$0 of total commitment of \$4,476 remains undrawn as of March 31, 2016.
- (15) \$1,493 of total commitment of \$3,734 remains undrawn as of March 31, 2016.
- (16) Total commitment of \$163 remains undrawn as of March 31, 2016.
- (17) \$3,300 of total commitment of \$5,000 remains undrawn as of March 31, 2016.
- (18) \$4,195 of total commitment of \$5,800 remains undrawn as of March 31, 2016.
- (19) \$2,000 of total commitment of \$4,000 remains undrawn as of March 31, 2016.
- (20) Total commitment of \$4,932 remains undrawn as of March 31, 2016.
- (21) \$2,500 of total commitment of \$4,000 remains undrawn as of March 31, 2016.
- (22) Total commitment of \$2,000 remains undrawn as of March 31, 2016.
- (23)

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\$3,900 of total commitment of \$5,000 remains undrawn as of March 31, 2016.

- (24) Total commitment of \$11,515 remains undrawn as of March 31, 2016.
- (25) Total commitment of \$2,000 remains undrawn as of March 31, 2016.
- (26) Total commitment of \$6,000 remains undrawn as of March 31, 2016.
- (27) Total commitment of \$752 remains undrawn as of March 31, 2016.
- (28) \$4,000 of total commitment of \$5,000 remains undrawn as of March 31, 2016.
- (29) Total commitment of \$20,000 remains undrawn as of March 31, 2016.
- (30) Total commitment of \$4,000 remains undrawn as of March 31, 2016.
- (31) Total commitment of \$5,005 remains undrawn as of March 31, 2016.
- (32) Total commitment of \$2,500 remains undrawn as of March 31, 2016.
- (33) Total commitment of \$5,000 remains undrawn as of March 31, 2016.
- (34) Total commitment of \$12,500 remains undrawn as of March 31, 2016.
- (35) Total commitment of \$11,910 remains undrawn as of March 31, 2016.
- (36) Total commitment of \$850 remains undrawn as of March 31, 2016.
- (37) Total commitment of \$10,000 remains undrawn as of March 31, 2016.
- (38) Total commitment of \$5,000 remains undrawn as of March 31, 2016.
- (39) Total commitment of \$4,500 remains undrawn as of March 31, 2016.
- (40) Total commitment of \$7,500 remains undrawn as of March 31, 2016.
- (41) \$8,000 of total commitment of \$10,000 remains undrawn as of March 31, 2016.
- (42) Total commitment of \$1,000 remains undrawn as of March 31, 2016.
- (43) \$0 of total commitment of \$1,881 remains undrawn as of March 31, 2016.
- (44) \$7,875 of total commitment of \$11,250 remains undrawn as of March 31, 2016.
- (45) Total commitment of \$2,500 remains undrawn as of March 31, 2016.
- (46) \$200 of total commitment of \$2,500 remains undrawn as of March 31, 2016.

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- (47) Total commitment of \$15,119 remains undrawn as of March 31, 2016.
- (48) Total commitment of \$2,500 remains undrawn as of March 31, 2016.
- (49) Total commitment of \$4,000 remains undrawn as of March 31, 2016.
- (50) \$2,692 of total commitment of \$3,314 remains undrawn as of March 31, 2016.
- (51) Total commitment of \$7,683 remains undrawn as of March 31, 2016.
- (52) Total commitment of \$2,900 remains undrawn as of March 31, 2016.
- (53) \$833 of total commitment of \$5,000 remains undrawn as of March 31, 2016.
- (54) \$1,750 of total commitment of \$2,500 remains undrawn as of March 31, 2016.
- (55) \$3,100 of total commitment of \$7,500 remains undrawn as of March 31, 2016.
- (56) Total commitment of \$5,830 remains undrawn as of March 31, 2016.
- (57) Total commitment of \$16,000 remains undrawn as of March 31, 2016.
- (58) Total commitment of \$3,000 remains undrawn as of March 31, 2016.

Set forth below is a brief description of each portfolio company in which we have made an investment that represents greater than 5% of our total assets as of March 31, 2016.

Senior Secured Loan Fund LLC

The Senior Secured Loan Fund LLC, or SSLP, was formed in December 2007. We and GE co-invest through the SSLP in first lien senior secured loans of middle-market companies. The SSLP has been capitalized as transactions are completed. 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). The Company has provided capital to the SSLP in the form of the SSLP Certificates.

In August 2015, GE completed the sale of its U.S. Sponsor Finance business, through which GE had participated with us in the SSLP, to CPPIB. This sale excluded GE's interest in the SSLP, and we and GE continue to operate the SSLP. We and GE no longer have an obligation to present senior secured lending investment opportunities to the SSLP and since June 30, 2015, the SSLP has not made any investments related to new portfolio companies; however, we and GE may provide capital to support the SSLP's funding of existing commitments and other amounts to its portfolio companies. On August 24, 2015, we were advised that GECC, as the holder of the Senior Notes of the SSLP, directed State Street Bank and Trust Company, as trustee of the Senior Notes and the SSLP Certificates, pursuant to the terms of the indenture governing the Senior Notes and the SSLP Certificates, to apply all principal proceeds received by the SSLP from its investments to the repayment of the outstanding principal amount of the Senior Notes until paid in full (prior to the distribution of any such principal proceeds to the holders of the SSLP Certificates, which includes us). GECC had previously elected to waive its right to receive priority repayments on the Senior Notes from principal proceeds in most circumstances. Prior to closing the sale to CPPIB, GE had announced its intention to provide us and CPPIB the opportunity to work together on the SSLP on a go-forward basis. GECC has also stated that if a mutual agreement between us and CPPIB to partner on the SSLP is not reached, it intends to retain its interest in the SSLP and the SSLP would be wound down in an orderly manner. We have been in dialogue with GE and CPPIB to determine if there is an opportunity to work together; however, to date there has been no agreement in respect of the SSLP as a result of these discussions and there can be no assurance that such discussions will continue or any such agreement will be reached. In addition to discussions with CPPIB and GECC, we are also exploring other options with respect to the SSLP's portfolio, although there can be no assurance that we will pursue any of them.

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As of March 31, 2016, we and GE had outstanding amounts funded of approximately \$7.6 billion in aggregate principal amount to the SSLP. As discussed above, we anticipate that no new investments will be made by the SSLP and that we and GE will only provide additional capital to support the SSLP's funding of existing commitments and other amounts to its portfolio companies. As of March 31, 2016, the SSLP had

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commitments to fund delayed draw loans to certain of its portfolio companies of \$145.4 million, which had been approved by the investment committee of the SSLP as described above.

As of March 31, 2016, we had outstanding amounts funded of approximately \$2.0 billion in aggregate principal amount to the SSLP. Additionally, as of March 31, 2016, we had commitments to co-invest in the SSLP for our portion of the SSLP's commitments to fund delayed draw loans to portfolio companies of up to \$23.6 million. As discussed above, it is not anticipated that we will make new investments through the SSLP.

For more information on the SSLP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Senior Secured Loan Program."

MANAGEMENT

Our business and affairs are managed under the direction of our board of directors. The responsibilities of the board of directors include, among other things, the quarterly valuation of our investments. The size of our board of directors is set at nine members and currently consists of four directors who are "interested persons" of Ares Capital as defined in Section 2(a)(19) of the Investment Company Act and five directors who are not such "interested persons." We refer to the directors who are non-interested persons as our "independent directors." We refer to our directors who are "interested persons" as our "interested directors." Our board of directors elects our officers, who serve at the discretion of the board of directors. The board of directors maintains an audit committee and nominating and governance committee, and may establish additional committees from time to time as necessary.

Under our charter and bylaws, our directors are divided into three classes. Directors are elected for staggered terms of three years each, with the term of office of only one of these three classes of directors expiring each year. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualifies.

BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN OTHER OFFICERS

Name, Address and Age(1) <i>Independent Directors</i>	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
Steve Bartlett, 68	Director	Class II Director since 2012 (term expires in 2018)(7)	Since 2012, Mr. Bartlett has been providing strategic independent consulting services to several U.S. corporations. From 1999 to 2012, Mr. Bartlett served as President and Chief Executive Officer of the Financial Services Roundtable.	One(2)	Intersections Inc.
Ann Torre Bates, 57	Director	Class I Director since 2010 (term expires in 2017)	Ms. Bates currently dedicates her time serving on boards of directors of several companies in the financial sector. From 1997 to 2012, Ms. Bates was a strategic and financial consultant, principally with respect to corporate finance matters.	One(2)	Navient Corporation, SLM Corporation, United Natural Foods, Inc., 19 investment companies in the Franklin Templeton Group of Mutual Funds
Daniel G. Kelly, Jr., 65	Director	Class III Director since 2016 (term expires in 2019)	Since 2016, Mr. Kelly has been retired. From 1999 to 2015, Mr. Kelly was a Partner of the law firm of Davis Polk & Wardwell LLP.	One(2)	American Shared Hospital Services
Steven B. McKeever, 57	Director	Class I Director since 2012 (term expires in 2017)	Since 1997, Mr. McKeever has been CEO of Hidden Beach Recordings, an independent record label based in Los Angeles, California.	One(2)	
Eric B. Siegel, 58	Director	Class III Director since 2004 (term expires in 2019)	Since 1995, Mr. Siegel has been an independent business consultant providing advice through a limited liability company owned by Mr. Siegel, principally with respect to acquisition strategy and structuring, and the subsequent management of acquired entities.	One(2)	El Paso Electric Company

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Name, Address and Age(1) <i>Interested Directors</i>	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
Michael J Arougheti, 43(3)	Co-Chairman and Director; Executive Vice President	Class I Director since February 2009 (term expires in 2017); Executive Vice President since October 2014 (indefinite term)	Since October 2014, Mr. Arougheti has served as an Executive Vice President of the Company, since July 2014, he has served as Co-Chairman of the board of directors and since February 2009, he has served as a director of the Company. Mr. Arougheti previously served as Chief Executive Officer of the Company from May 2013 to July 2014 and President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder and President of Ares. He is a Partner of the Ares Credit Group and a member of the Ares Board of Directors and Management Committee. In addition, Mr. Arougheti serves as a member of the Investment Committee of Ares Capital Management, the Ares Credit Group's U.S. and European Direct Lending Investment Committees, the Ares Equity Income Opportunity Strategy Portfolio Review Committee and the Ares Operations Management Group.	One(2)	Ares Management, L.P., Ares Commercial Real Estate Corporation
R. Kipp deVeer, 43(4)	Director and Chief Executive Officer	Class III Director since 2015 (term expires in 2019); Chief Executive Officer since July 2014 (indefinite term)	Since July 2014, Mr. deVeer has served as Chief Executive Officer of the Company. Mr. deVeer previously served as President of the Company from May 2013 to July 2014. Mr. deVeer has served as an officer of Ares Capital Management since 2004. Mr. deVeer joined Ares in May 2004 and currently serves as Co-Head and a Partner of the Ares Credit Group and a member of the Management Committee of Ares. Mr. deVeer is a member of the Investment Committees of Ares Capital Management and the Ares Credit Group's U.S. and European Direct Lending Investment Committees. Mr. deVeer is also a director of Ares Management Limited.	One(2)	
Robert L. Rosen, 69(5)	Director	Class II Director since 2004 (term expires in 2018)(7)	Since February 2016, Mr. Rosen has been a Partner in the Ares Real Estate Group. Mr. Rosen additionally serves as Interim Co-Chief Executive Officer and a director of Ares Commercial Real Estate Corporation. Since August 2005, Mr. Rosen is the managing partner of RLR Capital Partners, which invests principally in the securities of publicly traded North American companies. From 1987 to the present, Mr. Rosen has been CEO of RLR Partners, LLC, a private investment firm with interests in financial services, healthcare, media and multi-industry companies.	One(2)	Ares Commercial Real Estate Corporation, Sapient Corporation
Bennett Rosenthal, 52(6)	Co-Chairman and Director	Class II Director since 2004 (term expires in 2018)(7)	Since July 2014, Mr. Rosenthal has served as Co-Chairman of the board of directors, and previously as Chairman of the board of directors since 2004. Mr. Rosenthal is a Co-Founder of Ares and currently serves as a Partner of Ares, Co-Head of and a Partner in the Ares Private Equity Group and a member of the Ares Board of Directors and Management Committee. Mr. Rosenthal is also a member of the Investment Committees of Ares Capital Management, certain funds managed by the Ares Credit Group, and certain funds managed by the Ares Private Equity Group.	One(2)	Ares Management, L.P., Nortek, Inc., Hanger, Inc.

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Name, Address and Age(1)	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
Joshua M. Bloomstein, 42	General Counsel, Vice President and Secretary	General Counsel since January 2010; Secretary since December 2010; Vice President since November 2006 (indefinite terms)	Since January 2010, Mr. Bloomstein has served as General Counsel of the Company, since December 2010, Mr. Bloomstein has served as Secretary of the Company and since November 2006, Mr. Bloomstein has served as Vice President of the Company. He joined Ares in November 2006 and currently serves as a Partner and Co-General Counsel (Credit) and Deputy General Counsel (Corporate) of Ares Management.		
Mitchell Goldstein, 49	Co-President	Since July 2014 (indefinite term)	Since July 2014, Mr. Goldstein has served as a Co-President of the Company. Mr. Goldstein previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Goldstein has served as an officer of Ares Capital Management since 2005. Mr. Goldstein joined Ares in May 2005 and currently serves as a Partner of the Ares Credit Group and a member of the Management Committee of Ares. Mr. Goldstein is a member of the Investment Committees of Ares Capital Management, the Ares Credit Group's U.S. Direct Lending Investment Committee and the Ivy Hill Asset Management Investment Committee.		
Miriam Krieger, 40	Chief Compliance Officer	Since July 2011 (indefinite term)	Since July 2011, Ms. Krieger has served as Chief Compliance Officer of the Company, and currently serves as a Managing Director and Deputy Chief Compliance Officer within the Ares Compliance Group.		
Scott C. Lem, 38	Chief Accounting Officer, Vice President and Treasurer	Chief Accounting Officer since December 2013; Vice President and Treasurer since May 2013 (indefinite terms)	Since December 2013, Mr. Lem has served as Chief Accounting Officer of the Company and since May 2013, Mr. Lem has served as Vice President and Treasurer of the Company. Mr. Lem previously served as Assistant Treasurer of the Company from May 2009 to May 2013. Mr. Lem is a Managing Director and Chief Accounting Officer, Credit (Direct Lending) in the Ares Finance Department.		
Michael McFerran, 44	Vice President and Assistant Treasurer	Since March 2015 (indefinite terms)	Since April 2015, Mr. McFerran has served as Vice President and Assistant Treasurer of the Company. Mr. McFerran joined Ares in March 2015 and serves as a member of the Ares Operations Management Group and the Ares Enterprise Risk Committee. Prior to joining Ares, Mr. McFerran was a Managing Director at KKR where he was Chief Financial Officer of KKR's credit business and Chief Operating Officer and Chief Financial Officer of KKR Financial Holdings LLC.		
Daniel F. Nguyen, 44	Vice President and Assistant Treasurer	Vice President since January 2011 and Assistant Treasurer since May 2013 (indefinite terms)	Since January 2011, Mr. Nguyen has served as Vice President of the Company and since May 2013, Mr. Nguyen has served as Assistant Treasurer of the Company. From September 2012 to May 2013, Mr. Nguyen served as Treasurer of the Company. Mr. Nguyen joined Ares in August 2000 and currently serves as Executive Vice President, Chief Financial Officer and Treasurer of the Ares Private Equity Group. Mr. Nguyen also currently serves as Treasurer of Ares Commercial Real Estate Corporation.		

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Name, Address and Age(1)	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
Penni F. Roll, 50	Chief Financial Officer	Since December 2010 (indefinite term)	Since December 2010, Ms. Roll has served as Chief Financial Officer of the Company. Ms. Roll is the Chief Financial Officer of the Ares Credit Group, serves as Partner Finance of Ares Capital Management and is a member of the Ares Enterprise Risk Committee. Ms. Roll also currently serves as Chief Financial Officer of Ares Dynamic Credit Allocation Fund, Inc.		
Michael L. Smith, 44	Co-President	Since July 2014 (indefinite term)	Since July 2014, Mr. Smith has served as a Co-President of the Company. Mr. Smith previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Smith has served as an officer of Ares Capital Management since 2004. Mr. Smith joined Ares in May 2004 and currently serves as a Partner of the Ares Credit Group and a member of the Management Committee of Ares. Mr. Smith is a member of the Investment Committees of Ares Capital Management, the Ares Credit Group's U.S. Direct Lending Investment Committee and the Ivy Hill Asset Management Investment Committee.		
Michael D. Weiner, 63	Vice President	Since September 2006 (indefinite term)	Since September 2006, Mr. Weiner has been Vice President of the Company. Mr. Weiner currently serves as Executive Vice President and Chief Legal Officer of Ares Management GP LLC, Ares' general partner, Partner and General Counsel in the Ares Legal Group and a member of the Ares Management Committee. He additionally is a member of the Ares Operations Management Group and the Ares Enterprise Risk Committee. Mr. Weiner has also served as Vice President and General Counsel of Ares Commercial Real Estate Corporation since March 2012 and Vice President and Assistant Secretary of Ares Dynamic Credit Allocation Fund, Inc. since October 2012.		

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- (1) The business address of Messrs. Arougheti, Bloomstein, deVeer, Goldstein, Rosen and Smith and Ms. Roll is c/o Ares Capital Corporation, 245 Park Avenue, 44th Floor, New York, New York 10167. The business address of Ms. Krieger is c/o Ares Capital Corporation, 2200 Pennsylvania Avenue, NW, Suite 400 East, Washington, DC 20037. The business address of each other director, executive officer and listed officer is c/o Ares Capital Corporation, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.
 - (2) Including the Company.
 - (3) Mr. Arougheti is an interested director because he is an Executive Vice President of the Company, is on the Investment Committee of our investment adviser, is a Co-Founder and President of Ares and serves on the Board of Directors and Management Committee of Ares.
 - (4) Mr. deVeer is an interested director because he is the Chief Executive Officer of the Company, is an officer of and on the Investment Committee of our investment adviser, and serves on the Management Committee of Ares.
 - (5) Mr. Rosen is an interested director because he is a Partner of Ares.
 - (6) Mr. Rosenthal is an interested director because he is on the Investment Committee of our investment adviser, is a Co-Founder and Partner of Ares and serves on the Board of Directors and Management Committee of Ares.
 - (7) Each of the Class II directors received the affirmative vote of over 95% of the shares voted at the 2015 Annual Meeting of Stockholders but did not receive the affirmative vote of holders of at least a majority of the shares outstanding and entitled to vote at such meeting. Accordingly, pursuant to

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Maryland law, they have continued and will continue to serve as directors of the Company until their successors are duly elected and qualify.

Biographical Information and Discussion of Experience and Qualifications, etc.

Directors

As described below under "Committees of the Board of Directors Nominating and Governance Committee," the board of directors has identified certain desired attributes for director nominees. Each of our directors has demonstrated high character and integrity, superior credentials and recognition in his or her respective field and the relevant expertise and experience upon which to be able to offer advice and guidance to our management. Each of our directors also has sufficient time available to devote to the affairs of the Company, is able to work with the other members of the board

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of directors and contribute to the success of the Company and can represent the long-term interests of the Company's stockholders as a whole. Our directors have been selected such that the board of directors represents a range of backgrounds and experience. Set forth below is biographical information of each director, including a discussion of such director's particular experience, qualifications, attributes or skills that lead us and our board of directors to conclude, as of the date of this prospectus, that such individual should serve as a director, in light of the Company's business and structure.

Independent Directors

Steve Bartlett, 68, has served as a director of the Company since 2012 and currently serves on the audit committee. Mr. Bartlett has been a consultant since 2012, providing strategic independent consulting services to several U.S. corporations. From 1999 to 2012, Mr. Bartlett served as President and Chief Executive Officer of the Financial Services Roundtable. Mr. Bartlett currently sits on the board of directors of the Homeownership Preservation Foundation (HPF). In 2001, Mr. Bartlett served on the President's Commission on Excellence in Special Education. Mr. Bartlett previously served as the Mayor of Dallas, Texas from 1991 to 1995, a member of the United States Congress from 1983 to 1991, and a member of the Dallas City Council from 1977 to 1981. Mr. Bartlett also founded Meridian Products Corporation, a manufacturer of injection molded plastics in 1976. Mr. Bartlett previously served on the Board of Governors of the National YMCA, the board of directors of BIPAC and Easter Seals of Greater Washington, DC, and the board of directors for the following companies: Centene Corporation (NYSE), IMCO Recycling, Inc. (NYSE), KB Home Corporation (NYSE), Sun Coast Industries (NYSE), Dallas Can! and Grace Presbyterian Village. Mr. Bartlett also served as co-chair of Character Counts of Dallas and chair of the Trinity Trails. Mr. Bartlett also served on the Dallas-Fort Worth International Airport Board. Mr. Bartlett currently serves on the board of directors of Intersections Inc. (NASDAQ). Mr. Bartlett graduated from the University of Texas at Austin in 1971, later serving as a guest lecturer at the Lyndon B. Johnson School of Public Affairs. We believe that Mr. Bartlett's experience serving as President and Chief Executive Officer of the Financial Services Roundtable, his experience in politics (including serving as the Mayor of Dallas, Texas, a member of the United States Congress and a member of the Dallas City Council) and his service as a director of public and private companies provides the board of directors with key experience and insight to the Company, especially with respect to issues specific to boards of directors of public companies and companies in the financial services industry.

Ann Torre Bates, 57, has served as a director of the Company since 2010 and is currently the chairperson of the audit committee. Ms. Bates currently dedicates her time serving on the boards of directors of several companies primarily in the financial sector. From 1997 to 2012, Ms. Bates was a strategic and financial consultant, principally with respect to corporate finance matters. From 1995 to 1997, Ms. Bates served as Executive Vice President, Chief Financial Officer and Treasurer of NHP, Inc., a national real estate services firm. From 1991 to 1995, Ms. Bates was Vice President and Treasurer of US Airways, and held various finance positions from 1988 to 1991. She currently serves on the board of directors of Navient Corporation and United Natural Foods, Inc. and is a director or trustee of 19 investment companies in the Franklin Templeton Group of Mutual Funds. She previously served as a director of Allied Capital Corporation from 2003 to 2010 and SLM Corporation from 1997 to 2014. Ms. Bates holds a B.B.A. in Accountancy from the University of Notre Dame and an M.B.A. in Finance and Economics from Cornell University. We believe that Ms. Bates' experience serving as a director of other public companies in the financial sector, as well as her past experience as a chief financial officer, provides the board of directors and, specifically, the audit committee of the board of directors with valuable knowledge and insight in the financial services sector as well as experience in financial and accounting matters.

Daniel G. Kelly, Jr., 65, has served as a director of the Company since May 2016 and currently serves on the nominating and governance committee. Mr. Kelly was a Partner of Davis Polk &

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Wardwell LLP, an international law firm, from 1999 to 2015, co-founding its Silicon Valley office in 1999. During his time at Davis Polk, Mr. Kelly had an extensive corporate practice representing companies, private equity funds and financial institutions in a broad array of complex transactions, and also acted as a senior advisor to boards and special committees on numerous sensitive matters. He currently serves on the board of directors of American Shared Hospital Services. Prior to joining Davis Polk, Mr. Kelly was a senior officer of a major investment banking firm, the chief legal officer of a NYSE-listed corporation and a partner involved in management of two other law firms. Mr. Kelly graduated *magna cum laude* with a B.A. in History from Yale University and received his J.D. from Columbia University School of Law where he served as Notes and Comments Editor of the *Columbia Law Review*. We believe that Mr. Kelly's experience practicing as a corporate lawyer, including his substantial experience in providing advice and counsel on corporate governance and securities law matters to numerous public company clients in a wide variety of industries, provides the board of directors with unique insight on its duties and responsibilities.

Steven B. McKeever, 57, has served as a director of the Company since 2012 and is currently the chairperson of the nominating and governance committee. Mr. McKeever is the CEO of Hidden Beach Recordings, an independent record label based in Los Angeles, California, which Mr. McKeever founded in 1997. From 1991 to 1995, Mr. McKeever was with Motown Records, where he served as Executive Vice President of Talent and Creative Affairs from 1993 to 1995 and Senior Vice President of Artists and Repertoire from 1991 to 1993. In 1992, Mr. McKeever created MoJAZZ Records, a subsidiary of Motown Records and served as its President. In 1993, he was instrumental in the sale of Motown Records to PolyGram Records. Mr. McKeever eventually left Motown Records in 1995 to work on his own entrepreneurial projects. Mr. McKeever began his career at the law firm of Irell & Manella LLP in Los Angeles as an entertainment lawyer. In 2011, Mr. McKeever served as the Executive Producer of Entertainment for the dedication of the Martin Luther King, Jr. Memorial in Washington, D.C. Mr. McKeever currently serves as a director of several organizations, including College Bound (Chairman), African Ancestry.com and The Pacific Institute Spirit Board. He served as a Governor of the Los Angeles Chapter of The National Academy of Recording Arts and Sciences (a/k/a The GRAMMYs) from 2001 to 2003 and 2008 to 2010 and gives generous time to various charitable organizations such as The City of Hope. Mr. McKeever received his B.S. from the University of Illinois at Urbana Champaign and received his J.D. from Harvard Law School. We believe that Mr. McKeever's diversity of experiences, in particular his small business and entrepreneurial experience, provides the board of directors with unique insight and expertise into the management of small and middle-market companies.

Eric B. Siegel, 58, has served as a director of the Company since 2004 and has been the lead independent director of the board of directors since 2010. Mr. Siegel currently serves on the audit committee and the nominating and governance committee. Since 1995, Mr. Siegel has been an independent business consultant providing advice through a limited liability company owned by Mr. Siegel, principally with respect to acquisition strategy and structuring, and the subsequent management of acquired entities. Mr. Siegel is currently a member of the Advisory Board of and Special Advisor to the Chairman of the Milwaukee Brewers Baseball Club, to which he devotes the bulk of his time, and a director and Chairman of the Executive Committee and Nominating and Governance Committee and member of the Audit Committee of El Paso Electric Company, a NYSE publicly traded utility company. Mr. Siegel is also a past member of the boards of directors of a number of public and private companies, including Kerzner International Ltd. Mr. Siegel is a retired limited partner of Apollo Advisors, L.P. and Lion Advisors, L.P., private investment management firms. Mr. Siegel is a member of the board of directors of the Friends of the Los Angeles Saban Free Clinic and a past member of the Board of Trustees of the Marlborough School. Mr. Siegel holds his B.A. *summa cum laude* and Phi Beta Kappa and J.D. Order of the Coif from the University of California at Los Angeles. We believe that Mr. Siegel's experience practicing as a corporate lawyer provides valuable insight to the board of directors on regulatory and risk management issues and his experience as a

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partner in investment firms and over 20 years of experience serving as a director for both public and private companies provide industry-specific knowledge and expertise to the board of directors.

Interested Directors

Michael J Arougheti, 43, has served as Co-Chairman of the board of directors since July 2014, as a director of the Company since 2009 and as an Executive Vice President of the Company since October 2014. Mr. Arougheti previously served as Chief Executive Officer of the Company from May 2013 to July 2014, and President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder and President of Ares. He is a Partner of the Ares Credit Group and serves as a member of the Board of Directors and Management Committee of Ares. Mr. Arougheti also is a member of the Investment Committee of our investment adviser, and the Ares Credit Group's U.S. and European Direct Lending Investment Committees, the Ares Equity Income Opportunity Strategy Portfolio Review Committee and the Ares Operations Management Group. Mr. Arougheti may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From 2001 to 2004, Mr. Arougheti was employed by Royal Bank of Canada, where he was a Managing Partner of the Principal Finance Group of RBC Capital Partners and a member of the firm's Mezzanine Investment Committee. At RBC Capital Partners, Mr. Arougheti oversaw an investment team that originated, managed and monitored a diverse portfolio of middle-market leveraged loans, senior and junior subordinated debt, preferred equity and common stock and warrants on behalf of RBC and other third party institutional investors. Mr. Arougheti joined Royal Bank of Canada in October 2001 from Indosuez Capital, where he was a Principal, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. Mr. Arougheti also sat on the firm's Investment Committee. Prior to joining Indosuez in 1994, Mr. Arougheti worked at Kidder, Peabody & Co., where he was a member of the firm's Mergers and Acquisitions Group. In addition to serving as chairman of the board of directors of Ares Commercial Real Estate Corporation, Mr. Arougheti also serves on the boards of directors of Investor Group Services, Riverspace Arts and Operation HOPE. Mr. Arougheti received a B.A. in Ethics, Politics and Economics, cum laude, from Yale University. We believe that Mr. Arougheti's depth of experience in investment management, leveraged finance and financial services, as well as his intimate knowledge of the Company's business and operations, not only gives the board of directors valuable industry-specific knowledge and expertise on these and other matters but also position him well to continue to serve as co-chairman of our board of directors. Mr. Arougheti is an interested director because he is an Executive Vice President of the Company, is on the Investment Committee of our investment adviser, is a Co-Founder and President of Ares and serves as a member of the Board of Directors and Management Committee of Ares.

R. Kipp deVeer, 43, has served as a director of the Company since 2015 and currently serves as Chief Executive Officer of the Company. Mr. deVeer previously served as President of the Company from May 2013 to July 2014. He joined Ares in May 2004 and currently serves as Co-Head and a Partner of the Ares Credit Group and a member of the Management Committee of Ares. Mr. deVeer may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. deVeer is a member of the Investment Committees of our investment adviser and the Ares Credit Group's U.S. and European Direct Lending Investment Committees. Mr. deVeer is also a director of Ares Management Limited, a subsidiary of Ares Management, L.P. overseeing the European activities of Ares. Prior to joining Ares, Mr. deVeer was a partner at RBC Capital Partners, a division of Royal Bank of Canada, which led the firm's middle-market financing and principal investment business. Mr. deVeer joined RBC in October 2001 from Indosuez Capital, where he was Vice President in the Merchant Banking Group. Previously, Mr. deVeer worked at J.P. Morgan and Co., both in the Special Investment Group of J.P. Morgan Investment Management, Inc. and the Investment Banking Division of J.P. Morgan Securities Inc. Mr. deVeer received a B.A. from Yale University and an M.B.A. from

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Stanford University's Graduate School of Business. We believe that Mr. deVeer's depth of experience in investment management, leveraged finance and financial services, as well as his intimate knowledge of the Company's business and operations, gives the board of directors valuable industry-specific knowledge and expertise on these and other matters. Mr. deVeer is an interested director because he is the Chief Executive Officer of the Company, is an officer of and on the Investment Committee of our investment adviser, and serves on the Management Committee of Ares.

Robert L. Rosen, 69, has served as a director of the Company since 2004 and is a Partner in the Ares Real Estate Group. Mr. Rosen additionally serves as Interim Co-Chief Executive Officer of and a director of Ares Commercial Real Estate Corporation. Mr. Rosen is the managing partner of RLR Capital Partners, which invests principally in the securities of publicly traded North American companies. From 2005 to 2008, Mr. Rosen was a Managing Partner of RLR Focus Fund LP, an "active value" hedge fund. From 1995 to 2001, Mr. Rosen served as an exclusive consultant to Apollo Management, L.P. In 1998, Mr. Rosen founded National Financial Partners (NYSE: NFP), an independent provider of financial services to high net worth individuals and small to medium sized corporations. He served as NFP's CEO from 1998 to 2000 and as its Chairman until January 2002. From 1987 to 1993, Mr. Rosen was a Managing Partner of Ballantrae Partners, L.P., an investment partnership. From 1989 to 1993, Mr. Rosen was Chairman and CEO of Damon Corporation, a leading healthcare and laboratory testing company that was ultimately sold to Quest Diagnostics. From 1983 to 1987, Mr. Rosen was Vice Chairman of Maxxam Group. Prior to that, Mr. Rosen spent twelve years at Shearson American Express in positions in research, investment banking and senior management, and for two years was Assistant to Sanford Weill, the then Chairman and CEO of Shearson. Mr. Rosen is a member of the board of directors of Ares Commercial Real Estate Corporation and previously served on the board of directors of Sapient Corporation. Mr. Rosen is a member of the NYU Stern School of Business Board of Overseers and a member of the Council on Foreign Relations. Mr. Rosen holds a B.A. from the City University of New York in Economics and an M.B.A. from the New York University Leonard N. Stern School of Business in Finance. We believe that Mr. Rosen's over 35 years of experience as a senior executive of financial services, healthcare services and private equity funds brings broad financial industry and specific investment management insight and experience to the board of directors and that his expertise in finance provides valuable knowledge to the board of directors. Mr. Rosen is an interested director because he is a Partner of Ares.

Bennett Rosenthal, 52, has served as Co-Chairman of the board of directors since 2014, and previously as Chairman of the board of directors since 2004. Mr. Rosenthal is a Co-Founder and Partner of Ares. He is Co-Head of and a Partner in the Ares Private Equity Group and serves as a member of the Board of Directors and Management Committee of Ares. Mr. Rosenthal also is a member of the Investment Committees of our investment adviser, certain funds managed by the Ares Private Equity Group and certain funds managed by the Ares Credit Group. Mr. Rosenthal may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Rosenthal joined Ares in 1998 from Merrill Lynch & Co., where he served as a Managing Director in the Global Leveraged Finance Group. Mr. Rosenthal currently serves on the Board of Directors of City Ventures, LLC, Jacuzzi Brands Corporation, Nortek, Inc., True Oil Company LLC, the parent entities of CHG Healthcare Holdings L.P., CPG International Inc., National Veterinary Associates, Inc., Serta International Holdco LLC and Simmons Bedding Company, and several other private companies. Mr. Rosenthal's previous board of directors experience includes Maidenform Brands, Inc., Hanger, Inc. and Aspen Dental Management, Inc. Mr. Rosenthal also serves on the Board of Trustees of the Windward School in Los Angeles, and on the Graduate Executive Board of the Wharton School of Business. Mr. Rosenthal graduated summa cum laude with a B.S. in Economics from the University of Pennsylvania's Wharton School of Business where he also received his M.B.A. with distinction. We believe that Mr. Rosenthal's intimate knowledge of the business and operations of Ares, extensive experience in the financial industry as well as the management of private equity and debt investments

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in particular and experience as a director of other public and private companies not only give the board of directors valuable insight but also position him well to continue to serve as co-chairman of the board of directors. Mr. Rosenthal is an interested director because he is on the Investment Committee of our investment adviser, is a Co-Founder and Partner of Ares and serves on the Board of Directors and Management Committee of Ares.

Executive Officers and Certain Other Officers Who Are Not Directors

Joshua M. Bloomstein, 42, serves as the General Counsel, Vice President and Secretary of the Company. He joined Ares in November 2006 and currently serves as a Partner and Co-General Counsel (Credit) and Deputy General Counsel (Corporate) of Ares Management, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. He is also a member of the Ares Enterprise Risk Committee. Prior to joining Ares, Mr. Bloomstein was an attorney with Latham & Watkins LLP specializing in leveraged buyouts and private equity investments as well as general partnership and corporate matters. Mr. Bloomstein graduated magna cum laude with a B.A. in Political Science from the State University of New York at Albany and received a J.D. degree, magna cum laude, from the University of Miami, where he was elected to the Order of the Coif.

Mitchell Goldstein, 49, serves as a Co-President of the Company. Mr. Goldstein previously served as an Executive Vice President of the Company from May 2013 to July 2014. He joined Ares in May 2005 and currently serves as a Partner of the Ares Credit Group and a member of the Management Committee of Ares, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Goldstein is a member of the Investment Committees of our investment adviser, the Ares Credit Group's U.S. Direct Lending Investment Committee and the Ivy Hill Asset Management Investment Committee and the Ares Commercial Finance Investment Committee. Prior to joining Ares, Mr. Goldstein worked at Credit Suisse First Boston ("CSFB"), where he was a Managing Director in the Financial Sponsors Group. At CSFB, Mr. Goldstein was responsible for providing investment banking services to private equity funds and hedge funds with a focus on M&A and restructurings as well as capital raisings, including high yield, bank debt, mezzanine debt, and IPOs. Mr. Goldstein joined CSFB in 2000 at the completion of the merger with Donaldson, Lufkin & Jenrette. From 1998 to 2000, Mr. Goldstein was at Indosuez Capital, where he was a member of the Investment Committee and a Principal, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. From 1993 to 1998, Mr. Goldstein worked at Bankers Trust. Mr. Goldstein graduated *summa cum laude* from the State University of New York at Binghamton with a B.S. in Accounting, received an M.B.A. from Columbia University's Graduate School of Business and is a Certified Public Accountant.

Miriam Krieger, 40, serves as Chief Compliance Officer of the Company. She joined Ares in April 2010 and is a Managing Director and Deputy Chief Compliance Officer within the Ares Compliance Group. She may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From March 2008 until joining Ares, Ms. Krieger was Chief Compliance Officer and Corporate Secretary of Allied Capital Corporation, where she also served as Executive Vice President from August 2008 until April 2010 and as Senior Vice President from March 2008 to August 2008. Ms. Krieger also served as Senior Vice President and Chief Compliance Officer at MCG Capital Corporation, a publicly traded business development company, from 2006 to 2008 and Vice President and Assistant General Counsel from 2004 to 2006. From 2001 to 2004, Ms. Krieger was an associate in the Financial Services Group of the law firm of Sutherland Asbill & Brennan LLP. Ms. Krieger graduated with a B.A. in Economics and Political Science from Wellesley College and received a J.D. and an M.A. in Economics from Duke University.

Scott C. Lem, 38, serves as Chief Accounting Officer, Vice President and Treasurer of the Company. Mr. Lem previously served as Assistant Treasurer of the Company from May 2009 to May 2013. He is a Managing Director and Chief Accounting Officer, Credit (Direct Lending) in the Ares Finance Department. He may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From July 2003 to December 2008, Mr. Lem served as Controller of Ares Management. Prior to joining Ares in July 2003, Mr. Lem was with Ernst & Young LLP and Arthur Andersen LLP, most recently as a Senior Associate conducting audits for clients across several industries including entertainment, hospitality and real estate. Mr. Lem graduated summa cum laude with a B.S. in Accounting from the University of Southern California's Leventhal School of Accounting and summa cum laude with a B.S. in Business Administration from the University of Southern California's Marshall School of Business. Mr. Lem has also received an M.B.A. in Finance from UCLA's Anderson School of Management. Mr. Lem is a Certified Public Accountant (Inactive).

Michael McFerran, 44, serves as a Vice President and Assistant Treasurer of the Company. He is Executive Vice President, Chief Financial Officer and Treasurer of Ares and serves on the Management Committee of Ares Management. He additionally serves as a member of the Ares Operations Management Group and the Ares Enterprise Risk Committee. Prior to joining Ares in March 2015, Mr. McFerran was a Managing Director at KKR where he was Chief Financial Officer of KKR's credit business and Chief Operating Officer and Chief Financial Officer of KKR Financial Holdings LLC. Prior to joining KKR, Mr. McFerran spent the majority of his career at Ernst & Young LLP where he was a senior manager in their financial services industry practice. Mr. McFerran also held Vice President roles at XL Capital Ltd. and American Express. Mr. McFerran received an M.B.A. from the Haas School of Business at U.C. Berkeley and a B.S. in Business Administration from San Francisco State University.

Daniel F. Nguyen, 44, serves as a Vice President and Assistant Treasurer of the Company. He joined Ares in August 2000 and serves as a Partner in the Ares Finance Department, Chief Financial Officer of the Ares Private Equity Group, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Nguyen also serves as Treasurer of Ares Commercial Real Estate Corporation. From March 2007 to December 2010 and from September 2012 to May 2013, Mr. Nguyen served as Treasurer of the Company and from August 2004 to March 2007, as Chief Financial Officer of the Company. From 2002 to 2015, Mr. Nguyen served as Chief Financial Officer of Ares Management, L.P. and its predecessor. From 1996 to 2000, Mr. Nguyen was with Arthur Andersen LLP, where he was in charge of conducting business audits on financial clients, performing due diligence investigation of potential mergers and acquisitions and analyzing changes in accounting guidelines for derivatives. Mr. Nguyen graduated with a B.S. in Accounting from the University of Southern California's Leventhal School of Accounting and received an M.B.A. in Global Business from Pepperdine University's Graziadio School of Business and Management. Mr. Nguyen also studied European Business at Oxford University as part of the M.B.A. curriculum. Mr. Nguyen is a Chartered Financial Analyst® and a Certified Public Accountant.

Penni F. Roll, 50, serves as the Chief Financial Officer of the Company and of the Ares Credit Group and additionally serves as a member of the Ares Enterprise Risk Committee. She also serves as Chief Financial Officer of Ares Dynamic Credit Allocation Fund, Inc., a publicly traded closed end fund managed by an affiliate of Ares Management. Ms. Roll joined Ares in April 2010 and now serves as Partner Finance of Ares Capital Management and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Ms. Roll served as Chief Financial Officer of Allied Capital Corporation from 1998 until April 2010. Ms. Roll joined Allied Capital Corporation in 1995 as its Controller after serving as a Manager in KPMG LLP's financial services practice. Ms. Roll graduated

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magna cum laude with a BSBA in Accounting from West Virginia University. Ms. Roll is a Certified Public Accountant (Inactive).

Michael L. Smith, 44, serves as a Co-President of the Company. Mr. Smith previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Smith joined Ares in May 2004 and currently serves as a Partner in the Ares Credit Group and a member of the Management Committee of Ares Management, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Smith is a member of the Investment Committees of our investment adviser, the Ares Credit Group's U.S. Direct Lending Investment Committee, the Ivy Hill Asset Management Investment Committee and the Ares Commercial Finance Investment Committee. Prior to joining Ares, Mr. Smith was a Partner at RBC Capital Partners, a division of Royal Bank of Canada, which led the firm's middle-market financing and principal investment business. Mr. Smith joined RBC in October 2001 from Indosuez Capital, where he was a Vice President in the Merchant Banking Group. Previously, Mr. Smith worked at Kenter, Glastris & Company, and at Salomon Brothers Inc., in their Debt Capital Markets Group and Financial Institutions Group. Mr. Smith received a B.S. in Business Administration, *cum laude*, from the University of Notre Dame and a Masters in Management from Northwestern University's Kellogg Graduate School of Management.

Michael D. Weiner, 63, serves as a Vice President of the Company. Mr. Weiner serves as Executive Vice President and Chief Legal Officer of Ares Management GP LLC, Ares' general partner, Partner and General Counsel in the Ares Legal Group and is a member of the Management Committee of Ares. He may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Weiner has also served as Vice President and General Counsel of Ares Commercial Real Estate Corporation since 2012, Vice President and Assistant Secretary of Ares Dynamic Credit Allocation Fund, Inc., a NYSE-listed, closed-end fund managed by an affiliate of Ares Management since 2012. From September 2006 to January 2010, Mr. Weiner served as General Counsel of the Company. He additionally is a member of the Ares Operations Management Group and the Ares Enterprise Risk Committee. Mr. Weiner joined Ares in September 2006. Previously, Mr. Weiner served as General Counsel to Apollo Management, L.P. and had been an officer of the corporate general partners of Apollo since 1992. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius specializing in corporate and alternative financing transactions, securities law as well as general partnership, corporate and regulatory matters. Mr. Weiner has served on the boards of directors of several corporations. Mr. Weiner currently serves on the Board of Governors of the Cedars-Sinai Medical Center in Los Angeles. Mr. Weiner graduated with a B.S. in Business and Finance from the University of California at Berkeley and a J.D. from the University of Santa Clara.

BOARD LEADERSHIP STRUCTURE

Our board of directors monitors and performs an oversight role with respect to the business and affairs of the Company, including with respect to investment practices and performance, compliance with regulatory requirements and the services, expenses and performance of service providers to the Company. Among other things, our board of directors approves the appointment of our investment adviser, administrator and officers, reviews and monitors the services and activities performed by our investment adviser, administrator and officers and approves the engagement, and reviews the performance of, our independent registered public accounting firm.

Under the Company's bylaws, our board of directors may designate a chairman to preside over the meetings of the board of directors and meetings of the stockholders and to perform such other duties as may be assigned to him by the board of directors. We do not have a fixed policy as to whether the chairman of the board of directors should be an independent director and believe that our

flexibility to select our chairman and reorganize our leadership structure from time to time is in the best interests of the Company and its stockholders.

Presently, Mr. Arougheti and Mr. Rosenthal serve as co-chairs of our board of directors. Mr. Arougheti is an interested director because he is an Executive Vice President of the Company, is on the Investment Committee of the investment adviser, is a Co-Founder and President of Ares and serves as a member of the Board of Directors and Management Committee of Ares. The Company believes that Mr. Arougheti's depth of experience in investment management, leveraged finance and financial services, as well as his intimate knowledge of the Company's business and operations, gives our board of directors valuable industry-specific knowledge and expertise on these and other matters. Mr. Rosenthal is an interested director because he is on the Investment Committee of our investment adviser, is a Co-Founder and Partner of Ares and serves on the Board of Directors and Management Committee of Ares. We believe that Mr. Rosenthal's history with the Company, familiarity with the Ares investment platform and extensive experience in the management of private equity and debt investments qualifies him to serve as co-chairman of our board of directors. Moreover, we believe that we are best served through our existing leadership structure with Mr. Arougheti and Mr. Rosenthal as co-chairs of our board of directors, as Mr. Arougheti and Mr. Rosenthal's relationships with our investment adviser provide an effective bridge between our board of directors and our investment adviser, thus ensuring an open dialogue between our board of directors and our investment adviser and that both groups act with a common purpose.

The independent directors have designated a lead independent director whose duties include, among other things, chairing executive sessions of the independent directors, acting as a liaison between the independent directors and the co-chairs of the board of directors and between the independent directors and officers of the Company and our investment adviser, facilitating communication among the independent directors and the Company's counsel, reviewing and commenting on board and committee meeting agendas and calling additional meetings of the independent directors as appropriate. In August 2010, the board of directors designated and appointed Mr. Siegel as the lead independent director and Mr. Siegel has served as lead independent director since that time.

We believe that board leadership structures must be evaluated on a case-by-case basis and that our existing board leadership structure is appropriate. However, we continually re-examine our corporate governance policies on an ongoing basis to ensure that they continue to meet the Company's needs.

BOARD'S ROLE IN RISK OVERSIGHT

Our board of directors performs its risk oversight function and fulfills its risk oversight responsibilities primarily (a) through its two standing committees, which report to the entire board of directors and are comprised solely of independent directors and (b) by working with our Chief Compliance Officer to monitor risk in accordance with our compliance policies and procedures.

As described below in more detail under "Committees of the Board of Directors," the audit committee and the nominating and governance committee assist the board of directors in performing its risk oversight function and fulfilling its risk oversight responsibilities. The audit committee's risk oversight responsibilities include overseeing the Company's accounting and financial reporting processes, assisting the board of directors in fulfilling its oversight responsibilities relating to the Company's systems of internal controls over financial reporting, audits of the Company's financial statements and disclosure controls and procedures, assisting the board of directors in determining the fair value of securities that are not publicly traded or for which current market values are not readily available, and discussing with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment

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and risk management policies. The nominating and governance committee's risk oversight responsibilities include developing, reviewing and updating certain policies regarding the nomination of directors, identifying, evaluating and nominating directors to fill vacancies on the board of directors or to stand for election by our stockholders, reviewing the Company's policies relating to corporate governance, and overseeing the evaluation of our board of directors and its committees.

Our board of directors also performs its risk oversight function and fulfills its risk oversight responsibilities by working with our Chief Compliance Officer to monitor risk in accordance with the Company's policies and procedures. Our Chief Compliance Officer prepares a written report annually discussing the adequacy and effectiveness of the compliance policies and procedures of the Company and certain of its service providers. Our Chief Compliance Officer's report, which is reviewed by and discussed with our board of directors, addresses at a minimum (a) the operation of the compliance policies and procedures of the Company and certain of its service providers since the last report; (b) any material changes to such policies and procedures since the last report; (c) any recommendations for material changes to such policies and procedures as a result of our Chief Compliance Officer's annual review; and (d) any compliance matter that has occurred since the date of the last report about which our board of directors would reasonably need to know to oversee the Company's compliance activities and risks. In addition, our Chief Compliance Officer reports to our board of directors on a quarterly basis with respect to material compliance matters and meets separately in executive session with the independent directors periodically, but in no event less than once each year.

We believe that our board of directors' role in risk oversight is effective and appropriate given the extensive regulation to which we are already subject as a BDC. Specifically, as a BDC we must comply with certain regulatory requirements and restrictions that control the levels of risk in our business and operations. For example, our ability to incur indebtedness is limited such that our asset coverage must equal at least 200% immediately after each time we incur indebtedness, we generally have to invest at least 70% of our total assets in "qualifying assets" and, subject to certain exceptions, we are subject to restrictions on our ability to engage in transactions with Ares and its affiliates. See "Regulation." In addition, we have elected to be treated as a RIC under the Code. As a RIC we must, among other things, meet certain source of income and asset diversification requirements. See "Certain Material U.S. Federal Income Tax Considerations."

We believe that the extent of our board of directors' (and its committees') role in risk oversight complements our board of directors' leadership structure because it allows our independent directors, through the two fully independent board committees, a lead independent director, executive sessions with each of our Chief Compliance Officer, our independent registered public accounting firm and independent valuation providers and otherwise, to exercise oversight of risk without any conflict that might discourage critical review.

We believe that our board of directors' role in risk oversight must be evaluated on a case-by-case basis and that our board of directors' existing role in risk oversight is appropriate. However, our board of directors re-examines the manner in which it administers its risk oversight function on an ongoing basis to ensure that it continues to meet the Company's needs.

COMMITTEES OF THE BOARD OF DIRECTORS

Our board of directors has established an audit committee and a nominating and governance committee. We do not have a compensation committee because our executive officers do not receive any direct compensation from us. During 2015, the board of directors held 15 formal meetings, the audit committee held four formal meetings, and the nominating and governance committee held four formal meetings. We encourage, but do not require, the directors to attend our annual meeting of stockholders in person.

Audit Committee

The members of the audit committee are Ms. Bates and Messrs. Bartlett and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market's corporate governance regulations. Ms. Bates currently serves as chairperson of the audit committee.

The role of the audit committee is to assist our board of directors in fulfilling its oversight responsibilities by: (i) overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements and internal control over financial reporting and (ii) reviewing the financial reports and other financial information provided by the Company to the public. The audit committee is also responsible for approving our independent registered public accounting firm and recommending them to our board of directors (including a majority of the independent directors) for approval and submission to our stockholders for ratification, reviewing with our independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by our independent registered public accounting firm, reviewing the independence of our independent registered public accounting firm and reviewing the adequacy of our internal controls and procedures.

The audit committee also assists our board of directors in determining the fair value of debt and equity securities that are not publicly traded or for which current market values are not readily available, and in connection therewith recommends valuation policies to the board of directors, considers valuation issues with respect to liquid securities and reviews valuations of illiquid securities proposed by the investment adviser. The audit committee also receives input from independent valuation firms that have been engaged at the direction of the board of directors to value certain portfolio investments. In addition, the audit committee is responsible for discussing with the Company's officers and management of our investment adviser the Company's major financial risk exposures and the steps that the Company has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The audit committee also reviews and approves all transactions with related persons of the Company that are brought to the audit committee's attention, including each annual renewal of our investment advisory and management agreement and our administration agreement.

This description of the audit committee's role and responsibilities is summary in nature, is not exhaustive and is qualified in its entirety by reference to the charter of the audit committee, which can be accessed via the Company's website at www.arescapitalcorp.com. The contents of the Company's website are not intended to be incorporated by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

Our board of directors has determined that Ms. Bates is an "audit committee financial expert" within the meaning of the rules of the SEC.

Nominating and Governance Committee

The members of the nominating and governance committee are Messrs. Kelly, McKeever and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market's corporate governance regulations. Mr. McKeever currently serves as chairman of the nominating and governance committee. The nominating and governance committee is responsible for (i) developing, reviewing and, as appropriate, updating certain policies regarding the nomination of directors and recommending such policies or any changes in such policies to the board of directors for approval, (ii) identifying individuals qualified to become directors, (iii) evaluating and recommending to the board of directors nominees to fill vacancies on the board of directors or committees thereof or to stand for election by the stockholders of the Company, (iv) reviewing the

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Company's policies relating to corporate governance and recommending any changes in such policies to the board of directors, and (v) overseeing the evaluation of the board of directors (including its leadership structure) and its committees.

In considering possible candidates for election as a director, the nominating and governance committee takes into account, in addition to such other factors as it deems relevant, the desirability of selecting directors who:

are of high character and integrity;

are accomplished in their respective fields, with superior credentials and recognition;

have relevant expertise and experience upon which to be able to offer advice and guidance to the Company's officers and management of the investment adviser and the administrator;

have sufficient time available to devote to the affairs of the Company;

are able to work with the other members of the board of directors and contribute to the success of the Company;

can represent the long-term interests of the Company's stockholders as a whole; and

are selected such that the board of directors represents a range of backgrounds and experience.

The nominating and governance committee also considers all applicable legal and regulatory requirements that govern the composition of the board of directors.

The nominating and governance committee may consider recommendations for nomination of directors from our stockholders. Nominations made by stockholders must be delivered to or mailed (setting forth the information required by our bylaws) and received at our principal executive offices not earlier than the 150th day and not later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date on which we first mailed our proxy materials for the previous year's annual meeting of stockholders; *provided, however*, that if the date of the annual meeting has changed by more than 30 days from the prior year, the nomination must be received not earlier than the 150th day prior to the date of such annual meeting or later than 5:00 p.m., Eastern Time, on the later of (1) the 120th day prior to the date of such annual meeting or (2) the 10th day following the day on which public announcement of such meeting date is first made.

This description of the nominating and governance committee's role and responsibilities is summary in nature, is not exhaustive and is qualified in its entirety by reference to the charter of the nominating and governance committee, which can be accessed via the Company's website at www.arescapitalcorp.com. The contents of the Company's website are not intended to be incorporated by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

Compensation Committee

The role of the compensation committee is performed by the audit committee, which is comprised entirely of independent directors for purposes of the NASDAQ corporate governance requirements and rules and regulations of the SEC, including the compensation committee requirements of NASDAQ Marketplace Rule 5605(d) and Rule 5605(a)(2). The Company's executive officers do not receive any direct compensation from us. The audit committee charter contains all of the provisions that a compensation committee charter would be required to include under the NASDAQ corporate governance listing requirements and the rules and regulations of the SEC. In addition, pursuant to the audit committee charter, the amounts payable to our investment adviser and

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our administrator pursuant to our investment advisory and management agreement and administration agreement, respectively, are separately approved by the audit committee. The compensation payable to our investment adviser pursuant to the investment advisory and management agreement is also separately approved by a majority of our independent directors in accordance with Section 15(c) of the Investment Company Act.

The specific responsibilities of the audit committee, including those related to compensation, are set forth in the charter of the audit committee, which can be accessed via the Company's website at www.arescapitalcorp.com. The contents of the Company's website are not intended to be incorporated by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

BENEFICIAL OWNERSHIP OF OUR DIRECTORS

The following table sets forth the dollar range of our equity securities based on the closing price of our common stock on July 28, 2016 and the number of shares beneficially owned by each of our directors as of December 31, 2015. We are not part of a "family of investment companies," as that term is defined in the Investment Company Act.

Name of Director	Dollar Range of Equity Securities in the Company(1)(2)
Independent Directors(3)	
Steve Bartlett(4)	\$50,001-\$100,000
Ann Torre Bates	Over \$100,000
Daniel G. Kelly, Jr(5)	None
Steven B. McKeever	Over \$100,000
Frank E. O'Bryan(6)	Over \$100,000
Eric B. Siegel	Over \$100,000
Interested Directors	
Michael J Arougheti	Over \$100,000
R. Kipp deVeer(7)	Over \$100,000
Robert L. Rosen	Over \$100,000
Bennett Rosenthal	Over \$100,000

(1) The dollar ranges are as follows: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000 or over \$100,000.

(2) Beneficial ownership determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.

(3) As of December 31, 2015, to the best of our knowledge, except as listed above, none of the independent directors, nor any of their immediate family members, had any interest in us, our investment adviser or any person or entity directly or indirectly controlling, controlled by or under common control with us or our investment adviser.

(4) The shares of our common stock held by Mr. Bartlett have been pledged as security in connection with a line of credit with a third party financial institution unaffiliated with the Company.

(5) Mr. Kelly became a director in May 2016.

(6) Mr. O'Bryan's term expired at our 2016 annual meeting of stockholders.

(7) The shares of the Company's common stock held by Mr. deVeer have been pledged as security in connection with a line of credit with a third party financial institution unaffiliated with the Company.

COMPENSATION TABLE

The following table shows information regarding the compensation earned or actually received by our directors, none of whom is our employee, for services as a director for the fiscal year ended December 31, 2015. No compensation is paid by us to interested directors. No information has been provided with respect to our executive officers who are not directors, since our executive officers do not receive any direct compensation from us.

Name	Fees Earned or Paid in Cash(1)	Total
Independent Directors		
Steve Bartlett	\$ 175,250	\$ 175,250
Ann Torre Bates	\$ 185,250	\$ 185,250
Daniel G. Kelly, Jr.(2)	None	None
Steven B. McKeever	\$ 176,250	\$ 176,250
Frank E. O'Bryan(3)	\$ 170,750	\$ 170,750
Eric B. Siegel	\$ 193,250	\$ 193,250
Interested Directors		
Michael J Arougheti	None	None
R. Kipp deVeer(4)	None	None
Antony P. Ressler(5)	None	None
Robert L. Rosen(6)	None	None
Bennett Rosenthal	None	None

(1) For a discussion of the independent directors' compensation, see below.

(2) Mr. Kelly became a director in May 2016.

(3) Mr. O'Bryan's term expired at our 2016 annual meeting of stockholders.

(4) Mr. deVeer became a director in November 2015.

(5) Mr. Ressler resigned from his position as a director in November 2015.

(6) While Mr. Rosen did not receive any compensation from us for the fiscal year ended December 31, 2015, he did receive \$163,750 from Ares Management for his service as a director of the Company for such period in connection with his role as an Operating Advisor to Ares Management. In February 2016, Mr. Rosen became a Partner of Ares.

The independent directors receive an annual fee of \$160,000. They also receive \$2,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and receive \$1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each committee meeting. In addition, the chairperson of the audit committee receives an additional annual fee of \$10,000, the lead independent director receives an additional annual fee of \$15,000, and each chairperson of any other committee receives an additional annual fee of \$2,000 for his or her additional services in these capacities. In addition, we purchase directors' and officers' liability insurance on behalf of our directors and officers.

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PORTFOLIO MANAGERS

We consider the members of the Investment Committee of Ares Capital Management to be our portfolio managers. The following individuals function as portfolio managers with the most significant responsibility for the day-to-day management of our portfolio.

Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
Michael J Arougheti	Co-Chairman of the board of directors of the Company; Executive Vice President of the Company; Partner of the Ares Credit Group	12	Since October 2014, Mr. Arougheti has served as an Executive Vice President of the Company, since July 2014, he has served as Co-Chairman of the Board and since February 2009, he has served as a director of the Company. Mr. Arougheti previously served as Chief Executive Officer of the Company from May 2013 to July 2014 and President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder and President of Ares. He is a Partner of the Ares Credit Group and a member of the Ares Board of Directors and Management Committee. In addition, Mr. Arougheti serves as a member of the Investment Committee of Ares Capital Management, the Ares Credit Group's U.S. and European Investment Committees, the Ares Equity Income Opportunity Strategy Portfolio Review Committee and the Ares Operations Management Group.
R. Kipp deVeer	Chief Executive Officer of the Company; Co-Head and Partner of the Ares Credit Group	12	Since July 2014, Mr. deVeer has served as Chief Executive Officer of the Company. Mr. deVeer previously served as President of the Company from May 2013 to July 2014. Mr. deVeer has served as an officer of Ares Capital Management since 2004. Mr. deVeer joined Ares in May 2004 and currently serves as Co-Head and a Partner of the Ares Credit Group and member of the Management Committee of Ares. Mr. deVeer is a member of the Investment Committees of Ares Capital Management and the Ares Credit Group's U.S. and European Investment Committees. Mr. deVeer is also a director of Ares Management Limited.

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Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
Mitchell Goldstein	Co-President of the Company; Partner of the Ares Credit Group	11	Since July 2014, Mr. Goldstein has served as a Co-President of the Company. Mr. Goldstein previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Goldstein has served as an officer of Ares Capital Management since 2005. Mr. Goldstein joined Ares in May 2005 and currently serves as a Partner of the Ares Credit Group. Mr. Goldstein is a member of the Investment Committees of Ares Capital Management, the Ares Credit Group's U.S. Direct Lending Investment Committee and the Ivy Hill Asset Management Investment Committee.
John Kissick	Partner of Ares; Partner of the Ares Corporate Strategy and Relationship Management Group	18	Mr. Kissick is a Co-Founder of Ares and a director and Partner of Ares Management GP LLC, Ares' general partner. He serves as a member of Ares' board of directors and Management Committee and is a Partner of Ares in the Corporate Strategy and Relationship Management Group. Mr. Kissick is also a member of the Investment Committees of the Ares Credit Group and certain funds in the Ares Private Equity Group.
Bennett Rosenthal	Co-Chairman of the board of directors of the Company; Partner of Ares; Co-Head and Partner of the Ares Private Equity Group	18	Since July 2014, Mr. Rosenthal has served as Co-Chairman of the Board, and previously as Chairman of the Board since 2004. Mr. Rosenthal is a Co-Founder of Ares and currently serves as a Partner of Ares, Co-Head and a Partner of the Ares Private Equity Group and a member of the Ares Board of Directors and Management Committee. Mr. Rosenthal is also a member of the Investment Committees of Ares Capital Management, certain funds managed by the Ares Credit Group and certain funds managed by the Ares Private Equity Group.

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Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
David Sachs	Partner of the Ares Strategy and Relationship Management Group	18	Mr. Sachs is a Partner in the Ares Strategy and Relationship Management Group. Mr. Sachs serves as a member of the Ares Credit and Private Equity Group fund investment committees, as well as the Ares Real Estate Group's Real Estate Debt Investment Committee, the Ares Equity Income Opportunity Strategy Portfolio Review Committee and the Ivy Hill Asset Management Investment Committee.
Michael L. Smith	Co-President of the Company; Partner of the Ares Credit Group	12	Since July 2014, Mr. Smith has served as a Co-President of the Company. Mr. Smith previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Smith has served as an officer of Ares Capital Management since 2004. Mr. Smith joined Ares in May 2004 and currently serves as a Partner of the Ares Credit Group. Mr. Smith is a member of the Investment Committees of Ares Capital Management, the Ares Credit Group's U.S. Investment Committee and the Ivy Hill Asset Management Investment Committee.

None of the individuals listed above is primarily responsible for the day-to-day management of the portfolio of any other account, except that:

Messrs. Arougheti, deVeer, Goldstein and Smith are each Partners of, and Messrs. Kissick and Sachs are each members of certain committees of, the Ares Credit Group. All such individuals have responsibilities with respect to certain funds and managed accounts, which as of March 31, 2016 had approximately \$60.0 billion (including the Company) of assets under management, a portion of which is used to calculate Ares' advisory fees related to such funds and managed accounts; and

Mr. Rosenthal is a Partner of, and Mr. Kissick is a member of certain committees of, the Ares Private Equity Group. All such individuals have responsibilities for certain funds, which as of March 31, 2016 had approximately \$23.3 billion of assets under management, a portion of which is used to calculate Ares' advisory fees related to such funds.

See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns."

Each of Messrs. Arougheti, deVeer, Goldstein and Smith is responsible for deal origination, execution and portfolio management. In addition to their deal origination, execution and portfolio management responsibilities, (i) Mr. Arougheti also spends a portion of his time on corporate and administrative activities in his capacity as President of Ares Management and as a Partner of the Ares Credit Group, (ii) Mr. deVeer also spends a portion of his time on corporate and administrative activities in his capacity as the Company's Chief Executive Officer and as a Partner of the Ares Credit Group and (iii) Messrs. Goldstein and Smith also spend portions of their time on corporate and

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administrative activities in their capacities as Co-Presidents of the Company and as Partners of the Ares Credit Group. Each of Messrs. Arougheti, deVeer, Goldstein and Smith receives a compensation package that includes some combination of fixed draw and variable incentive compensation based primarily on our performance. None of the portfolio managers receives any direct compensation from us.

The following table sets forth the dollar range of our equity securities based on the closing price of our common stock on July 28, 2016 and the number of shares beneficially owned by each of the portfolio managers described above as of December 31, 2015 unless otherwise indicated below.

Name	Aggregate Dollar Range of Equity Securities in Ares Capital(1)
Michael J Arougheti	Over \$1,000,000
R. Kipp deVeer	Over \$1,000,000
Mitchell Goldstein	Over \$1,000,000
John Kissick	Over \$1,000,000
Bennett Rosenthal	Over \$1,000,000
David Sachs	Over \$1,000,000
Michael L. Smith	Over \$1,000,000

(1) Dollar ranges are as follows: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, \$100,001-\$500,000, \$500,001-\$1,000,000 or over \$1,000,000.

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

Management Services

Ares Capital Management serves as our investment adviser and is registered as an investment adviser under the Advisers Act. Subject to the overall supervision of our board of directors, our investment adviser manages the day-to-day operations of, and provides investment advisory and management services to, Ares Capital. Under the terms of the investment advisory and management agreement, our investment adviser:

determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;

identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies);

closes and monitors the investments we make;

determines the investments and other assets that we purchase, retain or sell; and

provides us with such other investment advisory and research and related services as we may from time to time reasonably require.

Ares Capital Management's services to us under the investment advisory and management agreement are not exclusive, and it is free to furnish similar services to other entities. Similarly, affiliates of our investment adviser may directly or indirectly manage funds or other investment vehicles with investment objectives similar to ours. Accordingly, we may compete with these Ares funds or other investment vehicles managed by our investment adviser and its affiliates for capital and investment opportunities. Ares Capital Management endeavors to allocate investment opportunities in a fair and equitable manner, and in any event consistent with any fiduciary duties owed to Ares Capital. Nevertheless, it is possible that we may not be given the opportunity to participate in certain

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investments made by investment funds or other investment vehicles managed by Ares Capital Management or its affiliates.

Base Management Fee

Pursuant to the investment advisory and management agreement and subject to the overall supervision of our board of directors, our investment adviser provides investment advisory and management services to us. For providing these services, our investment adviser receives fees from us consisting of a base management fee, an income based fee and a capital gains incentive fee.

The base management fee is calculated at an annual rate of 1.5% based on the average value of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) at the end of the two most recently completed calendar quarters. The base management fee is payable quarterly in arrears.

Income Based Fee

The income based fee is calculated and payable quarterly in arrears based on our net investment income excluding income based fees and capital gains incentive fees ("pre-incentive fee net investment income") for the quarter. Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the administration agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the income based fee and capital gains incentive fee accrued under GAAP). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash. Our investment adviser is not under any obligation to reimburse us for any part of the income based fees it received that were based on accrued interest that we never actually received. See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns" and "Risk Factors Risks Relating to Our Business We may be obligated to pay our investment adviser certain fees even if we incur a loss."

Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses, unrealized capital appreciation, unrealized capital depreciation or income tax expense related to realized gains and losses. Because of the structure of the income based fee, it is possible that we may pay such fees in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, we will pay the applicable income based fee even if we have incurred a loss in that quarter due to realized and/or unrealized capital losses.

Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of 1.75% per quarter. If market credit spreads rise, we may be able to invest in debt instruments that provide for a higher return, which may increase our pre-incentive fee net investment income and make it easier for our investment adviser to surpass the fixed hurdle rate and receive an income based fee based on such net investment income. To the extent we have retained pre-incentive fee net investment income that has been used to calculate the income based fee, it is also included in the amount of our total assets (other than cash and cash

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equivalents but including assets purchased with borrowed funds) used to calculate the 1.5% base management fee.

We pay our investment adviser an income based fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

no income based fee in any calendar quarter in which our pre- incentive fee net investment income does not exceed the hurdle rate;

100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter. We refer to this portion of our pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.1875%) as the "catch-up" provision. The "catch-up" is meant to provide our investment adviser with 20% of the pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeded 2.1875% in any calendar quarter; and

20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

The following is a graphical representation of the calculation of the income based fee:

Quarterly Income Based Fee Based on Net Investment Income

**Pre-incentive fee net investment income return
(expressed as a percentage of the value of net assets)**

**Percentage of pre-incentive fee net investment income
allocated to income based fee**

These calculations are adjusted for any share issuances or repurchases during the quarter.

If the American Capital Acquisition is completed, our investment adviser has agreed to waive, for each of the first ten calendar quarters beginning with the first full calendar quarter after the completion of the American Capital Acquisition, the lesser of (x) \$10 million of the income based fees and (y) the amount of income based fees for such quarter, in each case to the extent earned and payable by us in such quarter pursuant to and as calculated under the investment advisory and management agreement. We cannot assure you that the American Capital Acquisition will be completed. See "Pending American Capital Acquisition" for a description of the terms of the American Capital Acquisition, "Risk Factors Risks Relating to Our Business We may fail to complete the American Capital Acquisition" for a description of the risks associated with a failure to complete the American Capital Acquisition and "Risk Factors Risks Relating to the American Capital Acquisition" for a description of the risks that the combined company may face if the American Capital Acquisition is completed.

Capital Gains Incentive Fee

The capital gains incentive fee is determined and payable in arrears as of the end of each calendar year (or, upon termination of our investment advisory and management agreement, as of the

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termination date) and is calculated at the end of each applicable year by subtracting (a) the sum of our cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (b) our cumulative aggregate realized capital gains, in each case calculated from October 8, 2004 (the date we completed our initial public offering). Realized capital gains and losses include gains and losses on investments and foreign currencies, gains and losses on extinguishment of debt and other assets, as well as any income tax expense related to realized gains and losses. If such amount is positive at the end of such year, then the capital gains incentive fee for such year is equal to 20% of such amount, less the aggregate amount of capital gains incentive fees paid in all prior years. If such amount is negative, then there is no capital gains incentive fee for such year.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in our portfolio when sold and (b) the accreted or amortized cost basis of such investment.

The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in our portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.

The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the valuation of each investment in our portfolio as of the applicable capital gains incentive fee calculation date and (b) the accreted or amortized cost basis of such investment.

Notwithstanding the foregoing, as a result of an amendment to the capital gains incentive fee under the investment advisory and management agreement that was adopted on June 6, 2011, if we are required by GAAP to record an investment at its fair value as of the time of acquisition instead of at the actual amount paid for such investment by us (including, for example, as a result of the application of the acquisition method of accounting), then solely for the purposes of calculating the capital gains incentive fee, the "accreted or amortized cost basis" of an investment shall be an amount (the "Contractual Cost Basis") equal to (1) (x) the actual amount paid by us for such investment plus (y) any amounts recorded in our financial statements as required by GAAP that are attributable to the accretion of such investment plus (z) any other adjustments made to the cost basis included in our financial statements, including PIK interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in our financial statements as required by GAAP that are attributable to the amortization of such investment, whether such calculated Contractual Cost Basis is higher or lower than the fair value of such investment (as determined in accordance with GAAP) at the time of acquisition.

We defer cash payment of any income based fee and the capital gains incentive fee otherwise earned by our investment adviser if during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made the sum of (a) the aggregate distributions to our stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. Any such deferred fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under our investment advisory and management agreement.

Examples of Fee Calculation

Example 1 Income Based Fee(1):

Assumptions

Hurdle rate(2) = 1.75%
Management fee(3) = 0.375%
Other expenses (legal,
accounting, custodian, transfer
agent, etc.)(4) = 0.20%

Alternative 1

Additional Assumptions

Investment income (including interest, dividends, fees, etc.) = 1.25%
 Pre-incentive fee net investment income (investment income (management fee + other expenses)) = 0.675%
 Pre-incentive fee net investment income does not exceed the hurdle rate, therefore there is no income based fee.

- (1) The hypothetical amount of pre-incentive fee net investment income shown is based on a percentage of total net assets. In addition, the example assumes that during the most recent four full calendar quarter period ending on or prior to the date the payment set forth in the example is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period) is at least 7% of our net assets (defined as total assets less indebtedness) at the beginning of such period (as adjusted for any share issuances or repurchases).
- (2) Represents a quarter of the 7.0% annualized hurdle rate.
- (3) Represents a quarter of the 1.5% annualized management fee.
- (4) Excludes offering expenses.

Alternative 2

Additional Assumptions

Investment income (including interest, dividends, fees, etc.) = 2.70%
 Pre-incentive fee net investment income (investment income (management fee + other expenses)) = 2.125%
 Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an income based fee.
 Income Based Fee = $100\% \times \text{"Catch-Up" + the greater of } 0\% \text{ AND } (20\% \times (\text{pre-incentive fee net investment income} - 2.1875\%))$
 = $(100\% \times (2.125\% - 1.75\%)) + 0\%$
 = $100\% \times 0.375\%$
 = 0.375%

Alternative 3

Additional Assumptions

Investment income (including interest, dividends, fees, etc.) = 3.50%
 Pre-incentive fee net investment income (investment income (management fee + other expenses)) = 2.925%
 Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an income based fee.

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$$\begin{aligned} \text{Income Based Fee} &= 100\% \times \text{"Catch-Up"} + \text{the greater of } 0\% \text{ AND } (20\% \times (\text{pre-incentive fee net investment} \\ &\text{income } 2.1875\%)) \\ &= (100\% \times (2.1875\% - 1.75\%)) + (20\% \times (2.925\% - 2.1875\%)) \\ &= 0.4375\% + (20\% \times 0.7375\%) \\ &= 0.4375\% + 0.1475\% \\ &= 0.585\% \end{aligned}$$

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Example 2 Capital Gains Incentive Fee:

Alternative 1:

Assumptions

Year 1: \$20 million investment made in Company A ("Investment A"), and \$30 million investment made in Company B ("Investment B")

Year 2: Investment A is sold for \$50 million and fair value ("FV") of Investment B determined to be \$32 million

Year 3: FV of Investment B determined to be \$25 million

Year 4: Investment B sold for \$31 million

The capital gains incentive fee, if any, would be:

Year 1: None (No sales transactions)

Year 2: \$6 million (20% multiplied by \$30 million realized capital gains on sale of Investment A)

Year 3: None; \$5 million (20% multiplied by (\$30 million realized cumulative capital gains less \$5 million cumulative capital depreciation)) less \$6 million (previous capital gains incentive fee paid in Year 2)

Year 4: \$200,000; \$6.2 million (20% multiplied by \$31 million cumulative realized capital gains) less \$6 million (capital gains incentive fee paid in Year 2)

Alternative 2

Assumptions

Year 1: \$20 million investment made in Company A ("Investment A"), \$30 million investment made in Company B ("Investment B") and \$25 million investment made in Company C ("Investment C")

Year 2: Investment A sold for \$50 million, FV of Investment B determined to be \$25 million and FV of Investment C determined to be \$25 million

Year 3: FV of Investment B determined to be \$27 million and Investment C sold for \$30 million

Year 4: FV of Investment B determined to be \$35 million

Year 5: Investment B sold for \$20 million

The capital gains incentive fee, if any, would be:

Year 1: None (No sales transactions)

Year 2: \$5 million (20% multiplied by \$25 million (\$30 million realized capital gains on Investment A less \$5 million unrealized capital depreciation on Investment B))

Year 3: \$1.4 million (\$6.4 million (20% multiplied by \$32 million (\$35 million cumulative realized capital gains less \$3 million unrealized capital depreciation)) less \$5 million (capital gains incentive fee paid in Year 2))

Year 4: None (No sales transactions)

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Year 5: None (\$5 million (20% multiplied by \$25 million (cumulative realized capital gains of \$35 million less realized capital losses of \$10 million)) less \$6.4 million (cumulative capital gains incentive fee paid in Year 2 and Year 3))

For the three months ended March 31, 2016, we incurred \$34.8 million in base management fees, and \$29.1 million in income based fees. There was no capital gains incentive fee earned by our investment adviser as calculated under the investment advisory and management agreement for the three months ended March 31, 2016. However, in accordance with GAAP, the Company had cumulatively accrued a capital gains incentive fee of \$46.0 million as of March 31, 2016, all of which was not due under the investment advisory and management agreement.

For the year ended December 31, 2015, we incurred \$134.3 million in base management fees and \$121.4 million in income based fees. There was no capital gains incentive fee earned by our investment adviser as calculated under the investment advisory and management agreement for the year ended December 31, 2015. However, in accordance with GAAP, the Company had cumulatively

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accrued a capital gains incentive fee of \$42.3 million as of December 31, 2015, all of which was not due under the investment advisory and management agreement.

For the year ended December 31, 2014, we incurred \$128.0 million in base management fees and \$118.3 million in inco