

ARES CAPITAL CORP  
Form 497  
March 07, 2019

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Filed Pursuant to Rule 497  
Registration No. 333-223482

[PROSPECTUS SUPPLEMENT](#)  
(To Prospectus dated September 4, 2018)

**\$350,000,000**

### **4.625% Convertible Notes due 2024**

We are offering \$350,000,000 in aggregate principal amount of 4.625% convertible notes due 2024, which we refer to as the notes. The notes will bear interest at a rate of 4.625% per year, payable semiannually in arrears on March 1 and September 1 of each year, beginning September 1, 2019. The notes will mature on March 1, 2024. In addition, we have granted the underwriters an option to purchase, for settlement within a period of 13 days from, and including, the date notes are first issued, up to an additional \$52,500,000 aggregate principal amount of notes.

Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding December 1, 2023 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2019 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the "measurement period") in which the trading price (as defined herein) per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. On or after December 1, 2023 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, as described in this prospectus supplement.

The conversion rate will initially be 50.2930 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$19.88 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances.

We may not redeem the notes prior to maturity. No sinking fund is provided for the notes.

If we undergo a fundamental change, then, subject to a limited exception described in this prospectus supplement, holders may require us to repurchase for cash all or part of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The notes will be our senior unsecured obligations and will rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness (including unsecured indebtedness that we later secure) to the extent of the value of the assets

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securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

We do not intend to apply to list the notes on any securities exchange or any automated dealer quotation system. Our common stock is listed on The NASDAQ Global Select Market under the symbol "ARCC." The last reported sale price of our common stock on The NASDAQ Global Select Market on March 5, 2019 was \$17.29 per share.

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 Corporation, a publicly traded, leading global alternative asset manager. Ares Operations LLC, a subsidiary of Ares Management Corporation, provides certain administrative and other services necessary for us to operate.

**Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page S-17 of this prospectus supplement and page 22 of the accompanying prospectus, including the risk of leverage.**

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

	<b>Per Note</b>	<b>Total</b>
Public offering price(1)	98.00%	\$343,000,000
Underwriting discount (sales load)	0.50%	\$1,750,000
Proceeds, before expenses, to Ares Capital Corporation(2)	97.50%	\$341,250,000

(1) The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from March 8, 2019 and must be paid by the purchaser if the notes are delivered after March 8, 2019.

(2) Before deducting expenses payable by us related to this offering, estimated at \$1.6 million.

The underwriters may also purchase up to an additional \$52,500,000 total aggregate principal amount of notes offered hereby for settlement within a period of 13 days from, and including, the date notes are first issued hereunder. If the underwriters exercise this option in full, the total public offering price will be \$394,450,000, the total underwriting discount (sales load) paid by us will be \$2,012,500, and total proceeds, before expenses, to us will be \$392,437,500.

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

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

Delivery of the notes in book-entry form only through The Depository Trust Company will be made on or about March 8, 2019.

**J.P. Morgan**

**BofA Merrill Lynch**

**RBC Capital Markets**

**BMO Capital Markets**

**Mizuho Securities**

**MUFG**

**SMBC**

**SunTrust Robinson Humphrey**

**Wells Fargo Securities**

**Barclays**

**Goldman  
Sachs & Co. LLC**

**Morgan  
Stanley**

**Natixis**

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**Citigroup**

**Credit Suisse**

**Deutsche Bank  
Securities**

**HSBC**

**BNY Mellon Capital Markets, LLC Capital One Securities Comerica Securities Keefe, Bruyette & Woods Regions Securities LLC Santander SOCIETE GENERALE**  
*A Stifel Company*

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The date of this prospectus supplement is March 5, 2019.

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

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**FORWARD-LOOKING STATEMENTS**

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

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

the return or impact of current and future investments;

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

the impact of fluctuations in interest rates on our business;

the impact of changes in laws or regulations (including the interpretation thereof), including the Tax Cuts and Jobs Act and the Small Business Credit Availability Act, 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 and our ability to manage our capital resources effectively;

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

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

uncertainty surrounding the financial stability of the United States, Europe and China;

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

Middle East turmoil and the potential for volatility in 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 other acquisitions;

the outcome and impact of any litigation;

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

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"Risk Factors" in this prospectus supplement and in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus.

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

The forward-looking statements in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

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**THE COMPANY**

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

**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 December 31, 2018, we were the largest BDC in the United States with approximately \$12.9 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, pursuant to our investment advisory and management agreement. 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 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 and investments in project finance/power generation projects generally range between \$10 million and \$200 million. 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 pursuit of our investment objective we generally seek to self-originate investments and lead the investment process, which may result in us making commitments with respect to indebtedness or securities of a potential

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portfolio company 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 20 years and its partners have an average of approximately 25 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 December 31, 2018, Ares had approximately 410 investment professionals and approximately 660 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" in the accompanying prospectus. Specifically, as part of this 30% basket, we may invest in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

**Senior Direct Lending Program**

We have established a joint venture with Varagon Capital Partners ("Varagon") to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle-market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the Senior Direct Lending Program (the "SDLP"). In July 2016, we and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$300 million. We may directly co-invest with the SDLP to accommodate larger transactions. The SDLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the

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SDLP must be approved by an investment committee of the SDLP consisting of representatives of the Company and Varagon (with approval from a representative of each required).

We provide capital to the SDLP in the form of subordinated certificates (the "SDLP Certificates"), and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of December 31, 2018, we and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates. The SDLP Certificates 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.

As of December 31, 2018, we and Varagon and its clients had agreed to make capital available to the SDLP of \$6.4 billion in the aggregate, of which \$1.4 billion is to be made available from us. We will continue to provide capital to the SDLP in the form of 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. This capital will only be committed to the SDLP upon approval of transactions by the investment committee of the SDLP as discussed above. For more information on the SDLP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Senior Direct Lending Program" and Note 4 to our consolidated financial statements for the year ended December 31, 2018 and Note 4 to our consolidated financial statements for the year ended December 31, 2018.

**Ivy Hill Asset Management, L.P.**

As of December 31, 2018, our portfolio company, IHAM, an SEC-registered investment adviser, managed 21 vehicles and served as the sub-manager/sub-servicer for two other vehicles (such vehicles, the "IHAM Vehicles"). As of December 31, 2018, IHAM had assets under management of approximately \$4.7 billion. As of December 31, 2018, the amortized cost and fair value of our investment in IHAM was \$444 million and \$518 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.

**Ares Capital Management LLC**

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 100 U.S.-based investment professionals as of December 31, 2018 and led by certain partners of the Ares Credit Group: Kipp deVeer, Mitchell Goldstein and Michael Smith. Ares Capital Management leverages off of Ares' investment platform and benefits from the significant capital markets, trading and research expertise of Ares' investment professionals. Ares Capital Management's investment committee has eight members primarily comprised of certain of the U.S.-based partners of the Ares Credit Group.

**Recent Developments**

In January 2019, we repaid in full the \$300 million in aggregate principal amount of unsecured convertible notes that matured on January 15, 2019 (the "2019 Convertible Notes"). The 2019 Convertible Notes bore interest at a rate of 4.375% per year, payable semi-annually.

In February 2019, our board of directors authorized an amendment to our stock repurchase program to (a) increase the total authorization under the program from \$300 million to \$500 million

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and (b) extend the expiration date of the program from February 28, 2019 to February 15, 2020. Under the stock repurchase program, we may repurchase up to \$500 million in the aggregate of our outstanding common stock in the open market at a price per share that meets certain thresholds below our 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.

From January 1, 2019 through February 28, 2019, we made new investment commitments of approximately \$1.4 billion, of which approximately \$1.3 billion were funded. Of these new commitments, 46% were in first lien senior secured loans, 38% were in second lien senior secured loans, 10% were in preferred equity securities and 6% were in the subordinated certificates of the SDLP. Of the approximately \$1.4 billion of new investment commitments, 99% were floating rate and 1% fixed rate. The weighted average yield of debt and other income producing securities funded during the period at amortized cost was 9.8%. 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 January 1, 2019 through February 28, 2019, we exited approximately \$1.0 billion of investment commitments. Of the total investment commitments exited, 84% were first lien senior secured loans, 15% were second lien senior secured loans and 1% were other equity securities. Of the approximately \$1.0 billion of exited investment commitments, 98% were floating rate, 1% were non-interest bearing and 1% were on non-accrual status. The weighted average yield of debt and other income producing securities exited or repaid during the period at amortized cost was 8.5% and the weighted average yield on total investments exited or repaid during the period at amortized cost was 8.3%. On the approximately \$1.0 billion of investment commitments exited from January 1, 2019 through February 28, 2019, we recognized total net realized gains of approximately \$2 million.

In addition, as of February 28, 2019, we had an investment backlog and pipeline of approximately \$920 million and \$75 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.

**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 principal executive offices are located at 245 Park Avenue, 44th Floor, New York, New York 10167, telephone number (212) 750-7300.

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**SPECIFIC TERMS OF THE NOTES AND THE OFFERING**

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

Issuer	Ares Capital Corporation
Securities	\$350,000,000 principal amount of 4.625% Convertible Notes due 2024 (plus up to an additional \$52,500,000 principal amount).
Maturity	March 1, 2024, unless earlier repurchased or converted.
Interest	4.625% per year. Interest will accrue from March 8, 2019 or from the most recent date on which interest was paid or duly provided for, and will be payable semiannually in arrears on March 1 and September 1 of each year, beginning on September 1, 2019.
Option	The underwriters may also purchase up to an additional \$52,500,000 total aggregate principal amount of notes offered hereby for settlement within a period of 13 days from, and including, the date notes are first issued hereunder.
Conversion Rights	<p>Holders may convert their notes at their option prior to the close of business (as defined below) on the business day (as defined below) immediately preceding December 1, 2023, only under the following circumstances:</p> <p>during any calendar quarter commencing after the calendar quarter ending on June 30, 2019 (and only during such calendar quarter), if the last reported sale price (as defined below) of the common stock for at least 20 trading days (as defined below) (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;</p> <p>during the five business day period after any ten consecutive trading day period (the "measurement period") in which the "trading price" (as defined under "Description of Notes Conversion Rights Conversion Upon Satisfaction of Trading Price Condition") per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or</p>

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upon the occurrence of specified corporate events described under "Description of Notes Conversion Rights Conversion Upon Specified Corporate Events."

On or after December 1, 2023, until the close of business on the second scheduled trading day (as defined herein) immediately preceding the maturity date, holders may convert their notes at the option of the holder regardless of the foregoing circumstances.

The conversion rate for the notes is initially 50.2930 shares per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$19.88 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to maturity, we will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances as described under "Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change."

Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of common stock, at our election. If we satisfy our conversion obligation in solely cash or through payment and delivery, as the case may be, of a combination of cash and shares of our common stock, the amount of cash and shares of our common stock, if any, due upon conversion will be based on a "daily conversion value" (as defined herein) calculated on a proportionate basis for each "VWAP trading day" in a 15 "VWAP trading day" "observation period" as described under "Description of Notes Conversion Rights Settlement Upon Conversion."

You will not receive any additional cash payment or additional shares of our common stock representing accrued and unpaid interest, if any, upon conversion of a note, except in limited circumstances. Instead, interest will be deemed to be paid by the cash, shares of our common stock or a combination of cash and shares of our common stock paid or delivered, as the case may be, to you upon conversion of a note.

No Redemption

We may not redeem the notes prior to maturity, and no "sinking fund" is provided for the notes, which means that we are not required to redeem or retire the notes periodically.

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Fundamental Change

If we undergo a "fundamental change" (as defined in this prospectus supplement under "Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes"), subject to certain conditions and a limited exception described in this prospectus supplement, holders may require us to repurchase for cash all or part of their notes. The fundamental change repurchase price (as defined herein) will be equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date (as defined below). See "Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes."

Ranking

The notes will be our senior unsecured obligations and will rank:

senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the notes;

equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated, including without limitation, approximately \$3.2 billion principal amount of senior unsecured notes outstanding February 28, 2019 (including approximately \$388 million principal amount of the 2022 Convertible Notes (as defined below) outstanding);

effectively junior in right of payment to any of our secured indebtedness (including unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness, including, without limitation, approximately \$1.9 billion aggregate principal amount of outstanding indebtedness as of February 28, 2019 under our revolving credit facility (the "Revolving Credit Facility"); and

structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities, including, without limitation, approximately \$470 million aggregate principal amount of outstanding indebtedness as of February 28, 2019 under the \$1.0 billion revolving funding facility of our consolidated subsidiary, Ares Capital CP Funding LLC (the "Revolving Funding Facility"), approximately \$245 million aggregate principal amount of outstanding indebtedness as of February 28, 2019 under the \$400 million revolving funding facility of our consolidated subsidiary, Ares Capital JB Funding LLC (the "SMBC Funding Facility" and together with the Revolving Credit Facility and the Revolving Funding Facility, the "Facilities").

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As of February 28, 2019, our total consolidated indebtedness was approximately \$5.8 billion aggregate principal amount, of which approximately \$1.9 billion was secured indebtedness at the Ares Capital level, and of which an aggregate of approximately \$715 million was indebtedness of our subsidiaries. After giving effect to the issuance of the notes (assuming no exercise of the underwriters' option to purchase additional notes) and assuming the proceeds therefrom are used to repay outstanding borrowings under the Revolving Credit Facility, the Revolving Funding Facility and/or the SMBC Funding Facility, our total consolidated indebtedness would have been approximately \$5.8 billion principal amount as of February 28, 2019. See "Capitalization."

The indenture governing the notes does not limit the amount of debt that we or our subsidiaries may incur.

Use of Proceeds

We estimate that the proceeds from this offering will be approximately \$339.6 million (or approximately \$390.7 million if the underwriters exercise their option to purchase additional notes in full), after deducting fees and estimated expenses. We intend to use the net proceeds from this offering to repay or repurchase certain outstanding indebtedness under the Revolving Credit Facility, the Revolving Funding Facility and/or the SMBC Funding Facility. We may reborrow under these credit facilities for general corporate purposes, which include investing in portfolio companies in accordance with our investment objective. See "Use of Proceeds."

Book-Entry Form

The notes will initially be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

Absence of a Public Market for the Notes

The notes are new securities, and there is currently no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the notes without notice. We do not intend to apply for a listing of the notes on any securities exchange or any dealer quotation system.



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U.S. Federal Income Tax Consequences	For the U.S. federal income tax consequences of the holding, disposition and conversion of the notes, and the holding and disposition of shares of our common stock, see "Certain Material U.S. Federal Income Tax Considerations."
NASDAQ Global Select Market Symbol for Our Common Stock	Our common stock is listed on The NASDAQ Global Select Market under the symbol "ARCC."
Trustee, Paying Agent and Conversion Agent	U.S. Bank National Association.

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The following table is intended to assist you in understanding the costs and expenses that an investor that converts the notes into shares of our common stock will bear, directly or indirectly, based on the assumptions set forth below. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this table contains a reference to our fees or expenses, we will pay such fees and expenses out of our net assets and, consequently, stockholders will indirectly bear such fees or expenses as investors in Ares Capital.

<b>Stockholder transaction expenses (as a percentage of offering price):</b>	
Sales load for conversion of notes	
Expenses for conversion of notes	(1)
	Up to \$15
Dividend reinvestment plan expenses	Transaction Fee (2)
<b>Total stockholder transaction expenses paid</b>	
<b>Annual expenses (as a percentage of consolidated net assets attributable to common stock)(3):</b>	
Base management fees	2.59%(4)
Income based fees and capital gains incentive fees (excluding the Fee Waiver (as defined below))	2.79%(5)
Interest payments on borrowed funds	3.33%(6)
Other expenses	0.83%(7)
Acquired fund fees and expenses	1.55%(8)
Total annual expenses	11.09%(9)
Fee Waiver	(0.42%)(10)
Total annual expenses after the Fee Waiver	10.67%(9)(10)

(1) The expenses of converting the notes are included in "Other expenses."

(2) The expenses of the dividend reinvestment plan are included in "Other expenses." The plan administrator's fees under the plan are paid by us. If a participant elects by notice to the plan administrator in advance of termination to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a transaction fee of up to \$15 plus a \$0.12 per share fee from the proceeds. See "Dividend Reinvestment Plan" for more information.

(3) The "consolidated net assets attributable to common stock" used to calculate the percentages in this table is our average net assets of \$7.2 billion for the year ended December 31, 2018.

(4) Our base management fee is currently 1.5% of our total assets (other than cash and cash equivalents) (which includes assets purchased with borrowed amounts). Our base management fee has been estimated by multiplying our average total assets (assuming we maintain no cash or cash equivalents) for the year ended December 31, 2018 by 1.5%. The 2.59% reflected on the table is higher than 1.5% because it is calculated on our average net assets (rather than our average total assets) for the same period. See

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"Management Investment Advisory and Management Agreement." In connection with our board of directors approving the modification of the asset coverage requirement applicable to senior securities from 200% to 150% effective on June 21, 2019 (unless we receive earlier stockholder approval), the investment advisory and management agreement will be amended effective June 21, 2019 (or such earlier date) to reduce our annual base management fee from 1.5% to 1.0% on all assets financed using leverage over 1.0x debt to equity.

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(5)

This item represents our investment adviser's income based fees and capital gains incentive fees estimated based on actual income based fees for the year ended December 31, 2018 without taking into account the Fee Waiver, and the capital gains incentive fee expense accrued in accordance with U.S. generally accepted accounting principles ("GAAP") for the year ended December 31, 2018, even though the capital gains incentive fee actually payable under the investment advisory and management agreement as of December 31, 2018 was \$50 million.

GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Company Act or the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the capital gains incentive fee actually payable under the investment advisory and management agreement plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires us to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual capital gains incentive fees paid or capital gains incentive fees accrued under GAAP in all prior periods. The resulting 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 reversal 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. There can be no assurance that such unrealized capital appreciation will be realized in the future or that the amount accrued for will ultimately be paid.

For purposes of this table, we have assumed that these fees will be payable (in the case of the capital gains incentive fee) and that they will remain constant, although they are based on our performance and will not be paid unless we achieve certain goals. We expect to invest or otherwise utilize all of the net proceeds from this offering within three months of the date of this prospectus supplement and may have capital gains and interest income that could result in the payment of these fees to our investment adviser in the first year after completion of this offering. Since our initial public offering through December 31, 2018, the average quarterly fees accrued related to income based fees and capital gains incentive fees (including capital gains incentive fees accrued under GAAP even though they may not be payable) have been approximately 0.64% of our weighted average net assets for such period (2.57% on an annualized basis). For more detailed information on the calculation of our income based fees and capital gains incentive fees, please see below. For more detailed information about income based fees and capital gains incentive fees previously incurred by us, please see Note 3 to our consolidated financial statements for the year ended December 31, 2018.

Income based fees are payable quarterly in arrears in an amount equal to 20% of our pre-incentive fee net investment income (including interest that is accrued but not yet received in cash), subject to a 1.75% quarterly (7.0% annualized) hurdle rate and a "catch-up" provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, our investment adviser receives no income based fees until our net investment income equals the hurdle rate of 1.75% but then receives, as a "catch-up," 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%. The effect of this provision is that, if pre-incentive fee net investment income exceeds 2.1875% in any calendar quarter, our investment adviser will receive 20% of our pre-incentive fee net investment income as if a hurdle rate did not apply.

Capital gains incentive fees are payable annually in arrears in an amount equal to 20% of our realized capital gains on a cumulative basis from inception through the end of the year, if any,

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computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of capital gains incentive fees paid in all prior years.

We will defer cash payment of any income based fees and capital gains incentive fees 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) 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. Any deferred income based fees and capital gains incentive fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under the investment advisory and management agreement.

These calculations will be adjusted for any share issuances or repurchases.

See "Management Investment Advisory and Management Agreement."

- (6) "Interest payments on borrowed funds" represents our interest expenses estimated based on our actual interest and credit facility expenses incurred for the year ended December 31, 2018. During the year ended December 31, 2018, our average outstanding borrowings were approximately \$4.8 billion and cash paid for interest expense was \$201 million. We had outstanding borrowings of approximately \$5.3 billion (with a carrying value of approximately \$5.2 billion) as of December 31, 2018. This item is based on the assumption that our borrowings and interest costs after an offering will remain similar to those prior to such offering. The amount of leverage that we may employ at any particular time will depend on, among other things, our investment adviser's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. See "Risk Factors Risks Relating to Our Business We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us." in the accompanying prospectus. We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% after such borrowing. Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). See "Risk Factors Risks Relating to Our Business Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement will reduce from 200% to 150%, which may increase the risk of investing with us." in the accompanying prospectus.
- (7) Includes our overhead expenses, including payments under our administration agreement based on our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, and income taxes. Such expenses are estimated based on actual "Other expenses" for the year ended December 31, 2018. The holders of shares of our common stock (and not the holders of our debt securities or preferred stock, if any) indirectly bear the cost associated with our annual expenses. See "Management Administration Agreement."
- (8) Our stockholders indirectly bear the expenses of underlying funds or other investment vehicles that would be investment companies under section 3(a) of the Investment Company Act but for the exceptions to that definition provided for in sections 3(c)(1) and 3(c)(7) of the Investment Company Act ("Acquired Funds") in which we invest. Such underlying funds or other investment vehicles are referred to in this prospectus as "Acquired Funds." This amount is estimated based on the estimated annual fees and operating expenses of Acquired Funds in which the Company is invested as of December 31, 2018. Certain of these Acquired Funds are subject to management

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fees, which generally range from 1% to 2.5% of total net assets, or incentive fees, which generally range between 15% and 25% of net profits. When applicable, fees and operating expenses estimates are based on historic fees and operating expenses for the Acquired Funds. For those Acquired Funds with little or no operating history, fees and operating expenses are estimates based on expected fees and operating expenses stated in the Acquired Funds' offering memorandum, private placement memorandum or other similar communication without giving effect to any performance. Future fees and operating expenses for these Acquired Funds may be substantially higher or lower because certain fees and operating expenses are based on the performance of the Acquired Funds, which may fluctuate over time. Also included with the amount is an estimate of the annual fees and operating expenses of the SDLP. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Co-Investment Program Senior Direct Lending Program" and Note 4 to our consolidated financial statements for the year ended December 31, 2018 for more information on the SDLP. The annual fees and operating expenses of the SDLP were estimated based on the funded portfolio of the SDLP as of December 31, 2018 and include interest payments on the senior notes and intermediate funding notes provided by Varagon and its clients, which represent 90% of such expenses.

(9) "Total annual expenses" as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage and increase our total assets. The SEC requires that the "Total annual expenses" percentage be calculated as a percentage of 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), rather than the total assets, including assets that have been funded with borrowed monies.

(10) In connection with our acquisition of American Capital, Ltd. ("American Capital") (the "American Capital Acquisition"), our investment adviser has agreed to waive up to \$100 million in income based fees from us for the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, in an amount equal to the lesser of (1) \$10 million of income based fees and (2) the amount of income based fees for each such quarter, in each case, to the extent payable by us in such quarter pursuant to and as calculated under our investment advisory and management agreement (the "Fee Waiver"). This item represents the estimated adjustment of \$30 million for 2019 to our investment adviser's income based fees to take into account the Fee Waiver.

**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that we would have no additional leverage, that none of our assets are cash or cash equivalents and that our annual operating expenses would remain at the levels set forth in the table above. Income based fees and the capital gains incentive fees under the investment advisory and management agreement, which, assuming a 5% annual return, would either not be payable or have an insignificant impact on the expense amounts shown below, are not included

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in the example, except as specifically set forth below. Transaction expenses are not included in the following example.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$1,000 common stock investment, assuming a 5% annual return (none of which is subject to the capital gains incentive fee)(1)	\$ 85	\$ 246	\$ 396	\$ 728
You would pay the following expenses on a \$1,000 common stock investment, assuming a 5% annual return resulting entirely from net realized capital gains (all of which is subject to the capital gains incentive fee)(2)	\$ 95	\$ 274	\$ 439	\$ 798

(1) Assumes that we will not realize any capital gains computed net of all realized capital losses and unrealized capital depreciation.

(2) Assumes no unrealized capital depreciation and a 5% annual return resulting entirely from net realized capital gains and not otherwise deferrable under the terms of the investment advisory and management agreement and therefore subject to the capital gains incentive fee.

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. If we were to achieve sufficient returns on our investments, including through the realization of capital gains, to trigger income based fees or capital gains incentive fees of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our board of directors authorizes and we declare a cash dividend, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

**This example and the expenses in the table above should not be considered a representation of our future expenses as actual expenses (including the cost of debt, if any, and other expenses) that we may incur in the future and such actual expenses may be greater or less than those shown.**

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**RISK FACTORS**

*You should carefully consider the risk factors described below and under the caption "Risk Factors" in the accompanying prospectus, together with all of the other information included in this prospectus supplement and the accompanying prospectus, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our 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 net asset value of our common stock and the trading price, if any, of our securities could decline, and you may lose all or part of your investment. As used in "Risks Relating to the Notes and Ownership of our Common Stock" below, "we," "us," "our," "the Company" and "Ares Capital" refer to Ares Capital Corporation and not to its consolidated subsidiaries. Otherwise, in this "Risk Factors" section, unless the context otherwise requires, such terms refer to Ares Capital Corporation and its consolidated subsidiaries.*

**RISKS RELATING TO THE NOTES AND OWNERSHIP OF OUR COMMON STOCK**

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

The notes will not be secured by any of our assets or any of the assets of our subsidiaries. As a result, the notes are effectively subordinated, or junior, to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the notes. As of February 28, 2019, we had \$1.9 billion aggregate principal amount of outstanding indebtedness under the Revolving Credit Facility. The Revolving Credit Facility is secured by certain assets in our portfolio and excludes investments held by Ares Capital CP Funding LLC ("Ares Capital CP") under the Revolving Funding Facility, those held by Ares Capital JB Funding LLC ("ACJB") under the SMBC Funding Facility and certain other investments; the indebtedness thereunder is therefore effectively senior to the notes to the extent of the value of such assets.

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

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

Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including trade creditors) and holders of preferred stock, if any, of our subsidiaries



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will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the notes will be structurally subordinated to all indebtedness and other liabilities (including trade payables) of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. As of February 28, 2019 we had \$470 million aggregate principal amount of outstanding indebtedness under the Revolving Funding Facility and \$245 million aggregate principal amount of outstanding indebtedness under the SMBC Funding Facility.

All of such indebtedness would be structurally senior to the notes. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the notes.

**Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the notes.**

We expect that many investors in, and potential purchasers of, the notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors that employ a convertible arbitrage strategy with respect to convertible debt instruments typically implement that strategy by selling short the common stock underlying the notes and dynamically adjusting their short position while they hold the notes. Investors may also implement this strategy by entering into swaps on the common stock in lieu of or in addition to short selling the common stock. As a result, any specific rules regulating short selling of securities or equity swaps or other governmental action that interferes with the ability of market participants to effect short sales or equity swaps with respect to our common stock could adversely affect the ability of investors in the notes to conduct the convertible arbitrage strategy that we believe they will employ, or seek to employ, with respect to the notes. This could, in turn, adversely affect the trading price and liquidity of the notes.

The SEC and other regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). These rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc., and the national securities exchanges of a "limit up-limit down" program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts investors' ability to effect short sales of our common stock or enter into equity swaps on our common stock could depress the trading price of, and the liquidity of the market for, the notes.

In addition, the liquidity of the market for our common stock may decline, which could reduce the number of shares available for lending in connection with short sale transactions and the number of counterparties willing to enter into an equity swap on our common stock with a note investor. If investors and potential purchasers seeking to employ a convertible note arbitrage strategy are unable to borrow or enter into equity swaps on our common stock on commercially reasonable terms, then the trading price of, and the liquidity of the market for, the notes may significantly decline.

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**Volatility in the market price and trading volume of our common stock could adversely impact the trading price of the notes.**

The stock market over the past several years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this section, elsewhere in this prospectus supplement and the accompanying prospectus or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our portfolio companies or competitors regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our common stock would likely adversely impact the trading price of the notes. The price of our common stock could also be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the trading prices of the notes.

In addition, the capital and credit markets have experienced periods of volatility and disruption over the past several years. This volatility has had a significant effect on the market price of securities issued by many companies for reasons often unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, regardless of our operating results.

We are required to continue to meet certain listing standards in order for our common stock to remain listed on the Nasdaq. If we were to be delisted by the Nasdaq, the liquidity of our common stock would be materially impaired.

**We may not have, or have the ability to raise, the funds necessary to settle conversions of the notes or to repurchase the notes upon a fundamental change, and our debt may contain limitations on our ability to pay cash or deliver shares of our common stock upon conversion or repurchase of the notes.**

Holders of the notes will have the right to require us to repurchase their notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, as described under "Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes." In addition, upon conversion of the notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than cash in lieu of any fractional share), we will be required to make cash payments in respect of the notes being converted as described under "Description of Notes Conversion Rights Settlement Upon Conversion." However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefor or notes being converted. In addition, our ability to repurchase the notes or to pay cash upon conversions of the notes may be limited by law, by regulatory authority or by agreements governing our indebtedness, including our Revolving Credit Facility. We will not pay cash upon conversion or repurchase of the notes if prohibited by our current or future indebtedness. Our failure to repurchase notes at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments upon conversions thereof.

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**The conditional conversion feature of the notes, if triggered, may adversely affect our financial condition and operating results.**

In the event the conditional conversion feature of the notes is triggered, holders of notes will be entitled to convert the notes at any time during specified periods at their option. See "Description of Notes Conversion Rights" If one or more holders elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than cash in lieu of any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

**The accounting method for convertible debt securities that may be settled in cash, such as the notes, is the subject of recent changes that could have a material effect on our reported financial results.**

The accounting method for reflecting the notes on our balance sheet, accruing interest expense for the notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition.

We expect that, under applicable accounting principles, the initial liability carrying amount of the notes will be the fair value of a similar debt instrument that does not have a conversion feature, valued using our cost of capital for straight, unconvertible debt. We expect to reflect the difference between the net proceeds from this offering and the initial carrying amount as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the notes. As a result of this amortization, the interest expense that we expect to recognize for the notes for accounting purposes will be greater than the cash interest payments we will pay on the notes, which will result in lower reported income or higher reported loss. The lower reported income or higher reported loss resulting from this accounting treatment could depress the trading price of our common stock and the notes.

In addition, because we currently intend to settle conversions by paying the conversion value in cash up to the principal amount being converted and any excess in shares, we expect to be eligible to use the treasury stock method of accounting to reflect the shares underlying the notes in our diluted earnings per share. Under this method, if the conversion value of the notes exceeds their principal amount for a reporting period, then we will calculate our diluted earnings per share assuming that all the notes were converted and that we issued shares of our common stock to settle the excess. However, if reflecting the notes in diluted earnings per share in this manner is anti-dilutive, or if the conversion value of the notes does not exceed their principal amount for a reporting period, then the shares underlying the notes will not be reflected in our diluted earnings per share. In addition, if accounting standards change in the future and we are not permitted to use the treasury stock method of accounting, then our diluted earnings per share may decline.

Furthermore, if any of the conditions to the convertibility of the notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the notes as a current, rather than a long-term, liability. This reclassification could be required even if no noteholders convert their notes and could materially reduce our reported working capital.

**Future sales of our common stock in the public market or issuance of securities senior to our common stock could lower the market price for our common stock and adversely impact the value of the notes.**

We periodically access the capital markets to raise cash to fund new investments. We are regularly in discussions with third parties regarding potential capital raising opportunities, both in the public debt and equity capital markets as well as in the private markets. In the future, we may sell additional shares of our common stock or equity-related securities to raise capital. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock or the value of the notes. As permitted by the Maryland General Corporation Law, our

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charter provides that the board of directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. The issuance and sale of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the trading price of the notes and the market price of our common stock and impair our ability to raise capital through the sale of additional securities. See "Risk Factors Risks Relating to Our Business Our ability to grow depends on our ability to raise capital." in the accompanying prospectus.

**Holders of notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to them to the extent our conversion obligation includes shares of our common stock.**

Holders of notes will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock) prior to the conversion date (as defined below) relating to such notes, if any (if we have elected to settle the relevant conversion by delivering solely shares of our common stock, other than cash in lieu of any fractional share) or the last VWAP trading day of the relevant observation period (if we elect to pay and deliver, as the case may be, a combination of cash and shares of our common stock in respect of the relevant conversion), but holders of notes will be subject to all changes affecting our common stock. For example, if an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date related to a holder's conversion of its notes (if we have elected to settle the relevant conversion by delivering solely shares of our common stock, other than cash in lieu of any fractional share) or the last VWAP trading day of the relevant observation period (if we elect to pay and deliver, as the case may be, a combination of cash and shares of our common stock in respect of the relevant conversion), such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting our common stock.

**The conditional conversion feature of the notes could result in your receiving less than the value of our common stock into which the notes would otherwise be convertible.**

Prior to the close of business on the business day immediately preceding December 1, 2023, you may convert your notes only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the value of the cash, common stock or a combination of cash and common stock, as applicable, into which the notes would otherwise be convertible.

**Upon conversion of the notes, you may receive less valuable consideration than expected because the value of our common stock may decline after you exercise your conversion right but before we settle our conversion obligation.**

Under the notes, a converting holder will be exposed to fluctuations in the value of our common stock during the period from the date such holder surrenders notes for conversion until the date we settle our conversion obligation.

Upon conversion of the notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to satisfy our conversion obligation in cash or a combination of cash and shares of our common stock, the amount of consideration that you will receive upon conversion of your notes will be determined by reference to the volume weighted average prices of our common stock for each VWAP trading day in a 15 VWAP trading day observation period. As described under "Description of Notes Conversion

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Rights Settlement Upon Conversion," this period would be (i) if the relevant conversion date occurs prior to December 1, 2023, the 15 consecutive VWAP trading day period beginning on, and including, the second VWAP trading day after such conversion date; and (ii) if the relevant conversion date occurs on or after December 1, 2023, the 15 consecutive VWAP trading days beginning on, and including, the 16th scheduled trading day immediately preceding the maturity date. Accordingly, if the price of our common stock decreases during this period, the amount and/or value of consideration you receive will be adversely affected. In addition, if the market price of our common stock at the end of such period is below the average of the volume weighted average price of our common stock during such period, the value of any shares of our common stock that you will receive in satisfaction of our conversion obligation will be less than the value used to determine the number of shares that you will receive.

If we elect to satisfy our conversion obligation in solely shares of our common stock upon conversion of the notes, we will be required to deliver the shares of our common stock, together with cash for any fractional share, on the second business day following the relevant conversion date (provided that we will settle on the maturity date (or, if the maturity date is not a business day, the immediately following business day) any conversions to which physical settlement applies and whose conversion date occurs after the regular record date immediately preceding the maturity date). Accordingly, if the price of our common stock decreases during this period, the value of the shares that you receive will be adversely affected and would be less than the conversion value of the notes on the conversion date.

**The notes are not protected by restrictive covenants; we may incur substantially more debt or take other actions that would intensify the risks described herein.**

The indenture governing the notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. The indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change or other corporate transaction involving us except to the extent described under "Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes," "Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change" and "Description of Notes Consolidation, Merger and Sale of Assets."

Despite our current consolidated debt levels, we and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in the Investment Company Act and our debt instruments, some of which may be secured debt. We will not be restricted under the terms of the indenture governing the notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the notes that could have the effect of diminishing our ability to make payments on the notes when due. See "Risk Factors Risks Relating to Our Business We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us" in the accompanying prospectus.

**The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction.**

If a make-whole fundamental change (as defined herein) occurs prior to maturity, under certain circumstances, we will increase the conversion rate by a number of additional shares of our common stock for notes converted in connection with such make-whole fundamental change. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid (or deemed to be paid) per share of our common

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stock in such transaction, as described below under "Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change." The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the price of our common stock in the transaction is greater than \$24.00 per share or less than \$17.29 (in each case, subject to adjustment), no additional shares will be added to the conversion rate.

Moreover, in no event will the conversion rate exceed 57.8368 shares per \$1,000 principal amount of notes, subject to adjustments in the same manner as the conversion rate as set forth under "Description of Notes Conversion Rights Conversion Rate Adjustments."

Our obligation to increase the conversion rate upon the occurrence of a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

**The conversion rate of the notes may not be adjusted for all dilutive events.**

The conversion rate of the notes is subject to adjustment for certain events, including, but not limited to, the issuance of certain stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness, or assets, cash dividends above a specified threshold and certain issuer tender or exchange offers as described under "Description of Notes Conversion Rights Conversion Rate Adjustments." However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of the notes or our common stock. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the conversion rate.

**Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.**

Upon the occurrence of a fundamental change, you have the right to require us to repurchase your notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of other transactions that could adversely affect the notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the notes. In the event of any such transaction, the holders would not have the right to require us to repurchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of notes.

**Provisions of the notes could discourage an acquisition of us by a third party.**

Certain provisions of the notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the notes will have the right, at their option, to require us to repurchase all of their notes or any portion of the principal amount of such notes in integral multiples of \$1,000. We may also be required to increase the conversion rate in the event of certain transactions constituting a make-whole fundamental change. These provisions could discourage an acquisition of us by a third party.

**We cannot assure you that an active trading market will develop for the notes.**

The notes are a new issue of securities and there is no existing trading market for the notes. We do not intend to apply to list the notes on any securities exchange or to arrange for quotation on any automated dealer quotation system. We have been informed by the underwriters that they currently

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intend to make a market in the notes after the offering is completed. However, the underwriters may cease their market making at any time without notice. In addition, any market making activity will be subject to limits imposed by law. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. In that case you may not be able to sell your notes at a particular time or you may not be able to sell your notes at a favorable price.

**Any adverse rating of the notes may cause their trading price to fall.**

If a rating service were to rate the notes and if such other rating service, were to lower its rating on the notes below the rating initially assigned to the notes or otherwise announces its intention to put the notes on credit watch, the trading price of the notes could decline.

**You may be subject to tax if we make or fail to make certain adjustments to the conversion rate of the notes even though you do not receive a corresponding cash distribution.**

The conversion rate of the notes will be adjusted in certain circumstances, which may, in some circumstances (generally including adjustments to the conversion rate to compensate holders of the notes for distributions of cash or property to our stockholders), result in a deemed distribution to a holder of our notes even though they have not received any cash or property as a result of such adjustments. Adjustments to the conversion rate made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing the dilution of the interest of the U.S. Holders of the notes generally will not be deemed to result in such a distribution. Any deemed distribution will be taxed in the same manner as an actual distribution even if a holder of the notes has not received any cash or property as a result of such adjustments. Applicable withholding taxes (including backup withholding) may apply to any deemed dividends. If any withholding taxes (including backup withholding) are paid on behalf of a holder, then those withholding taxes may be withheld from future interest and payments upon the sale, exchange, redemption, retirement or other taxable disposition of the notes. For a discussion of the U.S. federal income tax treatment of an adjustment to the conversion rate, see "Certain Material U.S. Federal Income Tax Considerations."

**The notes may be issued with original issue discount for United States federal income tax purposes.**

The stated principal amount of the notes may exceed their issue price (as defined below under "Certain Material U.S. Federal Income Tax Considerations Tax Consequences to U.S. Holders of Notes Original Issue Discount") by an amount that equals or exceeds the statutory de minimis amount and, accordingly, the notes may be issued with original issue discount for U.S. federal income tax purposes in an amount equal to such excess. If the notes are issued with original issue discount, U.S. Holders (as defined below under "Certain Material U.S. Federal Income Tax Considerations Tax Consequences to U.S. Holders of Notes") will be required to include such original issue discount in their gross income as it accrues, in advance of their receipt of cash attributable to such original issue discount. See "Certain Material U.S. Federal Income Tax Considerations."

**Our credit ratings may not reflect all risks of an investment in the notes.**

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 the notes. 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 notes.

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**Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.**

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf, (ii) any Internal Corporate Claim, as such term is defined in Section 1-101(p) of the Maryland General Corporation Law, as amended (the "MGCL"), including, without limitation, (a) any action asserting a claim of breach of any duty owed by any of our directors or officers or other employees to us or to our stockholders or (b) any action asserting a claim against us or any of our directors or officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (iii) any action asserting a claim against us or any of our directors or officers or other employees that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in our shares shall be deemed to have notice of and to have consented and waived any objection to this exclusive forum provision of our bylaws, as the same may be amended from time to time. Our board of directors, without stockholder approval, adopted this exclusive forum provision so that we can respond to such litigation more efficiently, reduce the costs associated with our responses to such litigation, particularly litigation that might otherwise be brought in multiple forums, and make it less likely that plaintiffs' attorneys will be able to employ such litigation to coerce us into otherwise unjustified settlements. However, this exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that such stockholder believes is favorable for disputes with us or our directors, officers or other employees, if any, and may discourage lawsuits against us and our directors, officers or other employees, if any. We believe the risk of a court declining to enforce this exclusive forum provision is remote, as the General Assembly of Maryland has specifically amended the MGCL to authorize the adoption of such provision. However, if a court were to find such provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings notwithstanding that the MGCL expressly provides that the charter or bylaws of a Maryland corporation may require that any Internal Corporate Claim be brought only in courts sitting in one or more specified jurisdictions, we may incur additional costs that we do not currently anticipate associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

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

Conflicts may arise in allocating and structuring investments, time, services, expenses or resources among the investment activities of Ares funds, Ares, other Ares-affiliated entities and the employees of Ares. 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 investment adviser or its 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. Members of our investment adviser's investment committee may have significant responsibilities for other Ares funds. Similarly, although the professional staff of our investment adviser will devote as much time to the management of us 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 us, on the one hand, and investment vehicles managed by our investment adviser 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 our business but will instead be allocated between our business and the management of these other investment vehicles.



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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 (including our investment adviser). In addition, there may be conflicts in the allocation of investments among us and the funds managed by investment managers affiliated with Ares (including our investment adviser) or one or more of our controlled affiliates or among the funds they manage, including investments made pursuant to the Co-investment Exemptive Order. Further, such other Ares-managed funds may hold positions in portfolio companies in which Ares Capital has also invested. Such investments may raise potential conflicts of interest between Ares Capital and such other Ares-managed funds, particularly if Ares Capital and such other Ares-managed funds invest in different classes or types of securities or investments of the same underlying portfolio company. In that regard, actions may be taken by such other Ares-managed funds that are adverse to Ares Capital's interests, including, but not limited to, during a restructuring, bankruptcy or other insolvency proceeding or similar matter occurring at the underlying portfolio company.

We have from time to time sold assets to IHAM and certain of 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 affiliates (including IHAM) or we may purchase assets from vehicles managed by one or more of our affiliates (including IHAM). In addition, vehicles managed by one or more of our 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 affiliates (including our investment adviser).

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. Ares, from time to time, incurs fees, costs, and expenses on behalf of more than one fund. To the extent such fees, costs, and expenses are incurred for the account or benefit of more than one fund, each such fund will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of its investment in the activity or entity to which such expense relates (subject to the terms of each fund's governing documents) or in such other manner as Ares considers fair and equitable under the circumstances such as the relative fund size or capital available to be invested by such funds. Where a fund's governing documents do not permit the payment of a particular expense, Ares will generally pay such fund's allocable portion of such expense. 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 could affect our total assets, such as decisions as to whether to incur indebtedness or to make future investments. We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% after such borrowing. Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by

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senior securities issued by us). Accordingly, our investment adviser may have conflicts of interest in connection with decisions to use increased leverage permitted under our modified asset coverage requirement applicable to senior securities, as the incurrence of such additional indebtedness would result in an increase in the base management fees payable to our investment adviser and may also result in an increase in the income based fees and capital gains incentive fees payable to our investment adviser.

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.

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 us 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 to our investment adviser. 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 compensation, rent, and other expenses of certain of our officers (including our chief compliance officer, chief financial officer, chief accounting officer, general counsel, secretary, 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 Management (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

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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.

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

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the information resources of us or our portfolio companies. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems or those of our portfolio companies for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. We and our investment adviser's employees have been and expect to continue to be the target of fraudulent calls, emails and other forms of activities. 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 business relationships. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. As our and our portfolio companies' 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, and the information systems of our portfolio companies. 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. In addition, cybersecurity has become a top priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

**Because the notes will initially be held in book-entry form, noteholders must rely on DTC's procedures to exercise their rights and remedies.**

We will initially issue the notes in the form of one or more "global notes" registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in global notes will be shown on, and transfers of global notes will be effected only through, the records maintained by DTC. Except in limited circumstances, we will not issue certificated notes. See "Description of Notes Book Entry, Settlement and Clearance." Accordingly, if you own a beneficial interest in a global note, then you will not be considered an owner or holder of the notes. Instead, DTC or its nominee will be the sole holder of the notes. Payments of principal, interest and other amounts on global notes will be made to the paying agent, who will remit the payments to DTC. We expect that DTC will then credit those payments to the DTC participant accounts that hold book-entry interests in the global notes and that those participants will credit the payments to indirect DTC participants. Unlike persons who have certificated notes registered in their names, owners of beneficial interests in global notes will not have the direct right to act on our solicitations for consents or requests for waivers or other actions from noteholders. Instead, those beneficial owners will be permitted to act only to the extent that they have received appropriate proxies to do so from DTC or, if applicable, a DTC participant. The applicable procedures for the granting of these proxies may not be sufficient to enable owners of beneficial interests in global notes to vote on any requested actions on a timely basis.

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**SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA OF ARES CAPITAL**

The following selected financial and other data as of and for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, 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 the accompanying prospectus. The 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. 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 supplement or the accompanying prospectus.

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**ARES CAPITAL CORPORATION AND SUBSIDIARIES**  
**SELECTED FINANCIAL DATA**

**As of and For the Years Ended December 31, 2018, 2017, 2016 2015 and 2014**  
**(dollar amounts in millions, except per share data and as otherwise indicated)**

	As of and For the Years Ended December 31,				
	2018	2017	2016	2015	2014
Total Investment Income	\$ 1,337	\$ 1,160	\$ 1,012	\$ 1,025	\$ 989
Total Expenses, Net of Waiver of Income Based Fees	624	630	497	499	533
Net Investment Income Before Income Taxes	713	530	515	526	456
Income Tax Expense, Including Excise Tax	19	19	21	18	18
Net Investment Income	694	511	494	508	438
Net Realized and Unrealized Gains (Losses) on Investments, Foreign Currencies and Other Transactions and Extinguishment of Debt	164	156	(20)	(129)	153
Net Increase in Stockholders' Equity Resulting from Operations	\$ 858	\$ 667	\$ 474	\$ 379	\$ 591
Per Share Data:					
Net Increase in Stockholders' Equity Resulting from Operations:					
Basic	\$ 2.01	\$ 1.57	\$ 1.51	\$ 1.20	\$ 1.94
Diluted	\$ 2.01	\$ 1.57	\$ 1.51	\$ 1.20	\$ 1.94
Cash Dividends Declared and Payable(1)	\$ 1.54	\$ 1.52	\$ 1.52	\$ 1.57	\$ 1.57
Net Asset Value	\$ 17.12	\$ 16.65	\$ 16.45	\$ 16.46	\$ 16.82
Total Assets(2)	\$ 12,895	\$ 12,347	\$ 9,245	\$ 9,507	\$ 9,454
Total Debt (Carrying Value)(2)	\$ 5,214	\$ 4,854	\$ 3,874	\$ 4,114	\$ 3,881
Total Debt (Principal Amount)	\$ 5,297	\$ 4,943	\$ 3,951	\$ 4,197	\$ 3,999
Total Stockholders' Equity	\$ 7,300	\$ 7,098	\$ 5,165	\$ 5,173	\$ 5,284
Other Data:					
Number of Portfolio Companies at Period End(3)	344	314	218	218	205
Principal Amount of Investments Purchased(4)	\$ 7,176	\$ 7,263	\$ 3,490	\$ 3,905	\$ 4,534
Principal Amount of Investments Acquired as part of the American Capital Acquisition on the Acquisition Date	\$	\$ 2,543	\$	\$	\$
Principal Amount of Investments Sold and Repayments	\$ 6,440	\$ 7,107	\$ 3,655	\$ 3,651	\$ 3,213
Total Return Based on Market Value(5)	8.9%	4.5%	26.4%	1.3%	(3.3)%
Total Return Based on Net Asset Value(6)	12.1%	10.5%	9.2%	7.2%	11.8%
Weighted Average Yield of Debt and Other Income Producing Securities at Fair Value(7)	10.3%	9.8%	9.4%	10.3%	10.1%
Weighted Average Yield of Debt and Other Income Producing Securities at Amortized Cost(7)	10.2%	9.7%	9.3%	10.1%	10.1%
Weighted Average Yield of Total Investments at Fair Value(8)	9.3%	8.7%	8.5%	9.2%	9.1%
Weighted Average Yield of Total Investments at Amortized Cost(8)	9.0%	8.7%	8.5%	9.1%	9.3%

(1)

Includes an additional dividend of \$0.05 per share paid in the year ended December 31, 2015 and an additional dividend of \$0.05 per share paid in the year ended December 31, 2014.

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- (2) Certain prior year amounts have been reclassified to conform to the 2018 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.
- (4) Excludes \$2.5 billion of investments acquired as part of the American Capital Acquisition on the Acquisition Date.
- (5) For the year ended December 31, 2018, the total return based on market value equaled the decrease of the ending market value at December 31, 2018 of \$15.58 per share from the ending market value at December 31, 2017 of \$15.72 per share plus the declared and payable dividends of \$1.54 per share for the year ended December 31, 2018, divided by the market value at December 31, 2017. For the year ended December 31, 2017, the total return based on market value equaled the decrease of the ending market value at December 31, 2017 of \$15.72 per share from the ending market value at December 31, 2016 of \$16.49 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2017, divided by the market value at December 31, 2016. For the year ended December 31, 2016, the total return based on market value equaled the increase of the ending market value at December 31, 2016 of \$16.49 per share from the ending market value at December 31, 2015 of \$14.25 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2016, divided by the market value at December 31, 2015. For the year ended December 31, 2015, the total 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. Our shares fluctuate in value. Our performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.
- (6) For the year ended December 31, 2018, 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 \$1.54 per share for the year ended December 31, 2018, divided by the beginning net asset value for the period. For the year ended December 31, 2017, 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 \$1.52 per share for the year ended December 31, 2017, divided by the beginning net asset value for the period. For the year ended December 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 \$1.52 per share for the year ended December 31, 2016, 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 period. 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. 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. Our performance changes

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over time and currently may be different than that shown. Past performance is no guarantee of future results.

- (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) "Weighted average yield on total investments" 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 investments at amortized cost or at fair value, as applicable.

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

	2018			
	Q4	Q3	Q2	Q1
Total investment income	\$ 345	\$ 342	\$ 333	\$ 317
Net investment income before net realized and unrealized gains and income based fees and capital gains incentive fees, net of waiver of income based fees	\$ 229	\$ 225	\$ 210	\$ 192
Income based fees, and capital gains incentive fees, net of waiver of income based fees	\$ 26	\$ 40	\$ 48	\$ 48
Net investment income before net realized and unrealized gains (losses)	\$ 203	\$ 185	\$ 162	\$ 144
Net realized and unrealized gains (losses)	\$ (50)	\$ 24	\$ 92	\$ 98
Net increase in stockholders' equity resulting from operations	\$ 153	\$ 209	\$ 254	\$ 242
Basic and diluted earnings per common share	\$ 0.36	\$ 0.49	\$ 0.60	\$ 0.57
Net asset value per share as of the end of the quarter	\$ 17.12	\$ 17.16	\$ 17.05	\$ 16.84

	2017			
	Q4	Q3	Q2	Q1
Total investment income	\$ 307	\$ 294	\$ 284	\$ 275
Net investment income before net realized and unrealized gains and income based fees and capital gains incentive fees, net of waiver of income based fees	\$ 185	\$ 175	\$ 154	\$ 142
Income based fees, and capital gains incentive fees, net of waiver of income based fees	\$ 45	\$ 22	\$ 30	\$ 48
Net investment income before net realized and unrealized gains (losses)	\$ 140	\$ 153	\$ 124	\$ 94
Net realized and unrealized gains (losses)	\$ 92	\$ (14)	\$ 54	\$ 24
Net increase in stockholders' equity resulting from operations	\$ 232	\$ 139	\$ 178	\$ 118
Basic and diluted earnings per common share	\$ 0.54	\$ 0.33	\$ 0.42	\$ 0.28
Net asset value per share as of the end of the quarter	\$ 16.65	\$ 16.49	\$ 16.54	\$ 16.50

	2016			
	Q4	Q3	Q2	Q1
Total investment income	\$ 261	\$ 258	\$ 245	\$ 248
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees	\$ 157	\$ 164	\$ 144	\$ 147
Income based fees and capital gains incentive fees	\$ 19	\$ 27	\$ 39	\$ 33
Net investment income before net realized and unrealized gains (losses)	\$ 138	\$ 137	\$ 105	\$ 114
Net realized and unrealized gains (losses)	\$ (63)	\$ (28)	\$ 53	\$ 18
Net increase in stockholders' equity resulting from operations	\$ 75	\$ 109	\$ 158	\$ 132
Basic and diluted earnings per common share	\$ 0.24	\$ 0.35	\$ 0.50	\$ 0.42
Net asset value per share as of the end of the quarter	\$ 16.45	\$ 16.59	\$ 16.62	\$ 16.50



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**USE OF PROCEEDS**

We estimate that the net proceeds we will receive from the sale of the notes in this offering will be approximately \$339.6 million (or approximately \$390.7 million if the underwriters fully exercise their option to purchase additional notes), after deducting the underwriting discount of approximately \$1.8 million (or approximately \$2.0 million if the underwriters fully exercise their option to purchase additional notes) payable by us and estimated offering expenses of approximately \$1.6 million payable by us.

We expect to use the net proceeds of this offering to repay outstanding indebtedness under the Revolving Credit Facility (\$1.9 billion aggregate principal amount outstanding as of February 28, 2019), the Revolving Funding Facility (\$470 million aggregate principal amount outstanding as of February 28, 2019) and/or the SMBC Funding Facility (\$245 million aggregate principal amount outstanding as of February 28, 2019).

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 1.875% or an "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility) plus an applicable spread of either 0.75% or 0.875%, 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 February 28, 2019, the one, two, three and six month LIBOR was 2.49%, 2.57%, 2.63% and 2.69%, respectively. The Revolving Credit Facility consists of a \$414 million term loan tranche with a stated maturity date of March 30, 2023 and a \$1.7 billion revolving tranche. As of February 28, 2019, for \$1.6 billion of the revolving tranche of the Revolving Credit Facility, the expiration date is March 30, 2023, for \$50 million of the revolving tranche, the expiration date is January 4, 2022 and for the remaining \$45 million, the expiration date is May 4, 2020. The interest rate charged on the indebtedness incurred under the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. The Revolving Funding Facility is scheduled to expire on January 3, 2024 (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, 2024 (subject to two one-year extension options exercisable upon mutual consent).

Affiliates of certain of the underwriters are lenders under the Revolving Credit Facility, the Revolving Funding Facility and/or the SMBC Funding Facility. Accordingly, affiliates of certain of the underwriters may receive more than 5% of the proceeds of this offering to the extent such proceeds are used to repay or repurchase outstanding indebtedness under the Revolving Credit Facility, the Revolving Funding Facility and/or the SMBC Funding Facility.

We may reborrow under the credit facilities described above for general corporate purposes, which include investing in portfolio companies in accordance with our investment objective.

Investing in portfolio companies could include investments in our investment backlog and pipeline that, as of February 28, 2019, were approximately \$920 million and \$75 million, respectively. Please note that 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.

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The following table sets forth our actual capitalization at December 31, 2018. You should read this table together with "Use of Proceeds" described in this prospectus supplement and our most recent balance sheet included elsewhere in this prospectus supplement or the accompanying prospectus.

	<b>As of December 31, 2018</b> <b>(amounts in millions)</b>
Cash and cash equivalents	\$ 296
<b>Debt(1)</b>	
Revolving Credit Facility	\$ 1,064
Revolving Funding Facility	520
SMBC Funding Facility	245
2019 Convertible Notes	300
2022 Convertible Notes	388
2020 Notes	600
2022 Notes	600
2023 Notes	750
2025 Notes	600
2047 Notes	230
<b>Total Debt</b>	<b>5,297</b>
<b>Stockholders' Equity</b>	
Common stock, par value \$0.001 per share, 600,000,000 common shares authorized, and 426,298,200 common shares issued and outstanding	
Capital in excess of par value	7,173
Accumulated undistributed earnings	127
<b>Total stockholders' equity</b>	<b>7,300</b>
<b>Total capitalization</b>	<b>\$ 12,597</b>

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- (1) The above table reflects the principal amount of indebtedness outstanding as of December 31, 2018. As of February 28, 2019, indebtedness under the Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility were \$1.9 billion, \$470 million and \$245 million, respectively. The net proceeds from the sale of the notes are expected to be used to pay down outstanding indebtedness under the Revolving Credit Facility, the Revolving Funding Facility and/or the SMBC Funding Facility, and for general corporate purposes, which include investing in portfolio companies in accordance with our investment objective. See "Use of Proceeds."

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**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" and our financial statements and notes thereto appearing elsewhere in this prospectus supplement or the accompanying prospectus. Further, the financial information and other data set forth below subsequent to the completion of the American Capital Acquisition (as defined below) on January 3, 2017, reflect the results of the combined company and the financial information and other data prior to the completion of the American Capital Acquisition does not give effect to the American Capital Acquisition, unless otherwise noted. For this reason, period to period comparisons may not be meaningful.*

**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 LLC ("Ares Capital Management" or our "investment adviser"), a subsidiary of Ares Management Corporation (NYSE: ARES) ("Ares Management"), a publicly traded, leading global alternative asset manager, pursuant to our investment advisory and management agreement. 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 December 31, 2018, our exited investments resulted in an asset level realized gross internal rate of return to us of approximately 14% (based on original cash invested, net of syndications, of approximately \$24.7 billion and total proceeds from such exited investments of approximately \$31.8 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 63% of these exited investments resulted in an asset level realized gross internal rate of return to us of 10% or greater.

Additionally, since the closing of the American Capital Acquisition on January 3, 2017 through December 31, 2018, exited investments acquired in the American Capital Acquisition resulted in an asset level realized gross internal rate of return to us of approximately 37% (based on original amounts invested of approximately \$1.7 billion and total proceeds from such exited investments of approximately \$2.3 billion).

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Additionally, since our IPO on October 8, 2004 through December 31, 2018, our realized gains have exceeded our realized losses by approximately \$1.0 billion (excluding a one-time gain on the acquisition of Allied Capital Corporation ("Allied Capital") and realized gains/losses from the extinguishment of debt and other assets). For this same time period, our average annualized net realized gain rate was approximately 1.2% (excluding a one-time gain on the acquisition of Allied Capital and realized gains/losses from the extinguishment of debt and 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. 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 ("RIC") under the Internal Revenue Code of 1986, as amended (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.

***American Capital Acquisition***

On May 23, 2016, we entered into a definitive agreement (the "Merger Agreement") to acquire American Capital, Ltd. ("American Capital"), a Delaware corporation (the "American Capital Acquisition") in a cash and stock transaction valued at approximately \$4.2 billion. At January 3, 2017 (the "Acquisition Date"), the total cash and stock consideration paid by us was \$3.3 billion. In connection with the stock consideration, we issued approximately 112 million shares of our common stock to American Capital's then-existing stockholders (including holders of outstanding in-the-money American Capital stock options), thereby resulting in our then-existing stockholders owning approximately 73.7% of the combined company and then-existing American Capital stockholders owning approximately 26.3% of the combined company.

In connection with the American Capital Acquisition, Ares Capital Management agreed to waive, for each of the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, 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 payable by us in such quarter pursuant to and as calculated under our investment advisory and management agreement (the "Fee Waiver"). See Notes 3 and 16 to our consolidated financial statements for the year ended December 31, 2018 for additional information regarding the American Capital Acquisition.

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Our investment activity for the years ended December 31, 2018, 2017 and 2016 is presented below.

(dollar amounts in millions)	For the Years Ended December 31,		
	2018	2017	2016
<b>New investment commitments(1)(5)(10):</b>			
New portfolio companies	\$ 3,754	\$ 2,155	\$ 2,107
Existing portfolio companies	4,291	3,734	1,596
Total new investment commitments(2)	8,045	5,889	3,703
Less:			
Investment commitments exited(3)	6,476	5,593	3,844
Net investment commitments	\$ 1,569	\$ 296	\$ (141)
<b>Principal amount of investments funded(5)(10):</b>			
First lien senior secured loans	\$ 4,465	\$ 3,442	\$ 1,965
Second lien senior secured loans	1,607	1,491	987
Subordinated certificates of the SDLP(4)	252	222	272
Subordinated certificates of the SSLP			3
Senior subordinated loans	376	273	173
Preferred equity securities	130	120	37
Other equity securities	346	116	53
Total	\$ 7,176	\$ 5,664	\$ 3,490
<b>Principal amount of investments sold or repaid(6):</b>			
First lien senior secured loans	\$ 3,762	\$ 2,394	\$ 2,522
Second lien senior secured loans	1,657	1,536	903
Subordinated certificates of the SDLP(4)	88	4	2
Subordinated certificates of the SSLP(5)		474	
Senior subordinated loans	718	269	189
Collateralized loan obligations	71	150	
Preferred equity securities	80	275	4
Other equity securities	64	476	35
Total	\$ 6,440	\$ 5,578	\$ 3,655
<b>Principal amount of investments acquired as part of the American Capital Acquisition on the Acquisition Date:</b>			
First lien senior secured loans		\$ 550	
Second lien senior secured loans		855	
Senior subordinated loans		244	
Collateralized loan obligations		265	
Preferred equity securities		109	
Other equity securities		520	
Total		\$ 2,543	
<b>Number of new investment commitments(5)(7)(10)</b>	172	155	82
<b>Average new investment commitment amount(5)(10)</b>	\$ 47	\$ 38	\$ 45
<b>Weighted average term for new investment commitments (in months)(5)(8)(10)</b>	76	75	80
<b>Percentage of new investment commitments at floating rates(5)(10)</b>	94%	94%	91%
<b>Percentage of new investment commitments at fixed rates(5)(10)</b>	2%	4%	6%
<b>Weighted average yield of debt and other income producing securities(5)(8)(10):</b>			
Funded during the period at amortized cost	9.0%	9.0%	9.3%
Funded during the period at fair value(9)	9.1%	9.0%	9.2%
Exited or repaid during the period at amortized cost	9.2%	8.9%	8.5%
Exited or repaid during the period at fair value(9)	9.2%	8.9%	8.4%
<b>Weighted average yield of debt and other income producing securities acquired as part of the American Capital Acquisition on the Acquisition Date:</b>			
Funded during the period at amortized cost		10.0%	
Funded during the period at fair value(9)		10.0%	

(1)

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New investment commitments include new agreements to fund revolving loans or delayed draw loans. See "Off Balance Sheet Arrangements" as well as Note 7 to our consolidated financial statements for the year ended December 31, 2018, for more information on our commitments to fund revolving loans or delayed draw loans.

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- (2) Includes both funded and unfunded commitments. Of these new investment commitments, we funded \$6.6 billion, \$5.1 billion and \$3.3 billion for the years ended December 31, 2018, 2017 and 2016, respectively.
- (3) Includes both funded and unfunded commitments. For the years ended December 31, 2018, 2017 and 2016, investment commitments exited included exits of unfunded commitments of \$385 million, \$301 million and \$341 million, respectively.
- (4) See "Senior Direct Lending Program" below and Note 4 to our consolidated financial statements for the year ended December 31, 2018 for more information on the SDLP (as defined below).
- (5) In July 2017, in connection with the effective termination of Senior Secured Loan Fund LLC (d/b/a the "Senior Secured Loan Program" or the "SSLP"), we purchased \$1.6 billion in aggregate principal amount of first lien senior secured loans outstanding at par plus accrued and unpaid interest and fees from the SSLP (the "SSLP Loan Sale") and assumed the SSLP's remaining unfunded loan commitments totaling \$50 million. The loans purchased from the SSLP included loans to 10 different borrowers with a weighted average yield at amortized cost and fair value of 7.1% and 7.1%, respectively. Upon completion of the SSLP Loan Sale, the SSLP made a liquidation distribution to the holders of the subordinated certificates of the SSLP (the "SSLP Certificates"), of which Ares Capital received \$1.5 billion. The impact of these transactions is excluded from the information presented in the table. See "Senior Secured Loan Program" below and Note 4 to our consolidated financial statements for the year ended December 31, 2018 for more information on the SSLP.
- (6) For the years ended December 31, 2018 and 2017, the principal amount of investments sold or repaid included \$0.9 billion and \$1.1 billion, respectively, of investments acquired as part of the American Capital Acquisition.
- (7) 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).
- (8) "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.
- (9) Represents fair value for investments in the portfolio as of the most recent prior quarter end, if applicable.
- (10) Excludes investments acquired as part of the American Capital Acquisition on the Acquisition Date. See Note 16 to our consolidated financial statements for the year ended December 31, 2018 for additional information regarding the American Capital Acquisition.

As of December 31, 2018 and 2017, our investments consisted of the following:

(in millions)	As of December 31,			
	2018		2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First lien senior secured loans	\$ 5,976	\$ 5,836	\$ 5,337	\$ 5,197
Second lien senior secured loans	3,878	3,657	3,885	3,744
Subordinated certificates of the SDLP(1)	652	652	487	487
Senior subordinated loans	717	727	978	995
Collateralized loan obligations	44	45	115	114
Preferred equity securities	576	444	485	532
Other equity securities	911	1,056	618	772
<b>Total</b>	<b>\$ 12,754</b>	<b>\$ 12,417</b>	<b>\$ 11,905</b>	<b>\$ 11,841</b>

(1)

The proceeds from these certificates were applied to co-investments with Varagon Capital Partners ("Varagon") and its clients to fund first lien senior secured loans to 21 and 19 different borrowers as of December 31, 2018 and 2017, respectively.

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The weighted average yields at amortized cost and fair value of the following portions of our portfolio as of December 31, 2018 and 2017 were as follows:

	As of December 31,			
	2018		2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt and other income producing securities(1)	10.2%	10.3%	9.7%	9.8%
Total portfolio(2)	9.0%	9.3%	8.7%	8.7%
First lien senior secured loans(2)	8.4%	8.7%	7.9%	8.1%
Second lien senior secured loans(2)	10.4%	11.1%	9.7%	10.0%
Subordinated certificates of the SDLP(2)(3)	15.0%	15.0%	14.5%	14.5%
Senior subordinated loans(2)	12.7%	12.5%	13.0%	12.8%
Collateralized loan obligations	22.7%	22.2%	9.7%	9.7%
Income producing equity securities(2)	13.5%	13.4%	13.0%	13.0%

- (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" 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 Varagon and its clients 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

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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.

We assigned a fair value as of the Acquisition Date to each of the portfolio investments acquired in connection with the American Capital Acquisition. The initial cost basis of each investment acquired was equal to the fair value of such investment as of the Acquisition Date. Many of these portfolio investments were assigned a fair value reflecting a discount to American Capital's cost basis at the time of American Capital's origination or acquisition. Each investment was initially assessed a grade of 3 (i.e., generally the grade we assign a portfolio company at acquisition), reflecting the relative risk to our initial cost basis of such investments. It is important to note that our grading system does not take into account factors or events in respect of the period from when American Capital originated or acquired such portfolio investments or the status of these portfolio investments in terms of compliance with debt facilities, financial performance and similar factors. Rather, it is only intended to measure risk from the time that we acquired the portfolio investment in connection with the American Capital Acquisition. Accordingly, it is possible that the grades of these portfolio investments may be reduced or increased after the Acquisition Date.

Set forth below is the grade distribution of our portfolio companies as of December 31, 2018 and 2017:

(dollar amounts in millions)	As of December 31,								
	2018			2017					
	Fair Value	%	Number of Companies	%	Fair Value	%	Number of Companies	%	
Grade 1	\$ 107	0.9%	18	5.2%	\$ 72	0.6%	16	5.1%	
Grade 2	455	3.7%	12	3.5%	343	2.9%	14	4.5%	
Grade 3	10,680	85.9%	300	87.2%	10,099	85.3%	268	85.3%	
Grade 4	1,175	9.5%	14	4.1%	1,327	11.2%	16	5.1%	
<b>Total</b>	<b>\$ 12,417</b>	<b>100.0%</b>	<b>344</b>	<b>100.0%</b>	<b>\$ 11,841</b>	<b>100.0%</b>	<b>314</b>	<b>100.0%</b>	

As of December 31, 2018 and 2017, the weighted average grade of the investments in our portfolio at fair value was 3.0 and 3.1, respectively.

As of December 31, 2018, investments on non-accrual status represented 2.5% and 0.6% of the total investments at amortized cost and at fair value, respectively. As of December 31, 2017, investments on non-accrual status represented 3.1% and 1.4% of the total investments at amortized cost and at fair value, respectively.

**Co-Investment Program*****Senior Direct Lending Program***

We have established a joint venture with Varagon to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the Senior Direct Lending Program LLC (d/b/a the "Senior Direct Lending Program" or the "SDLP"). In July 2016, we and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$300 million. The SDLP is capitalized as transactions are completed and 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).

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We provide capital to the SDLP in the form of subordinated certificates (the "SDLP Certificates"), and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of December 31, 2018, we and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates.

As of December 31, 2018 and 2017, we and Varagon and its clients had agreed to make capital available to the SDLP of \$6.4 billion and \$2.9 billion, respectively, in the aggregate, of which \$1,444 million and \$591 million, respectively, is to be made available from us. This capital will only be committed to the SDLP upon approval of transactions by the investment committee of the SDLP. Below is a summary of the funded capital and unfunded capital commitments of the SDLP.

(in millions)	As of December 31,	
	2018	2017
Total capital funded to the SDLP(1)	\$ 3,104	\$ 2,319
Total capital funded to the SDLP by the Company(1)	\$ 652	\$ 487
Total unfunded capital commitments to the SDLP(2)	\$ 187	\$ 92
Total unfunded capital commitments to the SDLP by the Company(2)	\$ 39	\$ 19

(1) At principal amount.

(2) These commitments have been approved by the investment committee of the SDLP and will be funded as the transactions are completed.

The SDLP Certificates pay a coupon of the London Interbank Offered Rate ("LIBOR") plus 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, after expenses, 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.

The amortized cost and fair value of our SDLP Certificates held by us were \$652 million and \$652 million, respectively, as of December 31, 2018 and \$487 million and \$487 million, respectively, as of December 31, 2017. Our yield on our investment in the SDLP at amortized cost and fair value was 15.0% and 15.0%, respectively, as of December 31, 2018 and 14.5% and 14.5%, respectively, as of December 31, 2017. For the years ended December 31, 2018, 2017 and 2016, we earned interest income of \$87 million, \$52 million and \$13 million, respectively, from our investment in the SDLP Certificates. We are also entitled to certain fees in connection with the SDLP. For the years ended December 31, 2018, 2017 and 2016, in connection with the SDLP, we earned capital structuring service and other fees totaling \$16 million, \$11 million and \$6 million, respectively.

As of December 31, 2018 and 2017, the portfolio was comprised of all first lien senior secured loans primarily to U.S. middle market companies and were in industries similar to the companies in

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our portfolio. As of December 31, 2018 and 2017, none of the loans were on non-accrual status. Below is a summary of the SDLP's portfolio as of December 31, 2018 and 2017:

(dollar amounts in millions)	As of December 31,	
	2018	2017
Total first lien senior secured loans(1)	\$ 3,086	\$ 2,316
Weighted average yield on first lien senior secured loans(2)	8.4%	7.6%
Largest loan to a single borrower(1)	\$ 249	\$ 200
Total of five largest loans to borrowers(1)	\$ 1,132	\$ 947
Number of borrowers in the SDLP	21	19
Commitments to fund delayed draw loans(3)	\$ 187	\$ 92

- (1) At principal amount.
- (2) Computed as (a) the annual stated interest rate on accruing first lien senior secured loans, divided by (b) total first lien senior secured loans at principal amount.
- (3) As discussed above, these commitments have been approved by the investment committee of the SDLP.

Selected financial information for the SDLP as of December 31, 2018 and December 31, 2017 and for the years ended December 31, 2018 and 2017, was as follows:

(in millions)	As of December 31,	
	2018	2017
<b>Selected Balance Sheet Information:</b>		
Investments at fair value (amortized cost of \$3,086 and \$2,316)	\$ 3,043	\$ 2,295
Other assets	92	57
 Total assets	 \$ 3,135	 \$ 2,352
 Senior notes	 \$ 2,189	 \$ 1,624
Intermediate funding notes	171	139
Other liabilities	54	35
 Total liabilities	 2,414	 1,798
Subordinated certificates and members' capital	721	554
 Total liabilities and members' capital	 \$ 3,135	 \$ 2,352

(in millions)	For the Years Ended December 31,	
	2018	2017
<b>Selected Statement of Operations Information:</b>		
Total interest and other income	\$ 232	\$ 135
Interest expense	116	63

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Other expenses	12	8
Total expenses	128	71
Net investment income	104	64
Net realized and unrealized losses on investments	(21)	(11)
Net increase in members' capital resulting from operations	\$ 83	\$ 53

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Table of Contents*SDLP Loan Portfolio as of December 31, 2018*

(dollar amounts in millions)		Maturity Date	Stated Interest Rate(1)	Principal Amount	Fair Value(2)
<b>Portfolio Company</b>	<b>Business Description</b>				
42 North Dental, LLC (fka Gentle Communications, LLC)(3)	Dental services provider	5/2022	8.4%	126.8	\$ 126.8
ADCS Billings Intermediate Holdings, LLC(3)	Dermatology practice	5/2022	8.3%	78.6	76.3
AEP Holdings, Inc.(3)(4)	Distributor of non-discretionary, mission-critical aftermarket replacement parts	8/2021	8.5%	160.0	156.8
BakeMark Holdings, Inc.(3)	Manufacturer and distributor of specialty bakery ingredients	8/2023	7.8%	247.8	247.7
Center for Autism and Related Disorders, LLC(3)	Autism treatment and services provider specializing in applied behavior analysis therapy	12/2022	6.5%	119.0	117.8
Chariot Acquisition, LLC(3)	Aftermarket golf cart parts and accessories	9/2021	9.3%	102.5	101.5
Chesapeake Research Review, LLC(3)	Provider of central institutional review boards over clinical trials	11/2023	8.6%	198.4	198.4
D4C Dental Brands, Inc.(3)	Dental services provider	12/2022	9.0%	161.1	161.1
Emergency Communications Network, LLC(3)	Provider of mission critical emergency mass notification solutions	6/2023	8.8%	221.2	214.7
EN Engineering, LLC(3)	National utility services firm providing engineering and consulting services to natural gas, electric power and other energy and industrial end markets	6/2021	7.0%	86.4	86.4
Excelligence Holdings Corporation(3)	Developer, manufacturer and retailer of educational products	4/2023	8.5%	147.6	127.2
Infogix, Inc.(3)(4)	Enterprise data analytics and integrity software solutions provider	4/2024	8.8%	126.8	126.8
ISS Compressors Industries, Inc.	Provider of repairs, refurbishments and services to the broader industrial end user markets	6/2020	9.4%	76.4	76.4
KeyImpact Holdings, Inc.(4)	Foodservice sales and marketing agency	11/2021	8.7%	74.8	74.8
Nordco Inc.(3)	Railroad maintenance-of-way machinery	8/2020	8.9%	110.1	105.7
Pegasus Intermediate Holdings, LLC(3)	Provider of plant maintenance and scheduling software	11/2022	8.5%	176.2	176.2
Penn Detroit Diesel Allison LLC	Distributor of aftermarket parts to the heavy-duty truck industry	12/2021	8.8%	78.4	78.4
SM Wellness Holdings, Inc. and SM Holdco, Inc.(3)(4)	Breast cancer screening provider	8/2024	8.0%	213.0	211.9
TDG Group Holding Company(3)(4)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	5/2024	8.3%	248.8	246.3
Towne Holdings, Inc.	Parking management and hospitality services provider	5/2022	7.8%	131.3	131.3
Woodstream Corporation(3)	Pet products manufacturer	5/2022	8.9%	201.0	200.9
				\$ 3,086.2	\$ 3,043.4

(1) Represents the weighted average annual stated interest rate as of December 31, 2018. All interest rates are payable in cash.

(2) Represents the fair value in accordance with Accounting Standards Codification 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 hold an equity investment in this company.

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Table of Contents*SDLP Loan Portfolio as of December 31, 2017*

(dollar amounts in millions)		Maturity	Stated	Principal	Fair
Portfolio Company	Business Description	Date	Interest Rate(1)	Amount	Value(2)
ADCS Billings Intermediate Holdings, LLC(3)	Dermatology practice	5/2022	7.4%	\$ 79.4	\$ 77.8
AEP Holdings, Inc.(3)(4)	Distributor of non-discretionary, mission-critical aftermarket replacement parts	8/2021	7.2%	136.6	136.6
AMCP Clean Acquisition Company, LLC	Outsourced linen and laundry services provider	7/2020	8.8%	100.7	100.7
BakeMark Holdings, Inc.(3)	Manufacturer and distributor of specialty bakery ingredients	8/2023	6.9%	200.0	200.0
Chariot Acquisition, LLC(3)	Aftermarket golf cart parts and accessories	9/2021	7.9%	103.6	101.5
Chesapeake Research Review, LLC(3)	Provider of central institutional review boards over clinical trials	11/2023	7.1%	200.0	198.0
D4C Dental Brands, Inc.(3)(4)	Dental services provider	12/2022	7.9%	115.6	115.6
Emergency Communications Network, LLC(3)	Provider of mission critical emergency mass notification solutions	6/2023	7.8%	199.0	197.0
EN Engineering, LLC(3)	National utility services firm providing engineering and consulting services to natural gas, electric power and other energy and industrial end markets	6/2021	7.7%	77.2	77.2
Excelligence Learning Corporation(3)	Developer, manufacturer and retailer of educational products	4/2023	7.6%	149.3	143.3
Gentle Communications, LLC(3)	Dental services provider	5/2022	7.9%	113.6	113.6
ISS Compressors Industries, Inc.	Provider of repairs, refurbishments and services to the broader industrial end user markets	6/2018	7.8%	77.3	77.3
KeyImpact Holdings, Inc.(4)	Foodservice sales and marketing agency	11/2021	7.7%	75.5	75.5
Nordco Inc.(3)	Railroad maintenance-of-way machinery	8/2020	7.6%	111.1	103.4
Pegasus Intermediate Holdings, LLC(3)	Provider of plant maintenance and scheduling software	11/2022	7.6%	90.5	90.5
Penn Detroit Diesel Allison LLC	Distributor of aftermarket parts to the heavy-duty truck industry	12/2021	7.8%	79.2	79.2
Towne Holdings, Inc.(3)	Parking management and hospitality services provider	5/2022	7.1%	111.0	111.0
TWH Water Treatment Industries, Inc.	Wastewater infrastructure repair, treatment and filtration holding company	11/2019	8.4%	97.5	97.5
Woodstream Corporation(3)	Pet products manufacturer	5/2022	7.8%	199.0	199.0
				\$ 2,316.1	\$ 2,294.7

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- (1) Represents the weighted average annual stated interest rate as of December 31, 2017. All interest rates are payable in cash.
- (2) Represents the fair value in accordance with Accounting Standards Codification 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 hold an equity investment in this company.



Table of Contents**RESULTS OF OPERATIONS***For the years ended December 31, 2018, 2017 and 2016*

Operating results for the years ended December 31, 2018, 2017 and 2016 were as follows:

(in millions)	For the Years Ended December 31,		
	2018	2017	2016
Total investment income	\$ 1,337	\$ 1,160	\$ 1,012
Total expenses, net of waiver of income based fees	624	630	497
Net investment income before income taxes	713	530	515
Income tax expense, including excise tax	19	19	21
Net investment income	694	511	494
Net realized gains on investments and foreign currency transactions	419	24	110
Net unrealized gains (losses) on investments, foreign currency and other transactions	(255)	136	(130)
Realized losses on extinguishment of debt		(4)	
Net increase in stockholders' equity resulting from operations	\$ 858	\$ 667	\$ 474

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,		
	2018	2017	2016
Interest income from investments	\$ 1,041	\$ 951	\$ 806
Capital structuring service fees	143	105	99
Dividend income	97	76	75
Other income	56	28	32
Total investment income	\$ 1,337	\$ 1,160	\$ 1,012

The increase in interest income from investments for the year ended December 31, 2018 from the comparable period in 2017 was primarily due to an increase in the average size of our portfolio and an increase in the weighted average yield of our portfolio. The size of our portfolio increased from an average of \$11.4 billion at amortized cost for the year ended December 31, 2017 to an average of \$11.9 billion at amortized cost for the comparable period in 2018. The weighted average yield of our total portfolio increased from 8.5% for the year ended December 31, 2017 to 9.0% for the comparable period in 2018 primarily due to an increase in LIBOR during the period. The increase in capital structuring service fees for the year ended December 31, 2018 from the comparable period in 2017 was primarily due to the increase in new investment commitments (excluding investments acquired in the American Capital Acquisition and investments acquired in the SSLP Loan Sale in 2017), which increased from \$5.9 billion for year ended December 31, 2017 to \$8.0 billion for the comparable period in 2018. The weighted average capital structuring fees received on new investment commitments remained steady at 1.8% for the year ended December 31, 2018 from the comparable period in 2017.

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Dividend income for the years ended December 31, 2018 and 2017 included dividends received from Ivy Hill Asset Management, L.P. ("IHAM"), a wholly owned portfolio company, totaling \$58 million and \$40 million, respectively. Also during the year ended December 31, 2018, we received \$12 million in other non-recurring dividends from non-income producing equity securities compared to \$19 million for the comparable period in 2017. The increase in other income for the year ended December 31, 2018 from the comparable period in 2017 was primarily due to higher amendment fees and administrative agent fees.

The increase in interest income from investments for the year ended December 31, 2017 from the comparable period in 2016 was primarily due to an increase in the average size of our portfolio, partially offset by a decrease in the weighted average yield of our portfolio. The size of our portfolio increased from an average of \$9.0 billion at amortized cost for the year ended December 31, 2016 to an average of \$11.4 billion at amortized cost for the comparable period in 2017, which was largely due to the investments acquired as part of the American Capital Acquisition. The weighted average yield of our total portfolio decreased from 9.0% for the year ended December 31, 2016 to 8.5% for the comparable period in 2017. The decline in the weighted average yield was primarily due to the declining yield of the SSLP Certificates up until the SSLP made a liquidation distribution to the holders of the SSLP Certificates (the "SSLP Liquidation Distribution") and the effective termination of the SSLP, during the year ended December 31, 2017. The increase in capital structuring service fees for the year ended December 31, 2017 from the comparable period in 2016 was due to the increase in new investment commitments (excluding investments acquired from the American Capital Acquisition and investments acquired from the SSLP Loan Sale in 2017), which increased from \$3.7 billion for year ended December 31, 2016 to \$5.9 billion for the comparable period in 2017. This increase was partially offset by a decrease in weighted average capital structuring fees received on new investment commitments, which decreased from 2.7% for the year ended December 31, 2016 to 1.8% for the comparable period in 2017. This decline was primarily due to having a higher percentage of new investment commitments made to existing portfolio companies during the year ended December 31, 2017 as compared to the comparable period in 2016. Dividend income for the years ended December 31, 2017 and 2016 included dividends received from IHAM, a wholly owned portfolio company, totaling \$40 million and \$40 million, respectively. Also during the year ended December 31, 2017, we received \$19 million in other non-recurring dividends from non-income producing equity securities compared to \$20 million for the comparable period in 2016. The decrease in other income for the year ended December 31, 2017 from the comparable period in 2016 was primarily attributable to the decrease in sourcing fees from the SSLP for the year ended December 31, 2017 from the comparable period in 2016 resulting from the continued decrease in the size of the SSLP portfolio and eventually the effective termination of the SSLP in July 2017. This decrease was partially offset by higher amendment fees and administrative agent fees for the year ended December 31, 2017 from the comparable period in 2016.

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(in millions)	For the Years Ended December 31,		
	2018	2017	2016
Interest and credit facility fees	\$ 240	\$ 225	\$ 186
Base management fees	180	171	137
Income based fees	169	134	123
Capital gains incentive fees	33	41	(5)
Administrative fees	13	12	14
Professional fees and other costs related to the American Capital Acquisition	3	45	15
Other general and administrative	26	32	27
Total operating expenses	\$ 664	\$ 660	\$ 497
Waiver of income based fees	(40)	\$ (30)	\$
Total expenses, net of waiver of income based fees	\$ 624	\$ 630	\$ 497

Interest and credit facility fees for the years ended December 31, 2018, 2017 and 2016, were comprised of the following:

(in millions)	For the Years Ended December 31,		
	2018	2017	2016
Stated interest expense	\$ 200	\$ 189	\$ 161
Facility fees	17	12	5
Amortization of debt issuance costs	18	18	14
Net accretion of discount on notes payable	5	6	6
Total interest and credit facility fees	\$ 240	\$ 225	\$ 186

Stated interest expense for the year ended December 31, 2018 increased from the comparable period in 2017 primarily due to the increase in our average principal amount of debt outstanding. For the year ended December 31, 2018, our average debt outstanding increased to \$4.8 billion as compared to \$4.6 billion for the comparable period in 2017. The weighted average stated interest rate on our outstanding debt was 4.1% for both the year ended December 31, 2018 and for the comparable period in 2017. Facility fees for the year ended December 31, 2018 increased from the comparable period in 2017 primarily due to lower utilization of our revolving facilities resulting in higher unused commitment fees.

Stated interest expense for the year ended December 31, 2017 increased from the comparable period in 2016 primarily due to the increase in our average principal amount of debt outstanding. For the year ended December 31, 2017, our average debt outstanding increased to \$4.6 billion as compared to \$3.9 billion for the comparable period in 2016, which was largely a result of the American Capital Acquisition. The weighted average stated interest rate on our outstanding debt was 4.1% for both the year ended December 31, 2017 and for the comparable period in 2016. Facility fees for the year ended December 31, 2017 increased from the comparable period in 2016 primarily due to the increased commitments under our revolving facilities resulting in higher unused commitment fees. Amortization of debt issuance costs for the year ended December 31, 2017 increased from the comparable period in 2016 primarily due to the increase in debt issuance costs in connection with the amendments to the Revolving Credit Facility and Revolving Funding Facility.

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The increase in base management fees for the year ended December 31, 2018 from the comparable period in 2017 was primarily due to the increase in the average size of the portfolio for the year ended December 31, 2018 as compared to the year ended December 31, 2017. The increase in base management fees for the year ended December 31, 2017 from the comparable period in 2016 was primarily due to the increase in the average size of the portfolio for the year ended December 31, 2017 (including the approximately \$2.5 billion in investments acquired in the American Capital Acquisition) as compared to the year ended December 31, 2016. The increase in income based fees for the year ended December 31, 2018 from the comparable period in 2017 was primarily due to the pre-incentive fee net investment income, as defined in the investment advisory and management agreement, for the year ended December 31, 2018 being higher than in the comparable period in 2017. The increase in income based fees for the year ended December 31, 2017 from the comparable period in 2016 was primarily due to the pre-incentive fee net investment income, as defined in the investment advisory and management agreement, for the year ended December 31, 2017 being higher than in the comparable period in 2016. As discussed earlier, the years ended December 31, 2018 and 2017 also reflect the Fee Waiver of \$40 million and \$30 million, respectively.

For the years ended December 31, 2018 and 2017, the capital gains incentive fee expense calculated in accordance with generally accepted accounting principles ("GAAP") was \$33 million and \$41 million, respectively. The capital gains incentive fee expense accrual for the year ended December 31, 2017 included an \$11 million accrual related to the American Capital Acquisition as a result of the fair value of the net assets acquired exceeding the fair value of the merger consideration paid by us. For the year ended December 31, 2016, the reduction in capital gains incentive fees calculated in accordance with GAAP was \$5 million. The capital gains incentive fee expense accrual for the year ended December 31, 2018 changed from the comparable period in 2017 primarily due to the \$11 million accrual related to the American Capital Acquisition during the year ended December 31, 2017 as discussed above, partially offset by higher net gains on investments, foreign currency and other transactions and the extinguishment of debt during the year ended December 31, 2018 of \$164 million compared to net gains of \$156 million during the year ended December 31, 2017. The capital gains incentive fee expense accrual for the year ended December 31, 2017 changed from the comparable period in 2016 primarily due to net gains on investments, foreign currency and other transactions and the extinguishment of debt during the year ended December 31, 2017 of \$156 million compared to net losses of \$20 million during the year ended December 31, 2016. 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, 2018, 2017 and 2016, the total capital gains incentive fee accrual calculated in accordance with GAAP was \$112 million, \$79 million and \$38 million, respectively. As of December 31, 2018, the capital gains incentive fee actually payable under our investment advisory and management agreement was \$50 million. As of December 31, 2017, 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 year ended December 31, 2018, 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 compensation, rent and other expenses of certain of our executive officers and their respective staffs. Administrative fees incurred related

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specifically to the American Capital Acquisition are included in professional fees and other costs related to the American Capital Acquisition as discussed below.

For the years ended December 31, 2018, 2017 and 2016, the Company incurred \$3 million, \$45 million and \$15 million, respectively, in professional fees and other costs related to the American Capital Acquisition. For the year ended December 31, 2017, these costs also included \$18 million in one-time investment banking fees incurred in January 2017 upon the closing of the American Capital Acquisition.

Other general and administrative expenses includes, among other costs, professional fees, insurance, fees and expenses related to evaluating and making investments in portfolio companies and independent directors' fees.

**Income Tax Expense, Including Excise Tax**

We have elected to be treated as a RIC under the Code and intend to operate so as to qualify for RIC status. 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. 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 exceed our 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, 2018, 2017 and 2016, we recorded a net expense of \$14 million, \$12 million and \$12 million, respectively, for U.S. federal excise tax. The net expense for the years ended December 31, 2017 and 2016 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 million and \$1 million, respectively.

Certain of our consolidated subsidiaries are subject to U.S. federal and state income taxes. For the years ended December 31, 2018, 2017 and 2016, we recorded a net tax expense of approximately \$5 million, \$7 million and \$9 million, respectively, for these subsidiaries. The net income tax expense for our taxable consolidated subsidiaries will vary depending on the level of realized gains from the exits of investments held by such taxable subsidiaries during the respective periods.

Table of Contents**Net Realized Gains/Losses**

The net realized gains from the sales, repayments or exits of investments during the years ended December 31, 2018, 2017 and 2016 were comprised of the following:

(in millions)	For the Years Ended December 31,		
	2018	2017	2016
Sales, repayments or exits of investments(1)	\$ 6,780	\$ 7,037(2)	\$ 3,749(3)
Net realized gains on investments:			
Gross realized gains	\$ 465	\$ 281	\$ 121
Gross realized losses	(59)	(237)	(11)
<b>Total net realized gains on investments</b>	<b>\$ 406(4)</b>	<b>\$ 44(4)</b>	<b>\$ 110</b>

- (1) Includes \$472 million, \$134 million and \$472 million of investments sold to IHAM and certain vehicles managed by IHAM during the years ended December 31, 2018, 2017 and 2016, respectively. A net realized loss of \$0 million was recorded on these transactions with IHAM during the year ended December 31, 2018. A net realized loss of \$0 million was recorded on these transactions with IHAM during the year ended December 31, 2017. A net realized gain of \$1 million was recorded on these transactions with IHAM for the year ended December 31, 2016. See Note 4 to our consolidated financial statements for the year ended December 31, 2018 for more detail on IHAM and its managed vehicles.
- (2) Includes the \$1.5 billion of proceeds from the SSLP Liquidation Distribution discussed above.
- (3) Includes \$474 million of investments sold to the SDLP in conjunction with the initial funding of the SDLP. No realized gains or losses were recorded on these transactions with the SDLP.
- (4) Includes approximately \$342 million and \$85 million of net realized gains on investments acquired as part of the American Capital Acquisition during the years ended December 31, 2018 and 2017, respectively.

The net realized gains on investments during the year ended December 31, 2018 consisted of the following:

(in millions)	Net Realized Gains (Losses)
<b>Portfolio Company</b>	
Alcami Holdings, LLC	\$ 324
Accruent, LLC	27
Varsity Brands Holding Co., Inc.	14
Imperial Capital Private Opportunities, LP	12
Acrisure, LLC	8
EcoMotors, Inc.	(9)
Things Remembered, Inc.	(16)
Other, net	46
<b>Total, net</b>	<b>\$ 406</b>

During the year ended December 31, 2018, we also recognized net realized gains on foreign currency and other transactions of \$13 million.



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The net realized gains on investments during the year ended December 31, 2017 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Bellotto Holdings Limited	\$ 58
10th Street, LLC	34
Community Education Centers, Inc.	24
Tectum Holdings, Inc.	17
American Broadband Holding Company	15
NECCO Realty Investments LLC	13
GHX Ultimate Parent Corporation	11
Wilcon Holdings LLC	10
La Paloma Generating Company, LLC	(9)
Pegasus Community Energy, LLC	(9)
The Greeley Company, Inc.	(12)
Senior Secured Loan Fund LLC	(18)
Competitor Group, Inc.	(21)
Infilaw Holding, LLC	(140)
Other, net	71
<b>Total, net</b>	<b>\$ 44</b>

During the year ended December 31, 2017, we also recognized net realized losses on foreign currency and other transactions of \$20 million.

During the year ended December 31, 2017, we redeemed the entire \$183 million in aggregate principal amount outstanding of the unsecured notes that were scheduled to mature on October 1, 2022 (the "October 2022 Notes") in accordance with the terms of the indenture governing the October 2022 Notes. The October 2022 Notes bore interest at a rate of 5.875% per year, payable quarterly. The October 2022 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately \$185 million, which resulted in a realized loss on the extinguishment of debt of \$4 million.

The net realized gains on investments during the year ended December 31, 2016 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
The Step2 Company, LLC	\$ 18
Napa Management Services Corporation	16
UL Holding Co., LLC	13
Physiotherapy Associates Holdings, Inc.	8
Q9 Holdings Inc.	(9)
Other, net	64
<b>Total, net</b>	<b>\$ 110</b>

### **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



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on investments for the years ended December 31, 2018, 2017 and 2016, were comprised of the following:

(in millions)	For the Years Ended December 31,		
	2018	2017	2016
Unrealized appreciation	\$ 137	\$ 331	\$ 168
Unrealized depreciation	(275)	(301)	(306)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	(133)	113	13
Total net unrealized gains (losses)	\$ (271)	\$ 143	\$ (125)

- (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 on investments during the year ended December 31, 2018 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
OTG Management, LLC	\$ 25
PERC Holdings 1 LLC	11
Absolute Dental Management LLC	(9)
SCM Insurance Services Inc.	(10)
ADF Capital, Inc.	(11)
Teasdale Foods, Inc.	(11)
R3 Education Inc.	(12)
Eckler Industries, Inc.	(13)
Indra Holdings Corp.	(15)
Singer Sewing Company	(15)
New Trident Holdcorp, Inc.	(49)
Other, net	(29)
Total, net	\$ (138)

During the year ended December 31, 2018, we also recognized net unrealized gains on foreign currency and other transactions of \$16 million.

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The changes in net unrealized appreciation and depreciation on investments during the year ended December 31, 2017 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Alcami Holdings, LLC	\$ 167
Ivy Hill Asset Management, L.P.	13
Columbo MidCo Limited	13
CCS Intermediate Holdings, LLC	12
Imperial Capital Private Opportunities, LP	11
Ciena Capital LLC	11
Singer Sewing Company	(9)
Shock Doctor, Inc.	(9)
Indra Holdings Corp.	(15)
ADF Capital, Inc.	(16)
Instituto de Banca y Comercio, Inc.	(23)
New Trident Holdcorp, Inc.	(45)
Other, net	(80)
 Total, net	 \$ 30

During the year ended December 31, 2017, we also recognized net unrealized losses on foreign currency and other transactions of \$7 million.

The changes in net unrealized appreciation and depreciation on investments during the year ended December 31, 2016 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Senior Secured Loan Fund LLC	\$ 26
UL Holding Co., LLC	20
Community Education Centers, Inc.	19
ADF Capital, Inc.	(9)
10th Street, LLC	(9)
Indra Holdings Corp.	(11)
CCS Intermediate Holdings, LLC	(22)
Instituto de Banca y Comercio, Inc.	(52)
Infilaw Holdings, LLC	(127)
Other, net	27
 Total, net	 \$ (138)

During the year ended December 31, 2016, we also recognized net unrealized losses on foreign currency transactions of \$5 million.

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**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 Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility (each as defined below, and together, the "Facilities"), net proceeds from the issuance of other securities, including unsecured notes, as well as cash flows from operations.

As of December 31, 2018, we had \$296 million in cash and cash equivalents and \$5.3 billion in total aggregate principal amount of debt outstanding (\$5.2 billion at carrying value). Subject to leverage, borrowing base and other restrictions, we had approximately \$1.6 billion available for additional borrowings under the Facilities as of December 31, 2018.

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, we are currently allowed to borrow amounts such that our asset coverage, calculated pursuant to the Investment Company Act, is at least 200% after such borrowings. On June 21, 2018, our board of directors, including a "required majority" (as such term is defined in Section 57(o) of the Investment Company Act) of our board of directors, approved the application of the modified asset coverage requirement set forth in Section 61(a)(2) of the Investment Company Act, as amended by the Small Business Credit Availability Act. As a result, effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). As of December 31, 2018, the aggregate principal amount outstanding of the senior securities issued by us was \$5.3 billion. As of December 31, 2018, our asset coverage was 236%.

**Equity Capital Activities**

As of December 31, 2018 and 2017, our total equity market capitalization was \$6.6 billion and \$6.7 billion, respectively. On the Acquisition Date, in connection with the American Capital Acquisition, we issued 112 million shares valued at approximately \$16.42 per share. There were no other issuances of our equity securities during the years ended December 31, 2018, 2017 and 2016.

We are authorized under our stock repurchase program to purchase up to \$300 million (as of December 31, 2018) 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 Rule 10b-18 under the Securities Exchange Act of 1934, as amended. 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 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 expiration date of the stock repurchase program is February 28, 2019. The program may be suspended, extended, modified or discontinued at any time.

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As of December 31, 2018, we had repurchased a total of 0.5 million 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 \$293 million available for additional repurchases under the program. During the year ended December 31, 2018, we did not repurchase any shares of our common stock under the stock repurchase program.

See "Recent Developments," as well as Note 18 to our consolidated financial statements for the year ended December 31, 2018 for a subsequent event relating to our stock repurchase program.

**Debt Capital Activities**

Our debt obligations consisted of the following as of December 31, 2018 and 2017:

(in millions)	As of December 31,					
	2018			2017		
	Total Aggregate Principal Amount Available/ Outstanding(1)	Principal Amount Outstanding	Carrying Value	Total Aggregate Principal Amount Available/ Outstanding(1)	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	\$ 2,133(2)	\$ 1,064	\$ 1,064	\$ 2,108	\$ 395	\$ 395
Revolving Funding Facility	1,000	520	520	1,000	600	600
SMBC Funding Facility	400	245	245	400	60	60
SBA Debentures				50		
2018 Convertible Notes				270	270	270(3)
2019 Convertible Notes	300	300	300(3)	300	300	298(3)
2022 Convertible Notes	388	388	372(3)	388	388	368(3)
2018 Notes				750	750	748(4)
2020 Notes	600	600	598(5)	600	600	597(5)
2022 Notes	600	600	595(6)	600	600	593(6)
2023 Notes	750	750	744(7)	750	750	743(7)
2025 Notes	600	600	593(8)			
2047 Notes	230	230	183(9)	230	230	182(9)
Total	\$ 7,001	\$ 5,297	\$ 5,214	\$ 7,446	\$ 4,943	\$ 4,854

(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 (as defined below) to a maximum of \$3.1 billion.

(3) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below). As of December 31, 2018, the total unamortized debt issuance costs and the unaccreted discount for the 2019 Convertible Notes and the 2022 Convertible Notes (each as defined below) were \$0 million and \$16 million, respectively. As of December 31, 2017, the total unamortized debt

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issuance costs and the unaccreted discount for the 2018 Convertible Notes, the 2019 Convertible Notes and the 2022 Convertible Notes were \$0 million, \$2 million and \$20 million, respectively.

(4)

Represents the aggregate principal amount outstanding of the 2018 Notes (as defined below) less unamortized debt issuance costs and plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes. As of December 31, 2017, the total unamortized debt issuance costs less the net unamortized premium was \$2 million.

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- (5) 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 December 31, 2018 and 2017, the total unamortized debt issuance costs and the net unaccreted discount was \$2 million and \$3 million, respectively.
- (6) Represents the aggregate principal amount outstanding of the 2022 Notes (as defined below), less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuances of the 2022 Notes. As of December 31, 2018 and 2017, the total unamortized debt issuance costs and the net unaccreted discount were \$5 million and \$7 million, respectively.
- (7) Represents the aggregate principal amount outstanding of the 2023 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2023 Notes. As of December 31, 2018 and 2017, the total unamortized debt issuance costs and the unaccreted discount was \$6 million and \$7 million, respectively.
- (8) Represents the aggregate principal amount outstanding of the 2025 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2025 Notes. As of December 31, 2018, the total unamortized debt issuance costs and the unaccreted discount was \$7 million.
- (9) Represents the aggregate principal amount outstanding of the 2047 Notes (as defined below) less the unaccreted purchased discount recorded as a part of the acquisition of Allied Capital in April 2010 ("the Allied Acquisition"). As of December 31, 2018 and 2017, the total unaccreted purchased discount was \$47 million and \$48 million, respectively. The carrying value represents the outstanding principal amount of the 2047 Notes less the unaccreted purchased discount recorded as a part of the Allied Acquisition.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount outstanding, of all our debt outstanding as of December 31, 2018 were 4.1% and 4.8 years, respectively, and as of December 31, 2017 were 4.1% and 4.3 years, respectively.

The ratio of total principal amount of debt outstanding to stockholders' equity as of December 31, 2018 was 0.73:1.00 compared to 0.70:1.00 as of December 31, 2017.

***Revolving Credit Facility***

We are party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), that allows us to borrow up to \$2.1 billion at any one time outstanding. The Revolving Credit Facility consists of a \$414 million term loan tranche with a stated maturity date of March 30, 2023 and a \$1.7 billion revolving tranche. For \$1.6 billion of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2022 and March 30, 2023, respectively. For \$50 million of the revolving tranche, the end of the revolving period and the stated maturity date are January 4, 2021 and January 4, 2022, respectively. For the remaining \$45 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, respectively. The Revolving Credit Facility also provides for a feature that allows us, under certain circumstances, to increase the overall size of the Revolving Credit Facility to a maximum of \$3.1 billion. The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% 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 December 31, 2018, 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 2.125% 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

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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 December 31, 2018, there was \$1.1 billion outstanding under the Revolving Credit Facility and we were in compliance in all material respects with the terms of the Revolving Credit Facility.

***Revolving Funding Facility***

Our consolidated subsidiary, Ares Capital CP Funding LLC ("Ares Capital CP") is party to a revolving funding facility (as amended, the "Revolving Funding Facility"), that allows Ares Capital CP to borrow up to \$1.0 billion 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 are January 3, 2022 and January 3, 2024, respectively. The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. Ares Capital CP is also 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 December 31, 2018, there was \$520 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"), that allows ACJB to borrow up to \$400 million at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 14, 2019 and September 14, 2024, 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 December 31, 2018, 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 December 31, 2018, there was \$245 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.

***Convertible Unsecured Notes***

We have issued \$300 million in aggregate principal amount of unsecured convertible notes that mature on January 15, 2019 (the "2019 Convertible Notes") and \$388 million in aggregate principal amount of unsecured convertible notes that mature on February 1, 2022 (the "2022 Convertible Notes" and together with the 2019 Convertible Notes, the "Convertible Unsecured Notes"). The Convertible Unsecured 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 2019 Convertible Notes and the 2022 Convertible Notes bear interest at a rate of 4.375% and 3.75%, respectively, per year, payable semi-annually.

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Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of December 31, 2018 are listed below.

	2019 Convertible Notes	2022 Convertible Notes
Conversion premium	15.0%	15.0%
Closing stock price at issuance	\$17.53	\$16.86
Closing stock price date	July 15, 2013	January 23, 2017
Conversion price(1)	\$19.96	\$19.37
Conversion rate (shares per one thousand dollar principal amount)(1)	50.0897	51.6380
Conversion dates	July 15, 2018	August 1, 2021

(1)

Represents conversion price and conversion rate, as applicable, as of December 31, 2018, taking into account certain de minimis adjustments that will be made on the conversion date.

In certain circumstances, assuming the respective conversion dates above have not already passed, 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 December 31, 2018) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the "Convertible Unsecured Notes Indentures"). To the extent the 2019 Convertible 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 the business day immediately preceding their respective conversion date (listed above), 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.

In January 2018, we repaid in full the \$270 million in aggregate principal amount of unsecured convertible notes due in January 2018 (the "2018 Convertible Notes") at par upon their maturity. See "Management's Discussion and Analysis Recent Developments," as well as Note 18 for a subsequent event regarding the 2019 Convertible Notes.

***Unsecured Notes****2018 Notes*

We had issued \$750 million in aggregate principal amount of unsecured notes, which bore interest at a rate of 4.875% per year, payable semi-annually, that matured and were fully repaid on November 30, 2018 (the "2018 Notes").

*2020 Notes*

We have issued \$600 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



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"make whole" premium, if applicable, as determined pursuant to the indenture governing the 2020 Notes, and any accrued and unpaid interest.

#### *2022 Notes*

We have issued \$600 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 3.625% per year and mature on January 19, 2022 (the "2022 Notes"). The 2022 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 2022 Notes, and any accrued and unpaid interest.

#### *2023 Notes*

We have issued \$750 million in aggregate principal amount of unsecured notes, that mature on February 10, 2023 (the "2023 Notes"). The 2023 Notes bear interest at a rate of 3.500% per year, payable semi annually and all principal is due upon maturity. The 2023 Notes may be redeemed 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 2023 Notes, and any accrued and unpaid interest.

#### *2025 Notes*

We have issued \$600 million in aggregate principal amount of unsecured notes that mature on March 1, 2025 (the "2025 Notes"). The 2025 Notes bear interest at a rate of 4.250% per year, payable semi-annually and all principal is due upon maturity. The 2025 Notes may be redeemed 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 2025 Notes, and any accrued and unpaid interest.

#### *2047 Notes*

As part of the Allied Acquisition, we assumed \$230 million in 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, the 2022 Notes, the 2023 Notes and the 2025 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 December 31, 2018, 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 year ended December 31, 2018 for more information on our debt obligations.

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A summary of the maturities of our principal amounts of debt and other contractual payment obligations as of December 31, 2018 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	\$ 1,064	\$	\$ 17	\$ 1,047	(1)\$
Revolving Funding Facility	520			(2)	520
SMBC Funding Facility	245				245
2019 Convertible Notes	300	300			
2022 Convertible Notes	388			388	
2020 Notes	600		600		
2022 Notes	600			600	
2023 Notes	750			750	
2025 Notes	600				600
2047 Notes	230				230
Operating lease obligations(4)	159	25	48	49	37
	\$ 5,456	\$ 325	\$ 665	\$ 2,834	\$ 1,632

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- (1) The Revolving Credit Facility consists of a \$414 million term loan tranche with a stated maturity date of March 30, 2023 and a \$1,719 million revolving tranche. For \$1,624 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2022 and March 30, 2023, respectively. For \$50 million of the revolving tranche, the end of the revolving period and the stated maturity date are January 4, 2021 and January 4, 2022, respectively. For the remaining \$45 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, respectively. We are required to repay any outstanding principal amounts under such revolving tranche on a monthly basis equal to 1/12th of the outstanding principal amount at the end of the revolving period.
- (2) As of December 31, 2018, the end of the reinvestment period for the Revolving Funding Facility was January 3, 2022. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2024, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP will be used to repay the aggregate principal amount outstanding.
- (3) As of December 31, 2018, the end of the reinvestment period for the SMBC Funding Facility was September 14, 2019. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 14, 2024, any principal proceeds from sales and repayments of loan assets held by ACJB will be used to repay the aggregate principal amount outstanding.
- (4) We are obligated under a number of operating leases and subleases to pay for office spaces with terms ranging from less than one year to more than 5 years. See Note 7 to our consolidated financial statements for the year ended December 31, 2018 for more information on our lease obligations.

Table of Contents**OFF BALANCE SHEET ARRANGEMENTS**

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

As of December 31, 2018 and 2017, 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 December 31,	
	2018	2017
Total revolving and delayed draw loan commitments	\$ 1,915	\$ 881
Less: drawn commitments	(377)	(201)
Total undrawn commitments	1,538	680
Less: commitments substantially at our discretion	(6)	(11)
Less: unavailable commitments due to borrowing base or other covenant restrictions		
Total net adjusted undrawn revolving and delayed draw loan commitments	\$ 1,532	\$ 669

Included within the total revolving and delayed draw loan commitments as of December 31, 2018 and 2017 were delayed draw loan commitments totaling \$627 million and \$251 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 December 31, 2018 were commitments to issue up to \$248 million in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of December 31, 2018, we had \$26 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. Of these letters of credit, \$23 million expire in 2019 and \$3 million expire in 2020. As of December 31, 2018, we recorded a liability of \$1 million for certain letters of credit issued and outstanding and none of the other letters of credit issued and outstanding were recorded as a liability on our balance sheet as such other letters of credit are considered in the valuation of the investments in the portfolio company.

We also have commitments to co-invest in the SDLP for our portion of the SDLP's commitments to fund delayed draw loans to certain portfolio companies of the SDLP. See "Senior Direct Lending Program" above and Note 4 to our consolidated financial statements for the year ended December 31, 2018 for more information.

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As of December 31, 2018 and 2017, we were party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions)	As of December 31,	
	2018	2017
Total private equity commitments	\$ 114	\$ 111
Less: funded private equity commitments	(73)	(62)
Total unfunded private equity commitments	41	49
Less: private equity commitments substantially our discretion	(41)	(48)
Total net adjusted unfunded private equity commitments	\$	\$ 1

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.

In addition, in the ordinary course of business, we may guarantee certain obligations in connection with our portfolio companies (in particular, certain controlled portfolio companies). Under these guarantee arrangements, payments may be required to be made to third parties if such guarantees are called upon or if the portfolio companies were to default on their related obligations, as applicable.

**RECENT DEVELOPMENTS**

In January 2019, we repaid in full the \$300 million in aggregate principal amount of the 2019 Convertible Notes upon their maturity. The 2019 Convertible Notes bore interest at a rate of 4.375% per year, payable semi-annually.

In February 2019, our board of directors authorized an amendment to our stock repurchase program to (a) increase the total authorization under the program from \$300 million to \$500 million and (b) extend the expiration date of the program from February 28, 2019 to February 15, 2020. Under the stock repurchase program, we may repurchase up to \$500 million in the aggregate of our outstanding common stock in the open market at a price per share that meets certain thresholds below our 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.

From January 1, 2019 through February 7, 2019, we made new investment commitments of approximately \$623 million, of which \$577 million were funded. Of these new commitments, 45% were in first lien senior secured loans, 40% were in second lien senior secured loans, 13% were in the subordinated certificates of the SDLP and 2% were in preferred equity securities. Of the approximately \$623 million of new investment commitments, 98% were floating rate and 2% fixed rate. The weighted average yield of debt and other income producing securities funded during the period at amortized cost was 10.0%. 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 January 1, 2019 through February 7, 2019, we exited approximately \$469 million of investment commitments. Of the total investment commitments exited, 74% were first lien senior secured loans and 26% were second lien senior secured loans. Of the approximately \$469 million of

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exited investment commitments, 100% were floating rate. The weighted average yield of debt and other income producing securities exited or repaid during the period at amortized cost was 9.0% and the weighted average yield on total investments exited or repaid during the period at amortized cost was 9.0%. On the approximately \$469 million of investment commitments exited from January 1, 2019 through February 7, 2019, we recognized total net realized gains of approximately \$2 million.

In addition, as of February 7, 2019, we had an investment backlog and pipeline of approximately \$1,435 million and \$150 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.

**CRITICAL ACCOUNTING POLICIES**

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Changes in the economic environment, financial markets, and any other parameters used in determining such estimates could cause actual results to differ. Our critical accounting policies, including those relating to the valuation of our investment portfolio, are described below. The critical accounting policies should be read in connection with our risk factors as disclosed in "Risk Factors" of this prospectus supplement and the accompanying prospectus. See Note 2 to our consolidated financial statements for the year ended December 31, 2018 for more information on our critical accounting policies.

**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 portion of our investment portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, our independent

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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 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 have reviewed a portion of the investments in 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.

**Fair Value of Financial Instruments**

We follow ASC 825-10, which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for

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similar types of assets and liabilities and to more easily understand the effect of the company's choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. We have not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value. With the exception of the line items entitled "other assets" and "debt," which are reported at amortized cost, all assets and liabilities approximate fair value on the balance sheet. The carrying value of the lines titled "interest receivable," "receivable for open trades," "payable for open trades," "accounts payable and other liabilities," "base management fees payable," "income based fees payable," "capital gains incentive fees payable" and "interest and facility fees payable" approximate fair value due to their short maturity.

We also follow ASC 820-10, 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 to transact. In accordance with ASC 820-10, we have considered its principal market as the market in which we exit our 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 we have 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, we evaluate 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 the our portfolio, the fair value of the investments must typically be determined using unobservable inputs.

Our portfolio investments (other than as described below in the following paragraph) are typically valued using two different valuation techniques. The first valuation technique is an analysis of the enterprise value ("EV") of the portfolio company. Enterprise value means 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 primary method for determining EV uses a multiple analysis whereby appropriate multiples are applied to the portfolio company's EBITDA (generally defined as net income before net interest expense, income tax expense, depreciation and amortization). EBITDA multiples are typically determined based upon review of market comparable transactions and publicly traded comparable companies, if any. We may also employ other valuation multiples to determine EV, such as revenues or, in the case of certain portfolio companies in the power generation industry, kilowatt capacity. The second method for determining EV uses a discounted cash flow analysis whereby future expected cash flows of the portfolio company are discounted to determine a present value using estimated discount rates (typically a weighted average cost of capital based on

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costs of debt and equity consistent with current market conditions). The EV analysis is performed to determine the value of equity investments, the value of debt investments in portfolio companies where we have control or could gain control through an option or warrant security, and to determine if there is credit impairment for debt investments. If debt investments are credit impaired, an EV analysis may be used to value such debt investments; however, in addition to the methods outlined above, other methods such as a liquidation or wind-down analysis may be utilized to estimate enterprise value. The second valuation technique is a yield analysis, which is typically performed for non-credit impaired debt investments in portfolio companies where we do not own a controlling equity position. To determine fair value using a yield analysis, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk. In the yield analysis, we consider the current contractual interest rate, the maturity and other terms of the investment relative to the risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the enterprise value of the portfolio company. As debt investments held by us are substantially illiquid with no active transaction market, we depend on primary market data, including newly funded transactions, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

For other portfolio investments such as investments in the SDLP Certificates, discounted cash flow analysis is the primary technique utilized to determine fair value. Expected future cash flows associated with the investment are discounted to determine a present value using a discount rate that reflects estimated market return requirements.

See Note 8 to our consolidated financial statements for the year ended December 31, 2018 for more information on our valuation process.



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**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 December 31, 2018. 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)
<b>Revolving Credit Facility</b>				
Fiscal 2018	\$ 1,063,750	\$ 2,362	\$	N/A
Fiscal 2017	\$ 395,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 571,053	\$ 2,296	\$	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
<b>Revolving Funding Facility</b>				
Fiscal 2018	\$ 520,000	\$ 2,362	\$	N/A
Fiscal 2017	\$ 600,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 155,000	\$ 2,296	\$	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
<b>Revolving Funding II Facility</b>				
Fiscal 2009	\$	\$	\$	N/A
<b>SMBC Revolving Funding Facility</b>				
Fiscal 2018	\$ 245,000	\$ 2,362	\$	N/A
Fiscal 2017	\$ 60,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 105,000	\$ 2,296	\$	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
<b>SBA Debentures</b>				
Fiscal 2017	\$	\$	\$	N/A
Fiscal 2016	\$ 25,000	\$ 2,296	\$	N/A
Fiscal 2015	\$ 22,000	\$ 2,213	\$	N/A
<b>Debt Securitization</b>				
Fiscal 2011	\$ 77,531	\$ 2,393	\$	N/A
Fiscal 2010	\$ 155,297	\$ 3,079	\$	N/A
Fiscal 2009	\$ 273,752	\$ 2,294	\$	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)
<b>February 2016 Convertible Notes</b>				
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
<b>June 2016 Convertible Notes</b>				
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
<b>2017 Convertible Notes</b>				
Fiscal 2016	\$ 162,500	\$ 2,296	\$	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
<b>2018 Convertible Notes</b>				
Fiscal 2017	\$ 270,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 270,000	\$ 2,296	\$	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
<b>2019 Convertible Notes</b>				
Fiscal 2018	\$ 300,000	\$ 2,362	\$	N/A
Fiscal 2017	\$ 300,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 300,000	\$ 2,296	\$	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
<b>2022 Convertible Notes</b>				
Fiscal 2018	\$ 388,000	\$ 2,362	\$	N/A
Fiscal 2017	\$ 388,000	\$ 2,415	\$	N/A
<b>2011 Notes</b>				
Fiscal 2010	\$ 300,584	\$ 3,079	\$	\$ 1,018
<b>2012 Notes</b>				
Fiscal 2010	\$ 161,210	\$ 3,079	\$	\$ 1,018
<b>2018 Notes</b>				
Fiscal 2017	\$ 750,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 750,000	\$ 2,296	\$	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
<b>2020 Notes</b>				
Fiscal 2018	\$ 600,000	\$ 2,362	\$	N/A
Fiscal 2017	\$ 600,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 600,000	\$ 2,296	\$	N/A
Fiscal 2015	\$ 600,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 400,000	\$ 2,292	\$	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)
<b>January 2022 Notes</b>				
Fiscal 2018	\$ 600,000	\$ 2,362	\$	N/A
Fiscal 2017	\$ 600,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 600,000	\$ 2,296	\$	N/A
<b>February 2022 Notes</b>				
Fiscal 2014	\$ 143,750	\$ 2,292	\$	\$ 1,024
Fiscal 2013	\$ 143,750	\$ 2,547	\$	\$ 1,043
Fiscal 2012	\$ 143,750	\$ 2,721	\$	\$ 1,035
<b>October 2022 Notes</b>				
Fiscal 2016	\$ 182,500	\$ 2,296	\$	\$ 1,017
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
<b>2040 Notes</b>				
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
<b>2023 Notes</b>				
Fiscal 2018	\$ 750,000	\$ 2,362	\$	N/A
Fiscal 2017	\$ 750,000	\$ 2,415	\$	N/A
<b>2025 Notes</b>				
Fiscal 2018	\$ 600,000	\$ 2,362	\$	N/A
<b>2047 Notes</b>				
Fiscal 2018	\$ 229,557	\$ 2,362	\$	\$ 1,013
Fiscal 2017	\$ 229,557	\$ 2,415	\$	\$ 1,021
Fiscal 2016	\$ 229,557	\$ 2,296	\$	\$ 1,015
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). In June 2016, Ares Capital received exemptive relief from the SEC allowing it to modify the asset coverage requirements to exclude SBA Debentures from this calculation. As such, the asset coverage ratio beginning with Fiscal 2016 excludes the SBA Debentures. Certain prior year amounts have been reclassified to conform to the 2016 and 2017 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 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.



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- (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).

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**DESCRIPTION OF NOTES**

The following description of the particular terms of the 4.625% convertible notes due 2024 supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus.

We will issue the notes under a base indenture (the "base indenture"), dated as of October 21, 2010, between us and U.S. Bank National Association, as trustee (the "trustee"), as supplemented by a separate supplemental indenture to be dated as of initial settlement date for the notes (the "supplemental indenture"). As used in this section, all references to the "indenture" mean the base indenture as supplemented by the supplemental indenture. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, or the TIA.

The following description is a summary of the material provisions of the notes and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. We urge you to read these documents because they, and not this description, define your rights as a holder of the notes.

For purposes of this description, references to "we," "our" and "us" refer only to Ares Capital Corporation and not to any of its current or future subsidiaries, and references to "subsidiaries" refer only to the entities falling within the definition of such term below under the caption " Events of Default."

**General**

The notes:

will be our general unsecured, senior obligations;

will initially be limited to an aggregate principal amount of \$350,000,000 (or \$402,500,000 if the underwriters' option to purchase additional notes is exercised in full);

will bear cash interest from March 8, 2019, or from the most recent date on which interest has been paid or duly provided for, at an annual rate of 4.625% payable on March 1 and September 1 of each year, beginning on September 1, 2019;

will bear additional interest in the circumstances described below under the caption " Events of Default";

will not be redeemable prior to maturity;

will be subject to repurchase by us at the option of the holders following a fundamental change (as defined below under " Fundamental Change Permits Holders to Require Us to Repurchase Notes"), at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, *plus* accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date;

will mature on March 1, 2024, unless earlier converted or repurchased;

will be issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof (an "authorized denomination"); and

will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form. See " Book-Entry, Settlement and Clearance."

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Subject to satisfaction of certain conditions and during the periods described below, the notes may be converted at an initial conversion rate of 50.2930 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$19.88 per share of common stock). The conversion rate is subject to adjustment if certain events occur.

We will settle conversions of notes by paying or delivering, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, as described under " Conversion Rights Settlement Upon Conversion." You will not receive any separate cash payment for interest, if any, accrued and unpaid to the conversion date except under the limited circumstances described below.

The indenture does not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise. The indenture does not contain any financial covenants and does not restrict us from paying dividends or issuing or repurchasing our other securities. Other than restrictions described under " Fundamental Change Permits Holders to Require Us to Repurchase Notes" and " Consolidation, Merger and Sale of Assets" below and except for the provisions set forth under " Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change," the indenture does not contain any covenants or other provisions designed to afford holders of the notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

We may, without the consent of the holders, issue additional notes under the indenture with the same terms (except for certain differences, such as the date as of which interest begins to accrue, the first interest payment date for such additional notes and provisions relating to transfer restrictions) as the notes offered hereby in an unlimited aggregate principal amount; *provided* that such additional notes must be identified by a separate, or no, CUSIP number if they are deemed not to be part of the same issue as the notes offered hereby for U.S. federal income tax or securities laws purposes. The notes offered hereby and any such additional notes would rank equally and ratably and would be treated as a single class for all purposes under the indenture.

We do not intend to list the notes on any securities exchange or any automated dealer quotation system.

**Cancellation and Repurchase**

We will cause all notes surrendered for payment, registration of transfer or exchange or conversion, if surrendered to any person other than the trustee (including any of our agents, subsidiaries or affiliates), to be delivered to the trustee for cancellation. All notes delivered to the trustee shall be cancelled promptly by the trustee. No notes shall be authenticated in exchange for any notes cancelled as provided in the indenture. Any notes surrendered for cancellation may not be reissued or resold and will be promptly cancelled and no longer outstanding under the indenture.

We may, to the extent permitted by law, and directly or indirectly (regardless of whether such notes are surrendered to us), repurchase notes in the open market or otherwise, whether by us or our subsidiaries or through a private or public tender or exchange offer or through counterparties to private agreements, including by cash-settled swaps or other derivatives. Any notes repurchased by us may, at our option, be surrendered to the trustee for cancellation, but may not be reissued or resold by us.

**Payments on the Notes; Paying Agent and Registrar; Transfer and Exchange**

For purposes of the notes, the description below under this section titled " Payments on the Notes; Paying Agent and Registrar; Transfer and Exchange" supersedes, in its entirety, the information



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in the accompanying prospectus under the caption "Description of our Debt Securities Payment and Paying Agents."

We will pay the principal of, and interest on, notes in global form registered in the name of or held by DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

We will pay the principal of any certificated notes at the office or agency designated by us for that purpose. We have initially designated the trustee as our paying agent and registrar and its agency in New York, New York as a place where notes may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and we may act as paying agent or registrar. Interest on certificated notes will be payable (i) to holders having an aggregate principal amount of \$5,000,000 or less, by check mailed to the holders of these notes and (ii) to holders having an aggregate principal amount of more than \$5,000,000, either by check mailed to each holder or, upon application by a holder to the registrar not later than the relevant regular record date (as defined below), by wire transfer in immediately available funds to that holder's account within the United States, which application shall remain in effect until the holder notifies, in writing, the registrar to the contrary.

A holder of notes may transfer or exchange notes at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by us, the trustee or the registrar for any registration of transfer or exchange of notes, but we may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture. We are not required to transfer or exchange any note surrendered for conversion or required repurchase.

The registered holder of a note will be treated as its owner for all purposes.

**Interest**

The notes will bear cash interest at a rate of 4.625% per year until maturity. Interest on the notes will accrue from March 8, 2019 or from the most recent date on which interest has been paid or duly provided for. Interest will be payable semiannually in arrears on March 1 and September 1 of each year, beginning on September 1, 2019.

Interest will be paid to the person in whose name a note is registered at 5:00 p.m. New York City time (the "close of business") on February 15 or August 15, as the case may be, immediately preceding the relevant interest payment date (each, a "regular record date"). Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date, the maturity date or any earlier required repurchase date upon a fundamental change of a note falls on a day that is not a business day, the required payment will be made on the next succeeding business day and no interest on such payment will accrue in respect of the delay. The term "business day" means any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is authorized or required by law or executive order to close or be closed; *provided, however*, that, solely for purposes of the immediately preceding sentence, a day on which the applicable place of payment is authorized or required by law or executive order to close or be closed will be deemed not to be a "business day."

The notes will bear additional interest in the circumstances described below under the caption " Events of Default." All references in this prospectus supplement to interest on the notes include any additional interest payable on the notes, unless the context requires otherwise.

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**Ranking**

The provisions described in the accompanying prospectus under the caption "Description of our Debt Securities Indenture Provisions Subordination" will not apply to the notes.

The notes will be our general unsecured obligations that rank senior in right of payment to all of our existing and future indebtedness that is expressly subordinated in right of payment to the notes. The notes will rank equally, in right of payment with all of our existing and future liabilities that are not so subordinated. The notes will effectively rank junior to any of our secured indebtedness (including unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness. The notes will rank structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure secured debt will be available to pay obligations on the notes only after all indebtedness under such secured debt has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the notes then outstanding.

As of February 28, 2019, our total consolidated indebtedness was approximately \$5.8 billion aggregate principal amount outstanding, of which approximately \$1.9 billion was secured indebtedness at the Ares Capital level, and of which an aggregate of approximately \$715 million was indebtedness of our subsidiaries. After giving effect to the issuance of the notes (assuming no exercise of the underwriters' option to purchase additional notes), and assuming the proceeds therefrom are used to repay outstanding borrowings under the Facilities, our total consolidated indebtedness would have been approximately \$5.8 billion aggregate principal amount outstanding as of February 28, 2019. See "Capitalization."

**Conversion Rights**

**General**

Prior to the close of business on the business day immediately preceding December 1, 2023, the notes will be convertible only upon satisfaction of one or more of the conditions described under the headings " Conversion Upon Satisfaction of Sale Price Condition," " Conversion Upon Satisfaction of Trading Price Condition," and " Conversion Upon Specified Corporate Events." On or after December 1, 2023, holders may convert their notes at the conversion rate at any time prior to the close of business on the second "scheduled trading day" (as defined below) immediately preceding the maturity date irrespective of the foregoing conditions. The conversion rate will initially be 50.2930 shares of our common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$19.88 per share of our common stock). The conversion rate will be subject to adjustment as described below. Upon conversion of a note, we will satisfy our conversion obligation by paying or delivering, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, all as set forth below under " Settlement Upon Conversion." If we satisfy our conversion obligation in solely cash or through payment and delivery, as the case may be, of a combination of cash and shares of our common stock, the amount of cash and shares of our common stock, if any, due upon conversion will be based on a daily conversion value calculated on a proportionate basis for each "VWAP trading day" in an "observation period" consisting of 15 "VWAP trading days" (as those terms are defined below under " Settlement Upon Conversion"). The trustee will initially act as the conversion agent, but any shares of our common stock issuable upon conversion will be issued by us directly to the relevant converting holder in accordance with the indenture.

A holder may convert fewer than all of such holder's notes so long as the notes converted are a multiple of \$1,000 principal amount.

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If a holder of notes has submitted notes for repurchase upon a fundamental change, the holder may convert those notes only if that holder first withdraws its repurchase notice.

Upon conversion, you will not receive any separate cash payment for accrued and unpaid interest, if any, except as described below, and we will not adjust the conversion rate for any accrued and unpaid interest on any converted notes. We will not issue fractional shares of our common stock upon conversion of notes. Instead, we will pay cash in lieu of delivering any fractional share as described under "Settlement Upon Conversion." Our payment and delivery, as the case may be, to you of the cash, shares of our common stock or a combination thereof, as the case may be, into which a note is convertible will be deemed to satisfy in full our obligation to pay:

the principal amount of the note; and

accrued and unpaid interest, if any, to, but not including, the relevant conversion date.

As a result, accrued and unpaid interest, if any, to, but not including, the relevant conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited. Upon a conversion of notes into a combination of cash and shares of our common stock, accrued and unpaid interest will be deemed to be paid first out of the cash paid upon such conversion.

Notwithstanding the immediately preceding paragraph, if notes are converted after the close of business on a regular record date for the payment of interest, holders of such notes at the close of business on such regular record date will receive, on or, at our election, before the corresponding interest payment date, the full amount of interest payable on such notes on such interest payment date notwithstanding the conversion. Notes surrendered for conversion during the period from the close of business on any regular record date to 9:00 a.m. New York City time (the "open of business") on the immediately following interest payment date must be accompanied by funds equal to the amount of interest payable on such interest payment date on the notes so converted; *provided* that no such payment need be made:

for conversions with a conversion date occurring after the regular record date immediately preceding the maturity date;

if we have specified a fundamental change repurchase date that is after such regular record date and on or prior to the corresponding interest payment date; or

to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

Therefore, for the avoidance of doubt, all record holders as of the close of business on the regular record date immediately preceding the maturity date will receive the full interest payment due on the maturity date regardless of whether their notes have been converted following such regular record date.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any shares of our common stock upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder's name, in which case the holder will pay that tax.

Holders may surrender their notes for conversion under the following circumstances:

***Conversion Upon Satisfaction of Sale Price Condition***

Prior to the close of business on the business day immediately preceding December 1, 2023, a holder may surrender all or a portion (in an authorized denomination) of its notes for conversion during any calendar quarter commencing after the calendar quarter ending on June 30, 2019 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20

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"trading days" (as defined below) (whether or not consecutive) during the period of 30 consecutive trading days ending, and including, on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day.

The "last reported sale price" of our common stock on any date means the closing sale price (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) per share of our common stock on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which our common stock is traded. The last reported sale price will be determined without reference to after-hours trading or extended market trading. If our common stock is not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "last reported sale price" will be the last quoted bid price per share for our common stock in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If our common stock is not so quoted, the "last reported sale price" will be the average of the mid-point of the last bid and ask prices per share for our common stock on the relevant date from a nationally recognized independent investment banking firm selected by us for this purpose.

A "trading day" means a day on which (i) trading in our common stock generally occurs on The NASDAQ Global Select Market" or, if our common stock is not then listed on The NASDAQ Global Select Market, on the principal other U.S. national or regional securities exchange on which our common stock is then listed or, if our common stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which our common stock is then traded; (ii) there is no "market disruption event" (as defined below); and (iii) a last reported sale price for our common stock is available on such securities exchange or market. If our common stock is not so listed or traded, "trading day" means a "business day."

"Market disruption event" means, with respect to any date, the occurrence or existence, during the one-half hour period ending at the scheduled close of trading on such date on the principal U.S. national or regional securities exchange or other market on which our common stock is listed for trading or trades, of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in our common stock or in any options contracts or futures contracts relating to our common stock.

***Conversion Upon Satisfaction of Trading Price Condition***

Prior to the close of business on the business day immediately preceding December 1, 2023, a holder of notes may surrender its notes for conversion during the five business day period after any ten consecutive trading day period (the "measurement period") in which the "trading price" per \$1,000 principal amount of notes, as determined following a request by a holder of notes in accordance with the procedures described below, for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day.

The "trading price" of the notes on any date of determination means the average of the secondary market bid quotations obtained by the bid solicitation agent for \$5 million principal amount of notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select and whose names we provide to the bid solicitation agent; *provided* that if three such bids cannot reasonably be obtained by the bid solicitation agent but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the bid solicitation agent, that one bid shall be used. If the bid solicitation agent cannot reasonably obtain at least one bid for \$5 million principal amount of notes on any trading day from a nationally recognized securities dealer, then the trading price per \$1,000 principal amount of notes will be deemed to be less than 98% of the product of the last reported sale

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price of our common stock and the conversion rate on that trading day. If (x) we are not acting as bid solicitation agent, and we do not, when we are required to, instruct the bid solicitation agent to obtain bids, or if we give such instruction to the bid solicitation agent, and the bid solicitation agent fails to make such determination, or (y) we are acting as bid solicitation agent and we fail to make such determination, then, in either case, the trading price per \$1,000 principal amount of notes will be deemed to be less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each trading day of such failure.

The bid solicitation agent (if other than us) shall have no obligation to determine the trading price per \$1,000 principal amount of notes unless we have requested such determination; and we shall have no obligation to make such request (or, if we are acting as bid solicitation agent, we shall have no obligation to determine the trading price) unless holders of at least \$2 million of notes provide us with reasonable evidence that the trading price per \$1,000 principal amount of notes would be less than 98% of the product of the last reported sale price of our common stock and the conversion rate. At such time, we shall instruct the bid solicitation agent (if other than us) to determine, or if we are acting as bid solicitation agent, we shall determine, the trading price per \$1,000 principal amount of notes (in accordance with the procedures described above) beginning on the next trading day and on each successive trading day until the trading price per \$1,000 principal amount of notes is greater than or equal to 98% of the product of the last reported sale price of our common stock and the conversion rate. If the trading price condition has been met, we will so notify the holders, the trustee and the conversion agent (if other than the trustee). If, at any time after the trading price condition has been met, the trading price per \$1,000 principal amount of notes is greater than or equal to 98% of the product of the last reported sale price of our common stock and the conversion rate for such date, we will so notify the holders, the trustee and the conversion agent (if other than the trustee).

U.S. Bank National Association will initially act as the bid solicitation agent.

***Conversion Upon Specified Corporate Events***

*Certain Distributions*

If, prior to the close of business on the business day immediately preceding December 1, 2023, we elect to:

issue to all or substantially all holders of our common stock any rights, options or warrants (other than rights issued pursuant to a stockholder rights plan) entitling them, for a period of not more than 45 calendar days after the announcement date of such issuance, to subscribe for or purchase shares of our common stock at a price per share that is less than the average of the last reported sale prices of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance; or

distribute to all or substantially all holders of our common stock our assets, debt securities or rights to purchase our securities (other than pursuant to a stockholder rights plan), which distribution has a per share value, as reasonably determined by us in good faith, exceeding 10% of the last reported sale price of our common stock on the trading day preceding the date of announcement for such distribution,

then, in either case, we must notify the holders of the notes at least 20 scheduled trading days prior to the "ex-dividend date" (as defined below) for such issuance or distribution. However, if we are then otherwise permitted to settle conversions by physical settlement, then we may instead elect to provide such notice at least five scheduled trading days before such ex-dividend date. In that event, we will be required to settle all conversions with a conversion date occurring on or after the date we provide such notice and on or before the business day immediately before such ex-dividend date (or any earlier

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announcement by us that such issuance or distribution will not take place) by physical settlement, and we will describe the same in the notice. Once we have given such notice, holders may surrender their notes for conversion at any time until the earlier of (x) the close of business on the business day immediately preceding such ex-dividend date; and (y) any such announcement. Notwithstanding the foregoing, holders of the notes may not exercise this conversion right, and we will not be required to provide such notice, if they participate, at the same time and upon the same terms as holders of our common stock and solely as a result of holding the notes, in such issuance or distribution without having to convert their notes as if they held a number of shares of our common stock equal to the conversion rate, *multiplied by* the principal amount (expressed in thousands) of notes held by such holder.

*Certain Corporate Events*

If (i) a transaction or event that constitutes a "fundamental change" (as defined under " Fundamental Change Permits Holders to Require Us to Repurchase Notes") or a "make-whole fundamental change" (as defined under " Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change") occurs prior to the close of business on the business day immediately preceding December 1, 2023, regardless of whether a holder has the right to require us to repurchase the notes as described under " Fundamental Change Permits Holders to Require Us to Repurchase Notes," or (ii) prior to the close of business on the business day immediately preceding December 1, 2023, we are a party to a consolidation, merger, binding share exchange, or transfer or lease of all or substantially all of our assets, pursuant to which our common stock would be converted into cash, securities or other assets (in each case, other than a merger or other business combination transaction that is effected solely to change our jurisdiction of incorporation and that does not constitute a fundamental change or a make-whole fundamental change), then the notes may be surrendered for conversion at any time from or after the effective date of the transaction (or, if later, the business day after we give notice of such transaction) until 35 trading days after the effective date of such transaction or, if such transaction also constitutes a fundamental change (other than an "exempted fundamental change," as defined below under the caption " Fundamental Change Permits Holders to Require Us to Repurchase Notes"), until the related fundamental change repurchase date. We will notify holders, the trustee and the conversion agent (if other than the trustee) of the occurrence of each such transaction and the related right to convert notes no later than the effective date of such transaction.

***Conversions On or After December 1, 2023***

On or after December 1, 2023, a holder may convert all or any portion (in an authorized denomination) of its notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date regardless of the foregoing conditions.

***Conversion Procedures***

If you hold a beneficial interest in a global note, to convert you must comply with DTC's procedures for converting a beneficial interest in a global note and, if required, pay funds equal to interest payable on the next interest payment date to which you are not entitled and, if required, pay all taxes or duties, if any.

If you hold a certificated note, to convert you must:

complete and manually sign the conversion notice on the back of the note, or a facsimile of the conversion notice;

deliver the conversion notice, which is irrevocable, and the note to the conversion agent;

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if required, furnish appropriate endorsements and transfer documents and, if required, pay all taxes or duties, if any; and

if required, pay funds equal to interest payable on the next interest payment date to which you are not entitled.

We refer to the date you comply with the relevant procedures for conversion described above as the "conversion date."

If a holder has already delivered a repurchase notice as described under " Fundamental Change Permits Holders to Require Us to Repurchase Notes" with respect to a note, the holder may not surrender that note for conversion until the holder has withdrawn the repurchase notice in accordance with the relevant provisions of the indenture. If a holder submits its notes for required repurchase, the holder's right to withdraw the repurchase notice and convert the notes that are subject to repurchase will terminate at the close of business on the business day immediately preceding the relevant fundamental change repurchase date.

***Limitation on Beneficial Ownership***

Notwithstanding the foregoing, no holder of notes will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 5.0% of the shares of our common stock outstanding at such time (the "limitation"). Any purported delivery of shares of our common stock upon conversion of notes shall be void and have no effect to the extent (but only to the extent) that such delivery would result in the converting holder becoming the beneficial owner of more than the limitation. If any delivery of shares of our common stock owed to a holder upon conversion of notes is not made, in whole or in part, as a result of the limitation, our obligation to make such delivery shall not be extinguished and we shall deliver such shares as promptly as practicable after any such converting holder gives notice to us that such delivery would not result in it being the beneficial owner of more than 5.0% of the shares of our common stock outstanding at such time. The limitation shall no longer apply following the effective date of any fundamental change, as defined in " Fundamental Change Permits Holders to Require Us to Repurchase Notes."

***Settlement Upon Conversion***

Upon conversion, we may choose to pay or deliver, as the case may be, either cash ("cash settlement"), shares of our common stock ("physical settlement") or a combination of cash and shares of our common stock ("combination settlement"), as described below. We refer to each of these settlement methods as a "settlement method."

All conversions with a conversion date occurring on or after December 1, 2023 will be settled using the same settlement method. Prior to December 1, 2023, we will use the same settlement method for all conversions with the same conversion date, but we will not have any obligation to use the same settlement method with respect to conversions with different conversion dates. That is, prior to December 1, 2023, we may choose for notes converted with the same conversion date to settle conversions in physical settlement, and choose for notes converted with another conversion date cash settlement or combination settlement. If we elect a settlement method, we will inform holders so converting through the trustee of the settlement method we have selected no later than the close of business on the trading day immediately following the related conversion date (or in the case of any conversions with a conversion date occurring on or after December 1, 2023, no later than December 1, 2023). If we fail to elect a settlement method in a timely manner, we will be deemed to have elected the "default settlement method" (as defined below), and such failure will be deemed not to be a

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default or event of default). If we elect combination settlement, but we do not timely notify converting holders of the specified dollar amount per \$1,000 principal amount of notes, such specified dollar amount will be deemed to be \$1,000. It is our current intent and policy to settle conversions through combination settlement with a specified dollar amount of \$1,000. However, we shall not settle any conversions through cash settlement or combination settlement if such settlement would be prohibited by our then outstanding senior secured revolving credit agreements or other debt instruments.

The "default settlement method" will initially be combination settlement with a specified dollar amount of \$1,000. However, we may, from time to time, change the default settlement method by sending notice of the new default settlement method to the holders.

Settlement amounts will be computed as follows:

if physical settlement applies, we will deliver to the converting holder in respect of each \$1,000 principal amount of notes being converted a number of shares of our common stock equal to the conversion rate in effect on the relevant conversion date;

if cash settlement applies, we will pay to the converting holder in respect of each \$1,000 principal amount of notes being converted an amount in cash equal to the sum of the daily conversion values for each of the 15 consecutive VWAP trading days during the related observation period; and

if combination settlement applies, we will pay or deliver, as the case may be, to the converting holder in respect of each \$1,000 principal amount of notes being converted a "settlement amount" (as defined below) equal to the sum of the "daily settlement amounts" (as defined below) for each of the 15 consecutive VWAP trading days during the relevant observation period.

The "daily settlement amount," for each of the 15 consecutive VWAP trading days during the observation period, shall consist of:

cash equal to the lesser of (i) the maximum cash amount per \$1,000 principal amount of notes to be received upon conversion (excluding cash in lieu of any fractional share) as specified (or deemed to have been elected) in the notice specifying our chosen settlement method (the "specified dollar amount"), if any, *divided by* 15 (such quotient, the "daily measurement value") and (ii) the daily conversion value for such VWAP trading day; and

if such daily conversion value exceeds the daily measurement value, a number of shares equal to (i) the difference between such daily conversion value and the daily measurement value, *divided by* (ii) the "daily VWAP" (as defined below) for such VWAP trading day.

The "daily conversion value" means, for each of the 15 consecutive VWAP trading days during the observation period, one-15th of the product of (1) the conversion rate on such VWAP trading day and (2) the daily VWAP on such VWAP trading day.

The "daily VWAP" means, for each of the 15 consecutive VWAP trading days during the applicable observation period, the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "ARCC <equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such VWAP trading day (or if such volume-weighted average price is unavailable, the market value of one share of our common stock on such VWAP trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). The "daily VWAP" will be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.



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The "observation period" with respect to any note surrendered for conversion means:

if the relevant conversion date occurs prior to December 1, 2023, the 15 consecutive VWAP trading days beginning on, and including, the second VWAP trading day after such conversion date; and

if the relevant conversion date occurs on or after December 1, 2023, the 15 consecutive VWAP trading days beginning on, and including, the 16th scheduled trading day immediately preceding the maturity date.

"VWAP trading day" means a day on which (i) there is no "VWAP market disruption event" (as defined below); and (ii) trading in our common stock generally occurs on The NASDAQ Global Select Market or, if our common stock is not then listed on The NASDAQ Global Select Market, on the principal other U.S. national or regional securities exchange on which our common stock is then listed or, if our common stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which our common stock is then listed or admitted for trading. If our common stock is not so listed or admitted for trading, "VWAP trading day" means a "business day."

"Scheduled trading day" means a day that is scheduled to be a trading day on the principal U.S. national or regional securities exchange or market on which our common stock is listed or admitted for trading. If our common stock is not so listed or admitted for trading, "scheduled trading day" means a "business day."

"VWAP market disruption event" means (i) a failure by the primary U.S. national or regional securities exchange or market on which our common stock is listed or admitted for trading to open for trading during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m., New York City time, on any scheduled trading day for our common stock for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in our common stock or in any options contracts or futures contracts relating to our common stock.

Except as described under " Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change" and " Recapitalizations, Reclassifications and Changes of Our Common Stock," we will deliver the consideration due in respect of conversion on the second business day immediately following the relevant conversion date, if physical settlement applies, or on the second business day immediately following the last VWAP trading day of the relevant observation period, in the case of any other settlement method; *provided, however,* that we will settle on the maturity date (or, if the maturity date is not a business day, the immediately following business day) any conversions to which physical settlement applies and whose conversion date occurs after the regular record date immediately preceding the maturity date (and, for such purposes, the conversion date will be deemed instead to occur on the second scheduled trading day preceding the maturity date).

We will deliver cash in lieu of any fractional share of common stock issuable upon conversion based on the daily VWAP on the relevant conversion date (in the case of physical settlement) or based on the daily VWAP on the last VWAP trading day of the relevant observation period (in the case of combination settlement).

Each conversion will be deemed to have been effected as to any notes surrendered for conversion on the conversion date; *provided, however,* that the person in whose name any shares of our common stock shall be issuable upon such conversion will become the holder of record of such shares as of the close of business on the conversion date (in the case of physical settlement) or the last VWAP trading day of the relevant observation period (in the case of combination settlement), in each case solely for the purpose of receiving or participating in any dividend, distribution, issuance, share split or

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combination, tender or exchange offer or any other event that would lead to a conversion rate adjustment as described under " Conversion Rate Adjustments" below.

**Conversion Rate Adjustments**

The conversion rate will be adjusted as described below, except that we will not make any adjustments to the conversion rate if holders of the notes participate (other than in the case of a share split or share combination or a tender or exchange offer), at the same time and upon the same terms as holders of our common stock and solely as a result of holding the notes, in any of the transactions described below without having to convert their notes as if they held a number of shares of our common stock equal to the conversion rate, *multiplied* by the principal amount (expressed in thousands) of notes held by such holder.

- (1) If we exclusively issue shares of our common stock as a dividend or distribution on shares of our common stock, or if we effect a share split or share combination, the conversion rate will be adjusted based on the following formula:

where,

$CR_0$  = the conversion rate in effect immediately prior to the open of business on the ex-dividend date of such dividend or distribution, or immediately prior to the open of business on the effective date of such share split or combination, as applicable;

$CR_1$  = the conversion rate in effect immediately after the open of business on such ex-dividend date or effective date;

$OS_0$  = the number of shares of our common stock outstanding immediately prior to the open of business on such ex-dividend date or effective date (before giving effect to such dividend, distribution, split or combination); and

$OS_1$  = the number of shares of our common stock outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this clause (1) shall become effective immediately after the open of business on the ex-dividend date for such dividend or distribution, or immediately after the open of business on the effective date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this clause (1) is declared but not so paid or made, the conversion rate shall be immediately readjusted, effective as of the date our board of directors or a committee thereof determines not to pay such dividend or distribution, to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

- (2) If we issue to all or substantially all holders of our common stock any rights, options or warrants (other than pursuant to a stockholder rights plan) entitling them, for a period of not more than 45 calendar days after the announcement date of such issuance, to subscribe for or purchase shares of our common stock at a price per share that is less than the average of the last reported sale prices of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, the conversion rate will be adjusted based on the following formula:

where,

$CR_0$  = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such issuance;

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- CR<sub>1</sub> = the conversion rate in effect immediately after the open of business on such ex-dividend date;  
OS<sub>0</sub> = the number of shares of our common stock outstanding immediately prior to the open of business on such ex-dividend date;  
X = the total number of shares of our common stock issuable pursuant to such rights, options or warrants; and  
Y = the number of shares of our common stock equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of the issuance of such rights, options or warrants.

Any increase made under this clause (2) will be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the open of business on the ex-dividend date for such issuance. To the extent that shares of our common stock are not delivered after the expiration of such rights, options or warrants, the conversion rate shall be decreased to the conversion rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of shares of our common stock actually delivered. If such rights, options or warrants are not so issued, the conversion rate shall be decreased to the conversion rate that would then be in effect if such ex-dividend date for such issuance had not occurred.

For the purpose of this clause (2) and for the purpose of the first bullet point under " Conversion Upon Specified Corporate Events Certain Distributions," in determining whether any rights, options or warrants entitle the holders to subscribe for or purchase shares of our common stock at less than such average of the last reported sale prices for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, and in determining the aggregate offering price of such shares of our common stock, there shall be taken into account any consideration received by us for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by us in good faith.

(3)

If we distribute shares of our capital stock, evidences of our indebtedness, other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities, to all or substantially all holders of our common stock, excluding:

dividends, distributions or issuances as to which an adjustment was effected (or would be effected without giving effect to the "deferral exception" (as defined below)) pursuant to clause (1) or (2) above;

dividends or distributions paid exclusively in cash;

distributions pursuant to a stockholder rights plan, except to the extent described further below;

a distribution solely pursuant to a "common stock change event," as defined below under the caption " Recapitalizations, Reclassifications and Changes of Our Common Stock," as to which the provisions set forth below under that caption shall apply; and

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spin-offs as to which the provisions set forth below in this clause (3) shall apply, then the conversion rate will be adjusted based on the following formula:

where,

- $CR_0$  = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such distribution;
- $CR_1$  = the conversion rate in effect immediately after the open of business on such ex-dividend date;
- $SP_0$  = the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and
- FMV = the fair market value (as determined by us in good faith) of the shares of capital stock, evidences of indebtedness, assets, property, rights, options or warrants distributed with respect to each outstanding share of our common stock on the ex-dividend date for such distribution.

Any increase made under the portion of this clause (3) above will become effective immediately after the open of business on the ex-dividend date for such distribution. If such distribution is not so paid or made, the conversion rate shall be decreased to be the conversion rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than "SP0" (as defined above), in lieu of the foregoing increase, each holder of a note shall receive, in respect of each \$1,000 principal amount thereof held as of the record date for such distribution, at the same time and upon the same terms as holders of our common stock, the amount and kind of our capital stock, evidences of our indebtedness, other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities that such holder would have received if such holder owned a number of shares of our common stock equal to the conversion rate in effect on the record date for the distribution.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit of ours, that are, or, when issued, will be, listed or admitted for trading on a U.S. national securities exchange, which we refer to as a "spin-off," the conversion rate will be adjusted based on the following formula:

where,

- $CR_0$  = the conversion rate in effect immediately prior to the close of business on the last trading day of the "spin-off valuation period" (as defined below) for such spin-off;
- $CR_1$  = the conversion rate in effect immediately after the close of business on the last trading day of such spin-off valuation period;

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- $FMV_0$  = the average of the last reported sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock (determined by reference to the definitions of "last reported sale price," "trading day" and "market disruption event" set forth under " Conversion Upon Satisfaction of Sale Price Condition" as if references therein to our common stock were to such capital stock or similar equity interest) over the first 10 consecutive trading day period (the "spin-off valuation period") beginning on, and including, the ex-dividend date of such spin-off; and
- $MP_0$  = the average of the last reported sale prices of our common stock for each trading day occurring during such spin-off valuation period.

The adjustment to the conversion rate under the preceding paragraph will become effective immediately after the close of business on the last trading day of such spin-off valuation period; *provided* that (x) in respect of any conversion of notes to which physical settlement is applicable, if the relevant conversion date occurs during the spin-off valuation period, then the reference to "10" in the preceding paragraph shall be deemed replaced with such lesser number of trading days as have elapsed from, and including, the ex-dividend date for such spin-off to, and including, such conversion date in determining the conversion rate applicable to such conversion; and (y) in respect of any conversion of notes to which cash settlement or combination settlement is applicable, for any VWAP trading day that falls within the relevant observation period for such conversion and within the spin-off valuation period, reference to "10" in the preceding paragraph shall be deemed replaced with such lesser number of trading days as have elapsed from, and including, the ex-dividend date for such spin-off to, and including, such VWAP trading day in determining the conversion rate applicable to such conversion as of such VWAP trading day.

- (4) If any cash dividend or distribution is made to all or substantially all holders of our common stock, (other than cash dividends that, together with all other such cash dividends paid in the same calendar quarter, do not exceed an aggregate of \$0.42 per share per calendar quarter (the "dividend threshold," which is subject to adjustment as described below)), the conversion rate will be adjusted based on the following formula:

where,

- $CR_0$  = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend or distribution;
- $CR_1$  = the conversion rate in effect immediately after the open of business on the ex-dividend date for such dividend or distribution;
- $SP_0$  = the last reported sale price of our common stock on the trading day immediately preceding the ex-dividend date for such dividend or distribution;
- T = the dividend threshold; and
- C = the amount in cash per share we distribute to holders of our common stock, together with all other such cash dividends per share paid in the same calendar quarter (other than cash dividends for which an adjustment was already effected (or would be effected without regard to the deferral exception)).

The dividend threshold is subject to adjustment in a manner inversely proportional to adjustments to the conversion rate; *provided* that no adjustment will be made to the dividend

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threshold for any adjustment to the conversion rate under this clause (4) or pursuant to the provisions described below under the caption " Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change."

Any increase made under this clause (4) shall become effective immediately after the open of business on the ex-dividend date for such dividend or distribution. If such dividend or distribution is not so paid, the conversion rate shall be decreased, effective as of the date our board of directors or a committee thereof determines not to make or pay such dividend or distribution, to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP0" (as defined above), in lieu of the foregoing increase, each holder of a note shall receive, for each \$1,000 principal amount of notes held as of the record date for such cash dividend or distribution, at the same time and upon the same terms as holders of shares of our common stock, the amount of cash that such holder would have received if such holder owned a number of shares of our common stock equal to the conversion rate on such record date.

(5)

If we or any of our subsidiaries make a payment in respect of a tender or exchange offer for our common stock (other than an odd-lot tender offer), to the extent that the cash and value of any other consideration included in the payment per share of common stock exceeds the last reported sale price of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (such last date the "expiration date"), the conversion rate will be adjusted based on the following formula:

where,

- CR<sub>0</sub> = the conversion rate in effect immediately prior to the close of business on the last trading day of the "tender/exchange offer valuation period" (as defined below) for such tender or exchange offer;
- CR<sub>1</sub> = the conversion rate in effect immediately after the close of business on the last trading day of such tender/exchange offer valuation period;
- AC = the aggregate value of all cash and any other consideration (as determined by us in good faith) paid or payable for shares purchased in such tender or exchange offer;
- OS<sub>0</sub> = the number of shares of our common stock outstanding immediately prior to the time such tender or exchange offer expires (including all shares accepted for purchase or exchange in such tender or exchange offer);
- OS<sub>1</sub> = the number of shares of our common stock outstanding immediately after the time such tender or exchange offer expires (excluding all shares accepted for purchase or exchange in such tender or exchange offer); and
- SP<sub>1</sub> = the average of the last reported sale prices of our common stock over the 10 consecutive trading day period (the "tender/exchange offer valuation period") commencing on, and including, the trading day next succeeding such expiration date;

*provided, however*, that in no event will the conversion rate be decreased pursuant to the foregoing adjustment. The adjustment to the conversion rate under the preceding paragraph will become effective immediately after the close of business on the last trading day of such tender/

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exchange offer valuation period; *provided* that (x) in respect of any conversion of notes to which physical settlement is applicable, if the relevant conversion date occurs during the tender/exchange offer valuation period, then references to "10" in the preceding paragraph shall be deemed replaced with such lesser number of trading days as have elapsed from, and including, the trading day next succeeding the expiration date of such tender or exchange offer to, and including, such conversion date in determining the conversion rate applicable to such conversion and (y) in respect of any conversion of notes to which cash settlement or combination settlement is applicable, for any VWAP trading day that falls within the relevant observation period for such conversion and within the tender/exchange offer valuation period, references to "10" in the preceding paragraph shall be deemed replaced with such lesser number of trading days as have elapsed from, and including, the trading day next succeeding such expiration date to, and including, such VWAP trading day in determining the conversion rate as of such VWAP trading day.

Notwithstanding the foregoing, if a conversion rate adjustment becomes effective on any ex-dividend date as described above, and a holder that has converted its notes, where the relevant conversion date (in the case of physical settlement) or the VWAP last trading day of the relevant observation period (in the case of combination settlement) occurs on or after such ex-dividend date and on or prior to the related record date, would be treated as the record holder of shares of our common stock, if any, issuable upon such conversion (in the case of physical settlement) or issuable on account of such VWAP trading day (in the case of combination settlement) as described under "Settlement Upon Conversion" based on an adjusted conversion rate for such ex-dividend date, then, notwithstanding the foregoing conversion rate adjustment provisions, the conversion rate adjustment relating to such ex-dividend date will not be made for such conversion. Instead, such holder will be treated as if such holder were the record owner of such shares of our common stock on an unadjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

Except as stated herein, we will not adjust the conversion rate for the issuance of shares of our common stock or any securities convertible into or exchangeable for shares of our common stock or the right to purchase shares of our common stock or such convertible or exchangeable securities.

As used in this section, "ex-dividend date" means the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from us or, if applicable, from the seller of our common stock on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market. For the avoidance of doubt, any alternative trading convention on the applicable exchange or market in respect of our common stock under a separate ticker symbol or CUSIP number will not be considered "regular way" for purposes of the definition of "ex-dividend date."

Subject to any applicable stock exchange listing rules, we are permitted to increase the conversion rate of the notes by any amount for a period of at least 20 business days if our board of directors or a committee thereof determines that such increase would be in our best interest. We may also (but are not required to) increase the conversion rate to avoid or diminish income tax to holders of our common stock or rights to purchase shares of our common stock in connection with a dividend or distribution of shares (or rights to acquire shares) or similar event, subject to any applicable stock exchange listing rules.

A holder may, in some circumstances, including a distribution of cash dividends to holders of our shares of common stock, be deemed to have received a distribution subject to U.S. federal income tax as a result of an adjustment or the nonoccurrence of an adjustment to the conversion rate. Applicable withholding taxes (including backup withholding) may be withheld from interest and payments upon the sale, exchange, redemption, retirement or other taxable disposition of the notes. In addition, if any withholding taxes (including backup withholding) are paid on behalf of a holder, then those withholding taxes may be withheld from interest, shares of common stock or sales proceeds subsequently paid or credited to that holder. For a discussion of the U.S. federal income tax treatment of an adjustment to the conversion rate, see "Certain Material U.S. Federal Income Tax Considerations."

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To the extent that we have a stockholder rights plan in effect upon conversion of the notes into common stock, you will receive, in addition to any shares of our common stock received in connection with such conversion, the rights under the rights plan, unless prior to any conversion, the rights have separated from the common stock, in which case, and only in such case, the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common stock, shares of our capital stock, evidences of indebtedness, assets, property, rights, options or warrants as described in the first paragraph of clause (3) above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

Notwithstanding any of the foregoing, the conversion rate will not be adjusted:

upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;

upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;

upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet and outstanding as of the date the notes were first issued;

solely for a change in the par value of the common stock or a change in our jurisdiction of incorporation; or

for accrued and unpaid interest, if any.

Adjustments to the conversion rate will be calculated to the nearest 1/10,000th of a share. We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate and make such carried forward adjustment, regardless of whether the aggregate adjustment is less than 1%, on the conversion date for any notes and on each VWAP trading day of any observation period for any converted notes. We refer to the provision described in this paragraph as the "deferral exception."

***Recapitalizations, Reclassifications and Changes of our Common Stock***

In the case of:

any recapitalization, reclassification or change of our common stock (other than changes resulting from a subdivision or combination or a change solely in par value);

any consolidation, merger or combination involving us;

any sale, lease or other transfer to a third party of all or substantially all of our and our subsidiaries' consolidated assets; or

any statutory share exchange,

in each case, as a result of which our common stock would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (such an event, a "common stock change event," and such stock, other securities, other property, assets or cash, the "reference property," and the amount and kind of reference property that a holder of one share of our common stock would be entitled to receive on account of such common stock change event (without





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giving effect to any arrangement not to issue or deliver a fractional portion of any security or other property), a "reference property unit"), then, at and after the effective time of the transaction:

the consideration due upon conversion of any note, and the conditions to any such conversion, will be determined in the same manner as if each reference to any number of shares of common stock in the provisions described under this " Conversion Rights" section (or in any related definitions) were instead a reference to the same number of reference property units; and

for purposes of the definition of "fundamental change" and "make-whole fundamental change," the terms "common stock" and "common equity" will be deemed to mean the common equity (including depositary receipts representing common equity), if any, forming part of such reference property.

For these purposes, the daily VWAP or last reported sale price of any reference property unit or portion thereof that does not consist of a class of securities will be the fair value of such reference property unit or portion thereof, as applicable, determined in good faith by us (or, in the case of cash denominated in U.S. dollars, the face amount thereof). If the common stock change event causes our common stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), the composition of the reference property unit will be deemed to be the weighted average of the types and amounts of consideration actually received by the holders of our common stock. If the holders of our common stock receive only cash in such common stock change event, then for all conversions with a conversion date that occurs on or after the effective date of such common stock change event, (i) the consideration due upon conversion of each \$1,000 principal amount of notes shall be solely cash in an amount equal to the conversion rate in effect on the conversion date (as may be increased as described under " Adjustment to Shares Due Upon Conversion Upon a Make-Whole Fundamental Change"), *multiplied* by the price paid per share of common stock in such transaction and (ii) we will satisfy our conversion obligation by paying cash to converting holders on or before the second business day immediately following the conversion date. We will notify holders, the trustee and the conversion agent (if other than the trustee) of the weighted average as soon as practicable after such determination is made. We will agree in the indenture not to become a party to any such transaction unless its terms are consistent with the foregoing in all material respects.

In connection with any change to the conversion right described above, we will also adjust the dividend threshold (as defined under " Conversion Rate Adjustments") based on the value of the common equity, if any, included in the reference property and (if applicable) the value of any non-stock consideration included in the reference property. If the reference property is composed solely of non-stock consideration, the dividend threshold will be zero.

***Adjustments of Prices***

Whenever any provision of the indenture requires us to calculate the last reported sale prices, the daily VWAPs, the daily conversion values or the daily settlement amounts over a span of multiple days (including an observation period and a period for determining the "stock price" (as defined below) for purposes of a make-whole fundamental change), we will make appropriate adjustments, if any, to each to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the ex-dividend date of the event occurs, at any time during the period when the last reported sale prices, the daily VWAPs, the daily conversion values or the daily settlement amounts are to be calculated.

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***Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change***

If an event that constitutes a "fundamental change," as defined in clauses (1), (2) or (4) of the definition of such term below, and determined after giving effect to any exceptions to or exclusions from such definition, but without regard to the proviso in clause (2) of the definition thereof (such an event, a "make-whole fundamental change") occurs and a holder elects to convert its notes in connection with such make-whole fundamental change, we will, under certain circumstances, increase the conversion rate for the notes so surrendered for conversion by a number of additional shares of our common stock (the "additional shares"), as described below. A conversion of notes will be deemed for these purposes to be "in connection with" such make-whole fundamental change if the notice of conversion of the notes is received by the conversion agent from, and including, the effective date of the make-whole fundamental change up to, and including, the business day immediately prior to the related fundamental change repurchase date (or, in the case of an exempted fundamental change, or a make-whole fundamental change that would have been a fundamental change but for the proviso in clause (2) of the definition thereof, the 35th calendar day immediately following the effective date of such make-whole fundamental change).

Upon surrender of notes for conversion in connection with a make-whole fundamental change, we will, at our option, satisfy our conversion obligation by physical settlement, cash settlement or combination settlement, as described under " Settlement Upon Conversion." However, if the consideration for our common stock in any make-whole fundamental change described in clause (2) of the definition of fundamental change is composed entirely of cash, for any conversion of notes following the effective date of such make-whole fundamental change, the conversion obligation will be calculated based solely on the "stock price" for the transaction and will be deemed to be an amount of cash per \$1,000 principal amount of converted notes equal to the conversion rate (including any adjustment as described in this section) in effect on the relevant conversion date, *multiplied by* such stock price. In such event, the conversion obligation will be determined and paid to holders in cash on the third business day following the conversion date. We will notify holders of the effective date of any make-whole fundamental change and issue a press release announcing such effective date no later than five business days after such effective date.

The number of additional shares, if any, by which the conversion rate will be increased will be determined by reference to the table below, based on the date on which the make-whole fundamental change occurs or becomes effective (the "effective date") and the price (the "stock price") paid (or deemed to be paid) per share of our common stock in the make-whole fundamental change. If the holders of our common stock receive only cash in a make-whole fundamental change described in clause (2) of the definition of fundamental change, the stock price shall be the cash amount paid per share. Otherwise, the stock price shall be the average of the last reported sale prices of our common stock over the five trading day period ending on, and including, the trading day immediately preceding the effective date of the make-whole fundamental change.

The stock prices set forth in the column headings of the table below will be adjusted as of any date on which the conversion rate of the notes is otherwise adjusted. The adjusted stock prices will equal the stock prices immediately prior to such adjustment, *multiplied by* a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner and at the same time as the conversion rate as set forth under " Conversion Rate Adjustments."

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The following table sets forth the number of additional shares to be received per \$1,000 principal amount of notes for each stock price and effective date set forth below:

Effective Date	Stock Price									
	\$17.29	\$18.00	\$19.00	\$19.88	\$20.50	\$21.00	\$21.50	\$22.00	\$23.00	\$24.00
March 8, 2019	7.5438	6.0944	3.9912	2.5445	1.7021	1.1469	0.6836	0.3086	0.0018	0.0000
March 1, 2020	7.5438	6.1448	4.0184	2.5580	1.7098	1.1513	0.6880	0.3269	0.0002	0.0000
March 1, 2021	7.5438	6.1338	3.9803	2.5074	1.6569	1.0995	0.6406	0.2899	0.0000	0.0000
March 1, 2022	7.5438	6.0069	3.8174	2.3356	1.4911	0.9449	0.5057	0.1943	0.0000	0.0000
March 1, 2023	7.5438	5.7337	3.4549	1.9495	1.1202	0.6073	0.2410	0.0466	0.0000	0.0000
March 1, 2024	7.5438	5.2626	2.3386	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact stock prices and effective dates may not be set forth in the table above, in which case:

if the stock price is between two stock prices in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower stock prices and the earlier and later effective dates, as applicable, based on a 365- or 366-day year, as applicable;

if the stock price is greater than \$24.00 per share (subject to adjustment in the same manner as the stock prices set forth in the column headings of the table above), no additional shares will be added to the conversion rate; and

if the stock price is less than \$17.29 per share (subject to adjustment in the same manner as the stock prices set forth in the column headings of the table above), no additional shares will be added to the conversion rate.

Notwithstanding the foregoing, in no event will the conversion rate exceed 57.8368 shares per \$1,000 principal amount of notes, subject to adjustment in the same manner as the conversion rate as set forth under " Conversion Rate Adjustments."

Our obligation to satisfy the additional shares requirement could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies.

***Exchange in Lieu of Conversion***

Notwithstanding anything to the contrary, and subject to the terms of the indenture, if a note is submitted for conversion, we may elect to arrange to have such note exchanged in lieu of conversion by a financial institution we designate. To make such election, we must send notice of such election to the holder of such note before the close of business on the business day immediately following the conversion date for such note, and we must arrange for the financial institution to deliver the consideration due upon such conversion in the same manner and at the same time as we would have been required to do so. We will remain responsible to deliver such consideration if the financial institution fails to timely deliver the same.

**Fundamental Change Permits Holders to Require Us to Repurchase Notes**

If a "fundamental change" (as defined below in this section) occurs at any time, holders will have the right, at their option, to require us to repurchase for cash any or all of their notes, or any portion of the principal amount thereof that is in an authorized denomination. The price we are required to pay is equal to 100% of the principal amount of the notes to be repurchased, *plus* accrued and unpaid interest to, but excluding, the fundamental change repurchase date (unless the fundamental

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change repurchase date falls after a regular record date but on or prior to the interest payment date to which such regular record date relates, in which case we will, on or, at our election, before such interest payment date, instead pay the full amount of accrued and unpaid interest to the holder of record on such regular record date, and the fundamental change repurchase price will be equal to 100% of the principal amount of the notes to be repurchased). The "fundamental change repurchase date" will be a date specified by us that is not less than 20 or more than 35 calendar days following the date of our fundamental change notice as described below (and will be subject to postponement by a number of days by which our notice of the fundamental change is delivered to holders beyond the deadline set forth in the third immediately succeeding paragraph).

A "fundamental change" will be deemed to have occurred at the time after the notes are originally issued if any of the following occurs:

- (1) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than us, our subsidiaries and our and their employee benefit plans, has become the direct or indirect beneficial owner of our common equity representing more than 50% of the voting power of our common equity and files a Schedule 13D or Schedule TO or any other schedule, form or report under the Exchange Act disclosing such beneficial ownership;
- (2) the consummation of (A) any recapitalization, reclassification or change of our common stock (other than changes resulting from a subdivision or combination or a change solely in par value) as a result of which our common stock would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of us pursuant to which our common stock will be converted into cash, securities or other property; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than one of our subsidiaries; *provided, however*, that a transaction described in clause (A) or (B) in which the holders of all classes of our common equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving corporation or transferee, or the parent thereof, immediately after such transaction in substantially the same proportions as such ownership immediately prior to such transaction shall not be a fundamental change pursuant to this clause (2);
- (3) our stockholders approve any plan or proposal for the liquidation or dissolution of us; or
- (4) our common stock ceases to be listed or quoted on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) for a period of 20 consecutive trading days.

A transaction or transactions described in clause (2) above will not constitute a fundamental change (even if that transaction is, or those transactions are, also described under another clause above) if at least 90% of the consideration received or to be received by our common stockholders, excluding cash payments for fractional shares or pursuant to dissenters rights, in connection with such transaction or transactions consists of shares of our common stock that are listed or quoted (or depositary receipts representing shares of common stock, which depositary receipts are listed or quoted) on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions, and such transaction or transactions constitute a common stock change event whose reference property consists of such consideration.

For purposes of the definition of "fundamental change" above, any transaction that constitutes a fundamental change pursuant to both clause (1) and clause (2) (excluding the proviso to such

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clause (2)) of such definition will be deemed to be a fundamental change solely under clause (2) of such definition (subject to such proviso).

A filing that would otherwise constitute a fundamental change under clause (1) above will not constitute a fundamental change if (x) the filing occurs in connection with a transaction in which we become a wholly owned subsidiary of an SEC-reporting entity, and for purposes of the conversion provisions herein, our common stock is replaced by the publicly traded and listed securities of such SEC-reporting company, and (y) no such filing is made or is in effect with respect to common equity representing more than 50% of the voting power of such other company.

On or before the 20th day after (i) the date that we knew or reasonably should have known that the fundamental change occurred, in the case of a fundamental change described under clause (1) of the definition thereof, or (ii) the date the fundamental change occurred, in the case of any other fundamental change, we will provide to all holders of the notes and the trustee and paying agent a notice of the occurrence of the fundamental change and of the resulting repurchase right. Such notice shall state, among other things:

the events causing a fundamental change;

the effective date of the fundamental change;

the last date on which a holder may exercise the repurchase right;

the fundamental change repurchase price;

the fundamental change repurchase date;

the name and address of the paying agent and the conversion agent, if applicable;

the conversion rate and, if applicable, any adjustments to the conversion rate;

if applicable, that the notes with respect to which a fundamental change repurchase notice has been delivered by a holder may be converted only if the holder withdraws the fundamental change repurchase notice in accordance with the terms of the indenture; and

the procedures that holders must follow to require us to repurchase their notes.

To exercise the fundamental change repurchase right, you must deliver, on or before the business day immediately preceding the fundamental change repurchase date, the notes to be repurchased, duly endorsed for transfer, together with a written repurchase notice and the form entitled "Form of Fundamental Change Repurchase Notice" on the reverse side of the notes duly completed, to the paying agent. Each repurchase notice must state:

if certificated, the certificate numbers of your notes to be delivered for repurchase or if not certificated, the notice must comply with appropriate DTC procedures;

the portion of the principal amount of notes to be repurchased, which must be an authorized denomination; and

that the notes are to be repurchased by us pursuant to the applicable provisions of the notes and the indenture.

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Holders may withdraw any repurchase notice (in whole or in part) by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day immediately preceding the fundamental change repurchase date. The notice of withdrawal shall state:

the principal amount of the withdrawn notes;

if certificated notes have been issued, the certificate numbers of the withdrawn notes or, if not certificated, the notice must comply with appropriate DTC procedures; and

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the principal amount, if any, which remains subject to the repurchase notice, which must be an authorized denomination.

We will be required to repurchase the notes surrendered for repurchase in accordance with the indenture on the fundamental change repurchase date, subject to extension if necessary to comply with the provisions of the Investment Company Act.

Holders will receive payment of the fundamental change repurchase price on the later of (i) the fundamental change repurchase date and (ii) the time of book-entry transfer or the delivery of the notes to the paying agent. If on the fundamental change repurchase date the paying agent holds money sufficient to pay the fundamental change repurchase price of the notes for which holders have surrendered and not withdrawn repurchase notices on the fundamental change repurchase date, then:

the notes will cease to be outstanding and interest will cease to accrue (whether or not book-entry transfer of the notes is made or whether or not the notes are delivered to the paying agent); and

all other rights of the holder will terminate (other than the right to receive the fundamental change repurchase price upon delivery or transfer of the notes),

in each case subject to the right of a holder of any notes as of the close of business on a regular record date to receive the related interest payment.

In connection with any repurchase offer pursuant to a fundamental change repurchase notice, we will, if required:

comply in all material respects with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act that may then be applicable;

file a Schedule TO or any other required schedule under the Exchange Act; and

otherwise comply in all material respects with all federal and state securities laws in connection with any offer by us to repurchase the notes,

in each case, so as to permit the rights and obligations under this " Fundamental Change Permits Holders to Require Us to Repurchase Notes" to be exercised in the time and in the manner specified in the indenture. However, to the extent that our obligations to offer to repurchase and to repurchase notes pursuant to the provisions described above conflict with any law or regulation that is applicable to us and enacted after the date we initially issue the notes, our compliance with such law or regulation will not be considered to be a default of those obligations.

No notes may be repurchased on any date at the option of holders upon a fundamental change if the principal amount of the notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a default by us in the payment of the fundamental change repurchase price with respect to such notes).

Notwithstanding anything to the contrary, we will be deemed to satisfy our obligations to repurchase notes pursuant to the provisions described above if one or more third parties conduct the repurchase offer and repurchase tendered notes in a manner that would have satisfied our obligations to do the same if conducted directly by us.

In addition, notwithstanding anything to the contrary, we will not be required to send a fundamental change notice, publish any related notice or offer to repurchase or repurchase any notes, as described above, in connection with a fundamental change occurring pursuant to clause (2)(A) or



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(B) (or pursuant to any other clause of such definition that also constitutes a fundamental change occurring pursuant to clause (2)(A) or (B)) of the definition thereof, if:

such fundamental change constitutes a common stock change event whose reference property consists solely of cash in U.S. dollars;

immediately after such fundamental change, the notes become convertible into solely such cash in an amount per \$1,000 principal amount of notes that equals or exceeds the fundamental change repurchase price per \$1,000 principal amount of notes (calculated assuming that the same includes accrued interest to, but excluding, the latest possible fundamental change repurchase date for such fundamental change); and

we timely send the notice relating to such fundamental change required pursuant the provisions described above under the caption " Conversion Rights Conversion Upon Specified Corporate Events Certain Corporate Events."

We refer to such a fundamental change as an "exempted fundamental change."

The repurchase rights of the holders could discourage a potential acquirer of us. The fundamental change repurchase feature, however, is not the result of management's knowledge of any specific effort to obtain control of us by any means or part of a plan by management to adopt a series of anti-takeover provisions.

The term fundamental change is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to repurchase the notes upon a fundamental change may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

The definition of fundamental change includes a phrase relating to the conveyance, transfer, sale, lease or disposition of "all or substantially all" of our consolidated assets. There is no precise, established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of the notes to require us to repurchase its notes as a result of the conveyance, transfer, sale, lease or other disposition of less than all of our assets may be uncertain.

If a fundamental change were to occur, we may not have enough funds to pay the fundamental change repurchase price. Our ability to repurchase the notes for cash may be limited by restrictions on our ability to obtain funds for such repurchase through dividends from our subsidiaries, the terms of our then existing borrowing arrangements, the limitations imposed on us by the Investment Company Act or otherwise. See "Risk Factors Risks Relating to the Notes We may not have, or have the ability to raise, the funds necessary to settle conversions of the notes or to repurchase the notes upon a fundamental change, and our debt may contain limitations on our ability to pay cash or deliver shares of our common stock upon conversion or repurchase of the notes." If we fail to repurchase the notes when required following a fundamental change, we will be in default under the indenture. In addition, we have, and may in the future incur, other indebtedness with similar change in control provisions permitting our holders to accelerate or to require us to repurchase our indebtedness upon the occurrence of similar events or on some specific dates.

**Consolidation, Merger and Sale of Assets**

For purposes of the notes, the description below under this section titled " Consolidation, Merger and Sale of Assets" supersedes, in its entirety, the information in the accompanying prospectus under the caption "Description of our Debt Securities Merger or Consolidation."

The indenture provides that we shall not consolidate with or merge with or into, or sell, convey, transfer or lease all or substantially all of our properties and assets to, another person, unless (i) the resulting, surviving or transferee person (if not us) is a corporation organized and existing under

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the laws of the United States of America, any State thereof or the District of Columbia, and such corporation (if not us) expressly assumes by supplemental indenture all of our obligations under the notes and the indenture; and (ii) immediately after giving effect to such transaction, no default or event of default has occurred and is continuing under the indenture. Upon any such consolidation, merger or sale, conveyance, transfer or lease, the resulting, surviving or transferee person (if not us) shall succeed to us, and may exercise every right and power of, ours under the indenture, and we shall be discharged from our obligations under the notes and the indenture except in the case of any such lease.

Although these types of transactions are permitted under the indenture, certain of the foregoing transactions could constitute a fundamental change permitting each holder to require us to repurchase the notes of such holder as described above.

An assumption by any person of obligations under the notes and the indenture might be deemed for U.S. federal income tax purposes to be an exchange of the notes for new notes by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

**Events of Default**

For purposes of the notes, the description below under this section titled " Events of Default" supersedes, in its entirety, the information in the accompanying prospectus under the caption "Description of our Debt Securities Events of Default."

Each of the following is an event of default:

- (1) default in any payment of interest on any note when due and payable and the default continues for a period of 30 days;
- (2) default in the payment of principal of any note when due and payable at its stated maturity, upon any required repurchase, upon declaration of acceleration or otherwise;
- (3) our failure to comply with our obligation to convert the notes in accordance with the indenture upon exercise of a holder's conversion right, and such default is not cured within five business days;
- (4) our failure to give a fundamental change notice as described under " Fundamental Change Permits Holders to Require Us to Repurchase Notes" and such failure is not cured within 10 days after the due date for such notice;
- (5) our failure to give notice of a specified corporate transaction as described under " Conversion Rights Conversion Upon Specified Corporate Events" when due and such failure is not cured within 5 business days after the due date for such notice;
- (6) our failure for 60 consecutive days after written notice from the trustee or the holders of at least 25% in principal amount of the notes then outstanding has been received to comply with any of our other agreements contained in the notes or indenture;
- (7) our failure to comply with the obligation set forth under " Covenants Investment Company Act Section 18(a)(1)(A) as Modified by Section 61(a)";

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(8)

default by us or any of our "subsidiaries" (as defined below) that are "significant subsidiaries," as defined in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act (but excluding any subsidiary which is (a) a non-recourse or limited recourse subsidiary or (b) a bankruptcy remote special purpose vehicle), with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of \$100 million in the aggregate of us and/or any such subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable or (ii) constituting a failure to pay the principal of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise, in each case after the expiration of any applicable grace period; *provided, however*, that such default will not constitute an event of default unless it is not cured or waived, or such indebtedness is discharged, or such acceleration is rescinded, stayed or annulled, within 30 days after written notice from the trustee or the holders of at least 25% in principal amount of the notes then outstanding has; or

(9)

(a) we or any of our subsidiaries that are significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act, file for bankruptcy or (b) certain events of bankruptcy, insolvency, or reorganization of us or any of our subsidiaries that are significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act occur and remain undischarged or unstayed for a period of 60 days.

Notwithstanding anything to the contrary above, if a subsidiary of ours meets the criteria of clause (3) of the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act but not clause (1) or (2) thereof, then such subsidiary will be deemed not to be a "significant subsidiary" for purposes of clauses (8) or (9) above unless such subsidiary's income from continuing operations before income taxes, exclusive of amounts attributable to any non-controlling interests, for the last completed fiscal year before the date of determination exceeds \$100 million.

"Subsidiary" means, with respect to any person, (i) any corporation, association or other business entity (other than a partnership or limited liability company) of which more than 50% of the total voting power of the capital stock entitled (without regard to the occurrence of any contingency, but after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees, as applicable, of such corporation, association or other business entity is owned or controlled, directly or indirectly, by such person or one or more of the other subsidiaries of such person; and (ii) any partnership or limited liability company where (x) more than 50% of the capital accounts, distribution rights, equity and voting interests, or of the general and limited partnership interests, as applicable, of such partnership or limited liability company are owned or controlled, directly or indirectly, by such person or one or more of the other subsidiaries of such person, whether in the form of membership, general, special or limited partnership or limited liability company interests or otherwise; and (y) such person or any one or more of the other subsidiaries of such person is a controlling general partner of, or otherwise controls, such partnership or limited liability company; *provided, however*, that, any investments held by us in the ordinary course of business that are not, under GAAP, consolidated on our financial statements will be deemed not to be a "subsidiary" of ours.

If an event of default occurs and is continuing, the trustee by notice to us, or the holders of at least 25% in principal amount of the outstanding notes by notice to us and the trustee, may, and the trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest, if any, on all the notes to be due and payable. In case of certain events of bankruptcy, insolvency or reorganization involving us, but not any of our subsidiaries, 100% of the principal of and accrued and unpaid interest on the notes will automatically become due and payable. Upon such a

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declaration of acceleration, such principal and accrued and unpaid interest, if any, will be due and payable immediately.

The provisions described in the paragraph above, however, are subject to the condition that if, at any time after the principal of the notes shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained as provided in the indenture, we will pay or deliver, as the case may be, or will deposit with the trustee an amount of cash and/or shares of our common stock (or other reference property) sufficient to pay all matured installments of interest upon all the notes, all amounts of consideration due upon the conversion of any and all converted notes, and the principal of any and all notes which shall have become due otherwise than by acceleration (with interest upon such principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest, at the rate or rates, if any, specified in the notes to the date of such payment or deposit) and such amount as shall be sufficient to cover all amounts owing to the trustee and its agents and counsel, and if any and all events of default under the indenture, other than the non-payment of the principal of notes which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided in the indenture, then and in every such case the holders of a majority in aggregate principal amount of all the notes then outstanding, by written notice to us and to the trustee, may rescind and annul such declaration and its consequences, but no such rescission and annulment will extend to or shall affect any subsequent default or shall impair any right consequent on such default.

Notwithstanding the foregoing, the indenture will provide that, to the extent we elect, the sole remedy for an event of default relating to our failure to comply with our obligations as set forth under " Reports" below will, after the occurrence of such an event of default, consist exclusively of the right to receive additional interest on the notes at a rate equal to:

0.25% per annum of the principal amount of the notes outstanding for each day during the 180-day period beginning on, and including, the first date on which such an event of default occurs; and

0.50% per annum of the principal amount of the notes outstanding for each day during the 180-day period beginning on, and including, the 181st day following, and including, such first date and during which such event of default is continuing.

If we so elect, such additional interest will be payable in the same manner and on the same dates as the stated interest payable on the notes. On the 361st day after such event of default (if the event of default relating to the reporting obligations is not cured or waived prior to such 361st day), the notes will be subject to acceleration as described above. The provisions of the indenture described in this paragraph will not affect the rights of holders of notes in the event of the occurrence of any other event of default. In the event we do not elect to pay the additional interest following an event of default in accordance with this provision or we elected to make such payment but do not pay the additional interest when due, then the notes will be immediately subject to acceleration as described above.

In order to elect to pay the additional interest as the sole remedy during the first 360 days after the occurrence of an event of default relating to the failure to comply with the reporting obligations in accordance with the two immediately preceding paragraphs, we must notify all holders of the notes (with a copy to the trustee and the paying agent) of such election prior to the beginning of such 360-day period. Upon our failure to timely give such notice, the notes will be immediately subject to acceleration as described above.

If any portion of the amount payable on the notes upon acceleration is considered by a court to be unearned interest (through the allocation of the value of the instrument to the embedded warrant or otherwise), the court could disallow recovery of any such portion.

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The holders of a majority in principal amount of the outstanding notes may waive all past defaults (except with respect to nonpayment of principal or interest, with respect to the failure to deliver the consideration due upon conversion or with respect to a covenant that cannot be modified or amended without the consent of each holder) and rescind any such acceleration with respect to the notes and its consequences if (i) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (ii) all existing events of default, other than the nonpayment of the principal of and interest on the notes that have become due solely by such declaration of acceleration, have been cured or waived.

Each holder shall have the right to receive payment or delivery, as the case may be, of:

the principal (including the fundamental change repurchase price, if applicable) of;

accrued and unpaid interest, if any, on; and

the consideration due upon conversion of,

its notes, on or after the respective due dates expressed or provided for in the indenture, or to institute suit for the enforcement of any such payment or delivery, as the case may be, and such right to receive such payment or delivery, as the case may be, on or after such respective dates shall not be impaired or affected without the consent of such holder.

If an event of default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the indenture at the request or direction of any of the holders unless such holders have offered to the trustee indemnity or security reasonably satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, or the right to receive payment or delivery of the consideration due upon conversion, no holder may pursue any remedy with respect to the indenture or the notes unless:

- (1) such holder has previously given the trustee notice that an event of default is continuing;
- (2) holders of at least 25% in principal amount of the outstanding notes have requested the trustee in writing to pursue the remedy;
- (3) such holders have offered the trustee security or indemnity reasonably satisfactory to it against any costs, loss, liability or expense (including fees and expenses of its counsel);
- (4) the trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) the holders of a majority in principal amount of the outstanding notes have not given the trustee a direction that, in the opinion of the trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions and the trustee's right to demand security or indemnity reasonably satisfactory to it in accordance with the indenture, the holders of a majority in principal amount of the outstanding notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or of exercising any trust or power conferred on the trustee.

The indenture provides that in the event an event of default has occurred and is continuing, the trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use under the circumstances in the conduct of its own affairs. The trustee, however, may refuse to follow any direction that conflicts with law or the indenture or that the trustee determines is unduly prejudicial to the rights of any other holder or that would involve the trustee in personal liability. Prior to taking any action under the indenture, the trustee will be entitled to indemnification



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satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The indenture provides that if a default occurs and is continuing and is known to the trustee, the trustee must send to each holder notice of the default within 90 days after it occurs. Except in the case of a default in the payment of principal of or interest on any note or a default in the payment or delivery of the consideration due upon conversion, the trustee may withhold notice if and so long as a committee of trust officers of the trustee in good faith determines that withholding notice is in the interests of the holders.

**Modification and Amendment**

For purposes of the notes, the description below under this section titled " Modification and Amendment" supersedes, in its entirety, the information in the accompanying prospectus under the caption "Description of our Debt Securities Modification or Waiver."

Subject to certain exceptions, the indenture or the notes may be amended with the consent of the holders of at least a majority in principal amount of the notes then outstanding (including without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, notes) and, subject to certain exceptions, any past default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, notes). However, without the consent of each holder of an outstanding note affected, no amendment may, among other things:

- (1) reduce the amount of notes whose holders must consent to an amendment;
- (2) reduce the rate of or extend the stated time for payment of interest on any note;
- (3) reduce the principal of or extend the stated maturity of any note;
- (4) make any change that adversely affects the conversion rights of any notes;
- (5) reduce the fundamental change repurchase price of any note or amend or modify in any manner adverse to the holders of notes our obligation to make such payments, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;
- (6) make any note payable in money other than that stated in the note;
- (7) impair the right of any holder to receive payment of principal and interest on such holder's notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's notes; or
- (8) make any change in the amendment provisions that require each holder's consent or in the waiver provisions, except to increase any such percentage or to provide that other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding note affected thereby.

Without the consent of any holder, we and the trustee may amend the indenture without notice to:

- (1) cure or supplement any ambiguity, omission, defect or inconsistency, as determined in good faith by us;
- (2) provide for the assumption by a successor corporation of our obligations under the indenture;
- (3) add guarantees with respect to the notes;





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- (4) secure the notes;
- (5) add to our covenants or events of default for the benefit of the holders or surrender any right or power conferred upon us;
- (6) make any change that does not adversely affect the rights of any holder, as determined in good faith by us;
- (7) conform the provisions of the indenture to the "Description of Notes" section in the preliminary prospectus supplement for this offering, as supplemented by the related pricing term sheet, as determined in good faith by us;
- (8) evidence and provide for the appointment under the indenture of a successor trustee;
- (9) enter into supplemental indentures pursuant to, and in accordance with, the provisions described above under the caption " Conversion Rights Recapitalizations, Reclassifications and Changes of Our Common Stock" in connection with a common stock change event;
- (10) irrevocably elect or eliminate any settlement method or specified dollar amount; *provided, however*, that no such election or elimination will affect any settlement method theretofore elected (or deemed to be elected) with respect to any note pursuant to the provisions described above under the caption " Conversion Rights";
- (11) comply with the rules of DTC or any other applicable depository, so long as such amendment does not materially and adversely affect the rights of any holder of notes;
- (12) comply with any requirement of the SEC relating to the qualification of the indenture under the Trust Indenture Act of 1939, as amended; or
- (13) make any other change that does not adversely affect the interests of the holders of the notes in any material respect, as determined in good faith by us.

Holders do not need to approve the particular form of any proposed amendment. It will be sufficient if such holders approve the substance of the proposed amendment. After an amendment under the indenture becomes effective, we are required to send to the holders a notice briefly describing such amendment, subject to limited exceptions set forth in the indenture. However, the failure to give such notice to all the holders, or any defect in the notice, will not impair or affect the validity of the amendment.

**Discharge**

The provisions described in the accompanying prospectus under the caption "Description of our Debt Securities Defeasance" will not apply to the notes.

We may satisfy and discharge our obligations under the indenture by delivering to the securities registrar for cancellation all outstanding notes or by depositing with the trustee or delivering to the holders, as applicable, after the notes have become due and payable, whether at maturity, any fundamental change repurchase date, upon conversion or otherwise, cash or cash and/or shares of our common stock (or other reference property), solely to satisfy outstanding conversions, as applicable, sufficient to pay all of the outstanding notes and paying all other sums payable under the indenture by us. Such discharge is subject to terms contained in the indenture.

**No Personal Liability of Directors, Officers, Employees and Stockholders**

No past, present or future director, officer, employee, incorporator or stockholder of ours, as such, will have any liability for any obligations of ours under the indenture or the notes or for any



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claim based on, in respect of, or by reason of, such obligations or their creation. By accepting any note, each noteholder will be deemed to waive and release all such liability, and such waiver and release are part of the consideration for the issuance of the notes.

**Calculations in Respect of Notes**

Except as otherwise provided above under the heading " Conversion Rights Conversion Upon Satisfaction of Trading Price Condition", we will be responsible for making all calculations called for under the notes. These calculations include, but are not limited to, determinations of the last reported sale prices of our common stock, accrued interest payable on the notes and the conversion rate of the notes. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on holders of notes. We will provide a schedule of our calculations to each of the trustee and the conversion agent, and each of the trustee and conversion agent is entitled to rely conclusively upon the accuracy of our calculations without independent verification. The trustee will forward our calculations to any holder of notes upon the request of that holder.

**Reports**

The indenture provides that any documents or reports that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act must be sent by us to the trustee within 15 days after the same are required to be filed with the SEC (giving effect to any grace period under the Exchange Act, including pursuant to Rule 12b-25 thereunder). However, we need not send to the trustee any material for which we have received, or are seeking in good faith and have not been denied, confidential treatment by the SEC. Documents filed by us with the SEC via the EDGAR system (or any successor system thereto) will be deemed to be filed with the trustee as of the time such documents are filed via EDGAR (or such successor system).

**Investment Company Act Section 18(a)(1)(A) as Modified by Section 61(a)**

We agree that for the period of time during which notes are outstanding, we will not violate, whether or not we are subject to, Section 18(a)(1)(A) as modified by Section 61(a) of the Investment Company Act or any successor provisions thereto of the Investment Company Act, as such obligation may be amended or superseded but giving effect to any exemptive relief that may be granted to us by the SEC.

**Trustee**

U.S. Bank National Association is the trustee, security registrar, paying agent and conversion agent. U.S. Bank National Association, in each of its capacities, including without limitation as trustee, security registrar, paying agent and conversion agent, assumes no responsibility for the accuracy or completeness of the information concerning us or our affiliates or any other party contained in this prospectus supplement and accompanying prospectus or the related documents or for any failure by us or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information, or for any information provided to it by us, including but not limited to last reported sale prices of our stock, settlement amounts and any other information.

We may maintain banking relationships in the ordinary course of business with the trustee and its affiliates.

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**Governing Law**

The indenture provides that it and the notes, and any claim, controversy or dispute arising under or related to the indenture or the notes, will be governed by and construed in accordance with the laws of the State of New York.

**Book-Entry, Settlement and Clearance**

***Global Notes***

The notes will be initially issued in the form of one or more registered notes in global form, without interest coupons (the "global notes"). Upon issuance, each of the global notes will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC ("DTC participants") or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

upon deposit of a global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the underwriters; and

ownership of beneficial interests in a global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

***Book-Entry Procedures for Global Notes***

All interests in the global notes will be subject to the operations and procedures of DTC. We provide the following summary of those operations and procedures solely for the convenience of investors. The operations and procedures of DTC are controlled by that settlement system and may be changed at any time. Neither we nor the underwriters are responsible for those operations or procedures.

DTC has advised us that it is:

a limited purpose trust company organized under the laws of the State of New York;

a "banking organization" within the meaning of the New York State Banking Law;

a member of the Federal Reserve System;

a "clearing corporation" within the meaning of the Uniform Commercial Code; and

a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the underwriters; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either



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directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a global note, that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

will not be entitled to have notes represented by the global note registered in their names;

will not receive or be entitled to receive physical, certificated notes; and

will not be considered the owners or holders of the notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal and interest and of amounts due upon conversion with respect to the notes represented by a global note will be made by the trustee to DTC's nominee as the registered holder of the global note. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds.

***Certificated Notes***

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related notes only if:

DTC notifies us at any time that it is unwilling or unable to continue as depository for the global notes and a successor depository is not appointed within 90 days;

DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depository is not appointed within 90 days;

we, in our sole discretion, permit the exchange of any beneficial interest in a global note for one or more physical, certificated notes at the request of the owner of such beneficial interest; or

an event of default with respect to the notes has occurred and is continuing and such beneficial owner requests that its notes be issued in physical, certificated form.

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**CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion is a general summary of certain material U.S. federal income tax considerations relating to the acquisition, ownership, disposition and conversion of the notes we are offering, our qualification and taxation as a regulated investment company, or "RIC", for U.S. federal income tax purposes, and the acquisition, ownership and disposition of our common stock into which the notes may be converted. This discussion does not purport to be a complete description of all of the tax considerations relating thereto. In particular, we have not described certain considerations that may be relevant to certain types of investors subject to special treatment under U.S. federal income tax laws, including investors subject to the alternative minimum tax, tax-exempt organizations, insurance companies, investors that are treated as partnerships for U.S. federal income tax purposes, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, pension plans and trusts, financial institutions, a person that holds shares as part of a straddle or a hedging or conversion transaction, real estate investment trusts ("REITs"), regulated investment companies, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, Non-U.S. Holders engaged in a trade or business in the United States, persons who have ceased to be U.S. citizen or to be taxed as residents of the United States, "controlled foreign corporations," and "passive foreign investment companies." This summary is limited to beneficial owners of notes that will hold the notes and our common stock (if the notes are converted) as capital assets (within the meaning of the Code) and does not address owners of an investor. This discussion is based upon the Code, its legislative history, existing and proposed U.S. Treasury regulations, published rulings and court decisions, each as of the date of this offering memorandum and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service (the "IRS") regarding the notes offered pursuant to this offering or our common stock. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invest in tax-exempt securities or certain other investment assets.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds the notes or our common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Investors treated as a partnership for U.S. federal income tax purposes (or investors that are partners in such a partnership), are encouraged to consult with their own tax advisors with respect to the tax consequences relating to the purchase, ownership and disposition of the notes and our common stock.

*The notes are complex, and certain aspects of the U.S. tax treatment of the notes are not certain. Tax matters are very complicated and the tax consequences to an investor of an investment in the notes and our common stock will depend on the facts of such investor's particular situation. Investors are strongly encouraged to consult their own tax advisor regarding the U.S. federal income tax consequences of the acquisition, ownership, disposition and conversion of the notes and of the acquisition, ownership and disposition of our common stock, as well as the effect of state, local and foreign tax laws and the effect of any possible changes in tax laws.*

**TAX CONSEQUENCES TO U.S. HOLDERS OF NOTES**

The following is a summary of certain material U.S. federal income tax consequences that will apply to a "U.S. Holder" of the notes. As used herein, the term "U.S. Holder" means a beneficial owner of a note or shares of our stock that is for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

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a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;

a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons (as defined in the Code) have the authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes; or

an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

If you are not a U.S. Holder, this section does not apply to you. Please see " Tax Consequences to Non-U.S. Holders of Notes", below.

**Payments of Stated Interest.** Subject to the discussion below under " Tax Consequences to U.S. Holders of Notes Original Issue Discount", stated interest paid on a note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

**Original Issue Discount.** If the note's stated redemption price at maturity exceeds its issue price by greater than a *de minimis* amount it will be treated as a discount debt instrument issued with OID. For U.S. federal income tax purposes, the "issue price" of the notes will equal the first price at which a substantial amount of the notes are sold to investors, excluding sales to bond houses, brokers, or similar persons or persons acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of the notes is equal to the sum of all amounts a holder is entitled to receive from us on the notes other than "qualified stated interest." Generally, an interest payment on a debt instrument is "qualified stated interest" if: (i) it is part of a series of stated interest payments on a debt instrument, (ii) that are unconditionally payable at least annually, (iii) at a single fixed rate applied to the outstanding principal amount of the debt instrument. OID is treated as *de minimis* where it is less than  $\frac{1}{4}$  of 1% of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity date.

If the notes are issued with OID, a U.S. Holder will be required to include the OID in gross income, as ordinary income, as the OID accrues on a constant yield basis, in advance of the receipt of the cash payment attributable to the OID, regardless of such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. The amount of OID that a U.S. Holder must include in gross income for each taxable year is the sum of the daily portions of OID that accrue on the U.S. Holder's notes for each day of the taxable year during which the U.S. Holder holds the notes. The daily portion of OID is determined by allocating to each day of an accrual period (generally, the period between interest payment dates or compounding dates) a pro rata portion of the OID allocable to such accrual period. The amount of OID allocable to an accrual period is the product of the "adjusted issue price" of the notes at the beginning of the accrual period multiplied by the yield to maturity of the notes (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to reflect the length of the accrual period), reduced by the amount of any stated interest allocable to such accrual period. The adjusted issue price of the notes at the beginning of an accrual period generally will equal their issue price, increased by the aggregate amount of OID that has accrued on the notes in all prior accrual periods. The amount of OID included in a U.S. Holder's gross income will increase the U.S. Holder's adjusted tax basis in the notes. Under these rules, a U.S. Holder will have to include increasingly greater amounts of OID over such U.S. Holder's holding period in the notes. U.S. Holders should consult their own tax advisors concerning the consequences of, and accrual of, OID on the notes.



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A U.S. Holder generally may irrevocably elect to treat all interest on the notes as OID and calculate the amount includible in income using a constant yield basis. U.S. Holders should consult their own tax advisors regarding this election.

For purposes of determining the amount of the notes to be converted to common stock, the U.S. Holder's basis in the notes shall include any accrued and unpaid interest or OID (up through the date of conversion) and interest arising from an acquisition premium (as discussed below).

***Acquisition Premium***

A U.S. holder who purchases a note for an amount that is greater than its adjusted issue price but less than its stated redemption price at maturity will be treated as having purchased the note at an "acquisition premium." A U.S. holder that purchases a note with acquisition may offset OID inclusions using a "fixed fraction" (the numerator of which is the excess of the holder's initial basis in the notes over the issue price of the notes, and the denominator of which is the excess of the redemption price at maturity of the notes over their issue price) that measures the percentage of the remaining OID on the note that is excluded from the U.S. holder's income. A U.S. holder may elect to amortize the acquisition premium over the remaining term of the note on a constant yield method with a corresponding decrease in its tax basis in the note. U.S. Holders should consult their tax advisors with respect to the applicability of the acquisition premium rules to their notes.

***Bond Premium.*** If a U.S. Holder's purchases a note for an amount greater than the sum of all amounts payable on the note after the acquisition date (other than payments of qualified stated interest), the U.S. Holder will be treated for U.S. federal income tax purposes as having acquired the note with bond premium equal to the amount of the difference between the note's stated principal amount and the U.S. Holder's purchase price. In that case, the U.S. Holder generally may elect to amortize the bond premium (as an offset to interest income), using a constant-yield method, over the remaining term of the note. A U.S. Holder's initial tax basis in a note will be determined as described below under " Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes." Such an election generally applies to all bonds held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. Holder's basis does not include amounts paid equal to the value of the note's conversion premium and such amounts are not amortizable, regardless of whether the U.S. Holder has made an election to amortize bond premium.

***Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes.*** Upon the sale, exchange, redemption, retirement or other taxable disposition of a note (other than a conversion into common stock), a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the disposition and the U.S. Holder's tax basis in the note (other than amounts attributable to accrued but unpaid stated interest or OID, which will be taxed as interest income to the extent not previously so taxed, offset by any acquisition premium). A U.S. Holder's tax basis in a note generally will be equal to the cost of the note to such U.S. Holder increased by any accrued and unpaid OID.

Subject to the discussion above under " Tax Consequences to U.S. Holders of Notes Original Issue Discount" Gain or loss recognized on the sale, exchange, redemption, retirement or other taxable disposition of a note generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the disposition the note has been held for more than one year. Under current law, long-term capital gains recognized by non-corporate U.S. Holders generally are subject to reduced tax rates. The deductibility of capital losses is subject to limitations.

***Conversion into Common Stock.*** A U.S. Holder's conversion of a note solely into common stock and cash in lieu of a fractional share of common stock generally will not be a taxable event,

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except that the receipt of cash in lieu of a fractional share of common stock (such receipt to be treated as if the fractional share were issued and received and then immediately redeemed for cash) will result in capital gain or loss (measured by the difference between the cash received in lieu of the fractional share and the U.S. Holder's tax basis in the fractional share) and the fair market value of common stock received with respect to accrued interest will be taxed as a payment of interest as described under " Payments of Stated Interest" above.

A U.S. Holder's tax basis in the common stock received upon a conversion of a note (other than common stock received with respect to accrued interest and unpaid interest or OID, but including any basis allocable to a fractional share) will equal the tax basis of the note that was converted. A U.S. Holder's tax basis in the common stock received with respect to accrued interest (including any accrued and unpaid OID, as described above under the heading " Original Issue Discount") will equal the fair market value of the stock received. A U.S. Holder's tax basis in a fractional share will be determined by allocating the holder's tax basis in the common stock received upon conversion between the common stock received (other than the fractional share) and the fractional share, in accordance with their respective fair market values.

The U.S. Holder's holding period for the common stock received will include the U.S. Holder's holding period for the note converted, except that the holding period of any common stock received with respect to accrued interest (including any accrued and unpaid OID, as described above under the heading " Tax Consequences to U.S. Holders of Notes Original Issue Discount") will commence on the day after the date of receipt of such common stock.

**Conversion into Cash.** If a U.S. Holder converts a note and receives from us solely cash, the holder will recognize gain or loss in the same manner as if such holder had disposed of the note in a taxable disposition as described under " Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes" above.

**Conversion into Common Stock and Cash.** The tax consequences of the conversion of a note into a combination of common stock and cash are not entirely clear. A U.S. Holder may be treated as exchanging the note for common stock and cash in a recapitalization for U.S. federal income tax purposes. In such a case, a U.S. Holder would recognize capital gain, but not loss, equal to the excess of the sum of the fair market value of the common stock (including the fractional share that would be received) and cash received (other than amounts attributable to accrued interest, which would be treated as such as described under " Payments of Stated Interest" above, accrued and unpaid OID, which would be treated as described under " Original Issue Discount" above, or cash received in lieu of a fractional share, as described below) over the holder's tax basis in the note, but in no event would the capital gain recognized exceed the amount of cash received (excluding cash attributable to accrued and unpaid interest or OID, or received in lieu of a fractional share). In such circumstances, a U.S. Holder's tax basis in the common stock received upon a conversion of a note (other than common stock received with respect to accrued interest, but including any basis allocable to a fractional share) would equal the tax basis of the note that was converted, reduced by the amount of cash received (excluding cash received in lieu of a fractional share, accrued and unpaid OID and cash attributable to accrued interest), and increased by the amount of gain, if any, recognized (other than with respect to a fractional share). A U.S. Holder's tax basis in the common stock received with respect to accrued interest would equal the fair market value of the stock received. A U.S. Holder's holding period for common stock received upon conversion would include the period during which such holder held the notes, except that the holding period of any common stock received with respect to accrued interest would commence on the day after the date of receipt. A U.S. Holder that receives cash for a fractional share of common stock will be treated as having been issued the fractional share and having it immediately redeemed for cash. The U.S. Holder will recognize capital gain or loss with respect to the fractional share equal to the difference between the cash received in lieu of the fractional share and the U.S. Holder's tax basis in the fractional share. A U.S. Holder's tax basis in the fractional share

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would be determined by allocating the holder's tax basis in the common stock received upon conversion (as described above) between the common stock received (other than the fractional share) and the fractional share, in accordance with their respective fair market values.

Alternatively, the conversion of a note into a combination of common stock and cash may be treated as in part a conversion of a portion of the note into common stock and in part a redemption of a portion of the note for cash, in which case the redemption portion would be taxed in the manner described under " Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes" above. A U.S. Holder's ability to recognize a loss in this circumstance is unclear. Under this alternative characterization, with respect to the portion of the note treated as converted into common stock, a U.S. Holder generally would not recognize gain or loss with respect to the common stock received upon conversion (other than with respect to cash received in lieu of a fractional share or common stock attributable to accrued interest), and the U.S. Holder's holding period for such common stock would include the period during which such holder held the note, except that the holding period of any common stock received with respect to accrued interest would commence on the day after the date of receipt. In such case, the U.S. Holder's basis in the note would be allocated *pro rata* between the common stock received (including any fractional share of common stock for which cash is received but excluding common stock received with respect to accrued interest) and cash received, in accordance with their relative fair market values. A U.S. Holder that receives cash for a fractional share of common stock will be treated as having been issued the fractional share and having it immediately redeemed for cash. The U.S. Holder will recognize capital gain or loss with respect to the fractional share equal to the difference between the cash received in lieu of the fractional share and the U.S. Holder's tax basis in the fractional share. A U.S. Holder's tax basis in the fractional share would be determined by allocating the holder's tax basis in the common stock received upon conversion (as described above) between the common stock received (other than the fractional share) and the fractional share, in accordance with their respective fair market values.

Under either of the treatments described above, it is not entirely clear under U.S. federal income tax law how the portion of the note converted into cash should be allocated between the principal amount of the note converted and the accrued but unpaid interest or OID on the note converted. We intend to take the position that the cash is allocated first to the amount of any accrued and unpaid stated interest on the note converted to the extent of such unpaid stated interest, second to the amount of OID accrued and unpaid (if any) in respect of the note converted to the extent of such accrued and unpaid OID (if any), and thereafter to the principal amount of the note converted.

Any cash and the value of any common stock received that is attributable to accrued and unpaid interest or OID on the notes that has not been included in the U.S. Holder's income would be taxed as ordinary interest income. The basis in any shares of common stock attributable to accrued interest would equal the fair market value of such shares when received. The holding period for any shares of common stock attributable to accrued interest would begin the day after the date of receipt.

Any capital gain recognized by U.S. Holders upon the conversion of a note into common stock and cash will be long-term capital gain if at the time of conversion the notes have been held for more than one year. Under current law, long-term capital gains recognized by non-corporate U.S. Holders generally are subject to reduced tax rates. The deductibility of capital losses may be subject to limitations.

U.S. Holders should consult their tax advisors regarding the tax treatment of the receipt of a combination of cash and common stock for notes upon conversion.

***Constructive Distributions.*** The conversion rate of the notes will be adjusted in certain circumstances. Under the Code and applicable U.S. Treasury regulations, adjustments that have the effect of increasing a U.S. Holder's interest in our assets or earnings and profits may, in some circumstances, result in a deemed distribution to the holder. Adjustments to the conversion rate made

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pursuant to a bona fide reasonable adjustment formula that has the effect of preventing the dilution of the interest of the U.S. Holders of the notes generally will not be deemed to result in such a distribution. Conversion rate adjustments arising from a stock split or a stock dividend generally are considered to be pursuant to a bona fide reasonable adjustment formula and thus will not give rise to a deemed distribution. However, certain of the possible conversion rate adjustments (generally including adjustments to the conversion rate to compensate U.S. Holders of the notes for distributions of cash or property to our stockholders) will not qualify as being pursuant to a bona fide reasonable adjustment formula. If such adjustments are made, the U.S. Holders of notes will be deemed to have received a distribution even though they have not received any cash or property as a result of such adjustments. Conversely, if an event occurs that increases the interests of holders of the notes and the conversion rate is not adjusted, the resulting increase in the proportionate interests of holders of the notes could be treated as a deemed distribution to such holders. We are required to report the amount of any deemed distributions to the IRS and to holders of our notes (or, alternatively, on our website).

Any deemed distribution will be taxed in the same manner as an actual distribution even if a U.S. Holder of the notes has not received any cash or property as a result of such adjustments. Deemed distributions generally would not be eligible for the reduced maximum rate applicable to qualified dividend income or for the dividends received deduction. See "Taxation of U.S. Holders of Common Stock" below. U.S. Holders should consult their tax advisors as to the tax consequences of receiving constructive dividends.

**Possible Effect of a Consolidation or Merger.** In certain situations, we may consolidate or merge into another entity (as described above under "Description of Notes Consolidation, Merger and Sale of Assets" and "Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon a Make-Whole Fundamental Change"). Depending on the circumstances, a change in the obligor of the notes as a result of the consolidation or merger could result in a deemed taxable exchange to a U.S. Holder, and the modified notes could be treated as newly issued at that time, potentially resulting in the recognition of taxable gain or loss. Such a deemed taxable exchange could also alter the amount of accrued and unpaid OID, if any, on the notes (see " Tax Consequences to U.S. Holders of Notes Original Issue Discount"). U.S. Holders should consult their own advisors on the possible tax consequences of our consolidating or merging into another entity on an investment in the notes.

**Backup Withholding and Information Reporting.** Information returns generally will be filed with the IRS in connection with payments on the notes and the proceeds from a sale or other disposition of the notes. A U.S. Holder will be subject to backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

**Additional U.S. Federal Income Tax Considerations.** In addition to the discussion above, U.S. Holders should refer to the discussion under " Taxation of U.S. Holders of Common Stock Medicare Tax on Net Investment Income" and " Withholding and Information Reporting on Foreign Financial Accounts" for a discussion of additional U.S. federal income tax considerations that may apply even if a U.S. Holder does not receive our common stock on a conversion of notes.

**Tax Consequences to Non-U.S. Holders of Notes**

The following is a summary of certain material U.S. federal income tax consequences that will apply to you if you are a "Non-U.S. Holder" of the notes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a note that is not a U.S. Holder or a partnership (or an entity or

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arrangement treated as a partnership) for U.S. federal income tax purposes. A "Non-U.S. Holder" does not include an individual present in the United States for 183 days or more in the taxable year of disposition of the notes or common stock. A holder that is a partnership holding the notes or shares of our common stock, and each partner in such a partnership, is encouraged to consult his, her or its own tax advisor regarding U.S. federal income tax consequences of the sale, exchange or disposition of the notes.

If you are not a Non-U.S. Holder, this section does not apply to you.

**Payments on the Notes.** Subject to the discussion below concerning backup withholding, payments of principal and interest (including any amounts generally treated as OID for U.S. federal income tax purposes, as described above under " Tax Consequences to U.S. Holders of Notes Original Issue Discount") on the notes to any Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that:

the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock that are entitled to vote;

the Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership; and

the U.S. payor of the interest (including us, or any intermediary who pays the interest on our behalf) does not have actual knowledge or reason to know that a holder is a United States person and such holder certifies to the U.S. payor under penalties of perjury on a properly executed IRS Form W-8BEN or W-8BEN-E that such holder is not (or, in the case of a Non-U.S. Holder that is an estate or trust, such forms certifying that the beneficiary of the estate or trust is not) a United States person.

If a Non-U.S. Holder does not qualify for an exemption under these rules, interest income from the notes may be subject to withholding tax at the rate of 30% (or lower applicable treaty rate).

**Sale, Exchange, Redemption, Retirement or Other Disposition of the Notes.** Subject to the discussion below on backup withholding and withholding and information reporting on financial accounts, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain recognized on a sale, exchange, redemption, retirement, or other disposition of notes (except with respect to accrued and unpaid interest or OID, which would be taxed as described above under " Payments on the Notes.")

**Constructive Dividends.** In the case of a deemed distribution as described under " Tax Consequences to U.S. Holders of Notes Constructive Dividends," such deemed distribution will be subject to withholding of U.S. federal income tax in the same manner as distributions of our investment company taxable income to Non-U.S. Holders as described under " Taxation of Non-U.S. Holders of Common Stock." In the case of such a constructive dividend, it is possible that the U.S. federal income tax on the constructive dividend would be withheld from interest, shares of common stock or sales proceeds subsequently paid or credited to the Non-U.S. Holder. A Non-U.S. Holder that is subject to withholding tax under such circumstances should consult its own tax advisor as to whether it is eligible for a refund of all or a portion of the withholding tax.

**Backup Withholding and Information Reporting.** Information returns will be filed with the IRS in connection with payments on the notes. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a United States person, information returns may be filed with the IRS in connection with the proceeds from a sale or other disposition of the notes and the Non-U.S. Holder may be subject to backup withholding on payments on the notes or on the proceeds from a sale or other disposition of the notes. The certification procedures required to claim the exemption from withholding tax on interest described above will satisfy the certification requirements necessary to avoid

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backup withholding as well. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

***Additional U.S. Federal Income Tax Considerations.*** In addition to the discussion above, Non-U.S. Holders should refer to the discussion under " Withholding and Information Reporting on Foreign Financial Accounts" for a discussion of additional U.S. federal income tax considerations that may apply even if a Non-U.S. Holder does not receive our common stock on a conversion of notes.

**ELECTION TO BE TAXED AS A RIC**

As a BDC, we have elected to be treated and intend to operate in a manner so as to continuously qualify annually as a RIC under the Code. As a RIC, we generally will not pay corporate-level U.S. federal income taxes on our net ordinary income or capital gains that we timely distribute (or are deemed to distribute) to our stockholders as dividends. Instead, dividends we distribute (or are deemed to timely distribute) generally will be taxable to stockholders, and any net operating losses, foreign tax credits and most other tax attributes generally will not pass through to stockholders. We will be subject to U.S. federal corporate-level income tax on any undistributed income and gains. To continue to qualify as a RIC, we must, among other things, meet certain source of income and asset diversification requirements (as described below). In addition, we must distribute to our stockholders, for each taxable year at least 90% of our "investment company taxable income," as defined by the Code (the "Annual Distribution Requirement"). The following discussion assumes that we qualify as a RIC.

**TAXATION AS A RIC**

If we:

qualify as a RIC; and

satisfy the Annual Distribution Requirement;

then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (realized net long-term capital gain in excess of realized net short-term capital loss) that we timely distribute (or are deemed to timely distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any net income or capital gains not distributed (or deemed distributed) to our stockholders.

We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for each calendar year, (2) 98.2% of our capital gain net income for each calendar year and (3) any income realized, but not distributed, in preceding years (to the extent that U.S. federal income tax was not imposed on such amounts) less certain over-distributions in the prior year (collectively, the "Excise Tax Requirement"). We have paid in the past, and can be expected to pay in the future, such excise tax on a portion of our income.

Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and (2) other requirements relating to our status as a RIC, including the Diversification Tests (as defined below). If we dispose of assets to meet the Annual Distribution Requirement, the Diversification Tests, or the Excise Tax Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

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To qualify as a RIC for U.S. federal income tax purposes, we generally must, among other things:

qualify to be treated as a BDC at all times during each taxable year;

derive in each taxable year at least 90% of our gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities or foreign currencies or other income derived with respect to our business of investing in such stock, securities or foreign currencies, or (b) net income derived from an interest in a "qualified publicly traded partnership," or "QPTP" (collectively, the "90% Income Test"); and

diversify our holdings so that at the end of each quarter of the taxable year:

at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs and other securities that, with respect to any issuer, do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of that issuer; and

no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of (i) one issuer, (ii) two or more issuers that are controlled, as determined under the Code, by us and that are engaged in the same or similar or related trades or businesses or (iii) securities of one or more QPTPs (collectively, the "Diversification Tests").

We may be required to recognize taxable income for U.S. federal income tax purposes in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with "payment-in-kind" interest or, in certain cases, that have increasing interest rates or that are issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement and the Excise Tax Requirement, even though we will not have received any corresponding cash amount. In order to enable us to make distributions to stockholders that will be sufficient to enable us to satisfy the Annual Distribution Requirement and the Excise Tax Requirement, we may need to liquidate or sell some of our assets at times or at prices that are not advantageous, raise additional equity or debt capital, take out loans, forego new investment opportunities or otherwise take actions that are disadvantageous to our business (or be unable to take actions that are advantageous to our business). If we borrow money, we may be prevented by loan covenants from declaring and paying dividends in certain circumstances. Even if we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements, under the Investment Company Act, we are generally not permitted to make distributions to our stockholders while our debt obligations and senior securities are outstanding unless certain "asset coverage" tests or other financial covenants are met. Limits on our payment of dividends may prevent us from meeting the Annual Distribution Requirement, and may, therefore, jeopardize our qualification for taxation as a RIC, or subject us to the 4% excise tax on undistributed income.

A portfolio company in which we invest may face financial difficulty that requires us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such restructuring could, depending on the specific terms of the restructuring, cause us to recognize taxable income without a corresponding receipt of cash, which could affect our ability to satisfy the Annual Distribution Requirement or the Excise Tax Requirement, or result in unusable capital losses and

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future non-cash income. Any such reorganization could also result in our receiving assets that give rise to non-qualifying income for purposes of the 90% Income Test.

Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (a) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (b) convert long-term capital gain (currently taxed at lower rates for non-corporate taxpayers) into higher taxed short-term capital gain or ordinary income, (c) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (d) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur (e) adversely alter the characterization of certain complex financial transactions, (f) treat dividends that would otherwise constitute qualified dividend income as non-qualified dividend income, (g) cause us to recognize income or gain without receipt of a corresponding cash payment, and (h) produce income that will not be qualifying income for purposes of the 90% Income Test. We will monitor our transactions and may make certain tax elections in order to mitigate the effects of these provisions; however, no assurance can be given that we will be eligible for any such tax elections or that any elections we make will fully mitigate the effects of these provisions.

Gain or loss recognized by us from warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

Our investment in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes. In that case, our yield on those securities would be decreased. Stockholders will generally not be entitled to claim a U.S. foreign tax credit or deduction with respect to non-U.S. taxes paid by us.

If we purchase shares in a "passive foreign investment company" (a "PFIC"), we may be subject to U.S. federal income tax on a portion of any "excess distribution" received on, or gain from the disposition of, such shares, even if such income is distributed as a taxable dividend by us to our stockholders. Additional charges in the nature of interest may be imposed on us in respect of deferred taxes arising from such distributions or gains. If we invest in a PFIC and elect to treat the PFIC as a "qualified electing fund" under the Code (a "QEF"), in lieu of the foregoing requirements, we will be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed to us. Alternatively, we may elect to mark-to-market at the end of each taxable year our shares in such PFIC; in this case, we will recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it does not exceed prior increases included in income. Our ability to make either election will depend on factors beyond our control, and we are subject to restrictions that may limit the availability or benefit of these elections. Under either election, we may be required to recognize in any year income in excess of our distributions from PFICs and our proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of determining whether we satisfy the Excise Tax Requirement.

Our functional currency is the U.S. dollar for U.S. federal income tax purposes. Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time we accrue income, expenses or other liabilities denominated in a foreign currency and the time we actually collect such income or pay such expenses or liabilities may be treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts, the disposition of debt denominated in a foreign currency and other financial transactions denominated in foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, may also be treated as ordinary income or loss.

Some of the income and fees that we recognize, such as management fees, may not satisfy the 90% Income Test. In order to ensure that such income and fees do not disqualify us as a RIC for a



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failure to satisfy the 90% Income Test, we may be required to recognize such income or fees through one or more entities treated as U.S. corporations for U.S. federal income tax purposes. While we expect that recognizing such income through such corporations will assist us in satisfying the 90% Income Test, no assurance can be given that this structure will be respected for U.S. federal income tax purposes, which could result in such income not being counted towards satisfying the 90% Income Test. If the amount of such income were too great and we were otherwise unable to mitigate this effect, it could result in our disqualification as a RIC. If, as we expect, the structure is respected, such corporations will be required to pay U.S. corporate income tax on their earnings, which ultimately will reduce the yield on such income and fees.

We are limited in our ability to deduct expenses in excess of our investment company taxable income. If our expenses in a given year exceed our investment company taxable income, we will have a net operating loss for that year. However, we are not permitted to carry forward our net operating losses to subsequent years so these net operating losses generally will not pass through to our stockholders. In addition, expenses can be used only to offset investment company taxable income, and may not be used to offset net capital gain. As a RIC, we may not use any net capital losses (that is, realized capital losses in excess of realized capital gains) to offset our investment company taxable income, but may carry forward those losses, and use them to offset future capital gains, indefinitely. Further, our deduction of net business interest expense is limited to 30% of our "adjusted taxable income" plus "floor plan financing interest expense." Due to these limits on the deductibility of expenses, net capital losses and business interest expenses, we may have aggregate taxable income that we are required to distribute and that is taxable to stockholders even if this income is greater than the aggregate net income we actually earned during those years.

**FAILURE TO QUALIFY AS A RIC**

If we fail to satisfy the 90% Income Test for any taxable year or the Diversification Tests for any quarter of the taxable year, we may still continue to be taxed as a RIC for the relevant taxable year if we are eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain *de minimis* failures of the diversification requirements where we correct the failure within a specified period. If the applicable relief provisions are not available or cannot be met, all of our income would be subject to corporate-level income tax as described below. We cannot provide assurance that we would qualify for any such relief should we fail the 90% Income Test or the Diversification Tests.

If we were to fail to meet the RIC requirements for more than two consecutive years and then seek to requalify as a RIC, we would be required to pay corporate level tax on the unrealized appreciation recognized during the succeeding five-year period unless we make a special election to recognize gain to the extent of any unrealized appreciation in our assets at the time of requalification.

If we are unable to qualify for treatment as a RIC, and relief is not available as discussed above, we would be subject to tax on all of our taxable income at the regular corporate U.S. federal income tax rate (and we also would be subject to any applicable state and local taxes). We would not be able to deduct distributions to stockholders and would not be required to make distributions for U.S. federal income tax purposes. Distributions generally would be taxable to our holders as ordinary dividend income to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate U.S. Holders would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's adjusted tax basis in its common stock, and any remaining distributions would be treated as capital gains.

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**TAXATION OF U.S. HOLDERS OF COMMON STOCK**

The following summary generally describes certain material U.S. federal income tax consequences of an investment in shares of our common stock beneficially owned by, and received on conversion of notes by, U.S. Holders (as defined above under "Taxation of U.S. Holders of Notes"). If you are not a U.S. Holder, this section does not apply to you.

Whether an investment in the shares of our common stock is appropriate for a U.S. Holder will depend upon that person's particular circumstances. An investment in the shares of our common stock by a U.S. Holder on conversion of the notes may have adverse tax consequences. U.S. stockholders should consult their own tax advisors about the U.S. tax consequences of beneficially owning our common stock as a result of the conversion of the notes.

*Distributions on Our Common Stock*

Distributions by us generally are taxable to U.S. Holders as ordinary income or capital gain. Distributions of our investment company taxable income will be taxable as ordinary income to U.S. Holders to the extent of our current and accumulated earnings and profits, whether paid in cash or reinvested in additional shares of our common stock. Distributions of our net capital gain properly reported by us as "capital gain dividends" will be taxable to a U.S. Holder as long-term capital gains (which, under current law, are taxed at preferential rates) in the case of individuals, trusts or estates. This is true regardless of the U.S. Holder's holding period in our common stock and regardless of whether the dividend is paid in cash or reinvested in additional common stock. Distributions in excess of our earnings and profits first will reduce a U.S. Holder's adjusted tax basis in such U.S. Holder's common stock and, after the adjusted tax basis is reduced to zero, will constitute capital gain to such U.S. Holder. We have made distributions in excess of our earnings and profits and may continue to do so in the future. As a result, a U.S. Holder will need to consider the effect of our distributions on such U.S. Holder's adjusted tax basis in our common stock in their individual circumstances.

A portion of our ordinary income dividends, but not capital gain dividends, paid to corporate U.S. Holders may, if certain conditions are met, qualify for the 50% dividends-received deduction to the extent that we have received dividends from certain corporations during the taxable year, but only to the extent such ordinary income dividends are treated as paid out of our earnings and profits. We expect only a small portion of our dividends to qualify for this deduction. We expect only a small portion of our dividends to qualify as qualified dividend income. A corporate U.S. stockholder may be required to reduce its basis in its common stock with respect to certain "extraordinary dividends," as defined in Section 1059 of the Code. Corporate U.S. stockholders should consult their own tax advisors in determining the application of these rules in their particular circumstances.

Although we currently intend to distribute our net capital gain for each taxable year on a timely basis, we may in the future decide to retain some or all of our net capital gain, and may designate the retained amount as a "deemed dividend." In that case, among other consequences: we will pay U.S. federal corporate income tax on the retained amount; each U.S. Holder will be required to include their pro rata share of the deemed distribution in income as if it had been actually distributed to them; and the U.S. Holder will be entitled to claim a credit equal to their pro rata share of the tax paid thereon by us. The amount of the deemed distribution net of such tax will be added to the U.S. Holder's adjusted tax basis in our common stock.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of capital gains dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, a U.S. Holder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to holders

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of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by a U.S. Holder on December 31 of the year in which the dividend was declared.

We have the ability to declare a large portion of a dividend in shares of our stock. As long as a portion of such dividend is paid in cash and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, a U.S. Holder will be taxed on 100% of the fair market value of the dividend on the date the dividend is received in the same manner as a cash dividend, even if most of the dividend was paid in shares of our stock. If we were to convert the notes partly or entirely into common stock, and as a result a U.S. Holder acquired shares of common stock, shortly before the record date of a distribution, the price of the shares will include the value of the distribution and such U.S. Holder will be subject to tax on the distribution even though it economically represents a return of his, her or its investment.

*Sale or Other Disposition of Our Common Stock*

A U.S. Holder generally will recognize taxable gain or loss if the U.S. Holder sells or otherwise disposes of his, her or its shares of our common stock. The amount of gain or loss will be measured by the difference between a U.S. Holder's adjusted tax basis (determined in accordance with the discussion under " Taxation of U.S. Holders of Notes Conversion of the Notes into Common Stock" or the discussion under " Taxation of U.S. Holders of Notes Conversion of the Notes into Common Stock and Cash", as well as the discussion under " Taxation of U.S. Holders of Common Stock Distributions on Our Common Stock) in our common stock sold or otherwise disposed of and the amount of the proceeds received in exchange. Any gain or loss arising from such sale or other disposition generally will be treated as long-term capital gain or loss if a U.S. Holder has held our common stock for more than one year (taking into account the discussion of holding period considerations in " Taxation of U.S. Holders of Notes Conversion of the Notes into Common Stock" or " Taxation of U.S. Holders of Notes Conversion of the Notes into Common Stock and Cash", as appropriate under the circumstances). Otherwise, such gain or loss will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock in which a U.S. Holder has a holding period of six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if substantially identical stock or securities are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition. U.S. Holders who hold and dispose of our common stock separately from, and contemporaneously with, holding the notes should consult their own tax adviser on the potential U.S. federal income tax consequences of conversion of the notes into our common stock on any capital losses recognized on the disposal of such separately held investment in our common stock.

In general, U.S. Holders that are individuals, trusts or estates are taxed at preferential rates on their net capital gain. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. Corporate U.S. Holders currently are subject to U.S. federal income tax on net capital gain at the maximum rate that also applies to ordinary income. Non-corporate U.S. Holders with net capital losses for a year (i.e., capital loss in excess of capital gain) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate U.S. Holder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate U.S. Holders generally may not deduct any net capital losses for a year, but may carry back such losses for three years or carry forward such losses for five years. Distributions out of our current or accumulated earnings and profits also will not be eligible for the 20% pass through deduction under Section 199A of the Code, although under recently proposed regulations (that have

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not yet been finalized), qualified REIT dividends earned by us may be eligible for the Section 199A deduction.

*Information Reporting and Backup Withholding*

We will send to each of our U.S. Holders, after the end of each calendar year, a notice providing, on a per share and per distribution basis, the amounts includible in such U.S. Holder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each year's distributions generally will be reported to the IRS. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. Holder's particular situation.

We may be required to withhold U.S. federal income tax ("backup withholding") from all taxable distributions to a U.S. Holder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such holder is subject to backup withholding. An individual's taxpayer identification number is his or her social security number. Backup withholding is not an additional tax. Any amount withheld under backup withholding is allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such stockholder to a refund, provided that proper information is timely provided to the IRS.

*Medicare Tax on Net Investment Income*

Non-corporate U.S. Holders generally are subject to a 3.8% Medicare surtax on their "net investment income," the calculation of which includes interest income and OID on the notes, any taxable gain from the disposition of the notes or our common stock and any distributions on our common stock (including the amount of any deemed distribution on the notes (as described above under the heading " Tax Consequences to U.S. Holders of Notes Constructive Dividends")) to the extent such distribution is treated as a dividend or as capital gain (as described above under "Taxation of U.S. Holders of Common Stock Distributions on Our Common Stock"). Non-corporate U.S. Holders should consult their own tax advisors on the effect of acquiring, holding, disposing and converting the notes, as well as acquiring, holding and disposing of our common stock, on the computation of "net investment income" in their individual circumstances.

*Disclosure of Certain Recognized Losses.*

Under U.S. Treasury regulations, if a U.S. Holder recognizes a loss with respect to our common stock of \$2 million or more for a non-corporate U.S. Holder or \$10 million or more for a corporate U.S. Holder in any single taxable year, such holder must file with the IRS a disclosure statement on Form 8886. Direct holders of certain "portfolio securities" in many cases are excepted from this reporting requirement, but under current guidance, equity owners of a RIC are not excepted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Significant monetary penalties apply to a failure to comply with this reporting requirement. States may also have a similar reporting requirement. U.S. Holders should consult their own tax advisors to determine the applicability of these regulations in light of their individual circumstances.

**TAXATION OF NON-U.S. HOLDERS OF COMMON STOCK**

The following discussion applies only to persons that are Non-U.S. Holders. If you are not a Non-U.S. Holder, this discussion does not apply to you.

Whether an investment in our common stock is appropriate for a Non-U.S. Holder will depend upon that holder's particular circumstances. An investment in our common stock by a Non-U.S. Holder

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may have adverse tax consequences and, accordingly, may not be appropriate for a Non-U.S. Holder. Non-U.S. Holders should consult their own tax advisors before investing in the notes as to the tax consequences of acquiring, holding and disposing of our common stock as a result of a conversion of the notes.

*Distributions on, and Sale or Other Disposition of, Our Common Stock*

Distributions of our investment company taxable income to Non-U.S. Holders will be subject to U.S. withholding tax (unless lowered or eliminated by an applicable income tax treaty) to the extent payable from our current and accumulated earnings and profits unless an exception applies.

Actual or deemed distributions of our net capital gain to a Non-U.S. Holder, and gains recognized by a Non-U.S. Holder upon the sale of our common stock, will not be subject to withholding of U.S. federal income tax and generally will not be subject to U.S. federal income tax unless the Non-U.S. Holder is an individual, has been present in the United States for 183 days or more during the taxable year, and certain other conditions are satisfied. Non-U.S. Holders of our common stock are encouraged to consult their own advisors as to the applicability of an income tax treaty in their individual circumstances.

In general, no U.S. source withholding taxes will be imposed on dividends paid by RICs to Non-U.S. Holders to the extent the dividends are designated as "interest-related dividends" or "short-term capital gain dividends." Under this exemption, interest-related dividends and short-term capital gain dividends generally represent distributions of interest or short-term capital gain that would not have been subject to U.S. withholding tax at the source if they had been received directly by a non-U.S. Holder, and that satisfy certain other requirements. We expect that a portion of our dividends will qualify as interest-related dividends, although we cannot assure you the exact proportion that will so qualify.

If we distribute our net capital gain in the form of deemed rather than actual distributions (which we may do in the future), a Non-U.S. Holder will be entitled to a U.S. federal income tax credit or tax refund equal to the Non-U.S. Holder's allocable share of the tax we pay on the capital gain deemed to have been distributed. In order to obtain the refund, the Non-U.S. Holder must obtain a U.S. taxpayer identification number (if one has not been previously obtained) and file a U.S. federal income tax return even if the Non-U.S. Holder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return.

We have the ability to declare a large portion of a dividend in shares of our common stock. As long as a portion of such dividend is paid in cash and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, our Non-U.S. Holders will be taxed on 100% of the fair market value of the dividend on the date the dividend is received in the same manner as a cash dividend (including the application of withholding tax rules described above), even if most of the dividend is paid in shares of our common stock. In such a circumstance, we may be required to withhold all or substantially all of the cash we would otherwise distribute to a Non-U.S. Holder.

*Information Reporting and Backup Withholding*

A Non-U.S. Holder who is otherwise subject to withholding of U.S. federal income tax, may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the Non-U.S. Holder provides us or the dividend paying agent with an IRS Form W-8BEN or IRS Form W-8BEN-E (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. Holder or otherwise establishes an exemption from backup withholding.

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**WITHHOLDING AND INFORMATION REPORTING ON FINANCIAL ACCOUNTS**

Pursuant to Sections 1471 to 1474 of the Code and the U.S. Treasury regulations thereunder, the relevant withholding agent generally will be required to withhold 30% of any interest paid on the notes or any dividends paid on our common stock to: (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements or is subject to an applicable "intergovernmental agreement." If payment of this withholding tax is made, Non-U.S. Holders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to such dividends or proceeds will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules. Certain jurisdictions have entered into agreements with the United States that may supplement or modify these rules. Non-U.S. Holders should consult their own tax advisers regarding the particular consequences to them of this legislation and guidance. We will not pay any additional amounts in respect to any amounts withheld.

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J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBC Capital Markets, LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in a purchase agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the aggregate principal amount of notes set forth opposite its name below.

<b>Underwriter</b>	<b>Aggregate Principal Amount of Securities to be Purchased</b>
J.P. Morgan Securities LLC	\$ 100,625,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	100,625,000
RBC Capital Markets, LLC	43,575,000
BMO Capital Markets Corp.	8,750,000
Mizuho Securities USA LLC	8,750,000
MUFG Securities Americas Inc.	8,750,000
SMBC Nikko Securities America, Inc.	8,750,000
SunTrust Robinson Humphrey, Inc.	8,750,000
Wells Fargo Securities, LLC	8,750,000
Barclays Capital Inc.	5,687,500
Goldman Sachs & Co. LLC	5,687,500
Morgan Stanley & Co. LLC	5,687,500
Natixis Securities Americas LLC	5,687,500
Citigroup Global Markets Inc.	3,937,500
Credit Suisse Securities (USA) LLC	3,937,500
Deutsche Bank Securities Inc.	3,937,500
HSBC Securities (USA) Inc.	3,937,500
BNP Paribas Securities Corp.	1,575,000
BNY Mellon Capital Markets, LLC	1,575,000
Capital One Securities, Inc.	1,575,000
Comerica Securities, Inc.	1,575,000
Keefe, Bruyette & Woods, Inc.	1,575,000
Regions Securities LLC	1,575,000
Santander Investment Securities Inc.	1,575,000
SG Americas Securities, LLC	1,575,000
U.S. Bancorp Investments, Inc.	1,575,000
<b>Total</b>	<b>\$ 350,000,000</b>

Subject to the terms and conditions set forth in the purchase agreement, the underwriters have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any of these notes are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

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The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

### **Commissions and Discounts**

The following table shows the total underwriting discounts that we are to pay to the underwriters in connection with this offering. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional notes.

	<b>Per Note</b>	<b>Without Option</b>	<b>With Option</b>
Public offering price	98.00%	\$ 343,000,000	\$ 394,450,000
Underwriting discount (sales load)	0.50%	\$ 1,750,000	\$ 2,012,500
Proceeds, before expenses, to us	97.50%	\$ 341,250,000	\$ 392,437,500

The underwriters propose to offer some of the notes to the public at the public offering price set forth on the cover page of this prospectus supplement and may offer the notes to certain other Financial Industry Regulatory Authority (FINRA) members at the public offering price less a concession not in excess of 0.300% of the aggregate principal amount of the notes. After the initial offering of the notes to the public, the public offering price and such concessions may be changed. No such change shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus supplement.

The expenses of the offering, not including the underwriting discount, are estimated at approximately \$1.6 million and are payable by us.

### **Option**

We have granted the underwriters an option to purchase, for settlement within a period of 13 days from, and including, the date notes are first issued, up to an additional \$52,500,000 aggregate principal amount of notes.

### **No Sales of Similar Securities**

We have agreed, with exceptions, not to sell or transfer any common stock for 45 days after the date of this prospectus supplement without first obtaining the written consent of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Our executive officers and directors and Ares Capital Management and certain of its affiliates have agreed, with exceptions, not to sell or transfer any common stock for 30 days after the date of this prospectus supplement without first obtaining the written consent of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

offer, pledge, sell or contract to sell any common stock,

sell any option or contract to purchase any common stock,

purchase any option or contract to sell any common stock,

grant any option, right or warrant for the sale of any common stock,

otherwise dispose of or transfer any common stock,

request or demand that we file a registration statement related to the common stock, or





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enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

**Listing**

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or quoted on any automated dealer quotation system.

We have been advised by the underwriters that they presently intend to make a market in the notes after completion of the offering as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the notes and any such market-making may be discontinued at any time in the sole discretion of the underwriters without any notice. Accordingly, no assurance can be given as to the liquidity of, or development of a public trading market for, the notes. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

**Price Stabilization, Short Positions**

In connection with the offering, the underwriters may purchase and sell notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater principal amount of notes than they are required to purchase in the offering. The underwriters must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Any of these activities may cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be affected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time without any notice relating thereto.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

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**Electronic Offer, Sale and Distribution of Notes**

The underwriters may make prospectuses available in electronic (PDF) format. A prospectus in electronic (PDF) format may be made available on a web site maintained by the underwriters, and the underwriters may distribute such prospectuses electronically. The underwriters may allocate a limited principal amount of the notes for sale to their online brokerage customers.

**Other Relationships**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The underwriters and their respective affiliates have provided in the past and may provide from time to time in the future in the ordinary course of their business certain commercial banking, financial advisory, investment banking and other services to Ares and its affiliates and managed funds and Ares Capital or our portfolio companies for which they have received or will be entitled to receive separate fees. In particular, the underwriters or their affiliates may execute transactions with Ares Capital or on behalf of Ares Capital, Ares or any of our or their portfolio companies, affiliates and/or managed funds. In addition, the underwriters or their affiliates may act as arrangers, underwriters or placement agents for companies whose securities are sold to or whose loans are syndicated to Ares, Ares Capital or Ares Capital Management and their affiliates and managed funds.

Affiliates of certain of the underwriters may be limited partners of private investment funds affiliated with our investment adviser, Ares Capital Management.

The underwriters or their affiliates may also trade in our securities, securities of our portfolio companies or other financial instruments related thereto for their own accounts or for the account of others and may extend loans or financing directly or through derivative transactions to Ares, Ares Capital, Ares Capital Management or any of our portfolio companies.

We may purchase securities of third parties from the underwriters or their affiliates after the offering. However, we have not entered into any agreement or arrangement regarding the acquisition of any such securities, and we may not purchase any such securities. We would only purchase any such securities if among other things we identified securities that satisfied our investment needs and completed our due diligence review of such securities.

After the date of this prospectus supplement, the underwriters and their affiliates may from time to time obtain information regarding specific portfolio companies or us that may not be available to the general public. Any such information is obtained by the underwriters and their affiliates in the ordinary course of their business and not in connection with the offering of the notes. In addition, after the offering period for the sale of the notes, the underwriters or their affiliates may develop analyses or opinions related to Ares, Ares Capital or our portfolio companies and buy or sell interests in one or more of our portfolio companies on behalf of their proprietary or client accounts and may engage in competitive activities. There is no obligation on behalf of these parties to disclose their respective analyses, opinions or purchase and sale activities regarding any portfolio company or regarding Ares Capital to our noteholders or any other persons.

In the ordinary course of their business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters and their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary

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risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes. Any such credit default swaps or short positions could adversely affect future trading prices of the notes. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Affiliates of certain of the underwriters serve as agents and/or lenders under our credit facilities or other debt instruments (including the Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility) and may also be lenders to private investment funds managed by IHAM. JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, is the administrative agent under our Revolving Credit Facility. JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BMO Capital Markets Corp., Sumitomo Mitsui Banking Corporation, an affiliate of SMBC Nikko Securities America, Inc., and SunTrust Robinson Humphrey, Inc. are joint bookrunners and joint lead arrangers for our Revolving Credit Facility. Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of Montreal, an affiliate of BMO Capital Markets Corp., Sumitomo Mitsui Banking Corporation, an affiliate of SMBC Nikko Securities America, Inc., and SunTrust Bank, an affiliate of SunTrust Robinson Humphrey, Inc., are syndication agents with respect to our Revolving Credit Facility. Bank of America, N.A. is also a lender under our Revolving Funding Facility. Bank of Montreal and Sumitomo Mitsui Banking Corporation are documentation agents with respect to our Revolving Credit Facility. Wells Fargo Securities, LLC is the agent under the Revolving Funding Facility. Sumitomo Mitsui Banking Corporation is the administrative agent and collateral agent under the SMBC Funding Facility. Certain of the underwriters and their affiliates were underwriters in connection with our initial public offering and our subsequent common stock offerings, debt offerings and rights offering, for which they received customary fees. U.S. Bancorp Investments Inc., one of the underwriters in this offering, is an affiliate of U.S. Bank National Association, the trustee under the indenture governing the notes.

Proceeds of this offering will be used to repay or repurchase outstanding indebtedness under the Revolving Credit Facility, the Revolving Funding Facility and/or the SMBC Funding Facility. Affiliates of certain of the underwriters are lenders under the Revolving Credit Facility. Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are lenders under the Revolving Funding Facility. An affiliate of SMBC Nikko Securities America, Inc. is a lender under the SMBC Funding Facility. Accordingly, affiliates of certain of the underwriters may receive more than 5% of the proceeds of this offering to the extent such proceeds are used to repay or repurchase outstanding indebtedness under the Revolving Credit Facility and/or the Revolving Funding Facility.

The principal business address of J.P. Morgan Securities LLC is 383 Madison Avenue, New York, New York 10179. The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is One Bryant Park, New York, NY 10036. The principal business address of RBC Capital Markets, LLC is 200 Vesey Street, 8th Floor, New York, New York 10281.

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**LEGAL MATTERS**

Certain legal matters in connection with the offering will be passed upon for us by Proskauer Rose LLP, Los Angeles, California, Eversheds Sutherland (US) LLP, Washington, D.C., Venable LLP, Baltimore, Maryland, and Latham & Watkins LLP, New York, New York. Proskauer Rose LLP has from time to time represented the underwriters, Ares and Ares Capital Management on unrelated matters. Certain legal matters in connection with the offering will be passed upon for the underwriters by Freshfields Bruckhaus Deringer US LLP.

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**Report of Independent Registered Public Accounting Firm**

To the stockholders and board of directors  
Ares Capital Corporation:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Ares Capital Corporation and subsidiaries (the "Company"), including the consolidated schedules of investments, as of December 31, 2018 and 2017, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 12, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Such procedures also included confirmation of investments owned as of December 31, 2018 by correspondence with custodians, portfolio companies or agents. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2004.

Los Angeles, California  
February 12, 2019

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**Report of Independent Registered Public Accounting Firm**

The stockholders and board of directors  
Ares Capital Corporation:

*Opinion on Internal Control Over Financial Reporting*

We have audited Ares Capital Corporation and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company, including the consolidated schedules of investments, as of December 31, 2018 and 2017, and the related consolidated statements of operations, stockholders' equity, and cash flows, for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the "consolidated financial statements"), and our report dated February 12, 2019, expressed an unqualified opinion on those consolidated financial statements.

*Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and



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(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Los Angeles, California  
February 12, 2019

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Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET**

(in millions, except per share data)

	As of December 31,	
	2018	2017
<b>ASSETS</b>		
Investments at fair value		
Non-controlled/non-affiliate company investments	\$ 10,478	\$ 10,010
Non-controlled affiliate company investments	292	216
Controlled affiliate company investments	1,647	1,615
Total investments at fair value (amortized cost of \$12,754 and \$11,905, respectively)	12,417	11,841
Cash and cash equivalents	296	316
Interest receivable	91	93
Receivable for open trades	12	1
Other assets	79	96
Total assets	\$ 12,895	\$ 12,347
<b>LIABILITIES</b>		
Debt	\$ 5,214	\$ 4,854
Base management fees payable	45	44
Income based fees payable	36	27
Capital gains incentive fees payable	112	79
Accounts payable and other liabilities	99	181
Interest and facility fees payable	64	64
Payable for open trades	25	
Total liabilities	5,595	5,249
Commitments and contingencies (Note 7)		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$0.001 per share, 600 common shares authorized; 426 and 426 common shares issued and outstanding, respectively		
Capital in excess of par value	7,173	7,192
Accumulated undistributed (overdistributed) earnings	127	(94)
Total stockholders' equity	7,300	7,098
Total liabilities and stockholders' equity	\$ 12,895	\$ 12,347
<b>NET ASSETS PER SHARE</b>	\$ 17.12	\$ 16.65

See accompanying notes to consolidated financial statements.

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Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS**

(in millions, except per share data)

	For the Years Ended December 31,		
	2018	2017	2016
<b>INVESTMENT INCOME:</b>			
From non-controlled/non-affiliate company investments:			
Interest income from investments (excluding payment-in-kind ("PIK") interest)	\$ 834	\$ 711	\$ 515
PIK interest income from investments	42	42	34
Capital structuring service fees	130	95	90
Dividend income	35	26	35
Other income	38	19	14
<b>Total investment income from non-controlled/non-affiliate company investments</b>	<b>1,079</b>	<b>893</b>	<b>688</b>
From non-controlled affiliate company investments:			
Interest income from investments (excluding PIK interest)	16	13	12
PIK interest income from investments	4	4	4
Capital structuring service fees			1
Dividend income	4	1	
<b>Total investment income from non-controlled affiliate company investments</b>	<b>24</b>	<b>18</b>	<b>17</b>
From controlled affiliate company investments:			
Interest income from investments (excluding PIK interest)	123	162	238
PIK interest income from investments	22	19	3
Capital structuring service fees	13	10	8
Dividend income	58	49	40
Other income	18	9	18
<b>Total investment income from controlled affiliate company investments</b>	<b>234</b>	<b>249</b>	<b>307</b>
<b>Total investment income</b>	<b>1,337</b>	<b>1,160</b>	<b>1,012</b>
<b>EXPENSES:</b>			
Interest and credit facility fees	240	225	186
Base management fees	180	171	137
Income based fees	169	134	123
Capital gains incentive fees	33	41	(5)
Administrative fees	13	12	14
Professional fees and other costs related to the American Capital Acquisition	3	45	15
Other general and administrative	26	32	27
<b>Total expenses</b>	<b>664</b>	<b>660</b>	<b>497</b>
Waiver of income based fees	(40)	(30)	
<b>Total expenses, net of waiver of income based fees</b>	<b>624</b>	<b>630</b>	<b>497</b>
<b>NET INVESTMENT INCOME BEFORE INCOME TAXES</b>	<b>713</b>	<b>530</b>	<b>515</b>
Income tax expense, including excise tax	19	19	21
<b>NET INVESTMENT INCOME</b>	<b>694</b>	<b>511</b>	<b>494</b>
<b>REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS, FOREIGN CURRENCY AND OTHER TRANSACTIONS:</b>			
Net realized gains (losses):			

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Non-controlled/non-affiliate company investments	90	(56)	66
Non-controlled affiliate company investments			14
Controlled affiliate company investments	316	100	30
Foreign currency and other transactions	13	(20)	
Net realized gains	419	24	110
Net unrealized gains (losses):			
Non-controlled/non-affiliate company investments	(85)	(42)	(179)
Non-controlled affiliate company investments	4	(2)	14
Controlled affiliate company investments	(190)	187	40
Foreign currency and other transactions	16	(7)	(5)
Net unrealized gains (losses)	(255)	136	(130)
Net realized and unrealized gains (losses) on investments, foreign currency and other transactions	164	160	(20)
REALIZED LOSSES ON EXTINGUISHMENT OF DEBT		(4)	
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$ 858	\$ 667	\$ 474
BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 10)	\$ 2.01	\$ 1.57	\$ 1.51
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING (see Note 10)	426	425	314

See accompanying notes to consolidated financial statements.

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**ARES CAPITAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**As of December 31, 2018**  
**(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Healthcare Services</b>							
Absolute Dental Management LLC and ADM Equity, LLC	Dental services provider	First lien senior secured loan (\$19.1 par due 1/2022)		1/5/2016	\$ 19.1	\$ 11.8(2)(14)	
		First lien senior secured loan (\$5.1 par due 1/2022)		1/5/2016	5.1	3.1(4)(14)	
		Class A preferred units (4,000,000 units)		1/5/2016	4.0	(2)	
		Class A common units (4,000,000 units)		1/5/2016			(2)
					28.2	14.9	
Acessa Health Inc. (fka HALT Medical, Inc.)	Medical supply provider	Common stock (569,823 shares)		6/22/2017	0.1		
ADCS Billings Intermediate Holdings, LLC(19)	Dermatology practice	First lien senior secured revolving loan (\$1.3 par due 5/2022)	10.25% (Base Rate + 4.75%/Q)	5/18/2016	1.3	1.2(2)(15)	
ADG, LLC and RC IV GEDC Investor LLC(19)	Dental services provider	First lien senior secured revolving loan (\$3.1 par due 9/2022)	7.27% (Libor + 4.75%/M)	9/28/2016	3.1	3.0(2)(15)	
		First lien senior secured revolving loan (\$8.1 par due 9/2022)	9.25% (Base Rate + 3.75%/M)	9/28/2016	8.1	7.8(2)(15)	
		Second lien senior secured loan (\$87.5 par due 3/2024)	11.88% (Libor + 9.00%/Q)	9/28/2016	87.5	77.0(2)(15)	
		Membership units (3,000,000 units)		9/28/2016	3.0	1.0(2)	
					101.7	88.8	
Air Medical Group Holdings, Inc. and Air Medical Buyer Corp.	Emergency air medical services provider	Senior subordinated loan (\$182.7 par due 3/2026)	10.38% (Libor + 7.88%/M)	3/14/2018	182.7	182.7(2)(15)	
		Warrant to purchase up to 115,733 units of common stock (expires 3/2028)		3/14/2018	0.9	1.6(2)	
					183.6	184.3	
Alcami Corporation and ACM Holdings I, LLC(19)	Outsourced drug development services provider	First lien senior secured revolving loan (\$1.8 par due 7/2023)	6.26% (Libor + 3.75%/M)	7/12/2018	1.8	1.8(2)(15)	
		First lien senior secured revolving loan (\$1.7 par due 7/2023)	6.21% (Libor + 3.75%/M)	7/12/2018	1.7	1.7(2)(15)	
		First lien senior secured loan (\$30.1 par due 7/2025)	6.71% (Libor + 4.25%/M)	7/12/2018	30.0	29.8(3)(15)	
		Second lien senior secured loan (\$77.5 par	10.51% (Libor + 8.00%/M)	7/12/2018	76.8	76.0(2)(15)	

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		due 7/2026) Common units (3,269,900 units)		7/12/2018	32.7	26.1(2)
					143.0	135.4
Alteon Health, LLC	Provider of physician management services	First lien senior secured loan (\$3.0 par due 9/2022)	9.02% (Libor + 6.50%/M)	5/15/2017	3.0	2.5(2)(15)
American Academy Holdings, LLC(19)	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured revolving loan (\$0.9 par due 12/2022)	9.05% (Libor + 6.25%/Q)	12/15/2017	0.9	0.9(2)(15)
		First lien senior secured loan (\$85.8 par due 12/2022)	9.05% (Libor + 6.25%/Q)	12/15/2017	85.8	85.8(2)(15)
		First lien senior secured loan (\$92.4 par due 12/2022)	9.05% (Libor + 6.25%/Q)	12/15/2017	92.4	92.4(3)(15)
		Senior subordinated loan (\$79.9 par due 6/2023)	16.33% (Libor + 8.00% Cash, 6.00% PIK/Q)	12/15/2017	79.9	79.9(2)(15)
					259.0	259.0

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Bambino CI Inc.(19)	Manufacturer and provider of single-use obstetrics products	First lien senior secured revolving loan (\$0.3 par due 12/2023)	7.93% (Libor + 5.50%/M)	10/17/2017	0.3	0.3(2)(15)	
		First lien senior secured loan (\$2.5 par due 12/2024)	8.02% (Libor + 5.50%/M)	10/17/2017	2.5	2.5(2)(15)	
		First lien senior secured loan (\$30.9 par due 12/2024)	8.02% (Libor + 5.50%/M)	10/17/2017	30.9	30.9(3)(15)	
					33.7	33.7	
Care Hospice, Inc(19)	Provider of hospice services	First lien senior secured revolving loan (\$0.3 par due 4/2022)	7.22% (Libor + 4.75%/M)	2/8/2018	0.3	0.3(2)(15)(18)	
CCS-CMGC Holdings, Inc.(19)	Correctional facility healthcare operator	First lien senior secured revolving loan (\$1.9 par due 10/2023)	8.02% (Libor + 5.50%/M)	10/1/2018	1.9	1.8(2)(15)(18)	
		First lien senior secured loan (\$35.0 par due 10/2025)	8.02% (Libor + 5.50%/M)	9/25/2018	34.7	34.8(3)(15)	
					36.6	36.6	
Center for Autism and Related Disorders, LLC(19)	Autism treatment and services provider specializing in applied behavior analysis therapy	First lien senior secured revolving loan		11/21/2018		(17)	
Comprehensive EyeCare Partners, LLC(19)	Vision care practice management company	First lien senior secured revolving loan (\$0.2 par due 2/2024)	9.00% (Base Rate + 3.50%/Q)	2/14/2018	0.2	0.2(2)(15)	
		First lien senior secured loan (\$2.4 par due 2/2024)	7.30% (Libor + 4.50%/Q)	2/14/2018	2.4	2.4(2)(15)	
		First lien senior secured loan (\$5.4 par due 2/2024)	7.30% (Libor + 4.50%/Q)	2/14/2018	5.4	5.4(2)(15)	
					8.0	8.0	
CSTM LLC(7)	Dental services provider	Class A membership units (1,979 units)		1/3/2017			
D4C Dental Brands HoldCo, Inc. and Bambino Group Holdings, LLC(19)	Dental services provider	First lien senior secured revolving loan (\$3.3 par due 12/2022)	10.75% (Base Rate + 5.25%/Q)	12/21/2016	3.3	3.3(2)(15)	
		Class A preferred units (1,000,000 units)		12/21/2016	1.0	1.3(2)	
					4.3	4.6	
Datix Bidco Limited(8)	Global healthcare software company that provides software solutions for patient safety and risk management	First lien senior secured loan (\$5.8 par due 4/2025)	7.28% (Libor + 4.50%/S)	4/27/2018	5.7	5.8(2)(15)	
				7/2/2015	0.4	0.4(2)(15)(18)	



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DCA Investment Holding, LLC(19)	Multi-branded dental practice management	First lien senior secured revolving loan (\$0.4 par due 7/2021)	9.75% (Base Rate + 4.25%/Q)	7/2/2015	18.5	18.5(4)(15)
		First lien senior secured loan (\$18.5 par due 7/2021)	8.05% (Libor + 5.25%/Q)			
					18.9	18.9
Emerus Holdings, Inc.(19)	Freestanding 24-hour emergency care micro-hospitals operator	First lien senior secured revolving loan (\$3.0 par due 9/2020)	7.31% (Libor + 4.50%/Q)	3/14/2017	3.0	2.9(2)(15)
		First lien senior secured loan (\$3.2 par due 9/2021)	7.31% (Libor + 4.50%/Q)	3/14/2017	2.9	3.1(2)(15)
					5.9	6.0
GHX Ultimate Parent Corporation, Commerce Parent, Inc. and Commerce Topco, LLC	On-demand supply chain automation solutions provider to the healthcare industry	Second lien senior secured loan (\$34.5 par due 6/2025)	10.81% (Libor + 8.00%/Q)	6/30/2017	34.2	34.5(2)(15)
		Series A preferred stock (110,425 shares)	13.55% PIK (Libor + 10.75%/Q)	6/30/2017	133.5	133.5(2)(15)
		Class A units (14,013,303 units)		6/30/2017	14.0	16.9(2)
					181.7	184.9
Greenphire, Inc. and RMCF III CIV XXIX, L.P	Software provider for clinical trial management	Limited partnership interest (99.90% interest)		12/19/2014	1.0	3.0(2)

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
Hygiena Borrower LLC(19)	Adenosine triphosphate testing technology provider	First lien senior secured revolving loan		8/26/2016			(17)	
		First lien senior secured loan (\$9.5 par due 8/2022)	6.80% (Libor + 4.00%/Q)	6/29/2018	9.5	9.4(2)(15)		
		Second lien senior secured loan (\$11.1 par due 8/2023)	10.55% (Libor + 7.75%/Q)	6/29/2018	11.1	11.0(2)(15)		
		Second lien senior secured loan (\$0.6 par due 8/2023)	10.55% (Libor + 7.75%/Q)	6/29/2018	0.6	0.6(2)(15)		
		Second lien senior secured loan (\$10.0 par due 8/2023)	10.55% (Libor + 7.75%/Q)	8/26/2016	10.0	9.9(2)(15)		
		Second lien senior secured loan (\$10.7 par due 8/2023)	10.55% (Libor + 7.75%/Q)	2/27/2017	10.7	10.6(2)(15)		
							41.9	41.5
JDC Healthcare Management, LLC(19)	Dental services provider	First lien senior secured revolving loan (\$0.8 par due 4/2022)	12.25% (Base Rate + 6.75%/Q)	4/10/2017	0.8	0.8(2)(15)		
		First lien senior secured loan (\$4.1 par due 4/2023)	10.01% (Libor + 7.75%/A)	4/10/2017	4.1	4.1(2)(15)		
		First lien senior secured loan (\$9.9 par due 4/2023)	10.27% (Libor + 7.75%/M)	4/10/2017	9.9	9.7(2)(15)		
		First lien senior secured loan (\$19.7 par due 4/2023)	10.27% (Libor + 7.75%/M)	4/10/2017	19.7	19.3(4)(15)		
							34.5	33.9
KBHS Acquisition, LLC (d/b/a Alita Care, LLC)(19)	Provider of behavioral health services	First lien senior secured revolving loan (\$0.2 par due 3/2022)	7.38% (Libor + 5.00%/M)	3/17/2017	0.2	0.2(2)(15)		
		First lien senior secured revolving loan (\$0.3 par due 3/2022)	7.42% (Libor + 5.00%/M)	3/17/2017	0.3	0.3(2)(15)		
		First lien senior secured revolving loan (\$0.8 par due 3/2022)	7.46% (Libor + 5.00%/M)	3/17/2017	0.8	0.8(2)(15)		
		First lien senior secured revolving loan (\$0.6 par due 3/2022)	7.47% (Libor + 5.00%/M)	3/17/2017	0.6	0.6(2)(15)		
		First lien senior secured revolving loan (\$0.3 par due 3/2022)	7.50% (Libor + 5.00%/M)	3/17/2017	0.3	0.3(2)(15)		
		First lien senior secured revolving loan (\$0.3 par due 3/2022)	7.43% (Libor + 5.00%/M)	3/17/2017	0.3	0.3(2)(15)		
		First lien senior secured revolving loan (\$2.1 par due 3/2022)	7.52% (Libor + 5.00%/M)	3/17/2017	2.1	2.0(2)(15)		
							4.6	4.5
Key Surgical LLC(19)	Provider of sterile processing, operating room and instrument	First lien senior secured loan (\$17.0 par due 6/2023)	5.75% (EURIBOR + 4.75%/Q)	6/1/2017	16.6	17.0(2)(15)		

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	care supplies for hospitals	First lien senior secured loan (\$9.3 par due 6/2023)	7.28% (Libor + 4.75%/Q)	10/31/2018	9.3	9.3(2)(15)
					25.9	26.3
MB2 Dental Solutions, LLC(19)	Dental services provider	First lien senior secured revolving loan (\$2.7 par due 9/2023)	9.25% (Base Rate + 3.75%/Q)	9/29/2017	2.7	2.7(2)(15)
		First lien senior secured loan (\$5.8 par due 9/2023)	7.57% (Libor + 4.75%/Q)	9/29/2017	5.8	5.8(2)(15)
					8.5	8.5

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
MCH Holdings, Inc. and MC Acquisition Holdings I, LLC	Healthcare professional provider	First lien senior secured loan (\$25.7 par due 1/2020)	7.96% (Libor + 5.50%/M)	7/26/2017	25.7	25.7(2)(15)	
		First lien senior secured loan (\$26.2 par due 1/2020)	8.02% (Libor + 5.50%/M)	7/26/2017	26.2	26.2(2)(15)	
		First lien senior secured loan (\$39.6 par due 1/2020)	7.96% (Libor + 5.50%/M)	7/26/2017	39.6	39.6(3)(15)	
		First lien senior secured loan (\$40.5 par due 1/2020)	8.02% (Libor + 5.50%/M)	7/26/2017	40.5	40.5(3)(15)	
		First lien senior secured loan (\$9.0 par due 1/2020)	7.96% (Libor + 5.50%/M)	7/26/2017	9.0	9.0(4)(15)	
		First lien senior secured loan (\$9.2 par due 1/2020)	8.02% (Libor + 5.50%/M)	7/26/2017	9.2	9.2(4)(15)	
		Class A units (1,438,643 shares)		1/17/2014	1.5	1.2(2)	
						151.7	151.4
MW Dental Holding Corp.(19)	Dental services provider	First lien senior secured revolving loan (\$7.0 par due 4/2021)	9.27% (Libor + 6.75%/Q)	4/12/2011	7.0	7.0(2)(15)	
		First lien senior secured loan (\$16.9 par due 4/2021)	9.27% (Libor + 6.75%/Q)	3/19/2018	16.9	16.9(2)(15)	
		First lien senior secured loan (\$104.5 par due 4/2021)	9.27% (Libor + 6.75%/Q)	4/12/2011	104.5	104.5(3)(15)	
		First lien senior secured loan (\$19.1 par due 4/2021)	9.27% (Libor + 6.75%/Q)	4/12/2011	19.1	19.1(4)(15)	
				147.5	147.5		
My Health Direct, Inc.	Healthcare scheduling exchange software solution provider	Warrant to purchase up to 4,548 shares of Series D preferred stock (expires 9/2024)		9/18/2014		(2)	
New Trident Holdcorp, Inc. and Trident Holding Company, LLC	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan (\$24.9 par due 7/2022)		8/1/2013	19.4	5.0(2)(14)	
		Second lien senior secured loan (\$78.4 par due 7/2020)		8/1/2013	67.8	(2)(14)	
		Senior subordinated loan (\$9.1 par due 7/2020)		11/29/2017	8.8	(2)(14)	
					96.0	5.0	
NMC Skincare Intermediate Holdings II, LLC(19)	Developer, manufacturer and marketer of skincare products	First lien senior secured loan (\$24.9 par due 10/2024)	7.27% (Libor + 4.75%/M)	10/31/2018	24.9	24.6(3)(15)	
NMN Holdings III Corp. and NMN	Provider of complex rehab technology	Partnership units (30,000 units)		11/13/2018	3.0	2.9(2)	

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Holdings LP(19)	solutions for patients with mobility loss					
NMSC Holdings, Inc. and ASP NAPA Holdings, LLC	Anesthesia management services provider	Second lien senior secured loan (\$72.8 par due 10/2023)	12.59% (Libor + 10.00%/Q)	4/19/2016	72.8	71.3(2)(15)
		Class A units (25,277 units)		4/19/2016	2.5	1.2(2)
					75.3	72.5
Nodality, Inc.	Biotechnology company	First lien senior secured loan (\$3.1 par due 8/2016)		11/12/2015	2.1	(2)(14)
		First lien senior secured loan (\$14.7 par due 8/2016)		4/25/2014	9.7	(2)(14)
		Warrant to purchase up to 3,736,255 shares of common stock (expires 3/2026)		5/1/2016		(2)
					11.8	
NSM Sub Holdings Corp.(19)	Provider of customized mobility, rehab and adaptive seating systems	First lien senior secured loan (\$0.2 par due 10/2022)	6.66% (Libor + 4.25%/Q)	6/1/2018	0.2	0.2(2)(15)
		First lien senior secured loan (\$0.4 par due 10/2022)	6.73% (Libor + 4.25%/Q)	6/1/2018	0.4	0.4(2)(15)
		First lien senior secured loan (\$4.9 par due 10/2022)	7.05% (Libor + 4.25%/Q)	6/1/2018	4.9	4.9(2)(15)
					5.5	5.5
nThrive, Inc. (fka Precyse Acquisition Corp.)	Provider of healthcare information management technology and services	Second lien senior secured loan (\$10.0 par due 4/2023)	12.27% (Libor + 9.75%/M)	4/20/2016	9.8	9.8(2)(15)

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
NueHealth Performance, LLC(19)	Developer, builder and manager of specialty surgical hospitals and ambulatory surgery centers	First lien senior secured loan (\$1.5 par due 9/2023)	9.02% (Libor + 6.50%/M)	9/27/2018	1.5	1.5(2)(15)	
		First lien senior secured loan (\$10.0 par due 9/2023)	9.02% (Libor + 6.50%/M)	9/27/2018	10.0	10.0(2)(15)	
					11.5	11.5	
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	Provider of technology-enabled solutions to pharmacies	Limited liability company membership interest (1.57%)		11/21/2013	1.0	0.8(2)	
Pathway Vet Alliance LLC(19)	Operator of freestanding veterinary hospitals	First lien senior secured loan (\$264.5 par due 12/2024)	6.98% (Libor + 4.50%/M)	12/21/2018	261.8	261.8(2)(15)	
		Second lien senior secured loan (\$175.1 par due 12/2025)	10.98% (Libor + 8.50%/Q)	12/21/2018	175.1	173.4(2)(15)	
		Preferred subscription units (1,507,384 units)		12/21/2018	4.9	4.9	
					441.8	440.1	
Patterson Medical Supply, Inc.	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan (\$78.0 par due 8/2023)	11.03% (Libor + 8.50%/Q)	9/2/2015	76.7	67.9(2)(15)	
PhyMED Management LLC	Provider of anesthesia services	Second lien senior secured loan (\$47.2 par due 5/2021)	11.46% (Libor + 8.75%/Q)	12/18/2015	46.9	47.2(2)(15)	
Practice Insight, LLC(19)	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured loan (\$12.4 par due 8/2022)	7.52% (Libor + 5.00%/M)	8/23/2017	12.4	12.4(4)(15)	
Premise Health Holding Corp. and OMERS Bluejay Investment Holdings LP(19)	Provider of employer-sponsored onsite health and wellness clinics and pharmacies	First lien senior secured revolving loan (\$6.0 par due 7/2023)	6.09% (Libor + 3.50%/S)	7/10/2018	6.0	5.9(2)(15)	
		First lien senior secured loan (\$0.8 par due 7/2025)	6.55% (Libor + 3.75%/Q)	7/10/2018	0.8	0.8(2)(15)	
		First lien senior secured loan (\$20.0 par due 7/2025)	6.55% (Libor + 3.75%/Q)	7/10/2018	19.9	19.8(4)(15)	
		Second lien senior secured loan (\$67.1 par due 7/2026)	10.30% (Libor + 7.50%/Q)	7/10/2018	66.5	66.1(2)(15)	
		Class A units (9,775 units)		7/10/2018	9.8	9.8(2)	
						103.0	102.4
ProVation Medical, Inc.	Provider of documentation and coding software for GI physicians	First lien senior secured loan (\$13.0 par due 3/2024)	9.42% (Libor + 7.00%/Q)	3/9/2018	12.8	13.0(2)(15)	

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RecoveryDirect Acquisition, L.L.C.(19)	Outpatient physical therapy provider	First lien senior secured loan (\$6.9 par due 1/2024)	6.77% (Libor + 4.25%/M)	1/3/2018	6.9	6.9(2)(15)
		First lien senior secured loan (\$14.8 par due 1/2024)	6.77% (Libor + 4.25%/M)	1/3/2018	14.8	14.8(2)(15)
		First lien senior secured loan (\$19.8 par due 1/2024)	6.77% (Libor + 4.25%/M)	1/3/2018	19.8	19.8(4)(15)
					41.5	41.5
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	Warrant to purchase up to 99,094 shares of Series C preferred stock (expires 6/2022)		6/28/2012		(2)
Salter Labs(19)	Developer, manufacturer and supplier of consumable products for medical device customers	First lien senior secured revolving loan (\$0.6 par due 3/2020)	6.76% (Libor + 4.25%/Q)	2/8/2018	0.6	0.6(2)(15)(18)
		First lien senior secured revolving loan (\$0.4 par due 3/2020)	7.05% (Libor + 4.25%/Q)	2/8/2018	0.4	0.4(2)(15)(18)
					1.0	1.0

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
SCSG EA Acquisition Company, Inc.(19)	Provider of outsourced clinical services to hospitals and health systems	First lien senior secured revolving loan		9/1/2017			(17)
SiroMed Physician Services, Inc. and SiroMed Equity Holdings, LLC(19)	Outsourced anesthesia provider	First lien senior secured loan (\$17.4 par due 3/2024)	7.55% (Libor + 4.75%/Q)	3/26/2018	17.4	17.1(3)(15)	
		Common units (171,784 units)		3/26/2018	4.6	3.2(2)	
					22.0	20.3	
SM Wellness Holdings, Inc. and SM Holdco, Inc.(19)	Breast cancer screening provider	First lien senior secured loan (\$0.7 par due 8/2024)	8.02% (Libor + 5.50%/M)	8/1/2018	0.7	0.7(2)(15)	
		First lien senior secured loan (\$7.1 par due 8/2024)	8.02% (Libor + 5.50%/M)	8/1/2018	7.1	7.1(2)(15)	
		Series A preferred stock (44,975 shares)	13.05% (Libor + 10.25%/Q)	8/1/2018	47.4	47.4(2)(15)	
		Series A units (7,475 units)		8/1/2018	7.5	0.1(2)	
		Series B units (747,500 units)		8/1/2018		7.4(2)	
					62.7	62.7	
Synergy HomeCare Franchising, LLC and NP/Synergy Holdings, LLC(19)	Franchisor of private-pay home care for the elderly	First lien senior secured loan (\$16.0 par due 4/2024)	8.55% (Libor + 5.75%/Q)	4/2/2018	16.0	16.0(2)(15)	
		Common units (550 units)		4/2/2018	0.6	0.7	
					16.6	16.7	
Teligent, Inc.(19)	Pharmaceutical company that develops, manufactures and markets injectable pharmaceutical products	Second lien senior secured loan (\$18.3 par due 6/2024)	13.25% (Base Rate + 7.75%/Q)	12/13/2018	18.3	18.1(2)(15)	
		Second lien senior secured loan (\$45.5 par due 6/2024)	11.53% (Libor + 8.75%/Q)	12/13/2018	45.5	45.0(2)(15)	
					63.8	63.1	
TerSera Therapeutics LLC	Acquirer and developer of specialty therapeutic pharmaceutical products	First lien senior secured loan (\$2.2 par due 3/2024)	8.06% (Libor + 5.25%/Q)	7/12/2018	2.2	2.2(2)(15)	
		First lien senior secured loan (\$2.2 par due 3/2024)	8.05% (Libor + 5.25%/Q)	7/12/2018	2.2	2.2(2)(15)	
		First lien senior secured loan (\$2.1 par due 3/2023)	8.05% (Libor + 5.25%/Q)	9/27/2018	2.1	2.1(2)(15)	
				5/3/2017	5.2	5.2(4)(15)	



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		First lien senior secured loan (\$5.2 par due 3/2023)	8.05% (Libor + 5.25%/Q)		11.7	11.7
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	Second lien senior secured loan (\$71.8 par due 6/2025)	9.77% (Libor + 7.25%/M)	6/16/2017	70.9	70.4(2)(15)
United Digestive MSO Parent, LLC(19)	Gastroenterology physician group	First lien senior secured loan (\$12.6 par due 12/2024)	7.02% (Libor + 4.50%/M)	12/14/2018	12.6	12.5(2)(15)
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC(19)	Operator of urgent care clinics	Preferred units (7,696,613 units)		6/11/2015	7.7	5.4
		Series A common units (2,000,000 units)		6/11/2015	2.0	
		Series C common units (5,288,427 units)		6/11/2015		
					9.7	5.4
Urology Management Associates, LLC and JWC/UMA Holdings, L.P.	Urology private practice	First lien senior secured loan (\$9.8 par due 8/2024)	7.52% (Libor + 5.00%/M)	8/31/2018	9.7	9.8(2)(15)
		Limited partnership interests (3.64% interest)		8/31/2018	4.8	4.8(2)
					14.5	14.6
Verscend Holding Corp.(19)	Healthcare analytics solutions provider	First lien senior secured loan (\$99.8 par due 8/2025)	7.02% (Libor + 4.50%/M)	8/27/2018	99.0	97.8(2)(15)

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
VistaPharm, Inc. and Vertice Pharma UK Parent Limited	Manufacturer and distributor of generic pharmaceutical products	Preferred shares (40,662 shares)		12/21/2015	0.3	0.6(8)			
West Dermatology, LLC(19)	Dermatology practice platform	First lien senior secured revolving loan (\$0.7 par due 4/2022)	7.93% (Libor + 5.50%/Q)	2/8/2018	0.7	0.7(2)(15)			
		First lien senior secured revolving loan (\$0.6 par due 4/2022)	8.21% (Libor + 5.50%/Q)	2/8/2018	0.6	0.6(2)(15)			
		First lien senior secured revolving loan (\$3.7 par due 4/2022)	8.31% (Libor + 5.50%/Q)	2/8/2018	3.7	3.7(2)(15)			
		First lien senior secured loan (\$1.4 par due 4/2023)	7.90% (Libor + 5.50%/Q)	4/2/2018	1.4	1.4(2)(15)			
		First lien senior secured loan (\$0.3 par due 4/2023)	7.91% (Libor + 5.50%/Q)	4/2/2018	0.3	0.3(2)(15)			
		First lien senior secured loan (\$0.9 par due 4/2023)	7.94% (Libor + 5.50%/Q)	4/2/2018	0.9	0.9(2)(15)			
		First lien senior secured loan (\$0.1 par due 4/2023)	8.11% (Libor + 5.50%/Q)	4/2/2018	0.1	0.1(2)(15)			
		First lien senior secured loan (\$1.3 par due 4/2023)	8.21% (Libor + 5.50%/Q)	4/2/2018	1.3	1.3(2)(15)			
		First lien senior secured loan (\$0.8 par due 4/2023)	8.26% (Libor + 5.50%/Q)	4/2/2018	0.8	0.8(2)(15)			
		First lien senior secured loan (\$4.1 par due 4/2023)	8.31% (Libor + 5.50%/Q)	4/2/2018	4.1	4.1(2)(15)			
		First lien senior secured loan (\$1.3 par due 4/2023)	8.21% (Libor + 5.50%/Q)	9/5/2018	1.3	1.3(2)(15)			
		First lien senior secured loan (\$7.7 par due 4/2023)	8.31% (Libor + 5.50%/Q)	4/2/2018	7.7	7.7(2)(15)			
							22.9	22.9	
		WIRB Copernicus Group, Inc.(19)	Provider of regulatory, ethical, and safety review services for clinical research involving human subjects	First lien senior secured revolving loan		2/8/2018		(17)	
		WSHP FC Acquisition LLC(19)	Provider of biospecimen products	First lien senior secured revolving loan (\$2.5 par due 3/2024)	9.30% (Libor + 6.50%/Q)	3/30/2018	2.5	2.5(2)(15)	
First lien senior secured revolving loan (\$0.8 par due 3/2024)	9.32% (Libor + 6.50%/Q)			3/30/2018	0.8	0.8(2)(15)			
First lien senior secured loan (\$6.0 par due 3/2024)	9.32% (Libor + 6.50%/Q)			3/30/2018	6.0	6.0(2)(15)			
First lien senior secured loan (\$28.5 par due 3/2024)	9.30% (Libor + 6.50%/Q)			3/30/2018	28.5	28.5(3)(15)			

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37.8 37.8  
2,850.0 2,696.1 36.95%

**Business Services**

Accommodations Plus Technologies LLC and Accommodations Plus Technologies Holdings LLC(19)	Provider of outsourced crew accommodations and logistics management solutions to the airline industry	First lien senior secured loan (\$12.5 par due 5/2024)	7.62% (Libor + 5.00%/S)	5/11/2018	12.5	12.5(2)(15)
		Class A common units (236,358 units)		5/11/2018	4.5	6.4
					17.0	18.9
Achilles Acquisition LLC(19)	Benefits broker and outsourced workflow automation platform provider for brokers	First lien senior secured loan (\$16.7 par due 10/2025)	6.56% (Libor + 4.00%/M)	10/11/2018	16.7	16.7(2)(15)
		First lien senior secured loan (\$21.4 par due 10/2025)	6.56% (Libor + 4.00%/M)	10/11/2018	21.4	21.3(2)(15)
					38.1	38.0

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Blue Campaigns Intermediate Holding Corp. and Elevate Parent, Inc. (dba EveryAction)(19)	Provider of fundraising and organizing efforts and digital services to non-profits and political campaigns	First lien senior secured loan (\$27.5 par due 8/2023)	9.40% (Libor + 6.75%/Q)	8/20/2018	27.5	27.4(2)(15)	
		Series A preferred stock (150,000 shares)		9/26/2018	1.5	1.5	
					29.0	28.9	
CallMiner, Inc.	Provider of cloud-based conversational analytics solutions	Warrant to purchase up to 2,350,636 shares of Series 1 preferred stock (expires 7/2024)		7/23/2014		(2)	
Chesapeake Research Review, LLC and Schulman Associates Institutional Review Board, Inc.(19)	Provider of central institutional review boards over clinical trials	First lien senior secured loan (\$15.8 par due 11/2023)	8.55% (Libor + 5.75%/Q)	11/7/2017	15.8	15.8(2)(15)	
CMW Parent LLC (fka Black Arrow, Inc.)	Multiplatform media firm	Series A units (32 units)		9/11/2015		(2)	
Command Alkon Incorporated(19)	Software solutions provider to the ready-mix concrete industry	First lien senior secured revolving loan (\$2.9 par due 9/2022)	9.50% (Base Rate + 4.00%/M)	9/1/2017	2.9	2.9(2)(15)(18)	
		First lien senior secured loan (\$20.4 par due 9/2023)	7.35% (Libor + 5.00%/M)	9/1/2017	20.4	20.2(2)(15)	
		Second lien senior secured loan (\$33.8 par due 3/2024)	11.35% (Libor + 9.00%/M)	9/1/2017	33.8	33.1(2)(15)	
					57.1	56.2	
Compusearch Software Systems, Inc.	Provider of enterprise software and services for organizations in the public sector	Second lien senior secured loan (\$51.0 par due 11/2021)	11.36% (Libor + 8.75%/Q)	1/3/2017	51.0	51.0(3)(15)	
Compuware Parent, LLC	Web and mobile cloud performance testing and monitoring services provider	Class A-1 common stock (4,132 units)		12/15/2014	2.3	2.6(2)	
		Class B-1 common stock (4,132 units)		12/15/2014	0.5	0.5(2)	
		Class C-1 common stock (4,132 units)		12/15/2014	0.3	0.3(2)	
		Class A-2 common stock (4,132 units)		12/15/2014		(2)	
		Class B-2 common stock (4,132 units)		12/15/2014		(2)	
		Class C-2 common stock (4,132 units)		12/15/2014		(2)	
						3.1	3.4
Directworks, Inc. and Co-Exprise Holdings, Inc.	Provider of cloud-based software solutions for direct	First lien senior secured loan (\$1.8 par due 4/2018)		12/19/2014	1.3	0.2(2)(14)	

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	materials sourcing and supplier management for manufacturers	Warrant to purchase up to 1,875,000 shares of Series 1 preferred stock (expires 12/2024)		12/19/2014		(2)
					1.3	0.2
Doxim Inc.(8)(19)	Enterprise content management provider	First lien senior secured loan (\$3.6 par due 2/2024)	8.79% (Libor + 6.00%/Q)	2/28/2018	3.6	3.6(2)(12)(15)
		First lien senior secured loan (\$10.2 par due 2/2024)	8.80% (Libor + 6.00%/Q)	2/28/2018	10.0	10.2(2)(12)(15)
					13.6	13.8
DRB Holdings, LLC(19)	Provider of integrated technology solutions to car wash operators	First lien senior secured revolving loan (\$3.3 par due 10/2023)	8.78% (Libor + 6.00%/Q)	10/6/2017	3.3	3.3(2)(15)
		First lien senior secured loan (\$23.7 par due 10/2023)	8.80% (Libor + 6.00%/Q)	10/6/2017	23.7	23.7(3)(15)
					27.0	27.0

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
DTI Holdco, Inc. and OPE DTI Holdings, Inc.(19)	Provider of legal process outsourcing and managed services	First lien senior secured revolving loan (\$0.9 par due 9/2021)	6.93% (Libor + 4.50%/M)	9/23/2016	0.9	0.9(2)(15)	
		First lien senior secured revolving loan (\$1.3 par due 9/2021)	6.97% (Libor + 4.50%/M)	9/23/2016	1.3	1.3(2)(15)	
		Class A common stock (7,500 shares)		8/19/2014	7.5	7.4(2)	
		Class B common stock (7,500 shares)		8/19/2014		(2)	
					9.7	9.6	
Emergency Communications Network, LLC(19)	Provider of mission critical emergency mass notification solutions	First lien senior secured loan (\$25.1 par due 6/2023)	8.77% (Libor + 6.25%/M)	6/1/2017	25.0	24.4(2)(15)	
		First lien senior secured loan (\$19.7 par due 6/2023)	8.77% (Libor + 6.25%/M)	6/1/2017	19.6	19.2(4)(15)	
					44.6	43.6	
EN Engineering, L.L.C.(19)	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 (\$0.3 par due 6/2021)	7.02% (Libor + 4.50%/M)	6/30/2015	0.3	0.3(2)(15)	
		First lien senior secured loan (\$6.8 par due 6/2021)	7.02% (Libor + 4.50%/M)	6/30/2015	6.8	6.8(2)(15)	
					7.1	7.1	
Entertainment Partners, LLC and Entertainment Partners Canada Inc.(19)	Provider of entertainment workforce and production management solutions	First lien senior secured loan (\$1.4 par due 5/2022)	7.77% (CIBOR + 5.50%/M)	5/8/2017	1.4	1.4(2)(8)(15)	
		First lien senior secured loan (\$2.6 par due 5/2022)	7.71% (Libor + 5.50%/M)	5/8/2017	2.6	2.6(2)(8)(15)	
		First lien senior secured loan (\$2.6 par due 5/2022)	7.85% (Libor + 5.50%/M)	5/8/2017	2.6	2.6(2)(8)(15)	
		First lien senior secured loan (\$0.3 par due 5/2023)	8.34% (Libor + 5.75%/Q)	5/8/2017	0.3	0.3(2)(15)	
		First lien senior secured loan (\$26.4 par due 5/2023)	8.34% (Libor + 5.75%/Q)	5/8/2017	26.4	26.4(3)(15)	
		First lien senior secured loan (\$0.3 par due 5/2023)	8.55% (Libor + 5.75%/Q)	5/8/2017	0.3	0.3(2)(15)	
		First lien senior secured loan (\$22.0 par due 5/2023)	8.55% (Libor + 5.75%/Q)	5/8/2017	22.0	22.0(3)(15)	
		First lien senior secured loan (\$0.3 par due 5/2023)	8.59% (Libor + 5.75%/Q)	5/8/2017	0.3	0.3(2)(15)	

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		First lien senior secured loan (\$26.4 par due 5/2023)	8.59% (Libor + 5.75%/Q)	5/8/2017	26.4	26.4(3)(15)
					82.3	82.3
Episerver Inc. and Goldcup 17308 AB(8)(19)	Provider of web content management and digital commerce solutions	First lien senior secured loan (\$27.7 par due 10/2024)	8.27% (Libor + 5.75%/M)	10/9/2018	27.7	27.4(2)(15)
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 (expires 3/2024)		3/20/2014		(2)

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
Foundation Risk Partners, Corp.(19)	Full service independent insurance agency	First lien senior secured loan (\$7.8 par due 11/2023)	7.10% (Libor + 4.75%/M)	11/10/2017	7.8	7.8(2)(15)		
		First lien senior secured loan (\$1.0 par due 11/2023)	7.17% (Libor + 4.75%/Q)	8/9/2018	1.0	1.0(2)(15)		
		First lien senior secured loan (\$3.4 par due 11/2023)	7.34% (Libor + 4.75%/Q)	8/9/2018	3.4	3.4(2)(15)		
		First lien senior secured loan (\$5.2 par due 11/2023)	7.21% (Libor + 4.75%/Q)	8/9/2018	5.2	5.2(2)(15)		
		First lien senior secured loan (\$22.3 par due 11/2023)	7.10% (Libor + 4.75%/M)	11/10/2017	22.3	22.3(3)(15)		
		Second lien senior secured loan (\$3.0 par due 11/2024)	10.92% (Libor + 8.50%/Q)	8/9/2018	3.0	3.0(2)(15)		
		Second lien senior secured loan (\$12.4 par due 11/2024)	11.09% (Libor + 8.50%/Q)	8/9/2018	12.4	12.4(2)(15)		
		Second lien senior secured loan (\$19.1 par due 11/2024)	10.96% (Libor + 8.50%/Q)	8/9/2018	19.1	19.1(2)(15)		
		Second lien senior secured loan (\$27.5 par due 11/2024)	10.85% (Libor + 8.50%/M)	11/10/2017	27.5	27.5(2)(15)		
						101.7	101.7	
		Genesis Acquisition Co. and Genesis Holding Co.(19)	Child care management software and services provider	First lien senior secured loan (\$5.5 par due 7/2024)	6.52% (Libor + 4.00%/M)	7/31/2018	5.5	5.4(2)(15)
Second lien senior secured loan (\$25.8 par due 7/2025)	10.02% (Libor + 7.50%/M)			7/31/2018	25.8	25.4(2)(15)		
Class A common stock (8 shares)				7/31/2018	0.8	0.8(2)		
					32.1	31.6		
GTCR-Ultra Holdings III, LLC and GTCR-Ultra Holdings LLC(19)	Provider of payment processing and merchant acquiring solutions	First lien senior secured loan (\$6.5 par due 8/2024)	7.77% (Libor + 5.25%/M)	12/31/2018	6.5	6.5(2)(15)		
		Class A-2 units (911 units)		8/1/2017	0.9	1.3(2)		
		Class B units (2,878,372 units)		8/1/2017		(2)		
					7.4	7.8		
HAI Acquisition Corporation and Aloha Topco, LLC(19)	Professional employer organization offering human resources, compliance and risk management services	First lien senior secured loan (\$66.2 par due 11/2024)	8.59% (Libor + 6.00%/Q)	11/1/2017	66.2	65.6(3)(15)		
		Class A units (16,980 units)		11/1/2017	1.7	1.8(2)		
					67.9	67.4		
				3/29/2018	1.0	1.0(2)(15)		



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Help/Systems Holdings, Inc.(19)	Provider of IT operations management and cybersecurity software	First lien senior secured revolving loan (\$1.0 par due 3/2023)	6.27% (Libor + 3.75%/M)			
IfByPhone Inc.	Voice-based marketing automation software provider	Warrant to purchase up to 124,300 shares of Series C preferred stock (expires 10/2022)		10/15/2012	0.1	0.1(2)
Implementation Management Assistance, LLC(19)	Revenue cycle consulting firm to the healthcare industry	First lien senior secured revolving loan (\$5.5 par due 12/2023)	9.00% (Base Rate + 3.50%/Q)	12/13/2017	5.5	5.5(2)(15)
		First lien senior secured loan (\$17.0 par due 12/2023)	7.30% (Libor + 4.50%/Q)	12/13/2017	17.0	16.8(2)(15)
					22.5	22.3
Infinite Electronics, Inc.(19)	Manufacturer and distributor of radio frequency and microwave electronic components	First lien senior secured revolving loan		7/2/2018		(17)
		First lien senior secured loan (\$10.3 par due 7/2025)	6.52% (Libor + 4.00%/M)	7/2/2018	10.3	10.2(2)(15)
					10.3	10.2

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Infogix, Inc. and Infogix Parent Corporation(19)	Enterprise data analytics and integrity software solutions provider	Series A preferred stock (2,475 shares)		1/3/2017	2.5	2.5	
		Common stock (1,297,768 shares)		1/3/2017			
					2.5	2.5	
Inmar, Inc.	Technology-driven solutions provider for retailers, wholesalers and manufacturers	Second lien senior secured loan (\$28.3 par due 5/2025)	10.52% (Libor + 8.00%/M)	4/25/2017	27.9	28.3(2)(15)	
InterVision Systems, LLC and InterVision Holdings, LLC	Provider of cloud based IT solutions, infrastructure and services	First lien senior secured loan (\$16.4 par due 5/2022)	10.55% (Libor + 8.08%/M)	5/31/2017	16.4	15.9(2)(15)	
		First lien senior secured loan (\$24.7 par due 5/2022)	10.24% (Libor + 7.72%/M)	5/31/2017	24.7	24.0(2)(15)	
		First lien senior secured loan (\$10.0 par due 5/2022)	10.24% (Libor + 7.72%/M)	5/31/2017	10.0	9.7(4)(15)	
		Class A membership units (1,000 units)		5/31/2017	1.0	0.6	
					52.1	50.2	
iParadigms Holdings, LLC	Anti-plagiarism software provider to the education market	Second lien senior secured loan (\$32.5 par due 7/2022)	10.05% (Libor + 7.25%/Q)	1/3/2017	32.0	32.5(2)(15)	
iPipeline, Inc., Internet Pipeline, Inc., iPipeline Limited and iPipeline Holdings, Inc.(19)	Provider of SaaS-based software solutions to the insurance and financial services industry	First lien senior secured loan (\$11.2 par due 8/2022)	7.28% (Libor + 4.75%/M)	12/18/2017	11.8	11.2(2)(8)(15)	
		First lien senior secured loan (\$7.4 par due 8/2022)	7.28% (Libor + 4.75%/M)	6/15/2017	7.4	7.4(2)(15)	
		First lien senior secured loan (\$9.0 par due 8/2022)	7.28% (Libor + 4.75%/M)	9/15/2017	9.0	9.0(2)(15)	
		First lien senior secured loan (\$16.2 par due 8/2022)	7.28% (Libor + 4.75%/M)	8/4/2015	16.2	16.2(3)(15)	
		First lien senior secured loan (\$14.5 par due 8/2022)	7.28% (Libor + 4.75%/M)	8/4/2015	14.5	14.5(4)(15)	
		Preferred stock (1,100 shares)		8/4/2015	1.1	4.3(2)	
		Common stock (668,781 shares)		8/4/2015		(2)	
							60.0
IQMS	Provider of enterprise resource planning and manufacturing execution software for small and midsized manufacturers	First lien senior secured loan (\$22.5 par due 3/2022)	12.75% (Base Rate + 7.25%/Q)	3/28/2017	22.5	22.5(3)(15)	

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		First lien senior secured loan (\$14.9 par due 3/2022)	12.75% (Base Rate + 7.25%/Q)	3/28/2017	14.9	14.9(4)(15)
					37.4	37.4
IRI Holdings, Inc., IRI Group Holdings, Inc. and IRI Parent, L.P.	Market research company focused on the consumer packaged goods industry	First lien senior secured loan (\$79.0 par due 11/2025)	7.02% (Libor + 4.50%/M)	11/30/2018	78.2	77.4(2)(15)
		Second lien senior secured loan (\$86.8 par due 11/2026)	10.52% (Libor + 8.00%/M)	11/30/2018	85.3	85.1(2)(15)
		Series A-1 preferred shares (46,900 shares)	13.39%PIK (Libor + 10.50%/S)	11/30/2018	46.2	46.9(2)(15)
		Class A-1 common units (90,500 units)		11/30/2018	9.1	9.1(2)
					218.8	218.5
Kaufman, Hall & Associates, LLC(19)	Provider of specialty advisory services and software solutions to the healthcare market	First lien senior secured loan (\$25.0 par due 5/2025)	7.64% (Libor + 5.25%/M)	11/9/2018	25.0	24.8(2)(15)
Labstat International Inc.(8)(19)	Lab testing services for nicotine containing products	First lien senior secured loan (\$5.0 par due 6/2024)	8.55% (CIBOR + 6.25%/Q)	10/19/2018	5.2	5.0(2)(15)
		First lien senior secured loan (\$19.2 par due 6/2024)	8.55% (CIBOR + 6.25%/Q)	6/25/2018	19.8	19.2(2)(15)
					25.0	24.2

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
LLSC Holdings Corporation (dba Lawrence Merchandising Services)(7)	Marketing services provider	Series A preferred stock (9,000 shares)		1/3/2017	1.8	0.4			
		Common stock (1,000 shares)		1/3/2017					
					1.8	0.4			
Masergy Holdings, Inc.(19)	Provider of software-defined solutions for enterprise global networks, cyber security, and cloud communications	First lien senior secured revolving loan (\$0.2 par due 12/2021)	6.02% (Libor + 3.50%/M)	2/8/2018	0.2	0.1(2)(15)(18)			
Ministry Brands, LLC and MB Parent HoldCo, L.P. (dba Community Brands)(19)	Software and payment services provider to faith-based institutions	First lien senior secured loan (\$4.9 par due 12/2022)	6.52% (Libor + 4.00%/M)	8/22/2017	4.9	4.9(2)(15)			
		First lien senior secured loan (\$10.5 par due 12/2022)	6.52% (Libor + 4.00%/M)	4/6/2017	10.5	10.5(2)(15)			
		First lien senior secured loan (\$14.5 par due 12/2022)	6.52% (Libor + 4.00%/M)	4/6/2017	14.4	14.5(2)(15)			
		Second lien senior secured loan (\$16.6 par due 6/2023)	11.77% (Libor + 9.25%/M)	12/2/2016	16.6	16.6(2)(15)			
		Second lien senior secured loan (\$17.9 par due 6/2023)	11.77% (Libor + 9.25%/M)	8/22/2017	17.9	17.9(2)(15)			
		Second lien senior secured loan (\$4.7 par due 6/2023)	11.77% (Libor + 9.25%/M)	4/6/2017	4.7	4.7(2)(15)			
		Second lien senior secured loan (\$7.0 par due 6/2023)	10.52% (Libor + 8.00%/M)	4/18/2018	7.0	7.0(2)(15)			
		Second lien senior secured loan (\$9.2 par due 6/2023)	11.77% (Libor + 9.25%/M)	4/6/2017	9.2	9.2(2)(15)			
		Second lien senior secured loan (\$38.6 par due 6/2023)	10.52% (Libor + 8.00%/M)	4/18/2018	38.6	38.6(2)(15)			
		Second lien senior secured loan (\$75.0 par due 6/2023)	11.77% (Libor + 9.25%/M)	12/2/2016	74.5	75.0(2)(15)			
		Second lien senior secured loan (\$15.0 par due 6/2023)	11.77% (Libor + 9.25%/M)	12/2/2016	14.9	15.0(3)(15)			
		Class A units (500,000 units)			12/2/2016	5.0	6.8(2)		
							218.2	220.7	
		MVL Group, Inc.(7)	Marketing research provider	Common stock (560,716 shares)		4/1/2010		(2)	
		NAS, LLC, Nationwide Marketing Group, LLC and Nationwide Administrative Services, Inc.	Buying and marketing services organization for appliance, furniture and consumer electronics dealers	Second lien senior secured loan (\$24.1 par due 12/2021)	11.15% (Libor + 8.75%/Q)	6/1/2015	24.1	24.1(2)(15)	

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		Second lien senior secured loan (\$7.0 par due 12/2021)	11.14% (Libor + 8.75%/Q)	6/1/2015	7.0	7.0(2)(15)
					31.1	31.1
Novetta Solutions, LLC	Provider of advanced analytics solutions for the government, defense and commercial industries	First lien senior secured loan (\$8.6 par due 10/2022)	7.53% (Libor + 5.00%/M)	1/3/2017	8.4	8.4(2)(15)
		Second lien senior secured loan (\$31.0 par due 10/2023)	11.03% (Libor + 8.50%/M)	1/3/2017	28.8	28.5(2)(15)
					37.2	36.9
NSM Insurance Group, LLC	Insurance program administrator	First lien senior secured loan (\$6.7 par due 5/2024)	7.30% (Libor + 4.50%/Q)	5/11/2018	6.7	6.7(2)(15)
		First lien senior secured loan (\$10.2 par due 5/2024)	7.30% (Libor + 4.50%/Q)	12/3/2018	10.2	10.2(2)(15)
		First lien senior secured loan (\$13.1 par due 5/2024)	7.30% (Libor + 4.50%/Q)	5/11/2018	13.1	13.1(3)(15)
					30.0	30.0
PayNearMe, Inc.	Electronic cash payment system provider	Warrant to purchase up to 195,726 shares of Series E preferred stock (expires 3/2023)		3/11/2016	0.2	(2)

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Table of Contents

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
PDI TA Holdings, Inc.(19)	Provider of enterprise management software for the convenience retail and petroleum wholesale markets	First lien senior secured loan (\$5.0 par due 10/2024)	6.90% (Libor + 4.50%/Q)	4/11/2018	5.0	5.0(2)(15)			
		First lien senior secured loan (\$0.4 par due 10/2024)	7.21% (Libor + 4.50%/Q)	4/11/2018	0.4	0.4(2)(15)			
		First lien senior secured loan (\$5.1 par due 10/2024)	6.92% (Libor + 4.50%/Q)	8/25/2017	5.1	5.1(2)(15)			
		First lien senior secured loan (\$2.7 par due 10/2024)	7.04% (Libor + 4.50%/Q)	8/25/2017	2.7	2.7(2)(15)			
		First lien senior secured loan (\$23.4 par due 10/2024)	7.30% (Libor + 4.50%/Q)	8/25/2017	23.4	23.4(2)(15)			
		First lien senior secured loan (\$4.3 par due 10/2024)	6.11% (Libor + 4.50%/Q)	10/24/2018	4.3	4.3(2)(15)			
		First lien senior secured loan (\$45.0 par due 10/2024)	7.23% (Libor + 4.75%/Q)	10/24/2018	45.0	45.0(2)(15)			
		Second lien senior secured loan (\$8.2 par due 10/2025)	11.04% (Libor + 8.50%/Q)	8/25/2017	8.2	8.2(2)(15)			
		Second lien senior secured loan (\$6.5 par due 10/2025)	10.91% (Libor + 8.50%/Q)	8/25/2017	6.5	6.5(2)(15)			
		Second lien senior secured loan (\$1.9 par due 10/2025)	10.98% (Libor + 8.50%/Q)	8/25/2017	1.9	1.9(2)(15)			
		Second lien senior secured loan (\$23.2 par due 10/2025)	11.00% (Libor + 8.50%/Q)	8/25/2017	23.2	23.2(2)(15)			
		Second lien senior secured loan (\$6.4 par due 10/2025)	11.11% (Libor + 8.50%/Q)	10/24/2018	6.4	6.4(2)(15)			
		Second lien senior secured loan (\$52.9 par due 10/2025)	10.99% (Libor + 8.50%/Q)	10/24/2018	52.9	52.9(2)(15)			
		Second lien senior secured loan (\$16.7 par due 10/2025)	11.17% (Libor + 8.75%/Q)	4/11/2018	16.7	16.7(2)(15)			
		Second lien senior secured loan (\$66.8 par due 10/2025)	11.21% (Libor + 8.50%/Q)	8/25/2017	66.8	66.8(2)(15)			
						268.5	268.5		
		PHL Investors, Inc., and PHL Holding Co.(7)	Mortgage services	Class A common stock (576 shares)		7/31/2012	3.8	(2)	
		PHNTM Holdings, Inc. and Planview Parent, Inc.	Provider of project and portfolio management software	First lien senior secured loan (\$1.4 par due 1/2023)	7.77% (Libor + 5.25%/M)	1/27/2017	1.4	1.4(2)(15)	
Second lien senior secured loan (\$62.0 par due 7/2023)	12.27% (Libor + 9.75%/M)			1/27/2017	61.3	62.0(2)(15)			
Class A common shares (990 shares)				1/27/2017	1.0	1.1(2)			
Class B common shares (168,329 shares)				1/27/2017		0.2(2)			

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					63.7	64.7
Poplicus Incorporated	Business intelligence and market analytics platform for companies that sell to the public sector	Warrant to purchase up to 2,402,991 shares of Series C preferred stock (expires 6/2025)		6/25/2015	0.1	(2)
Production Resource Group, L.L.C.	Provider of rental equipment, labor, production management, scenery, and other products to various entertainment end-markets	First lien senior secured loan (\$21.0 par due 8/2024)	9.65% (Libor + 7.00%/Q)	8/21/2018	21.0	20.6(2)(15)
		First lien senior secured loan (\$80.0 par due 8/2024)	9.65% (Libor + 7.00%/Q)	8/21/2018	80.0	78.4(3)(15)
					101.0	99.0
Project Alpha Intermediate Holding, Inc. and Qlik Parent, Inc.	Provider of data visualization software for data analytics	Class A common shares (7,445 shares)		8/22/2016	7.4	9.6(2)
		Class B common shares (1,841,609 shares)		8/22/2016	0.1	0.1(2)
					7.5	9.7
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	0.3	0.2(2)

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Table of Contents

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
SCM Insurance Services Inc.(8)(19)	Provider of claims management, claims investigation & support and risk management solutions for the Canadian property and casualty insurance industry	First lien senior secured revolving loan (\$2.4 par due 8/2022)	7.95% (Base Rate + 4.00%/Q)	8/29/2017	2.5	2.4(2)(15)	
		First lien senior secured loan (\$19.5 par due 8/2024)	7.28% (CIBOR + 5.00%/M)	8/29/2017	21.3	18.9(2)(15)	
		Second lien senior secured loan (\$55.6 par due 3/2025)	11.28% (CIBOR + 9.00%/M)	8/29/2017	60.5	52.3(2)(15)	
					84.3	73.6	
SpareFoot, LLC(19)	PMS solutions and web services for the self-storage industry.	First lien senior secured revolving loan (\$0.3 par due 4/2023)	6.77% (Libor + 4.25%/M)	4/13/2018	0.3	0.3(2)(15)	
		First lien senior secured loan (\$1.2 par due 4/2024)	6.77% (Libor + 4.25%/M)	8/31/2018	1.1	1.2(2)(15)	
		First lien senior secured loan (\$4.7 par due 4/2024)	6.77% (Libor + 4.25%/M)	4/13/2018	4.6	4.7(2)(15)	
		Second lien senior secured loan (\$4.2 par due 4/2025)	10.77% (Libor + 8.25%/M)	8/31/2018	4.1	4.2(2)(15)	
		Second lien senior secured loan (\$6.1 par due 4/2025)	10.77% (Libor + 8.25%/M)	4/13/2018	6.0	6.1(2)(15)	
					16.1	16.5	
Sparta Systems, Inc., Project Silverback Holdings Corp. and Silverback Holdings, Inc.(19)	Quality management software provider	Second lien senior secured loan (\$20.0 par due 8/2025)	10.76% (Libor + 8.25%/M)	8/21/2017	19.7	17.4(2)(15)	
		Series B preferred shares (10,084 shares)		8/21/2017	1.1	0.5	
					20.8	17.9	
Syntax USA Acquisition Corporation(8)(19)	Provider of cloud ERP hosting and consulting services for Oracle users	First lien senior secured revolving loan (\$1.8 par due 4/2021)	6.67% (Libor + 4.25%/S)	2/8/2018	1.8	1.7(2)(15)	
Telestream Holdings Corporation(19)	Provider of digital video tools and workflow solutions to the media and entertainment industries	First lien senior secured revolving loan (\$0.5 par due 3/2022)	10.95% (Base Rate + 5.45%/Q)	2/8/2018	0.5	0.5(2)(15)(18)	
TU BidCo, Inc.(19)	Provider of outsourced customer service management solutions and back-office support services to	First lien senior secured loan (\$18.1 par due 10/2023)	6.80% (Libor + 4.00%/Q)	10/1/2018	18.1	18.0(3)(15)	



e-commerce, software  
and tech-enabled  
services industries

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
UL Holding Co., LLC(6)	Provider of collection and landfill avoidance solutions for food waste and unsold food products	Senior subordinated loan (\$3.2 par due 5/2020)	10.00% PIK	4/30/2012	1.1	3.2(2)			
		Senior subordinated loan (\$0.4 par due 5/2020)		4/30/2012	0.2	0.4(2)			
		Senior subordinated loan (\$6.8 par due 5/2020)	10.00% PIK	4/30/2012	2.5	6.8(2)			
		Senior subordinated loan (\$0.5 par due 5/2020)		4/30/2012	0.2	0.5(2)			
		Senior subordinated loan (\$27.1 par due 5/2020)	10.00% PIK	4/30/2012	9.9	27.1(2)			
		Senior subordinated loan (\$3.8 par due 5/2020)		4/30/2012	1.4	3.8(2)			
		Class A common units (533,351 units)		6/17/2011	5.0	0.3(2)			
		Class B-5 common units (272,834 units)		6/17/2011	2.5	0.2(2)			
		Class C common units (758,546 units)		4/25/2008		(2)			
		Warrant to purchase up to 719,044 shares of Class A units		5/2/2014		(2)			
		Warrant to purchase up to 28,663 shares of Class B-1 units		5/2/2014		(2)			
		Warrant to purchase up to 57,325 shares of Class B-2 units		5/2/2014		(2)			
		Warrant to purchase up to 29,645 shares of Class B-3 units		5/2/2014		(2)			
		Warrant to purchase up to 80,371 shares of Class B-5 units		5/2/2014		(2)			
		Warrant to purchase up to 59,655 shares of Class B-6 units		5/2/2014		(2)			
		Warrant to purchase up to 1,046,713 shares of Class C units		5/2/2014		(2)			
							22.8	42.3	
		Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,713,546 units)		12/13/2013	4.5	3.6	
		Visual Edge Technology, Inc.(19)	Provider of outsourced office solutions with a focus on printer and copier equipment and other parts and supplies	First lien senior secured loan (\$15.7 par due 8/2022)	8.27% (Libor + 5.75%/M)	8/31/2017	15.6	15.7(2)(15)	
				First lien senior secured loan (\$16.7 par due 8/2022)	8.27% (Libor + 5.75%/M)	8/31/2017	16.7	16.7(2)(15)	

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8/2022)				
Senior subordinated loan (\$56.0 par due 9/2024)	12.50% PIK	8/31/2017	52.7	56.0(2)
Warrant to purchase up to 1,816,089 shares of common stock (expires 8/2027)		8/31/2017		0.8(2)
Warrant to purchase up to 2,070,511 shares of preferred stock (expires 8/2027)		8/31/2017	3.9	3.9(2)
			88.9	93.1

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
VRC Companies, LLC(19)	Provider of records and information management services	First lien senior secured revolving loan (\$0.6 par due 3/2022)	9.02% (Libor + 6.50%/M)	4/17/2017	0.6	0.6(2)(15)	
		First lien senior secured revolving loan (\$0.2 par due 3/2022)	11.00% (Base Rate + 5.50%/M)	4/17/2017	0.2	0.2(2)(15)	
		First lien senior secured loan (\$2.3 par due 3/2023)	9.02% (Libor + 6.50%/M)	3/31/2017	2.3	2.3(2)(15)	
		First lien senior secured loan (\$0.2 par due 3/2023)	9.11% (Libor + 6.50%/S)	9/28/2018	0.2	0.2(2)(15)	
		First lien senior secured loan (\$5.0 par due 3/2023)	9.02% (Libor + 6.50%/S)	9/28/2018	5.0	5.0(2)(15)	
							8.3
WorldPay Group PLC(8)	Payment processing company	C2 shares (73,974 shares)		10/21/2015		(22)	
Worldwide Facilities, LLC(19)	Specialty insurance wholesale broker	First lien senior secured revolving loan (\$0.4 par due 4/2024)	6.77% (Libor + 4.25%/M)	5/3/2018	0.4	0.4(2)(15)	
		First lien senior secured loan (\$1.3 par due 4/2024)	7.05% (Libor + 4.25%/Q)	5/3/2018	1.3	1.2(2)(15)	
		First lien senior secured loan (\$1.6 par due 4/2024)	7.05% (Libor + 4.25%/Q)	5/3/2018	1.6	1.6(2)(15)	
					3.3	3.2	
XIFIN, Inc.(19)	Revenue cycle management provider to labs	First lien senior secured revolving loan		2/8/2018		(17)	
Zywave, Inc.(19)	Provider of software and technology-enabled content and analytical solutions to insurance brokers	First lien senior secured revolving loan (\$6.3 par due 11/2022)	7.52% (Libor + 5.00%/M)	11/17/2016	6.3	6.2(2)(15)	
		Second lien senior secured loan (\$27.0 par due 11/2023)	11.65% (Libor + 9.00%/Q)	11/17/2016	27.0	26.5(2)(15)	
					33.3	32.7	
					2,214.4	2,219.0	30.41%
<b>Consumer Products</b>							
Badger Sportswear Acquisition, Inc.	Provider of team uniforms and athletic wear	Second lien senior secured loan (\$56.8 par due 3/2024)	11.51% (Libor + 9.00%/M)	9/6/2016	56.7	56.8(2)(15)	
BRG Sports, Inc.	Designer, manufacturer and licensor of branded sporting goods	Preferred stock (2,009 shares)		1/3/2017			
		Common stock (6,566,655 shares)		1/3/2017		0.2	

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						0.2
Centric Brands Inc. (fka Differential Brands Group)(19)	Designer, marketer and distributor of licensed and owned apparel	First lien senior secured loan (\$58.8 par due 10/2023)	8.51% (Libor + 6.00%/Q)	10/29/2018	58.8	58.2(3)(15)
		Common stock (3,077,875 shares)		10/29/2018	24.6	24.6(2)
						83.4
CB Trestles OpCo, LLC(19)	Apparel retailer	First lien senior secured loan (\$26.5 par due 10/2024)	8.51% (Libor + 5.75%/S)	10/26/2018	26.5	26.3(3)(15)
Consumer Health Parent LLC	Developer and marketer of over-the-counter cold remedy products	Preferred units (1,072 units)		12/15/2017	1.1	0.9(2)
		Series A units (1,072 units)		12/15/2017		(2)
						1.1
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	Common units (421 units)		4/24/2014	4.2	0.2(2)

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Implus Footcare, LLC	Provider of footwear and other accessories	First lien senior secured loan (\$14.2 par due 4/2021)	9.55% (Libor + 6.75%/Q)	6/1/2017	14.2	14.2(2)(15)	
		First lien senior secured loan (\$5.0 par due 4/2021)	9.55% (Libor + 6.75%/Q)	7/17/2018	5.0	5.0(2)(15)	
		First lien senior secured loan (\$76.4 par due 4/2021)	9.55% (Libor + 6.75%/Q)	6/1/2017	76.4	76.4(2)(15)	
		First lien senior secured loan (\$19.3 par due 4/2021)	9.55% (Libor + 6.75%/Q)	6/1/2017	19.3	19.3(4)(15)	
		First lien senior secured loan (\$0.2 par due 4/2021)	9.55% (Libor + 6.75%/Q)	6/30/2016	0.2	0.2(2)(15)	
							115.1
Indra Holdings Corp.	Designer, marketer, and distributor of rain and cold weather products	First lien senior secured loan (\$10.0 par due 5/2021)	6.77% (Libor + 4.25%/M)	1/22/2018	6.8	6.2(2)(15)	
		Second lien senior secured loan (\$80.0 par due 11/2021)		5/1/2014	68.1	19.9(2)(15)	
					74.9	26.1	
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc.	Provider of branded lawn and garden products	Second lien senior secured loan (\$56.0 par due 6/2021)	9.92% (Libor + 7.39%/Q)	12/23/2014	55.9	56.0(3)(15)	
		Second lien senior secured loan (\$10.0 par due 6/2021)	9.92% (Libor + 7.39%/Q)	12/23/2014	10.0	10.0(4)(15)	
		Common stock (30,000 shares)		12/23/2014	3.0	6.2(2)	
					68.9	72.2	
Rug Doctor, LLC and RD Holdco Inc.(7)	Manufacturer and marketer of carpet cleaning machines	Second lien senior secured loan (\$16.9 par due 10/2019)	12.33% (Libor + 9.75%/Q)	1/3/2017	16.9	16.9(2)(15)	
		Common stock (458,596 shares)		1/3/2017	14.0	11.1	
		Warrant to purchase up to 56,372 shares of common stock (expires 12/2023)		1/3/2017			
					30.9	28.0	
S Toys Holdings LLC (fka The Step2 Company, LLC)(7)	Toy manufacturer	Common units (1,116,879 units)		4/1/2011		0.4	
		Class B common units (126,278,000 units)		10/30/2014		(2)	
		Warrant to purchase up to 3,157,895 units		4/1/2010			
						0.4	
				10/27/2015	98.5	91.0(2)(15)	

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SHO Holding I Corporation	Manufacturer and distributor of slip resistant footwear	Second lien senior secured loan (\$100.0 par due 4/2023)	11.03% (Libor + 8.50%/Q)			
Shock Doctor, Inc. and Shock Doctor Holdings, LLC(6)	Developer, marketer and distributor of sports protection equipment and accessories	Second lien senior secured loan (\$89.4 par due 10/2021)	13.49% (Libor + 11.00%/Q)	4/22/2015	89.4	79.6(2)(15)
		Class A preferred units (50,000 units)		3/14/2014	5.0	1.0(2)
		Class C preferred units (50,000 units)		4/22/2015	5.0	1.0(2)
					99.4	81.6
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP(7)(19)	Manufacturer of consumer sewing machines	First lien senior secured revolving loan (\$72.6 par due 3/2023)	11.39% (Libor + 9.00%/Q)	7/26/2017	72.6	72.6(2)(15)(18)
		First lien senior secured revolving loan (\$4.0 par due 3/2023)	11.38% (Libor + 9.00%/Q)	7/26/2017	4.0	4.0(2)(15)(18)
		First lien senior secured loan (\$180.9 par due 3/2023)	5.00% (Libor + 2.61%/Q)	7/26/2017	174.6	159.1(2)(15)
		Class A common units (6,500,000 units)		7/26/2017		(2)
					251.2	235.7

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
Touchstone Acquisition, Inc. and Touchstone Holding, L.P.(19)	Manufacturer of consumable products in the dental, medical, cosmetic and CPG/industrial end-markets	First lien senior secured loan (\$53.7 par due 11/2025)	7.27% (Libor + 4.75%/M)	11/15/2018	53.7	53.2(2)(15)			
		Class A preferred units (2,149 units)		11/15/2018	2.1	2.1(2)			
					55.8	55.3			
Varsity Brands Holding Co., Inc. and BCPE Hercules Holdings, LP	Leading manufacturer and distributor of textiles, apparel & luxury goods	Second lien senior secured loan (\$21.1 par due 12/2025)	10.77% (Libor + 8.25%/M)	7/30/2018	21.1	21.1(2)(15)			
		Second lien senior secured loan (\$47.7 par due 12/2025)	10.77% (Libor + 8.25%/M)	12/15/2017	47.7	47.7(2)(15)			
		Second lien senior secured loan (\$75.0 par due 12/2025)	10.77% (Libor + 8.25%/M)	12/15/2017	75.0	75.0(3)(15)			
		Class A units (1,400 units)		7/30/2018	1.4	1.5(2)			
					145.2	145.3			
Woodstream Group, Inc. and Woodstream Corporation(19)	Pet products manufacturer	First lien senior secured loan (\$1.5 par due 5/2022)	8.72% (Libor + 6.25%/Q)	6/21/2017	1.5	1.5(2)(15)			
		First lien senior secured loan (\$0.9 par due 5/2022)	8.90% (Libor + 6.25%/Q)	6/21/2017	0.9	0.9(2)(15)			
		First lien senior secured loan (\$1.5 par due 5/2022)	9.04% (Libor + 6.25%/Q)	6/21/2017	1.5	1.5(2)(15)			
		First lien senior secured loan (\$3.1 par due 5/2022)	8.72% (Libor + 6.25%/Q)	6/21/2017	3.1	3.1(4)(15)			
		First lien senior secured loan (\$1.8 par due 5/2022)	8.90% (Libor + 6.25%/Q)	6/21/2017	1.8	1.8(4)(15)			
		First lien senior secured loan (\$3.1 par due 5/2022)	9.04% (Libor + 6.25%/Q)	6/21/2017	3.1	3.1(4)(15)			
							11.9	11.9	
							1,123.7	1,029.8	14.11%
<b>Financial Services</b>									
Amynta Agency Borrower Inc. and Amynta Warranty Borrower Inc.	Insurance service provider	First lien senior secured loan (\$27.2 par due 2/2025)	6.52% (Libor + 4.00%/M)	12/21/2018	27.2	26.9(2)(15)			
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28.0 par due 8/2022)	12.10% (Libor + 9.75%/M)	5/10/2012	28.0	28.0(2)(15)			
DFC Global Facility Borrower II LLC(19)	Non-bank provider of alternative financial services	First lien senior secured revolving loan (\$94.6 par due 9/2022)	13.10% (Libor + 10.75%/M)	9/27/2017	94.6	94.6(2)(15)			



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Financial Asset Management Systems, Inc. and FAMS Holdings, Inc.(6)	Debt collection services provider	Common stock (180 shares)	1/11/2017		(2)	
Gordian Group, LLC	Provider of products, services and software to organizations pursuing efficient and effective procurement and information solutions	Common stock (526 shares)	11/30/2012		(2)	
Ivy Hill Asset Management, L.P.(7)(9)	Asset management services	Member interest (100.00% interest)	6/15/2009	444.0	517.9	
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC(9)	Asset-backed financial services company	First lien senior secured loan (\$16.0 par due 6/2017)	6/24/2014	14.7	10.1(2)(14)	
Joyce Lane Capital LLC and Joyce Lane Financing SPV LLC (fka Ciena Capital LLC)(7)(9)(19)	Specialty finance company	First lien senior secured revolving loan (\$0.8 par due 12/2022)	6.81% (Libor + 4.00%/Q)	12/27/2018	0.8	0.8(2)
		Equity interests	11/29/2010	12.7	3.1(2)	
				13.5	3.9	
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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
LS DE LLC and LM LSQ Investors LLC(9)	Asset based lender	Senior subordinated loan (\$3.0 par due 6/2021)	10.50%	6/15/2017	3.0	3.0(2)	
		Senior subordinated loan (\$37.0 par due 3/2024)	10.50%	6/25/2015	37.0	37.0(2)	
		Membership units (3,275,000 units)		6/25/2015	3.3	4.0	
					43.3	44.0	
NM GRC HOLDCO, LLC(19)	Regulatory compliance services provider to financial institutions	First lien senior secured loan (\$19.3 par due 2/2024)	8.80% (Libor + 6.00%/Q)	2/9/2018	19.3	19.3(2)(15)	
		First lien senior secured loan (\$60.6 par due 2/2024)	8.80% (Libor + 6.00%/Q)	2/9/2018	60.1	60.6(2)(15)	
					79.4	79.9	
Payment Alliance International, Inc.(19)	Reseller of ATM process services through 3rd party processing networks	First lien senior secured revolving loan (\$1.3 par due 9/2021)	8.49% (Libor + 6.05%/M)	2/8/2018	1.3	1.3(2)(15)	
		First lien senior secured revolving loan (\$2.1 par due 9/2021)	10.30% (Base Rate + 5.05%/M)	2/8/2018	2.1	2.1(2)(15)	
					3.4	3.4	
Rialto Management Group, LLC(9)(19)	Investment and asset management platform focused on real estate	First lien senior secured loan (\$1.0 par due 12/2024)	7.02% (Libor + 4.50%/M)	11/30/2018	1.0	1.0(2)(15)	
Vela Trading Technologies, LLC(19)	Provider of market data software and content to global financial services clients	First lien senior secured revolving loan (\$0.5 par due 6/2022)	7.65% (Libor + 5.00%/Q)	2/8/2018	0.5	0.5(2)(15)	
		First lien senior secured loan (\$4.9 par due 6/2022)	7.45% (Libor + 5.00%/Q)	4/17/2018	4.9	4.8(2)(15)	
					5.4	5.3	
					754.5	815.0	11.16%
<b>Investment Funds and Vehicles</b>							
ACAS Equity Holdings Corporation(7)(9)	Investment company	Common stock (589 shares)		1/3/2017	0.4	0.4	
Ares IIIR/IVR CLO Ltd.(7)(8)(9)	Investment vehicle	Subordinated notes (\$20.0 par due 4/2021)		1/3/2017		0.1	
Blue Wolf Capital Fund II, L.P.(6)(8)(9)	Investment partnership	Limited partnership interest (8.50% interest)		1/3/2017	1.6	2.5(22)	
Carlyle Global Market Strategies CLO	Investment vehicle	Subordinated notes (\$24.6 par due 7/2028)	13.70%	1/3/2017	14.7	17.1	

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Centurion CDO 8 Limited(8)(9)	Investment vehicle	Subordinated notes (\$5.0 par due 3/2019)	1/3/2017		
CoLTs 2005-1 Ltd.(7)(8)(9)	Investment vehicle	Preferred shares (360 shares)	1/3/2017		
CoLTs 2005-2 Ltd.(7)(8)(9)	Investment vehicle	Preferred shares (34,170,000 shares)	1/3/2017		
CREST Exeter Street Solar 2004-1(8)(9)	Investment vehicle	Preferred shares (3,500,000 shares)	1/3/2017		
Eaton Vance CDO X plc(8)(9)	Investment vehicle	Subordinated notes (\$9.2 par due 2/2027)	1/3/2017		0.1
European Capital UK SME Debt LP(6)(8)(9)(20)	Investment partnership	Limited partnership interest (45% interest)	1/3/2017	38.6	39.5
HCI Equity, LLC(7)(8)(9)	Investment company	Member interest (100.00% interest)	4/1/2010		0.1(22)
Herbert Park B.V.(8)(9)	Investment vehicle	Subordinated notes (\$6.1 par due 10/2026)	1/3/2017	0.9	

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Montgomery Lane, LLC and Montgomery Lane, Ltd.(7)(8)(9)	Investment company	Common stock (100 shares)		1/3/2017			
		Common stock (50,000 shares)		1/3/2017			
OHA Credit Partners XI(8)(9)	Investment vehicle	Subordinated notes (\$17.8 par due 1/2032)	13.50%	1/3/2017	13.5	13.6	
Partnership Capital Growth Fund I, L.P.(6)(9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006		0.1(2)(22)	
Partnership Capital Growth Investors III, L.P.(9)(20)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2.5	4.2(2)(22)	
PCG-Ares Sidecar Investment II, L.P.(6)(9)(20)	Investment partnership	Limited partnership interest (100.00% interest)		10/31/2014	6.7	17.4(2)	
PCG-Ares Sidecar Investment, L.P.(6)(9)(20)	Investment partnership	Limited partnership interest (100.00% interest)		5/22/2014	4.5	4.4(2)	
Piper Jaffray Merchant Banking Fund I, L.P.(9)(20)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	1.4	1.4(22)	
Senior Direct Lending Program, LLC(7)(9)(21)	Co-investment vehicle	Subordinated certificates (\$651.7 par due 12/2036)	10.81% (Libor + 8.00%/Q)(16)	7/27/2016	651.7	651.7(15)	
		Member interest (87.50% interest)		7/27/2016		(15)	
					651.7	651.7	
Vitesse CLO, Ltd.(8)(9)	Investment vehicle	Preferred shares (20,000,000 shares)		1/3/2017			
Voya CLO 2014-4 Ltd.(8)(9)	Investment vehicle	Subordinated notes (\$26.7 par due 7/2031)	15.60%	1/3/2017	14.6	13.8	
VSC Investors LLC(9)	Investment company	Membership interest (1.95% interest)		1/24/2008	0.3	1.1(2)(22)	
					751.4	767.5	10.51%
<b>Manufacturing</b>							
Chariot Acquisition, LLC(19)	Aftermarket golf cart parts and accessories	First lien senior secured loan (\$18.2 par due 9/2021)	9.30% (Libor + 6.50%/Q)	1/3/2017	18.1	18.0(3)(15)	
		First lien senior secured loan (\$9.3 par due 9/2021)	9.30% (Libor + 6.50%/Q)	1/3/2017	9.2	9.2(4)(15)	
					27.3	27.2	

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Dorner Holding Corp.(19)	Manufacturer of precision unit conveyors	First lien senior secured revolving loan (\$0.2 par due 3/2022)	10.25% (Base Rate + 4.75%/Q)	3/15/2017	0.2	0.2(2)(15)	
ECI Purchaser Company, LLC	Manufacturer of equipment to safely control pressurized gases	First lien senior secured loan (\$21.8 par due 12/2019)	9.13% (Libor + 6.25%/Q)	7/26/2017	21.8	21.5(2)(15)	
		First lien senior secured loan (\$88.7 par due 12/2019)	8.15% (Libor + 5.25%/Q)	7/26/2017	88.7	87.8(2)(15)	
		First lien senior secured loan (\$74.8 par due 12/2019)	8.15% (Libor + 5.25%/Q)	7/26/2017	74.8	74.0(3)(15)	
		First lien senior secured loan (\$0.3 par due 12/2019)	9.13% (Libor + 6.25%/Q)	7/26/2017	0.3	0.3(2)(15)	
		First lien senior secured loan (\$0.2 par due 12/2019)	9.13% (Libor + 6.25%/Q)	7/26/2017	0.2	0.2(3)(15)	
							185.8
ETG Holdings, Inc.(7)	Industrial woven products	Common stock (3,000 shares)		1/3/2017			

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Harvey Tool Company, LLC(19)	Cutting tool provider to the metalworking industry	First lien senior secured revolving loan (\$0.7 par due 10/2023)	7.01% (Libor + 4.50%/M)	10/12/2017	0.7	0.7(2)(15)(18)	
		First lien senior secured loan (\$20.5 par due 10/2024)	7.55% (Libor + 4.75%/Q)	10/12/2017	20.5	20.5(2)(15)	
		First lien senior secured loan (\$19.8 par due 10/2024)	7.55% (Libor + 4.75%/Q)	10/12/2017	19.8	19.8(4)(15)	
		Second lien senior secured loan (\$43.7 par due 10/2025)	10.93% (Libor + 8.50%/Q)	10/12/2017	43.7	43.7(2)(15)	
					84.7	84.7	
Ioxus, Inc.(6)	Energy storage devices	First lien senior secured loan (\$1.3 par due 12/2019)		4/29/2014	1.3	1.3(2)	
		First lien senior secured loan (\$5.7 par due 12/2019)	7.00% Cash, 5.00% PIK	4/29/2014	5.6	5.7(2)	
		Series CC preferred stock (1,683,265 shares)		9/7/2017	0.7	(2)	
		Warrant to purchase up to 75,968 shares of common stock (expires 1/2026)		1/28/2016		(2)	
		Warrant to purchase up to 30,256 shares of Series BB preferred stock (expires 8/2026)		8/24/2016		(2)	
		Warrant to purchase up to 8,416,326 shares of Series CC preferred stock (expires 1/2027)		1/27/2017		(2)	
					7.6	7.0	
KPS Global LLC and Cool Group LLC	Walk-in cooler and freezer systems	First lien senior secured loan (\$1.6 par due 4/2022)	5.09% (Libor + 2.63%/M)	4/5/2017	1.6	1.6(2)(15)	
		First lien senior secured loan (\$4.4 par due 4/2022)	9.65% (Libor + 7.19%/M)	11/16/2018	4.4	4.4(2)(15)	
		First lien senior secured loan (\$10.5 par due 4/2022)	9.61% (Libor + 7.14%/M)	4/5/2017	10.5	10.5(2)(15)	
		First lien senior secured loan (\$5.2 par due 4/2022)	9.61% (Libor + 7.14%/M)	4/5/2017	5.2	5.2(4)(15)	
		Class A units (13,292 units)		9/21/2018	1.1	1.4	
					22.8	23.1	
Mac Lean-Fogg Company and MacLean-Fogg Holdings, L.L.C.(19)	Manufacturer and supplier for the power utility and automotive markets worldwide	First lien senior secured loan (\$206.0 par due 12/2025)	7.55% (Libor + 4.75%/Q)	12/21/2018	205.0	204.0(2)(15)	
				10/9/2015	79.2	79.2	

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		Preferred units (70,183 units)	4.50% Cash, 9.25% PIK		284.2	283.2
Nordco Inc.(19)	Railroad maintenance-of-way machinery	First lien senior secured revolving loan (\$1.3 par due 8/2020)	11.00% (Base Rate + 5.50%/M)	8/26/2015	1.3	1.2(2)(15)(18)
Pelican Products, Inc.	Flashlights	Second lien senior secured loan (\$27.3 par due 5/2026)	10.13% (Libor + 7.75%/M)	5/4/2018	27.1	27.1(2)(15)
Sanders Industries Holdings, Inc. and SI Holdings, Inc.(19)	Elastomeric parts, mid-sized composite structures, and composite tooling	First lien senior secured loan (\$50.2 par due 5/2020)	8.90% (Libor + 6.50%/Q)	7/21/2017	50.2	50.2(2)(15)
		First lien senior secured loan (\$13.1 par due 5/2020)	8.90% (Libor + 6.50%/Q)	7/21/2017	13.1	13.1(4)(15)
		Common stock (1,500 shares)		5/30/2014	1.5	1.8(2)
					64.8	65.1
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1.0	(2)

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Sonny's Enterprises, LLC(19)	Manufacturer and supplier of car wash equipment, parts and supplies to the conveyORIZED car wash market	First lien senior secured revolving loan (\$0.2 par due 12/2022)	6.77% (Libor + 4.25%/M)	11/30/2017	0.2	0.2(2)(15)	
Sunk Rock Foundry Partners LP, Hatteras Electrical Manufacturing Holding Company and Sigma Electric Manufacturing Corporation(19)	Manufacturer of metal castings, precision machined components and sub-assemblies in the electrical products, power transmission and distribution and general industrial markets	First lien senior secured revolving loan (\$2.4 par due 10/2022)	7.55% (Libor + 4.75%/Q)	10/31/2017	2.4	2.4(2)(15)(18)	
		First lien senior secured loan (\$11.3 par due 10/2023)	7.55% (Libor + 4.75%/Q)	10/31/2017	11.3	11.3(2)(15)	
		First lien senior secured loan (\$12.4 par due 10/2023)	7.55% (Libor + 4.75%/Q)	10/31/2017	12.4	12.4(2)(15)	
					26.1	26.1	
TPTM Merger Corp.(19)	Time temperature indicator products	First lien senior secured loan (\$13.3 par due 9/2020)	9.02% (Libor + 6.50%/Q)	12/11/2014	13.3	13.3(3)(15)	
		First lien senior secured loan (\$9.9 par due 9/2020)	9.02% (Libor + 6.50%/Q)	12/11/2014	9.9	9.9(4)(15)	
					23.2	23.2	
					756.3	752.1	10.31%
<b>Other Services</b>							
IA Smart Start, LLC(19)	Provider of ignition interlock devices	First lien senior secured revolving loan		2/8/2018		(17)	
AMCP Clean Intermediate, LLC(19)	Provider of janitorial and facilities management services	First lien senior secured revolving loan		10/1/2018		(17)	
		First lien senior secured loan (\$7.6 par due 10/2024)	8.30% (Libor + 5.50%/Q)	10/1/2018	7.6	7.5(2)(15)	
					7.6	7.5	
American Residential Services L.L.C.	Heating, ventilation and air conditioning services provider	Second lien senior secured loan (\$67.0 par due 12/2022)	10.52% (Libor + 8.00%/M)	6/30/2014	66.8	66.3(2)(15)	
		Second lien senior secured loan (\$3.8 par due 12/2022)	10.47% (Libor + 8.00%/M)	6/30/2014	3.7	3.7(2)(15)	
					70.5	70.0	
Capstone Logistics Acquisition, Inc.(19)	Outsourced supply chain solutions	First lien senior secured revolving	9.00% (Base Rate + 3.50%/Q)	2/8/2018	0.2	0.2(2)(15)(18)	



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provider to operators of distribution centers loan (\$0.2 par due 4/2021)

Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC(6)(19)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan		3/13/2014		(17)
		First lien senior secured loan (\$11.9 par due 12/2021)	9.27% (Libor + 6.75%/M)	4/6/2017	11.9	11.9(2)(15)
		First lien senior secured loan (\$12.0 par due 12/2021)	9.27% (Libor + 6.75%/M)	6/12/2018	12.0	12.0(2)(15)
		First lien senior secured loan (\$10.1 par due 12/2021)	9.27% (Libor + 6.75%/M)	3/13/2014	10.1	10.1(3)(15)
		Class A preferred units (3,393,973 units)		3/13/2014	4.0	2.9(2)
		Class B common units (377,108 units)		3/13/2014	0.4	2.2(2)
					38.4	39.1
IMIA Holdings, Inc.(19)	Marine preservation maintenance company	First lien senior secured revolving loan		10/26/2018		(17)
		First lien senior secured loan (\$2.8 par due 10/2024)	7.30% (Libor + 4.50%/Q)	10/26/2018	2.8	2.8(2)(15)
		First lien senior secured loan (\$18.0 par due 10/2024)	7.30% (Libor + 4.50%/Q)	10/26/2018	17.9	17.9(3)(15)
					20.7	20.7

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Magento, Inc.(19)	eCommerce platform provider for the retail industry	First lien senior secured revolving loan		2/8/2018		(17)	
Massage Envy, LLC and ME Equity LLC(19)	Franchisor in the massage industry	First lien senior secured loan (\$1.0 par due 12/2024)	9.40% (Libor + 6.75%/M)	1/24/2018	1.0	1.0(2)(15)	
		First lien senior secured loan (\$0.5 par due 12/2024)	9.49% (Libor + 6.75%/M)	1/24/2018	0.5	0.5(2)(15)	
		First lien senior secured loan (\$0.3 par due 12/2024)	9.52% (Libor + 6.75%/Q)	1/24/2018	0.3	0.3(2)(15)	
		First lien senior secured loan (\$1.7 par due 12/2024)	9.53% (Libor + 6.75%/Q)	1/24/2018	1.7	1.7(2)(15)	
		First lien senior secured loan (\$0.4 par due 12/2024)	9.46% (Libor + 6.75%/Q)	1/24/2018	0.4	0.4(2)(15)	
		First lien senior secured loan (\$0.7 par due 12/2024)	9.44% (Libor + 6.75%/Q)	1/24/2018	0.7	0.7(2)(15)	
		First lien senior secured loan (\$0.7 par due 12/2024)	9.55% (Libor + 6.75%/Q)	1/24/2018	0.7	0.7(2)(15)	
		First lien senior secured loan (\$0.4 par due 7/2020)	9.53% (Libor + 6.75%/Q)	7/20/2018	0.4	0.4(2)(15)	
		First lien senior secured loan (\$0.6 par due 9/2020)	9.49% (Libor + 6.75%/Q)	7/27/2017	0.6	0.6(2)(15)	
		First lien senior secured loan (\$0.5 par due 9/2020)	9.49% (Libor + 6.75%/Q)	7/27/2017	0.5	0.5(2)(15)	
		First lien senior secured loan (\$0.3 par due 9/2020)	9.44% (Libor + 6.75%/Q)	7/27/2017	0.3	0.3(2)(15)	
		First lien senior secured loan (\$0.3 par due 9/2020)	9.49% (Libor + 6.75%/Q)	4/12/2017	0.3	0.3(2)(15)	
		First lien senior secured loan (\$0.1 par due 9/2020)	9.55% (Libor + 6.75%/Q)	4/12/2017	0.1	0.1(2)(15)	
		First lien senior secured loan (\$1.0 par due 9/2020)	9.50% (Libor + 6.75%/Q)	4/12/2017	1.0	1.0(2)(15)	
		First lien senior secured loan (\$38.1 par due 9/2020)	9.46% (Libor + 6.75%/Q)	9/27/2012	38.1	38.1(3)(15)	
		First lien senior secured loan (\$18.5 par due 9/2020)	9.46% (Libor + 6.75%/Q)	9/27/2012	18.5	18.5(4)(15)	
		Common stock (3,000,000 shares)		9/27/2012	3.0	6.2(2)	
					68.1	71.3	
Mckenzie Sports Products, LLC(19)	Designer, manufacturer and distributor of hunting-related supplies	First lien senior secured revolving loan (\$2.2 par due 9/2020)	6.27% (Libor + 3.75%/M)	9/18/2014	2.2	2.2(2)(15)	
		First lien senior secured revolving loan	8.25% (Base Rate + 2.75%/M)	9/18/2014	0.7	0.7(2)(15)	

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		(\$0.7 par due 9/2020)				
		First lien senior secured loan (\$5.5 par due 9/2020)	8.27% (Libor + 5.75%/M)	9/18/2014	5.5	5.5(3)(15)
		First lien senior secured loan (\$84.5 par due 9/2020)	9.61% (Libor + 7.09%/M)	9/18/2014	84.5	84.5(3)(11)(15)
					92.9	92.9
MSHC, Inc.(19)	Heating, ventilation and air conditioning services provider	First lien senior secured revolving loan (\$1.6 par due 7/2022)	8.75% (Base Rate + 3.25%/Q)	7/31/2017	1.6	1.6(2)(15)
		First lien senior secured loan (\$1.0 par due 7/2023)	6.89% (Libor + 4.25%/Q)	7/31/2017	1.0	1.0(2)(15)
		Second lien senior secured loan (\$7.9 par due 7/2024)	10.78% (Libor + 8.25%/Q)	6/27/2018	7.9	7.9(2)(15)
		Second lien senior secured loan (\$9.8 par due 7/2024)	10.96% (Libor + 8.25%/Q)	6/27/2018	9.8	9.8(2)(15)
		Second lien senior secured loan (\$4.8 par due 7/2024)	11.05% (Libor + 8.25%/Q)	7/31/2017	4.8	4.8(2)(15)
		Second lien senior secured loan (\$46.0 par due 7/2024)	11.05% (Libor + 8.25%/Q)	7/31/2017	46.0	46.0(2)(15)
					71.1	71.1
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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Osmose Utilities Services, Inc.(19)	Provider of structural integrity management services to transmission and distribution infrastructure	First lien senior secured revolving loan (\$1.5 par due 8/2020)	10.50% (Base Rate + 5.00%/Q)	1/3/2017	1.5	1.5(2)(15)(18)	
		Second lien senior secured loan (\$51.4 par due 8/2023)	10.55% (Libor + 7.75%/Q)	9/3/2015	50.7	51.4(2)(15)	
		Second lien senior secured loan (\$34.0 par due 8/2023)	10.55% (Libor + 7.75%/Q)	1/3/2017	33.5	34.0(2)(15)	
					85.7	86.9	
SecurAmerica, LLC, ERM LLC, ERM Of America, LLC, SecurAmerica Corporation, ERM Aviation LLC, American Security Programs, Inc., USI LLC and Argenbright Holdings IV, LLC(19)	Provider of outsourced manned security guard services, outsourced facilities management and outsourced aviation services	First lien senior secured loan (\$26.1 par due 12/2023)	9.23% (Libor + 6.75%/M)	12/21/2018	26.1	25.8(2)(15)	
Siteworx Holdings, LLC & Siteworx LLC(19)	Provider of design, web content management, eCommerce solutions and system integration	First lien senior secured revolving loan (\$1.5 par due 1/2020)	6.75% (Base Rate + 1.25%/Q)	2/16/2018	1.5	1.5(13)(15)	
		First lien senior secured loan (\$2.4 par due 1/2020)	8.31% (Libor + 5.50%/Q)	2/16/2018	2.4	2.4(13)(15)	
					3.9	3.9	
SocialFlow, Inc.	Social media optimization platform provider	Warrant to purchase up to 215,331 shares of Series C preferred stock (expires 1/2026)		1/13/2016		(2)	
SoundCloud Limited(8)	Platform for receiving, sending, and distributing music	Common stock (73,422 shares)		8/15/2017	0.4	0.7(2)	
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$154.2 par due 5/2023)	10.19% (Libor + 7.50%/Q)	5/14/2013	154.2	152.6(2)(15)	
TDG Group Holding Company and TDG Co-Invest, LP(19)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	First lien senior secured revolving loan (\$0.0 par due 5/2024)	8.02% (Libor + 5.50%/M)	5/31/2018		(2)(15)(18)	
		First lien senior secured loan (\$3.2 par due 5/2024)	8.30% (Libor + 5.50%/Q)	5/31/2018	3.2	3.2(2)(15)	
		First lien senior secured loan (\$9.3 par due 5/2024)	8.30% (Libor + 5.50%/Q)	5/31/2018	9.3	9.2(3)(15)	
				5/31/2018	2.9	2.9(2)	

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		Preferred units (2,871,000 units)	5/31/2018	(2)
		Common units (29,000 units)		
			15.4	15.3
Tyden Group Holding Corp.(8)	Producer and marketer of global cargo security, product identification and traceability products and utility meter products	Preferred stock (46,276 shares)	1/3/2017	0.4
		Common stock (5,521,203 shares)	1/3/2017	2.0
				5.6
				2.4
				6.0
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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
VLS Recovery Services, LLC(19)	Provider of commercial and industrial waste processing and disposal services	First lien senior secured revolving loan (\$0.5 par due 10/2023)	8.46% (Libor + 6.00%/M)	10/17/2017	0.5	0.5(2)(15)(18)		
		First lien senior secured revolving loan (\$1.1 par due 10/2023)	8.47% (Libor + 6.00%/M)	10/17/2017	1.1	1.1(2)(15)(18)		
		First lien senior secured revolving loan (\$1.1 par due 10/2023)	8.38% (Libor + 6.00%/M)	10/17/2017	1.1	1.1(2)(15)(18)		
		First lien senior secured revolving loan (\$0.5 par due 10/2023)	8.40% (Libor + 6.00%/M)	10/17/2017	0.5	0.5(2)(15)(18)		
		First lien senior secured loan (\$5.1 par due 10/2023)	8.47% (Libor + 6.00%/M)	10/17/2017	5.1	5.1(2)(15)		
		First lien senior secured loan (\$6.8 par due 10/2023)	8.46% (Libor + 6.00%/M)	10/17/2017	6.8	6.8(2)(15)		
						15.1	15.1	
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$3.7 par due 5/2023)	9.52% (Libor + 7.00%/M)	5/14/2015	3.7	3.6(2)(15)		
		Second lien senior secured loan (\$21.3 par due 5/2023)	9.52% (Libor + 7.00%/M)	5/14/2015	21.0	20.6(2)(15)		
						24.7	24.2	
					697.4	703.3	9.64%	
<b>Power Generation</b>								
Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan (\$3.5 par due 8/2017)		12/16/2013	2.9	(2)(14)		
		Series 1B preferred stock (12,976 shares)		6/21/2016	0.2	(2)		
		Warrant to purchase up to 125,000 shares of Series 2 preferred stock (expires 12/2023)		6/30/2016	0.1	(2)		
						3.2		
Apex Clean Energy Holdings, LLC(19)	Developer, builder and owner of utility-scale wind and solar power facilities	First lien senior secured revolving loan		12/12/2018		(17)		
		First lien senior secured loan (\$95.4 par due 9/2022)	9.55% (Libor + 6.75%/Q)	9/24/2018	95.4	94.5(2)(15)		
						95.4	94.5	
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan (\$51.4 par due 12/2020)	6.00% Cash, 5.00% PIK	8/8/2014	51.4	46.8(2)		

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DGH Borrower LLC(19)	Developer, owner and operator of quick start, small-scale natural gas-fired power generation projects	First lien senior secured loan (\$47.2 par due 6/2023)	9.30% (Libor + 6.50%/Q)	6/8/2018	47.2	47.2(2)(15)
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$24.7 par due 11/2021)	8.30% (Libor + 5.50%/Q)	11/13/2014	24.6	24.2(2)(15)
		Senior subordinated loan (\$21.2 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	21.2	20.4(2)
		Senior subordinated loan (\$99.0 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	99.0	95.3(2)
					144.8	139.9
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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	First lien senior secured loan (\$7.8 par due 10/2018)		3/31/2015	5.8		(2)(14)
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock (expires 7/2023)		7/25/2013			(2)(8)
					5.8		
Moxie Patriot LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$32.5 par due 12/2020)	8.55% (Libor + 5.75%/Q)	12/19/2013	32.4	31.9(2)(15)	
Navisun LLC and Navisun Holdings LLC(7)(19)	Owner and operator of commercial and industrial solar projects	First lien senior secured loan (\$25.0 par due 11/2023)	8.00% PIK	11/15/2017	25.0	25.0(2)	
		Series A preferred units	10.50% PIK	11/15/2017	2.9	2.9(2)	
		Class A units (550 units)		11/15/2017			
					27.9	27.9	
Panda Liberty LLC (fka Moxie Liberty LLC)	Gas turbine power generation facilities operator	First lien senior secured loan (\$49.6 par due 8/2020)	9.30% (Libor + 6.50%/Q)	4/6/2018	47.0	44.7(2)(15)	
		First lien senior secured loan (\$34.0 par due 8/2020)	9.30% (Libor + 6.50%/Q)	8/21/2013	33.9	30.6(2)(15)	
					80.9	75.3	
Panda Temple Power, LLC and T1 Power Holdings LLC(6)	Gas turbine power generation facilities operator	Second lien senior secured loan (\$9.0 par due 2/2023)	10.46% (Libor + 8.00%/M)	3/6/2015	9.0	9.0(2)(15)	
		Class A Common units (616,122 shares)		3/6/2015	15.0	13.0(2)	
					24.0	22.0	
PERC Holdings 1 LLC	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units (21,653,543 units)		10/20/2014	21.7	34.7(2)	
Riverview Power LLC	Operator of natural gas and oil fired power generation facilities	First lien senior secured loan (\$81.2 par due 12/2022)	10.80% (Libor + 8.00%/Q)	12/29/2016	79.7	81.2(2)(15)	
					614.4	601.4	8.24%
<b>Restaurants and Food Services</b>							
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.(7)(19)	Restaurant owner and operator	First lien senior secured loan (\$4.3 par due 12/2018)	20.32% PIK (Libor + 18.00%/Q)	12/22/2016	4.3	4.3(2)(15)	



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		First lien senior secured loan (\$56.6 par due 12/2018)		11/27/2006	39.9	1.2(2)(14)
		Promissory note (\$31.8 par due 12/2023)		11/27/2006	13.8	(2)
		Warrant to purchase up to 0.95 units of Series D common stock (expires 12/2023)		12/18/2013		(2)
					58.0	5.5
Cipriani USA, Inc.	Manager and operator of banquet facilities, restaurants, hotels and other leisure properties	First lien senior secured loan (\$3.0 par due 5/2023)	10.34% (Libor + 8.00%/M)	8/20/2018	3.0	3.0(2)(15)
		First lien senior secured loan (\$12.0 par due 5/2023)	10.35% (Libor + 8.00%/M)	11/5/2018	12.0	11.9(2)(15)
		First lien senior secured loan (\$3.0 par due 5/2023)	10.38% (Libor + 8.00%/M)	11/5/2018	3.0	3.0(2)(15)
		First lien senior secured loan (\$67.8 par due 5/2023)	10.34% (Libor + 8.00%/M)	5/30/2018	67.8	67.1(2)(15)
					85.8	85.0

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Cozzini Bros., Inc. and BH-Sharp Holdings LP(19)	Provider of commercial knife sharpening and cutlery services in the restaurant industry	First lien senior secured revolving loan (\$1.5 par due 3/2023)	8.02% (Libor + 5.50%/M)	3/10/2017	1.5	1.5(2)(15)	
		First lien senior secured loan (\$6.6 par due 3/2023)	8.02% (Libor + 5.50%/M)	3/10/2017	6.6	6.6(2)(15)	
		First lien senior secured loan (\$11.6 par due 3/2023)	8.02% (Libor + 5.50%/M)	3/10/2017	11.6	11.6(4)(15)	
		Common units (2,950,000 units)		3/10/2017	3.0	3.4(2)	
					22.7	23.1	
FWR Holding Corporation(19)	Restaurant owner, operator, and franchisor	First lien senior secured revolving loan (\$0.8 par due 8/2023)	10.25% (Base Rate + 4.75%/Q)	8/21/2017	0.8	0.8(2)(15)(18)	
		First lien senior secured loan (\$0.5 par due 8/2023)	8.26% (Libor + 5.75%/M)	8/21/2017	0.5	0.5(2)(15)	
		First lien senior secured loan (\$0.8 par due 8/2023)	8.26% (Libor + 5.75%/M)	8/21/2017	0.8	0.8(2)(15)	
		First lien senior secured loan (\$4.0 par due 8/2023)	8.26% (Libor + 5.75%/M)	8/21/2017	4.0	4.0(2)(15)	
					6.1	6.1	
Garden Fresh Restaurant Corp. and GFRC Holdings LLC(19)	Restaurant owner and operator	First lien senior secured revolving loan		2/1/2017		(17)	
		First lien senior secured loan (\$23.9 par due 2/2022)	10.39% (Libor + 8.00%/S)	10/3/2013	23.9	23.9(2)(15)	
					23.9	23.9	
Heritage Food Service Group, Inc. and WCI-HFG Holdings, LLC	Distributor of repair and replacement parts for commercial kitchen equipment	Second lien senior secured loan (\$31.6 par due 10/2022)	11.00% (Libor + 8.50%/S)	10/20/2015	31.6	31.6(2)(15)	
		Preferred units (3,000,000 units)		10/20/2015	3.0	4.5(2)	
					34.6	36.1	
Jim N Nicks Management, LLC(19)	Restaurant owner and operator	First lien senior secured revolving loan (\$2.8 par due 7/2023)	8.05% (Libor + 5.25%/Q)	7/10/2017	2.8	2.7(2)(15)	
		First lien senior secured loan (\$1.2 par due 7/2023)	8.05% (Libor + 5.25%/Q)	7/10/2017	1.2	1.1(2)(15)	
		First lien senior secured loan (\$14.0 par due 7/2023)	8.05% (Libor + 5.25%/Q)	7/10/2017	14.0	13.5(4)(15)	
					18.0	17.3	
Orion Foods, LLC(7)				4/1/2010	1.2	0.5(2)(14)	

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Convenience food service retailer	First lien senior secured loan (\$1.2 par due 9/2015)		
	Second lien senior secured loan (\$19.4 par due 9/2015)	4/1/2010	(2)(14)
	Preferred units (10,000 units)	10/28/2010	(2)
	Class A common units (25,001 units)	4/1/2010	(2)
	Class B common units (1,122,452 units)	4/1/2010	(2)

1.2 0.5

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
OTG Management, LLC(19)	Airport restaurant operator	First lien senior secured revolving loan (\$1.6 par due 8/2021)	9.65% (Libor + 7.00%/Q)	8/26/2016	1.6	1.6(2)(15)			
		First lien senior secured revolving loan (\$8.4 par due 8/2021)	9.41% (Libor + 7.00%/Q)	8/26/2016	8.4	8.4(2)(15)			
		First lien senior secured loan (\$4.7 par due 8/2021)	9.61% (Libor + 7.00%/Q)	8/26/2016	4.7	4.7(2)(15)			
		First lien senior secured loan (\$2.2 par due 8/2021)	9.60% (Libor + 7.00%/Q)	8/26/2016	2.2	2.2(2)(15)			
		First lien senior secured loan (\$2.2 par due 8/2021)	9.71% (Libor + 7.00%/Q)	8/26/2016	2.2	2.2(2)(15)			
		First lien senior secured loan (\$6.1 par due 8/2021)	9.51% (Libor + 7.00%/Q)	8/26/2016	6.1	6.1(2)(15)			
		First lien senior secured loan (\$4.9 par due 8/2021)	9.54% (Libor + 7.00%/Q)	8/26/2016	4.9	4.9(2)(15)			
		First lien senior secured loan (\$0.7 par due 8/2021)	9.41% (Libor + 7.00%/Q)	8/26/2016	0.7	0.7(2)(15)			
		First lien senior secured loan (\$1.8 par due 8/2021)	9.78% (Libor + 7.00%/Q)	8/26/2016	1.8	1.8(2)(15)			
		First lien senior secured loan (\$1.0 par due 8/2021)	9.43% (Libor + 7.00%/Q)	8/26/2016	1.0	1.0(2)(15)			
		First lien senior secured loan (\$1.9 par due 8/2021)	9.41% (Libor + 7.00%/Q)	10/10/2018	1.9	1.9(2)(15)			
		First lien senior secured loan (\$0.7 par due 8/2021)	9.61% (Libor + 7.00%/Q)	10/10/2018	0.7	0.7(2)(15)			
		First lien senior secured loan (\$0.7 par due 8/2021)	9.78% (Libor + 7.00%/Q)	10/10/2018	0.7	0.7(2)(15)			
		First lien senior secured loan (\$48.9 par due 8/2021)	9.40% (Libor + 7.00%/Q)	8/26/2016	48.9	48.9(3)(15)			
		First lien senior secured loan (\$48.9 par due 8/2021)	9.54% (Libor + 7.00%/Q)	8/26/2016	48.9	48.9(3)(15)			
		Senior subordinated loan (\$30.1 par due 2/2022)	13.00% PIK	8/26/2016	30.0	30.1(2)			
		Class A preferred units (3,000,000 units)		8/26/2016	30.0	39.5(2)			
		Common units (3,000,000 units)		1/5/2011	3.0	9.2(2)			
		Warrant to purchase up to 7.73% of common units		6/19/2008	0.1	20.3(2)			
							197.8	233.8	
		SFE Intermediate Holdco LLC(19)	Provider of outsourced foodservice to K-12 school districts	First lien senior secured loan (\$10.8 par due 7/2024)	7.50% (Libor + 4.75%/Q)	9/5/2018	10.8	10.8(2)(15)	
				First lien senior secured loan (\$6.7 par due 7/2024)	7.28% (Libor + 4.75%/Q)	7/31/2017	6.7	6.7(4)(15)	

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due 7/2024)

					17.5	17.5	
Spectra Finance, LLC(19)	Venue management and food and beverage provider	First lien senior secured revolving loan (\$5.4 par due 4/2023)	6.39% (Libor + 4.00%/M)	4/2/2018	5.4	5.4(2)(15)(18)	
		First lien senior secured loan (\$19.0 par due 4/2024)	7.05% (Libor + 4.25%/Q)	4/2/2018	19.0	19.0(2)(15)	
					24.4	24.4	
					490.0	473.2	6.49%

### **Oil and Gas**

Murchison Oil and Gas, LLC and Murchison Holdings, LLC(19)	Exploration and production company	First lien senior secured loan (\$5.0 par due 10/2023)	10.80% (Libor + 8.00%/Q)	10/26/2018	5.0	5.0(2)(15)	
		First lien senior secured loan (\$21.7 par due 10/2023)	10.80% (Libor + 8.00%/Q)	10/26/2018	21.1	21.5(2)(15)	
		Preferred units (21,667 units)		10/26/2018	21.7	21.7	
					47.8	48.2	

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Penn Virginia Holding Corp.	Exploration and production company	Second lien senior secured loan (\$90.1 par due 9/2022)	9.53% (Libor + 7.00%/M)	9/28/2017	90.1	90.1(2)(15)	
Petroflow Energy Corporation and TexOak Petro Holdings LLC(6)	Oil and gas exploration and production company	First lien senior secured loan (\$10.3 par due 6/2019)		6/29/2016	8.5	8.3(2)(14)	
		Second lien senior secured loan (\$26.6 par due 12/2019)		6/29/2016	21.9	(2)(14)	
		Common units (202,000 units)		6/29/2016	11.1		
					41.5	8.3	
Sundance Energy, Inc.	Oil and gas producer	Second lien senior secured loan (\$60.7 par due 4/2023)	10.81% (Libor + 8.00%/Q)	4/23/2018	59.7	60.7(2)(15)	
Utility Pipeline, Ltd.(19)	Natural gas distribution management company	First lien senior secured revolving loan (\$0.1 par due 4/2022)	6.69% (Libor + 4.00%/Q)	2/8/2018	0.1	0.1(2)(15)	
VPROP Operating, LLC and Vista Proppants and Logistics, LLC	Sand-based proppant producer and distributor to the oil and natural gas industry	First lien senior secured loan (\$28.5 par due 8/2021)	12.24% (Libor + 8.50% Cash, 1.00% PIK/Q)	8/1/2017	28.4	28.5(2)(15)	
		First lien senior secured loan (\$35.6 par due 8/2021)	12.24% (Libor + 8.50% Cash, 1.00% PIK/Q)	11/9/2017	35.6	35.6(2)(15)	
		First lien senior secured loan (\$15.3 par due 8/2021)	12.24% (Libor + 8.50% Cash, 1.00% PIK/Q)	3/1/2017	15.3	15.3(2)(15)	
		First lien senior secured loan (\$76.3 par due 8/2021)	12.24% (Libor + 8.50% Cash, 1.00% PIK/Q)	3/1/2017	76.3	76.3(3)(15)	
		Common units (997,864 units)		11/9/2017	9.7	9.6(2)	
						165.3	165.3
					404.5	372.7	5.11%
<b>Food and Beverage</b>							
American Seafoods Group LLC and American Seafoods Partners LLC	Harvester and processor of seafood	Class A units (77,922 units)		8/19/2015	0.1	0.2(2)	
		Warrant to purchase up to 7,422,078 Class A units (expires 8/2035)		8/19/2015	7.4	15.6(2)	
					7.5	15.8	
CHG PPC Parent LLC	Diversified food products manufacturer	Second lien senior secured loan (\$60.5 par due 3/2026)	10.02% (Libor + 7.50%/M)	3/30/2018	60.5	59.9(2)(15)	
				6/9/2017	3.0	4.2	

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Edward Don & Company, LLC and VCP-EDC Co-Invest, LLC	Distributor of foodservice equipment and supplies	Membership units (2,970,000 units)				
Ferraro Fine Foods Corp. and Italian Fine Foods Holdings L.P.(19)	Specialty Italian food distributor	First lien senior secured revolving loan (\$1.3 par due 5/2023)	6.85% (Libor + 4.25%/Q)	5/9/2018	1.3	1.3(2)(15)
		First lien senior secured loan (\$0.7 par due 5/2024)	7.02% (Libor + 4.25%/Q)	12/7/2018	0.7	0.7(2)(15)
		First lien senior secured loan (\$9.4 par due 5/2024)	6.85% (Libor + 4.25%/Q)	5/9/2018	9.4	9.4(2)(15)
		Class A common units (2,724,000 units)		5/9/2018	2.7	3.1(2)
					14.1	14.5
Gehl Foods, LLC and GF Parent LLC	Producer of low-acid, aseptic food and beverage products	Class A preferred units		5/13/2015	2.9	(2)
		Class A common units (60,000 units)		5/13/2015	0.1	(2)
		Class B common units (0.26 units)		5/13/2015		(2)
					3.0	

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
H-Food Holdings, LLC and Matterhorn Parent, LLC	Food contract manufacturer	First lien senior secured loan (\$30.9 par due 5/2025)	6.52% (Libor + 4.00%/M)	11/25/2018	30.6	30.0(2)(15)	
		Second lien senior secured loan (\$73.0 par due 3/2026)	9.51% (Libor + 7.00%/M)	11/25/2018	73.0	71.6(2)(15)	
		Common units (5,827 units)		11/25/2018	5.8	5.8	
					109.4	107.4	
Hometown Food Company(19)	Food distributor	First lien senior secured loan (\$9.3 par due 8/2023)	7.78% (Libor + 5.25%/M)	8/31/2018	9.1	9.2(2)(15)	
JWC/KI Holdings, LLC	Foodservice sales and marketing agency	Membership units (5,000 units)		11/16/2015	5.0	5.3(2)	
KC Culinarte Intermediate, LLC	Manufacturer of fresh refrigerated and frozen food products	Second lien senior secured loan (\$35.7 par due 8/2026)	10.26% (Libor + 7.75%/M)	8/24/2018	35.7	35.1(2)(15)	
NECCO Holdings, Inc. and New England Confectionery Company, Inc.(7)(19)	Producer and supplier of candy	First lien senior secured revolving loan (\$19.9 par due 1/2018)		1/3/2017	7.9	2.9(14)	
		First lien senior secured loan (\$2.2 par due 8/2018)		11/20/2017	2.1	(14)	
		First lien senior secured loan (\$11.6 par due 1/2018)		1/3/2017	0.9	1.6(14)	
		First lien senior secured loan (\$0.7 par due 11/2018)		11/20/2017	0.7	0.1(14)	
		Common stock (860,189 shares)		1/3/2017			
					11.6	4.6	
PCM Bmark, Inc. and BakeMark Holdings, Inc.	Manufacturer and distributor of specialty bakery ingredients	First lien senior secured loan (\$0.6 par due 8/2023)	7.77% (Libor + 5.25%/M)	5/9/2018	0.6	0.6(2)(15)	
RF HP SCF Investor, LLC(9)	Branded specialty food company	Membership interest (10.08% interest)		12/22/2016	12.5	16.2(2)	
Sovos Brands Intermediate, Inc.(19)	Food and beverage platform	First lien senior secured loan (\$16.9 par due 11/2025)	7.64% (Libor + 5.00%/S)	11/20/2018	16.7	16.7(2)(15)	
Teasdale Foods, Inc.(19)	Provider of beans, sauces and hominy to the retail, foodservice and wholesale channels	First lien senior secured revolving loan (\$0.6 par due 10/2020)	7.72% (Libor + 5.25%/M)	6/30/2017	0.6	0.5(2)(15)	
		First lien senior secured revolving loan (\$0.1 par due 10/2020)	9.75% (Base Rate + 4.25%/M)	6/30/2017	0.1	0.1(2)(15)	
		First lien senior secured loan (\$0.6 par due 10/2020)	7.65% (Libor + 5.25%/Q)	6/26/2018	0.6	0.6(2)(15)	
				1/3/2017	33.6	28.9(2)(15)	



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	Second lien senior secured loan (\$33.6 par due 10/2021)	11.28% (Libor + 8.75%/Q)				
	Second lien senior secured loan (\$31.5 par due 10/2021)	11.28% (Libor + 8.75%/Q)	1/3/2017	31.5	27.1(2)(15)	
	Second lien senior secured loan (\$21.3 par due 10/2021)	11.24% (Libor + 8.75%/Q)	1/3/2017	21.3	18.3(2)(15)	
				87.7	75.5	
				376.4	365.0	5.00%

**Automotive Services**

A.U.L. Corp.(19)	Provider of vehicle service contracts and limited warranties for passenger vehicles	First lien senior secured loan (\$7.0 par due 6/2023)	7.06% (Libor + 4.50%/M)	6/7/2017	7.0	7.0(2)(15)
AEP Holdings, Inc. and Arrowhead Holdco Company	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan (\$0.1 par due 8/2021)	8.35% (Libor + 6.00%/S)	6/28/2018	0.1	0.1(2)(15)
		First lien senior secured loan (\$27.4 par due 8/2021)	8.51% (Libor + 6.00%/S)	6/28/2018	27.3	26.8(2)(15)
		Common stock (3,467 shares)		8/31/2015	3.5	2.7(2)
					30.9	29.6

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
ChargePoint, Inc.	Developer and operator of electric vehicle charging stations	Warrant to purchase up to 809,126 shares of Series E preferred stock (expires 12/2024)		12/30/2014	0.3	2.8(2)	
Dent Wizard International Corporation and DWH Equity Investors, L.P.	Automotive reconditioning services	Second lien senior secured loan (\$50.0 par due 10/2020)	10.51% (Libor + 8.00%/M)	4/7/2015	50.0	50.0(2)(15)	
		Class A common stock (10,000 shares)		4/7/2015	0.2	0.6(2)	
		Class B common stock (20,000 shares)		4/7/2015	0.4	1.3(2)	
					50.6	51.9	
Eckler Industries, Inc. and Eckler Purchaser LLC(7)(19)	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$1.3 par due 5/2022)	12.00%	7/12/2012	1.3	1.3(2)	
		First lien senior secured loan (\$18.3 par due 5/2022)	12.00%	7/12/2012	18.1	18.3(2)	
		Class A preferred units (67,972 units)		7/12/2012	15.9	3.2(2)	
		Class A common units (67,972 units)		7/12/2012	0.5	(2)	
					35.8	22.8	
ESCP PPG Holdings, LLC(6)	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	Class A units (3,500,000 units)		12/14/2016	3.5	2.4(2)	
GB Auto Service Holdings, LLC(19)	Automotive parts and repair services retailer	First lien senior secured loan (\$22.4 par due 10/2024)	8.47% (Libor + 6.00%/M)	10/19/2018	22.4	22.2(3)(15)	
		Common units (3,700,000 units)		10/19/2018	4.6	4.6(2)	
					27.0	26.8	
Mavis Tire Express Services Corp. and Mavis Tire Express Services TopCo, L.P.(19)	Auto parts retailer	Second lien senior secured loan (\$1.4 par due 3/2026)	9.97% (Libor + 7.50%/M)	3/20/2018	1.4	1.4(2)(15)	
		Second lien senior secured loan (\$153.9 par due 3/2026)	9.97% (Libor + 7.50%/M)	3/20/2018	151.7	152.4(2)(15)	
		Class A units (12,400,000 units)		3/20/2018	12.4	13.0(2)	
					165.5	166.8	
Simpson Performance Products, Inc.	Provider of motorsports safety equipment	First lien senior secured loan (\$28.3 par due 2/2020)	10.28% (Libor + 7.48%/Q)	2/20/2015	28.3	28.3(3)(15)	
SK SPV IV, LLC	Collision repair site operator	Series A common stock (12,500 units)		8/18/2014	0.6	2.5(2)	
				8/18/2014	0.6	2.5(2)	

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Series B common  
stock (12,500 units)

1.2      5.0  
350.1    343.4      4.71%

**Wholesale Distribution**

DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	First lien senior secured loan (\$4.6 par due 2/2022)	8.27% (Libor + 5.75%/M)	3/1/2017	4.6	4.5(2)(15)
		First lien senior secured loan (\$85.8 par due 2/2022)	8.27% (Libor + 5.75%/M)	7/26/2017	85.8	83.2(2)(15)
		First lien senior secured loan (\$93.5 par due 2/2022)	8.27% (Libor + 5.75%/M)	7/26/2017	93.5	90.7(3)(15)

183.9    178.4

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Flow Control Solutions, Inc.(19)	Distributor and manufacturer of flow control systems components	First lien senior secured revolving loan (\$0.4 par due 11/2024)	8.05% (Libor + 5.25%/Q)	11/21/2018	0.4	0.4(2)(15)	
		First lien senior secured loan (\$13.7 par due 11/2024)	8.05% (Libor + 5.25%/Q)	11/21/2018	13.7	13.6(3)(15)	
					14.1	14.0	
KHC Holdings, Inc. and Kele Holdco, Inc.(19)	Catalog-based distribution services provider for building automation systems	First lien senior secured revolving loan (\$0.7 par due 10/2020)	6.76% (Libor + 4.25%/M)	1/3/2017	0.7	0.7(2)(15)	
		First lien senior secured loan (\$66.0 par due 10/2022)	8.80% (Libor + 6.00%/Q)	1/3/2017	66.0	66.0(3)(15)	
		Common stock (30,000 shares)		1/3/2017	3.1	3.3	
					69.8	70.0	
PetIQ, LLC	Distributor and manufacturer of pet prescription medications and health products	First lien senior secured revolving loan (\$17.9 par due 1/2023)	7.60% (Libor + 5.25%/M)	1/17/2018	17.9	17.9(2)(15)	
					285.7	280.3	3.84%
<b>Education</b>							
Excelligence Holdings Corp.	Developer, manufacturer and retailer of educational products	First lien senior secured loan (\$9.3 par due 4/2023)	8.52% (Libor + 6.00%/M)	4/17/2017	9.3	8.0(4)(15)	
Flinn Scientific, Inc. and WCI-Quantum Holdings, Inc.(19)	Distributor of instructional products, services and resources	First lien senior secured loan (\$20.9 par due 8/2023)	7.55% (Libor + 4.75%/Q)	7/26/2017	20.9	20.9(2)(15)	
		First lien senior secured loan (\$25.4 par due 8/2023)	7.53% (Libor + 4.75%/Q)	7/26/2017	25.4	25.4(2)(15)	
		First lien senior secured loan (\$0.1 par due 8/2023)	9.25% (Base Rate + 3.75%/Q)	7/26/2017	0.1	0.1(2)(15)	
		First lien senior secured loan (\$11.2 par due 8/2023)	7.58% (Libor + 4.75%/Q)	8/31/2018	11.2	11.2(2)(15)	
		Series A preferred stock (1,272 shares)		10/24/2014	0.7	1.0(2)	
					58.3	58.6	
Frontline Technologies Group Holding LLC, Frontline Technologies Blocker Buyer, Inc., Frontline Technologies Holdings, LLC and Frontline Technologies Parent, LLC(19)	Provider of human capital management ("HCM") and SaaS-based software solutions to employees and administrators of K-12 school organizations	First lien senior secured loan (\$19.4 par due 9/2023)	9.02% (Libor + 6.50%/M)	9/19/2017	19.1	19.4(2)(15)	

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		Class A preferred units (4,574 units)	9/18/2017	4.6	5.6
		Class B common units	9/18/2017		0.8
				23.7	25.8
Infilaw Holding, LLC(19)	Operator of for-profit law schools	First lien senior secured revolving loan (\$5.0 par due 9/2022)	8/25/2011	4.2	(2)(14)(18)

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan (\$12.3 par due 10/2020)		10/31/2015	12.3	12.3(2)	
		Senior preferred series A-1 shares (163,902 shares)		10/31/2015	119.4	18.2(2)	
		Series B preferred stock (1,401,385 shares)		8/5/2010	4.0	(2)	
		Series B preferred stock (348,615 shares)		8/5/2010	1.0	(2)	
		Series C preferred stock (1,994,644 shares)		6/7/2010	0.5	(2)	
		Series C preferred stock (517,942 shares)		6/7/2010	0.1	(2)	
		Common stock (16 shares)		6/7/2010		(2)	
		Common stock (4 shares)		6/7/2010		(2)	
							137.3
Liaison Acquisition, LLC(19)	Provider of centralized applications services to educational associations	Second lien senior secured loan (\$5.3 par due 8/2023)	11.72% (Libor + 9.25%/M)	2/9/2017	5.2	5.3(2)(15)	
PIH Corporation and Primrose Holding Corporation(6)(19)	Franchisor of education-based early childhood centers	First lien senior secured revolving loan (\$1.0 par due 12/2020)	7.88% (Libor + 5.50%/M)	12/13/2013	1.0	1.0(2)(15)	
		First lien senior secured loan (\$1.6 par due 12/2020)	7.85% (Libor + 5.50%/M)	12/15/2017	1.6	1.6(2)(15)	
		Common stock (7,227 shares)		1/3/2017	10.7	23.0	
					13.3	25.6	
R3 Education Inc., Equinox EIC Partners LLC and Sierra Education Finance Corp.	Medical school operator	Common membership interest (15.76% interest)		9/21/2007	15.8	15.8(2)	
		Warrant to purchase up to 27,890 shares (expires 11/2019)		12/8/2009		7.5(2)	
					15.8	23.3	
Raptor Technologies, LLC and Rocket Parent, LLC(19)	Provider of SaaS-based safety and security software to the K-12 school market	First lien senior secured loan (\$16.1 par due 12/2024)	8.46% (Libor + 6.00%/M)	12/17/2018	16.1	15.9(2)(15)	
		Class A common units (2,294,000 units)		12/17/2018	2.3	2.3	
					18.4	18.2	
Regent Education, Inc.	Provider of software solutions designed to optimize the financial aid and enrollment	Warrant to purchase up to 987 shares of common stock (expires 12/2026)		12/23/2016		(2)	

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processes  
 Warrant to purchase up to 5,393,194 shares of common stock (expires 12/2026)  
 12/23/2016 (2)

RuffaloCODY, LLC(19)	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan		5/29/2013		(2)(17)
Severin Acquisition, LLC(19)	Provider of student information system software solutions to the K-12 education market	Second lien senior secured loan (\$80.0 par due 8/2026)	9.13% (Libor + 6.75%/M)	6/12/2018	79.2	77.6(2)(15)
					364.7	272.9 3.74%

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Containers and Packaging</b>							
GS Pretium Holdings, Inc.	Manufacturer and supplier of high performance plastic containers	Common stock (500,000 shares)		6/2/2014	0.5	1.0(2)	
LBP Intermediate Holdings LLC(19)	Manufacturer of paper and corrugated foodservice packaging	First lien senior secured revolving loan		7/10/2015		(17)	
		First lien senior secured loan (\$11.5 par due 7/2020)	8.12% (Libor + 5.50%/Q)	11/13/2018	11.4	11.3(2)(15)	
		First lien senior secured loan (\$11.8 par due 7/2020)	8.30% (Libor + 5.50%/Q)	7/10/2015	11.7	11.7(3)(15)	
		First lien senior secured loan (\$5.0 par due 7/2020)	8.30% (Libor + 5.50%/Q)	7/10/2015	5.0	4.9(4)(15)	
					28.1	27.9	
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$57.5 par due 8/2021)	10.02% (Libor + 7.50%/M)	12/14/2012	57.5	57.5(2)(15)	
		Second lien senior secured loan (\$75.0 par due 8/2021)	10.02% (Libor + 7.50%/M)	12/14/2012	75.0	75.0(3)(15)	
		Second lien senior secured loan (\$10.0 par due 8/2021)	10.02% (Libor + 7.50%/M)	12/14/2012	10.0	10.0(4)(15)	
		Common stock (54,710 shares)		12/14/2012	4.9	8.2(2)	
					147.4	150.7	
NSI Holdings, Inc.(6)	Manufacturer of plastic containers for the wholesale nursery industry	Series A preferred stock (2,192 shares)		1/3/2017			
Ranpak Corp.	Manufacturer and marketer of paper-based protective packaging systems and materials	Second lien senior secured loan (\$8.0 par due 10/2022)	9.71% (Libor + 7.25%/M)	1/3/2017	7.8	8.0(2)(15)	
SCI PH Parent, Inc.	Industrial container manufacturer, reconditioner and servicer	Series B shares (11.4764 shares)		8/24/2018	1.1	1.8(2)	
					184.9	189.4	2.60%
<b>Environmental Services</b>							
MPH Energy Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (3.13% interest)		1/8/2014		(2)	
RE Community Holdings GP, LLC and RE	Operator of municipal recycling facilities	Limited partnership interest (2.86%)		3/1/2011		(2)	



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Community Holdings, LP		interest) Limited partnership interest (2.49% interest)		3/1/2011			(2)
Soil Safe, Inc. and Soil Safe Acquisition Corp.(7)(19)	Provider of soil treatment, recycling and placement services	First lien senior secured revolving loan		1/3/2017			(17)
		First lien senior secured loan (\$18.0 par due 1/2020)	8.77% (Libor + 6.25%/M)	1/3/2017	18.0	18.0(2)(15)	
		Second lien senior secured loan (\$12.7 par due 6/2020)	10.75% (Libor + 7.75%/M)	1/3/2017	12.7	12.7(2)(15)	
		Senior subordinated loan (\$43.4 par due 12/2020)	16.50% PIK	1/3/2017	43.4	43.4(2)	
		Senior subordinated loan (\$36.5 par due 12/2020)	14.50% PIK	1/3/2017	36.5	36.5(2)	
		Senior subordinated loan (\$36.4 par due 12/2020)		1/3/2017	11.5	10.2(2)(14)	
		Common stock (810 shares)		1/3/2017			
					122.1	120.8	
					122.1	120.8	1.66%

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Aerospace and Defense</b>							
Cadence Aerospace, LLC(19)	Aerospace precision components manufacturer	First lien senior secured revolving loan		11/14/2017		(17)	
		First lien senior secured loan (\$32.2 par due 11/2023)	9.11% (Libor + 6.50%/Q)	11/14/2017	31.9	32.2(3)(15)	
		First lien senior secured loan (\$10.0 par due 11/2023)	8.91% (Libor + 6.50%/Q)	7/5/2018	10.0	10.0(2)(15)	
					41.9	42.2	
MB Aerospace Holdings II Corp.	Aerospace engine components manufacturer	Second lien senior secured loan (\$68.4 par due 1/2026)	11.30% (Libor + 8.50%/Q)	1/22/2018	68.4	68.4(2)(15)	
					110.3	110.6	1.52%
<b>Chemicals</b>							
AMZ Holding Corp.(19)	Specialty chemicals manufacturer	First lien senior secured loan (\$12.0 par due 6/2022)	7.52% (Libor + 5.00%/M)	6/27/2017	12.0	12.0(4)(15)	
Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products	Warrant to purchase 322,422 shares of Series D preferred stock (expires 3/2023)		3/28/2013		(2)	
Plaskolite PPC Intermediate II LLC and Plaskolite PPC Blocker LLC	Manufacturer of specialized acrylic and polycarbonate sheets	First lien senior secured loan (\$25.0 par due 12/2025)	6.69% (Libor + 4.25%/Q)	12/14/2018	24.5	24.5(2)(15)	
		Second lien senior secured loan (\$55.7 par due 12/2026)	10.19% (Libor + 7.75%/M)	12/14/2018	55.7	54.6(2)(15)	
		Co-Invest units (5,969 units)		12/14/2018	0.6	0.6	
					80.8	79.7	
					92.8	91.7	1.26%
<b>Printing, Publishing and Media</b>							
Connoisseur Media, LLC	Owner and operator of radio stations	First lien senior secured loan (\$13.5 par due 6/2019)	8.80% (Libor + 6.38%/Q)	7/26/2017	13.5	13.5(2)(15)	
		First lien senior secured loan (\$23.6 par due 6/2019)	8.90% (Libor + 6.38%/Q)	7/26/2017	23.6	23.6(2)(15)	
		First lien senior secured loan (\$10.1 par due 6/2019)	8.90% (Libor + 6.38%/Q)	7/26/2017	10.1	10.1(4)(15)	
					47.2	47.2	
Roark-Money Mailer LLC	Marketer, advertiser and distributor of coupons in the mail industry	Membership units (35,000 units)		1/3/2017			

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The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (10,663 shares)		9/29/2006	1.1	(2)	
		Common stock (15,393 shares)		9/29/2006		(2)	
					1.1		
					48.3	47.2	0.65%

**Computers and Electronics**

Everspin Technologies, Inc.	Designer and manufacturer of computer memory solutions	Warrant to purchase up to 18,461 shares of common stock (expires 10/2026)		10/7/2016	0.4	(2)(22)	
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation(7)	Provider of high-speed intelligent document scanning hardware and software	Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.1	8.3(2)	
		Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.1	8.3(2)	
		Series A preferred stock (66,424,135 shares)		1/3/2017		8.0	
		Class A common stock (33,173 shares)		1/3/2017			
		Class B common stock (134,214 shares)		1/3/2017			
							16.2

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Zemax Software Holdings, LLC(19)	Provider of optical illumination design software to design engineers	First lien senior secured loan (\$17.0 par due 6/2024)	8.55% (Libor + 5.75%/Q)	6/25/2018	17.0	16.9(3)(15)	
					33.6	41.5	0.57%
<b>Farming and Agriculture</b>							
QC Supply, LLC(19)	Specialty distributor and solutions provider to the swine and poultry markets	First lien senior secured revolving loan (\$9.0 par due 12/2021)	8.52% (Libor + 6.00%/M)	12/29/2016	9.0	8.5(2)(15)	
		First lien senior secured loan (\$8.7 par due 12/2022)	8.52% (Libor + 6.00%/M)	12/29/2016	8.7	8.2(2)(15)	
		First lien senior secured loan (\$11.1 par due 12/2022)	8.52% (Libor + 6.00%/M)	12/29/2016	11.1	10.5(2)(15)	
		First lien senior secured loan (\$14.7 par due 12/2022)	8.52% (Libor + 6.00%/M)	12/29/2016	14.7	13.9(4)(15)	
					43.5	41.1	
					43.5	41.1	0.56%
<b>Retail</b>							
Paper Source, Inc. and Pine Holdings, Inc.(19)	Retailer of fine and artisanal paper products	First lien senior secured revolving loan (\$1.9 par due 9/2019)	10.50% (Base Rate + 5.00%/Q)	9/23/2013	1.9	1.9(2)(15)	
		First lien senior secured loan (\$9.3 par due 9/2019)	9.05% (Libor + 6.25%/Q)	9/23/2013	9.3	9.2(4)(15)	
		Class A common stock (36,364 shares)		9/23/2013	6.0	2.2(2)	
					17.2	13.3	
					17.2	13.3	0.18%
<b>Health Clubs</b>							
Athletic Club Holdings, Inc.	Premier health club operator	First lien senior secured loan (\$3.2 par due 10/2020)	10.84% (Libor + 8.50%/Q)	10/11/2007	3.2	3.2(3)(15)	
CFW Co-Invest, L.P. and NCP Curves, L.P.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4.2	10.7(2)	
		Limited partnership interest (2,218,235 shares)		7/31/2012		(2)(8)	
					4.2	10.7	
Movati Athletic (Group) Inc.(8)(19)	Premier health club operator	First lien senior secured loan (\$0.5 par due 10/2022)	6.50% (CIBOR + 4.50%/Q)	10/5/2017	0.6	0.5(2)(15)	
		First lien senior secured loan (\$2.8 par due 10/2022)	6.50% (CIBOR + 4.50%/Q)	10/5/2017	3.0	2.8(2)(15)	

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					3.6	3.3	
Sunshine Sub, LLC(19)	Premier health club operator	First lien senior secured loan (\$9.8 par due 5/2024)	7.27% (Libor + 4.75%/M)	5/25/2018	9.8	9.7(2)(15)	
Taymax Group Acquisition, LLC and TCP Fit Parent, L.P.(19)	Planet Fitness franchisee	First lien senior secured revolving loan (\$0.1 par due 7/2024)	7.10% (Libor + 4.75%/M)	7/31/2018	0.1	0.1(2)(15)	
		First lien senior secured revolving loan (\$0.1 par due 7/2024)	6.89% (Libor + 4.75%/M)	7/31/2018	0.1	0.1(2)(15)	
		First lien senior secured loan (\$4.3 par due 7/2025)	7.55% (Libor + 4.75%/Q)	7/31/2018	4.3	4.2(2)(15)	
		Class A units (30,000 units)		7/31/2018	3.0	3.3	
					7.5	7.7	
					28.3	34.6	0.47%

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Hotel Services</b>							
Pyramid Management Advisors, LLC and Pyramid Investors, LLC(19)	Hotel Operator	First lien senior secured revolving loan (\$1.7 par due 7/2021)	9.21% (Libor + 6.75%/M)	4/12/2018	1.7	1.7(2)(15)(18)	
		First lien senior secured revolving loan (\$0.1 par due 7/2021)	9.27% (Libor + 6.75%/M)	4/12/2018	0.1	0.1(2)(15)(18)	
		First lien senior secured loan (\$1.5 par due 7/2021)	9.27% (Libor + 6.75%/M)	4/12/2018	1.5	1.5(2)(15)	
		First lien senior secured loan (\$17.0 par due 7/2021)	9.27% (Libor + 6.75%/M)	4/12/2018	17.0	17.0(2)(15)	
		Preferred membership units (996,833 units)		7/15/2016	1.0	(2)	
					21.3	20.3	
					21.3	20.3	0.28%
<b>Telecommunications</b>							
CHL, LTD.	Repair and service solutions provider for cable, satellite and telecommunications based service providers	Warrant to purchase up to 120,000 shares of Series A common stock (expires 5/2020)		1/3/2017			
		Warrant to purchase up to 280,000 shares of Series B common stock (expires 5/2020)		1/3/2017			
		Warrant to purchase up to 80,000 shares of Series C common stock (expires 5/2020)		1/3/2017			
Extenet Systems, Inc.(19)	Provider of antenna networks for use by wireless service providers, government agencies, healthcare organizations and other commercial enterprises	First lien senior secured revolving loan		2/8/2018		(17)	
LTG Acquisition, Inc.	Designer and manufacturer of display, lighting and passenger communication systems for mass transportation markets	Class A membership units (5,000 units)		1/3/2017	5.1	4.1	
Startec Equity, LLC(7)	Communication services	Member interest		4/1/2010			
TowerCo IV Finance LLC(19)	Owner and operator of cellular telecommunications towers	First lien senior secured revolving loan (\$7.2 par due 10/2021)	6.01% (Libor + 3.50%/M)	2/8/2018	7.2	7.2(2)(15)	

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First lien senior secured revolving loan (\$1.2 par due 10/2021)	5.85% (Libor + 3.50%/M)	2/8/2018	1.2	1.2(2)(15)	
			8.4	8.4	
			13.5	12.5	0.17%

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Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Commercial Real Estate</b>							
<b>Financial</b>							
ACAS Real Estate Holdings Corporation(7)	Real estate holding company	Common stock (1,000 shares)		1/3/2017	2.6	2.0	
NECCO Realty Investments LLC(7)	Real estate holding company	Membership units (7,450 units)		1/3/2017			
					2.6	2.0	0.03%
<b>Housing and Building Materials</b>							
Halex Holdings, Inc.(7)(19)	Manufacturer of flooring installation products	First lien senior secured revolving loan (\$1.9 par due 12/2018) Common stock (51,853 shares)		1/24/2017 1/3/2017	1.9		
					1.9		
					1.9		0.00%
<b>Total Investments</b>					\$ 12,753.8	\$ 12,416.7	170.17%

**Derivative Instruments**

*Foreign currency forward contracts*

Description	Notional Amount to be Purchased	Notional Amount to be sold	Counterparty	Settlement Date	Unrealized Appreciation / (Depreciation)
Foreign currency forward contract	\$ 4	CAD 5	Bank of Montreal	1/4/2019	\$
Foreign currency forward contract	\$ 7	CAD 9	Bank of Montreal	1/14/2019	
Foreign currency forward contract	\$ 78	CAD 103	Bank of Montreal	2/15/2019	2
Foreign currency forward contract	\$ 25	CAD 33	Bank of Montreal	3/22/2019	
Foreign currency forward contract	\$ 17	€ 15	Bank of Montreal	1/14/2019	
Foreign currency forward contract	\$ 1	€ 1	Bank of Montreal	2/15/2019	
Foreign currency forward contract	\$ 27	€ 24	Bank of Montreal	3/6/2019	
Foreign currency forward contract	\$ 94	£ 72	Bank of Montreal	2/15/2019	2
<b>Total</b>					\$ 4

*Interest rate swap*

Description	Payment Terms	Counterparty	Value
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				Maturity Date	Notional Amount	Upfront Payments / Receipts	Unrealized Appreciation / (Depreciation)
Interest rate swap	Pay fixed 2.0642%	Receive Floating One-Month LIBOR of 2.44%	Bank of Montreal	January 4, 2021	\$ 395	\$ 4	\$ 4
<b>Total</b>							\$ 4

- 
- (1) Other than the Company's investments listed in footnote 7 below (subject to the limitations set forth therein), the Company does not "Control" any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, the Company would "Control" a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of December 31, 2018 represented 170% of the Company's net assets or 96% of the Company's total assets, are subject to legal restrictions on sales.
  - (2) These assets are pledged as collateral for the Revolving Credit Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).
  - (3) These assets are owned by the Company's consolidated subsidiary Ares Capital CP Funding LLC ("Ares Capital CP"), are pledged as collateral for the Revolving Funding Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).
  - (4) These assets are owned by the Company's consolidated subsidiary Ares Capital JB Funding LLC ("ACJB"), are pledged as collateral for the SMBC Funding Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).

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(5) Investments without an interest rate are non-income producing

(6) As defined in the Investment Company Act, the Company is deemed to be an "Affiliated Person" because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions as of and during the year ended December 31, 2018 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

(in millions) Company	For the Year Ended December 31, 2018							As of December 31, 2018		Fair Value								
	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)									
Blue Wolf Capital Fund II, L.P.	\$	\$	1.4	\$	\$	\$	\$	\$	\$	0.3	\$	2.5						
Campus Management Acquisition Corp.	\$	\$	\$	10.5	\$	\$	\$	\$	3.2	\$	(0.5)	\$	0.1					
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	\$	18.8	\$	7.3	\$	2.4	\$	\$	0.2	\$	\$	(1.0)	\$	39.0				
ESCP PPG Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	(0.4)	\$	2.4					
European Capital UK SME Debt LP	\$	7.2	\$	9.7	\$	\$	\$	2.0	\$	\$	0.3	\$	39.5					
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$					
Imperial Capital Private Opportunities, LP	\$	0.1	\$	1.1	\$	\$	\$	2.1	\$	\$	12.0	\$	(13.9)	\$				
Ioxus, Inc	\$	\$	\$	4.4	\$	1.0	\$	\$	\$	0.1	\$	(0.1)	\$	7.0				
NSI Holdings, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$					
Panda Temple Power, LLC and T1 Power Holdings LLC	\$	\$	\$	0.4	\$	0.7	\$	\$	\$	\$	3.2	\$	21.9					
Partnership Capital Growth Fund I, L.P.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	0.1					
PCG-Ares Sidecar Investment, L.P.	\$	0.1	\$	\$	\$	\$	\$	\$	\$	\$	(0.9)	\$	4.4					
PCG-Ares Sidecar Investment II, L.P.	\$	\$	\$	0.9	\$	\$	\$	\$	\$	\$	6.7	\$	17.4					
Petroflow Energy Corporation and TexOak Petro Holdings LLC	\$	\$	\$	3.1	\$	0.1	\$	\$	\$	0.2	\$	(1.0)	\$	8.3				
PIH Corporation and Primrose Holding Corporation	\$	\$	\$	\$	\$	0.2	\$	\$	\$	\$	5.2	\$	25.6					
Qualium Investissement	\$	\$	\$	0.7	\$	\$	\$	\$	\$	0.9	\$	(0.7)	\$					
Shock Doctor, Inc. and Shock Doctor Holdings, LLC	\$	\$	\$	\$	\$	12.0	\$	\$	0.3	\$	(4.6)	\$	81.5					
Things Remembered, Inc. and TRM Holdco Corp.	\$	3.0	\$	1.6	17.8	\$	0.1	\$	\$	(15.9)	\$	15.1	\$					
UL Holding Co., LLC	\$	\$	\$	\$	3.5	\$	\$	\$	\$	\$	(3.7)	\$	42.2					
	\$	29.2	\$	30.6	\$	28.3	\$	20.0	\$	4.1	\$	0.5	\$	0.5	\$	4.0	\$	291.9

(7) As defined in the Investment Company Act, the Company is deemed to be both an "Affiliated Person" and "Control" this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company

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(including through a management agreement). Transactions as of and during the year ended December 31, 2018 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

(in millions) Company	For the Year Ended December 31, 2018							As of December 31, 2018		Fair Value	
	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)		
ACAS Equity Holdings Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$	0.1	\$ 0.4
ACAS Real Estate Holdings Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$	(0.2)	\$ 2.0
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	\$	\$	\$	\$ 1.0	\$	\$	\$	\$	\$	(11.2)	\$ 5.5
Alcami Holdings, LLC	\$ 4.4	\$ 125.1	\$ 166.1	\$ 19.5	\$	\$	\$ 8.0	\$ 323.9	\$	(166.8)	\$
Ares IIR/IVR CLO Ltd.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Callidus Capital Corporation	\$	\$	\$ 3.0	\$	\$	\$	\$	\$ (0.8)	\$	1.3	\$
Champion Parent Corporation and Calera XVI, LLC	\$	\$	\$ 0.8	\$	\$	\$	\$	\$ (0.7)	\$	0.6	\$
CoLTS 2005-1	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CoLTS 2005-2	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Columbo Midco Limited, Columbo Bidco Limited and Columbo Topco Limited	\$	\$	\$ 27.9	\$	\$	\$	\$	\$ 6.2	\$	(12.7)	\$
CSHM LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Eckler Industries, Inc. and Eckler Purchaser LLC	\$ 1.3	\$	\$	\$	\$	\$	\$	\$ (2.0)	\$	5.4	\$ 22.7
ETG Holdings, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fashion Holding Luxembourg SCA (Modacin/Camaeiu)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FPI Holding Corporation	\$	\$	\$ 0.4	\$	\$	\$	\$	\$ (0.4)	\$	1.0	\$
Halex Holdings, Inc.	\$ 0.8	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
HCI Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 0.1
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation	\$	\$	\$	\$ 2.4	\$	\$	\$ 0.6	\$	\$	3.4	\$ 24.6
Ivy Hill Asset Management, L.P.	\$ 263.0	\$ 63.0	\$	\$ 1.0	\$	\$ 58.0	\$	\$	\$	2.8	\$ 517.9
Joyce Lane Capital LLC	\$ 0.8	\$ 26.2	\$	\$ 0.6	\$	\$	\$	\$ (5.9)	\$	(3.0)	\$ 3.9
LLSC Holdings Corporation (dba Lawrence Merchandising Services)	\$	\$	\$ 17.4	\$	\$	\$	\$	\$	\$	(0.3)	\$ 0.4
Miles 33 (Finance) Limited	\$	\$	\$ 15.0	\$	\$ 1.6	\$	\$	\$ (4.3)	\$	(3.9)	\$
Montgomery Lane, LLC and Montgomery Lane, Ltd.	\$	\$	\$	\$	\$	\$	\$	\$	\$	(0.6)	\$
MVL Group, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Navisun LLC and Navisun Holdings LLC	\$ 23.5	\$	\$	\$ 1.3	\$ 0.3	\$ 0.2	\$ 0.2	\$	\$	\$	\$ 27.9
NECCO Holdings, Inc. and New England Confectionery Company, Inc.	\$ 14.4	\$ 14.7	\$	\$	\$	\$	\$	\$	\$	(5.7)	\$ 4.6
NECCO Realty Investments LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Orion Foods, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 0.4
PHL Investors, Inc., and PHL Holding Co.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Rug Doctor, LLC and RD Holdco Inc.	\$	\$	\$	\$ 2.1	\$	\$	\$	\$	\$	0.3	\$ 28.1
S Toys Holdings LLC (fka The Step2 Company, LLC)	\$	\$	\$	\$	\$	\$	\$	\$	\$	(0.1)	\$ 0.4
Senior Direct Lending Program, LLC	\$ 252.2	\$ 87.6	\$	\$ 86.9	\$ 11.6	\$	\$ 4.2	\$	\$	\$	\$ 651.7
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP	\$ 98.0	\$ 21.5	\$	\$ 13.6	\$ 1.3	\$	\$ 4.6	\$	\$	(6.8)	\$ 235.6
Soil Safe, Inc. and Soil Safe Acquisition Corp.	\$	\$	\$ 4.0	\$ 14.8	\$	\$	\$ 0.4	\$	\$	6.2	\$ 120.7

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Startec Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$										
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC	\$	\$	0.1	\$	\$	\$	\$	\$	\$	\$										
	\$	658.4	\$	375.8	\$	197.0	\$	144.8	\$	13.2	\$	58.2	\$	18.0	\$	316.0	\$	(190.2)	\$	1,646.9

\*

Together with Varagon Capital Partners ("Varagon") and its clients, the Company has co-invested through the Senior Direct Lending Program LLC (d/b/a the "Senior Direct Lending Program" or the "SDLP"). The SDLP has been capitalized as transactions are completed and 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 the Company and Varagon (with approval from a representative of each required); therefore, although the Company owns more than 25% of the voting securities of the SDLP, the Company does not believe that it has control over the SDLP (for purposes of the Investment Company Act or otherwise) because, among other things, these "voting securities" do not afford the Company the right to elect directors of the SDLP or any other special rights (see Note 4 to the consolidated financial statements).

(8)

Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets. Pursuant to Section 55(a) of the Investment Company Act, 14% of the Company's total assets are represented by investments at fair value and other assets that are considered "non-qualifying assets" as of December 31, 2018.

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- (9) Exception from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (10) Variable rate loans to the Company's portfolio companies bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate ("LIBOR") or an alternate base rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the interest rate in effect on the date presented.
- (11) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$69.5 in aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (12) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$38.7 in aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (13) The Company sold a participating interest of approximately \$2.0 in aggregate principal amount of the portfolio company's first lien senior secured term loan. As the transaction did not qualify as a "true sale" in accordance with U.S. generally accepted accounting principles, the Company recorded a corresponding \$2.0 secured borrowing included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.
- (14) Loan was on non-accrual status as of December 31, 2018.
- (15) Loan includes interest rate floor feature.
- (16) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SDLP's loan portfolio, after expenses, which may result in a return to the Company greater than the contractual stated interest rate.
- (17) As of December 31, 2018, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (18) As of December 31, 2018, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (19) As of December 31, 2018, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 7 to the consolidated financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

(in millions)	Total revolving and delayed draw loan commitments		Less: drawn commitments		Total undrawn commitments		Less: commitments substantially at discretion of the Company		Less: unavailable commitments due to borrowing base or other covenant restrictions		Total net adjusted undrawn revolving and delayed draw commitments
<b>Portfolio Company</b>											
1A Smart Start, LLC	\$	3.5	\$	(0.1)	\$	3.4	\$		\$		\$ 3.4
42 North Dental, LLC (fka Gentle Communications, LLC)		5.0				5.0					5.0

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A.U.L. Corp.	1.2		1.2	1.2
Accommodations Plus Technologies LLC	4.1		4.1	4.1
Achilles Acquisition LLC	12.4		12.4	12.4
ADCS Billings Intermediate Holdings, LLC	5.0	(1.3)	3.7	3.7
ADF Capital, Inc.	1.3		1.3	1.3
ADG, LLC	13.7	(11.2)	2.5	2.5
Alcami Corporation	29.0	(3.5)	25.5	25.5
AMCP Clean Intermediate, LLC	4.7	(1.2)	3.5	3.5
American Academy Holdings, LLC	7.0	(0.9)	6.1	6.1
AMZ Holding Corp.	3.4		3.4	3.4
Apex Clean Energy Holdings, LLC	5.0	(5.0)		
Avetta, LLC	7.0		7.0	7.0
Bambino CI Inc.	9.6	(0.3)	9.3	9.3
Blue Campaigns Intermediate Holding Corp.	3.0		3.0	3.0
Cadence Aerospace, LLC	14.3	(0.5)	13.8	13.8
Capstone Logistics Acquisition, Inc.	2.0	(0.9)	1.1	1.1
Care Hospice, Inc	2.3	(0.3)	2.0	2.0
CB Trestles OpCo, LLC	32.2		32.2	32.2
CCS-CMGC Holdings, Inc.	12.0	(7.9)	4.1	4.1
Center for Autism and Related Disorders, LLC	8.5	(0.4)	8.1	8.1
Centric Brands Inc.				
Chariot Acquisition, LLC	1.0		1.0	1.0
Chesapeake Research Review, LLC	5.8		5.8	5.8
Clearwater Analytics, LLC	5.0		5.0	5.0
Command Alkon Incorporated	6.3	(3.0)	3.3	3.3
Comprehensive EyeCare Partners, LLC	3.7	(0.2)	3.5	3.5
Corepoint Health, LLC	4.3		4.3	4.3
Cozzini Bros., Inc. and BH-Sharp Holdings LP	24.2	(1.5)	22.7	22.7
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(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	7.5	(0.9)	6.6			6.6
CST Buyer Company	4.2		4.2			4.2
D4C Dental Brands, Inc.	5.0	(3.3)	1.7			1.7
DCA Investment Holding, LLC	5.8	(0.4)	5.4			5.4
DecoPac, Inc.	8.1		8.1			8.1
DFC Global Facility Borrower II LLC	115.0	(94.6)	20.4			20.4
DGH Borrower LLC	22.5		22.5			22.5
Dorner Holding Corp.	3.3	(0.2)	3.1			3.1
Doxim Inc.	2.4		2.4			2.4
DRB Holdings, LLC	9.9	(3.3)	6.6			6.6
DTI Holdco, Inc. and OPE DTI Holdings, Inc.	8.8	(2.2)	6.6			6.6
Eckler Industries, Inc.	2.0	(1.3)	0.7	(0.8)		(0.1)
Emergency Communications Network, LLC	6.5		6.5			6.5
Emerus Holdings, Inc.	4.5	(3.0)	1.5			1.5
EN Engineering, LLC	5.0		5.0			5.0
Entertainment Partners, LLC and Entertainment Partners Canada Inc.	28.0		28.0			28.0
Episerver, Inc.	10.3		10.3			10.3
ExteNet Systems, Inc.	2.0		2.0			2.0
Ferraro Fine Foods Corp.	9.8	(1.3)	8.5			8.5
Flinn Scientific, Inc.	10.0		10.0			10.0
Flow Control Solutions, Inc.	14.4	(0.4)	14.0			14.0
FM:Systems Group, LLC	1.4		1.4			1.4
Foundation Risk Partners, Corp.	25.0		25.0			25.0
Frontline Technologies Group Holding LLC	8.4		8.4			8.4
FWR Holding Corporation	2.1	(0.8)	1.3			1.3
Garden Fresh Restaurant Corp.	7.5	(3.5)	4.0			4.0
GB Auto Service, Inc.	34.4		34.4			34.4
Genesis Acquisition Co.	9.4		9.4			9.4
GraphPAD Software, LLC	1.1		1.1			1.1
GTCR-Ultra Acquisition, Inc. and GTCR-Ultra Holdings, LLC	2.0		2.0			2.0
HAI Acquisition Corporation	19.0		19.0			19.0
Halex Holdings, Inc.	2.0	(1.9)	0.1			0.1
Harvey Tool Company, LLC	38.7	(0.7)	38.0			38.0
Help/Systems Holdings, Inc.	5.0	(1.0)	4.0			4.0
Hometown Food Company	3.9		3.9			3.9
Hygiena Borrower LLC	12.4	(0.2)	12.2			12.2
IMIA Holdings, Inc.	9.9	(0.4)	9.5			9.5
Implementation Management Assistance, LLC	16.6	(5.5)	11.1			11.1
Infilaw Holding, LLC	6.2	(6.2)				
Infinite Electronics International, Inc.	3.0		3.0			3.0
Infogix, Inc.	5.3		5.3			5.3
iPipeline, Inc.	4.0		4.0			4.0
JDC Healthcare Management, LLC	9.8	(0.8)	9.0			9.0
Jim N Nicks Management, LLC	9.7	(2.8)	6.9			6.9
Joyce Lane Capital LLC and Joyce Lane Financing SPV LLC (fka Ciena Capital LLC)	1.3		1.3			1.3
Kaufman, Hall & Associates, LLC	8.0		8.0			8.0
KBHS Acquisition, LLC (d/b/a Alita Care, LLC)	5.0	(4.6)	0.4			0.4
Key Surgical LLC	2.8		2.8			2.8
KHC Holdings, Inc.	6.9	(0.7)	6.2			6.2
Labstat International Inc.	3.8		3.8			3.8
LBP Intermediate Holdings LLC	0.9	(0.1)	0.8			0.8
Liaison Acquisition, LLC	3.9		3.9			3.9
Lone Wolf Real Estate Technologies Inc.	3.0		3.0			3.0
Mac Lean-Fogg Company	24.2		24.2			24.2

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Magento, Inc.	7.5	(0.2)	7.3	7.3
Masergy Holdings, Inc.	2.5	(0.2)	2.3	2.3
Massage Envy, LLC	11.2		11.2	11.2
Mavis Tire Express Services Corp.	23.3		23.3	23.3
MB2 Dental Solutions, LLC	3.5	(2.7)	0.8	0.8
McKenzie Sports Products, LLC	4.5	(2.9)	1.6	1.6
Ministry Brands, LLC	28.6		28.6	28.6
Movati Athletic (Group) Inc.	2.3		2.3	2.3
MSHC, Inc.	18.9	(1.6)	17.3	17.3
Murchison Oil and Gas, LLC	20.0		20.0	20.0
MW Dental Holding Corp.	17.1	(7.0)	10.1	10.1
National Intergovernmental Purchasing Alliance Company	9.0		9.0	9.0
Navisun LLC	20.8		20.8	20.8
NECCO Holdings, Inc.	25.0	(19.9)	5.1	(5.1)
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(in millions)	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
<b>Portfolio Company</b>						
NM GRC HOLDCO, LLC	1.4		1.4			1.4
NMC Skincare Intermediate Holdings II, LLC	17.4		17.4			17.4
NMN Holdings III Corp	12.5		12.5			12.5
Nordco Inc.	12.5	(1.3)	11.2			11.2
NSM Sub Holdings Corp.	6.6		6.6			6.6
NueHealth Performance, LLC	7.0		7.0			7.0
Osmose Utilities Services, Inc.	6.0	(2.5)	3.5			3.5
OTG Management, LLC	16.3	(10.0)	6.3			6.3
Paper Source, Inc.	2.5	(1.9)	0.6			0.6
Park Place Technologies, LLC	5.4		5.4			5.4
Pathway Vet Alliance LLC	163.8		163.8			163.8
Payment Alliance International, Inc.	4.2	(3.4)	0.8			0.8
PDI TA Holdings, Inc.	21.4		21.4			21.4
Pegasus Intermediate Holdings, LLC	5.0		5.0			5.0
PIH Corporation and Primrose Holding Corporation	3.3	(1.0)	2.3			2.3
Practice Insight, LLC	2.9		2.9			2.9
Premise Health Holding Corp.	40.0	(6.0)	34.0			34.0
Pyramid Management Advisors, LLC	5.5	(1.9)	3.6			3.6
QC Supply, LLC	17.9	(9.0)	8.9			8.9
R1 RCM Inc.	10.0		10.0			10.0
Raptor Technologies, LLC	10.1		10.1			10.1
RecoveryDirect Acquisition, L.L.C.	8.0		8.0			8.0
Retriever Medical/Dental Payments LLC	3.5		3.5			3.5
Rialto Management Group, LLC	1.0		1.0			1.0
RMP Group, Inc.	1.8		1.8			1.8
RuffaloCODY, LLC	7.7	(0.2)	7.5			7.5
Salter Labs	1.7	(1.0)	0.7			0.7
Sanders Industries Holdings, Inc.	10.0		10.0			10.0
SCM Insurance Services Inc.	4.0	(2.4)	1.6			1.6
SCSG EA Acquisition Company, Inc.	4.0	(0.2)	3.8			3.8
SecurAmerica, LLC	20.8		20.8			20.8
Securelink, Inc	3.0		3.0			3.0
Severin Acquisition, LLC	9.0		9.0			9.0
SFE Intermediate Holdco LLC	10.2		10.2			10.2
Shift PPC LLC	4.4		4.4			4.4
Singer Sewing Company	90.0	(77.9)	12.1			12.1
SiroMed Physician Services, Inc.	7.1		7.1			7.1
Siteworx Holdings, LLC	1.5	(1.5)				
SM Wellness Holdings, Inc.	10.5		10.5			10.5
Soil Safe, Inc. and Soil Safe Acquisition Corp.	10.5	(3.6)	6.9			6.9
Sonny's Enterprises, LLC	3.6	(0.2)	3.4			3.4
Sovos Brands Intermediate, Inc.	4.3		4.3			4.3
SpareFoot, LLC	1.4	(0.3)	1.1			1.1
Sparta Systems, Inc.	6.5		6.5			6.5
Spectra Finance, LLC	24.1	(5.5)	18.6			18.6
St. Croix Acquisition Corp.	2.0		2.0			2.0
Storm UK Holdco Limited and Storm US Holdco Inc.	1.1		1.1			1.1
Sunk Rock Foundry Partners LP	10.0	(2.6)	7.4			7.4
Sunshine Sub, LLC	7.7		7.7			7.7
Symmetry Surgical Inc.	3.1		3.1			3.1
Synergy HomeCare Franchising, LLC	4.2		4.2			4.2
Syntax USA Acquisition Corporation	3.3	(1.8)	1.5			1.5
Taymax Group Holdings, LLC	3.2	(0.2)	3.0			3.0
TDG Group Holding Company	20.7	(0.1)	20.6			20.6
Teasdale Foods, Inc.	0.8	(0.7)	0.1			0.1
Telestream Holdings Corporation	2.3	(0.6)	1.7			1.7

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Teligent, Inc.	22.8		22.8	22.8
Tidi Products, LLC	2.3		2.3	2.3
Total Community Options, Inc.	4.2		4.2	4.2
Touchstone Acquisition, Inc.	11.2		11.2	11.2
Towerco IV Finance, LLC	17.0	(8.4)	8.6	8.6
TPTM Merger Corp.	4.3		4.3	4.3
TU BidCo, Inc.	18.5		18.5	18.5
U.S. Acute Care Solutions, LLC	1.7		1.7	1.7
United Digestive MSO Parent, LLC	17.2		17.2	17.2
Urgent Cares of America Holdings I, LLC	10.0		10.0	10.0
Utility Pipeline, LTD.	3.0	(0.1)	2.9	2.9
Vela Trading Technologies, LLC	3.5	(0.5)	3.0	3.0
Verscend Holding Corp.	22.5		22.5	22.5
Veson Nautical LLC	2.5		2.5	2.5
Visual Edge Technology, Inc.	0.8		0.8	0.8
VLS Recovery Services, LLC	20.6	(3.5)	17.1	17.1
VRC Companies, LLC	3.1	(0.8)	2.3	2.3

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(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
WatchFire Enterprises, Inc.	2.0		2.0			2.0
West Dermatology, LLC	18.3	(5.0)	13.3			13.3
WIRB Copernicus Group, Inc	3.0		3.0			3.0
Woodstream Group, Inc. and Woodstream Corporation	4.7		4.7			4.7
Worldwide Facilities LLC	2.3	(0.4)	1.9			1.9
Wrench Group LLC	2.8		2.8			2.8
WSHP FC Acquisition LLC	5.8	(3.3)	2.5			2.5
XIFIN, Inc.	4.6		4.6			4.6
Zemax Software Holdings, LLC	4.1		4.1			4.1
Zywave, Inc.	11.5	(6.3)	5.2			5.2
	\$ 1,915.3	\$ (376.9)	\$ 1,538.4	\$ (5.9)		\$ 1,532.5

(20)

As of December 31, 2018, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions) Company	Total private equity commitments	Less: funded private equity commitments	Total unfunded private equity commitments	Less: private equity commitments substantially at the discretion of the Company	Total net adjusted unfunded private equity commitments
Partnership Capital Growth Investors III, L.P.	\$ 5.0	\$ (4.9)	\$ 0.1	\$	\$ 0.1
PCG-Ares Sidecar Investment, L.P. and PCG-Ares Sidecar Investment II, L.P.	50.0	(12.4)	37.6	(37.6)	
Piper Jaffray Merchant Banking Fund I, L.P.	2.0	(2.0)			
European Capital UK SME Debt LP	57.4	(53.9)	3.5	(3.5)	
	\$ 114.4	\$ (73.2)	\$ 41.2	\$ (41.1)	\$ 0.1

(21)

As of December 31, 2018, the Company had commitments to co-invest in the SDLP for its portion of the SDLP's commitment to fund delayed draw loans of up to \$39. See Note 4 to the consolidated financial statements for more information on the SDLP.

(22)

Other than the investments noted by this footnote, the fair value of the Company's investments is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 8 to the consolidated financial statements for more information regarding the fair value of the Company's investments.

(23)

As of December 31, 2018, the net estimated unrealized loss for federal tax purposes was \$0.6 billion based on a tax cost basis of \$13.0 billion. As of December 31, 2018, the estimated aggregate gross unrealized loss for federal income tax purposes was \$0.9 billion and the estimated aggregate gross unrealized gain for federal income tax purposes was \$0.3 billion.



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**ARES CAPITAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**As of December 31, 2017**  
**(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Healthcare Services</b>							
Absolute Dental Management LLC and ADM Equity, LLC	Dental services provider	First lien senior secured loan (\$18.8 par due 1/2022)	11.08% (Libor + 9.39%/Q)	1/5/2016	\$ 18.8	\$ 17.6(2)(17)	
		First lien senior secured loan (\$5.0 par due 1/2022)	11.08% (Libor + 9.39%/Q)	1/5/2016	5.0	4.7(4)(17)	
		Class A preferred units (4,000,000 units)		1/5/2016	4.0	0.9(2)	
		Class A common units (4,000,000 units)		1/5/2016			(2)
						27.8	23.2
Acessa Health Inc. (fka HALT Medical, Inc.)	Medical supply provider	Common stock (569,823 shares)		6/22/2017	0.1		
ADCS Billings Intermediate Holdings, LLC(21)	Dermatology practice	First lien senior secured revolving loan		5/18/2016			(19)
ADG, LLC and RC IV GEDC Investor LLC(21)	Dental services provider	First lien senior secured revolving loan (\$1.0 par due 9/2022)	6.14% (Libor + 4.75%/Q)	9/28/2016	1.0	1.0(2)(17)	
		First lien senior secured revolving loan (\$1.4 par due 9/2022)	6.24% (Libor + 4.75%/Q)	9/28/2016	1.4	1.3(2)(17)	
		First lien senior secured revolving loan (\$8.5 par due 9/2022)	6.32% (Libor + 4.75%/Q)	9/28/2016	8.5	8.3(2)(17)	
		First lien senior secured revolving loan (\$0.6 par due 9/2022)	8.25% (Base Rate + 3.75%/Q)	9/28/2016	0.6	0.6(2)(17)	
		Second lien senior secured loan (\$87.5 par due 3/2024)	10.57% (Libor + 9.00%/Q)	9/28/2016	87.5	81.4(2)(17)	
		Membership units (3,000,000 units)		9/28/2016	3.0	1.9(2)	
						102.0	94.5
Alcami Holdings, LLC(8)(21)	Outsourced drug development services provider	First lien senior secured revolving loan (\$2.0 par due 10/2019)	6.89% (Libor + 5.50%/Q)	1/3/2017	2.0	2.0(2)(17)	
		First lien senior secured revolving loan (\$15.9 par due 10/2019)	6.96% (Libor + 5.50%/Q)	1/3/2017	15.9	15.9(2)(17)	
		First lien senior secured revolving loan (\$7.7 par due 10/2019)	7.06% (Libor + 5.50%/Q)	1/3/2017	7.7	7.7(2)(17)	
		First lien senior secured loan (\$10.0 par due 10/2020)	7.07% (Libor + 5.50%/Q)	1/3/2017	10.0	10.0(2)(17)	
		First lien senior secured loan (\$95.7 par due 10/2020)	7.07% (Libor + 5.50%/Q)	1/3/2017	95.7	95.7(3)(17)	
						1/3/2017	0.2

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First lien senior secured loan (\$0.2 par due 10/2020)	11.00% (Base Rate + 6.50%/Q)			
Senior subordinated loan (\$30.0 par due 10/2020)	11.75%	1/3/2017	30.0	30.0(2)
Senior subordinated loan (\$30.0 par due 10/2020)	12.00%	1/3/2017	30.0	30.0(2)
Senior subordinated loan (\$25.0 par due 10/2020)	12.25%	1/3/2017	25.0	25.0(2)
Senior subordinated loan (\$36.1 par due 10/2020)	14.75% PIK	1/3/2017	36.1	36.1(2)
Senior subordinated loan (\$36.6 par due 10/2020)	15.25% PIK	1/3/2017	22.8	36.6(2)
Series R preferred membership units (30,000 units)		1/3/2017		54.1
Series R-2 preferred membership units (54,936 units)		1/3/2017		99.0
			275.4	442.3

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Alegeus Technologies Holdings Corp.	Benefits administration and transaction processing provider	Preferred stock (2,997 shares)		12/13/2013	3.1	2.8	
		Common stock (3 shares)		12/13/2013			
					3.1	2.8	
Alteon Health, LLC	Provider of physician management services	First lien senior secured loan (\$3.5 par due 9/2022)	7.00% (Libor + 5.50%/Q)	5/15/2017	3.5	3.3(2)(17)	
American Academy Holdings, LLC(21)	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured revolving loan (\$0.9 par due 12/2022)	9.75% (Base Rate + 5.25%/Q)	12/15/2017	0.9	0.9(2)(17)	
		First lien senior secured loan (\$0.5 par due 12/2022)	7.84% (Libor + 6.25%/Q)	12/15/2017	0.5	0.5(2)(17)	
		First lien senior secured loan (\$199.8 par due 12/2022)	8.01% (Libor + 6.25%/Q)	12/15/2017	199.8	197.8(2)(17)	
		Senior subordinated loan (\$75.0 par due 6/2023)	15.76% (Libor + 14.00%/Q)	12/15/2017	75.0	73.5(2)(17)	
						276.2	272.7
Argon Medical Devices, Inc.	Manufacturer and marketer of single-use specialty medical devices	Second lien senior secured loan (\$9.0 par due 6/2022)	11.07% (Libor + 9.50%/Q)	12/23/2015	8.8	9.0(2)(17)	
AwarePoint Corporation	Healthcare technology platform developer	First lien senior secured loan (\$8.1 par due 12/2019)	13.98% (Libor + 12.50%/M)	9/5/2014	8.0	6.5(2)(15)(17)	
		Warrant to purchase up to 3,213,367 shares of Series 1 preferred stock (expires 9/2024)		11/14/2014		0.4(2)	
					8.0	6.9	
Bambino CI Inc.(21)	Manufacturer and provider of single-use obstetrics products	First lien senior secured revolving loan (\$1.1 par due 10/2022)	7.49% (Libor + 6.00%/Q)	10/17/2017	1.1	1.1(2)(17)	
		First lien senior secured loan (\$43.7 par due 10/2023)	7.49% (Libor + 6.00%/Q)	10/17/2017	43.7	43.3(2)(17)	
					44.8	44.4	
CCS Intermediate Holdings, LLC and CCS Group Holdings, LLC(21)	Correctional facility healthcare operator	First lien senior secured revolving loan (\$4.5 par due 7/2019)	5.69% (Libor + 4.00%/Q)	7/23/2014	4.5	4.1(2)(17)(20)	
		First lien senior secured loan (\$6.5 par due 7/2021)	5.69% (Libor + 4.00%/Q)	7/23/2014	6.5	5.9(2)(17)	

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		Second lien senior secured loan (\$135.0 par due 7/2022)	9.86% (Libor + 8.38%/Q)	7/23/2014	134.2	112.0(2)(17)
		Class A units (1,000,000 units)		8/19/2010		0.9(2)
					145.2	122.9
Correctional Medical Group Companies, Inc.	Correctional facility healthcare operator	First lien senior secured loan (\$48.8 par due 9/2021)	9.62% (Libor + 8.62%/Q)	9/29/2015	48.8	48.8(3)(17)
		First lien senior secured loan (\$3.1 par due 9/2021)	9.62% (Libor + 8.62%/Q)	9/29/2015	3.1	3.1(2)(17)
					51.9	51.9
CSHM LLC(8)	Dental services provider	Class A membership units (1,979 units)		1/3/2017		
D4C Dental Brands HoldCo, Inc. and Bambino Group Holdings, LLC(21)	Dental services provider	Class A preferred units (1,000,000 units)		12/21/2016	1.0	1.1(2)
DCA Investment Holding, LLC(21)	Multi-branded dental practice management	First lien senior secured revolving loan		7/2/2015		(19)
		First lien senior secured loan (\$18.7 par due 7/2021)	6.94% (Libor + 5.25%/Q)	7/2/2015	18.6	18.4(4)(17)
					18.6	18.4

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Drayer Physical Therapy Institute LLC	Outpatient physical therapy provider	First lien senior secured loan (\$12.3 par due 7/2018)	10.50% (Base Rate + 6.00%/Q)	7/26/2017	12.3	12.3(2)(17)	
		First lien senior secured loan (\$114.6 par due 7/2018)	10.50% (Base Rate + 6.00%/Q)	7/26/2017	114.6	114.6(2)(17)	
					126.9	126.9	
Emerus Holdings, Inc.(21)	Freestanding 24-hour emergency care micro-hospitals operator	First lien senior secured revolving loan (\$0.3 par due 9/2020)	8.00% (Base Rate + 3.50%/Q)	3/14/2017	0.3	0.3(2)(17)	
		First lien senior secured loan (\$2.3 par due 9/2021)	6.07% (Libor + 4.50%/Q)	3/14/2017	2.0	2.1(2)(17)	
					2.3	2.4	
GHX Ultimate Parent Corporation, Commerce Parent, Inc. and Commerce Topco, LLC	On-demand supply chain automation solutions provider to the healthcare industry	Second lien senior secured loan (\$103.7 par due 6/2025)	9.69% (Libor + 8.00%/Q)	6/30/2017	102.8	103.7(2)(17)	
		Series A perpetual preferred stock (110,425 shares)	12.44% PIK (Libor + 10.75%/Q)	6/30/2017	117.4	117.4(2)(17)	
		Class A units (14,013,303 units)		6/30/2017	14.0	16.9(2)	
					234.2	238.0	
Greenphire, Inc. and RMCF III CIV XXIX, L.P	Software provider for clinical trial management	Limited partnership interest (99.90% interest)		12/19/2014	1.0	2.4(2)	
Heartland Dental, LLC	Detanl services provider	Second lien senior secured loan (\$27.8 par due 7/2024)	9.75% (Libor + 8.50%/Q)	7/31/2017	27.4	27.8(2)(17)	
Hygiena Borrower LLC(21)	Adenosine triphosphate testing technology provider	Second lien senior secured loan (\$10.0 par due 8/2023)	10.69% (Libor + 9.00%/Q)	8/26/2016	10.0	10.0(2)(17)	
		Second lien senior secured loan (\$10.7 par due 8/2023)	10.69% (Libor + 9.00%/Q)	2/27/2017	10.7	10.7(2)(17)	
					20.7	20.7	
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured loan (\$72.3 par due 12/2019)	6.16% (Libor + 4.75%/Q)	7/26/2017	72.3	70.8(2)(17)	
		First lien senior secured loan (\$35.2 par due 12/2019)	6.16% (Libor + 4.75%/Q)	7/26/2017	35.2	34.5(3)(17)	
		First lien senior secured loan (\$9.3 par due 12/2019)	6.16% (Libor + 4.75%/Q)	7/26/2017	9.3	9.1(4)(17)	
		First lien senior secured loan (\$80.8 par due 12/2019)	6.35% (Libor + 4.75%/Q)	7/26/2017	80.8	79.2(2)(17)	
				7/26/2017	39.3	38.5(3)(17)	

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First lien senior secured loan (\$39.3 par due 12/2019)	6.35% (Libor + 4.75%/Q)				
First lien senior secured loan (\$10.4 par due 12/2019)	6.35% (Libor + 4.75%/Q)	7/26/2017	10.4	10.2(4)(17)	
Second lien senior secured loan (\$112.0 par due 6/2020)	9.94% (Libor + 8.25%/Q)	12/27/2012	112.0	107.5(2)(17)	

359.3 349.8

JDC Healthcare Management, LLC(21)	Dental services provider	First lien senior secured revolving loan (\$1.5 par due 4/2022)	7.82% (Libor + 6.25%/Q)	4/10/2017	1.5	1.5(2)(17)
		First lien senior secured loan (\$9.9 par due 4/2023)	7.82% (Libor + 6.25%/Q)	4/10/2017	9.9	9.7(2)(17)
		First lien senior secured loan (\$19.9 par due 4/2023)	7.82% (Libor + 6.25%/Q)	4/10/2017	19.9	19.5(4)(17)
					31.3	30.7

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
KBHS Acquisition, LLC (d/b/a Alita Care, LLC)(21)	Provider of behavioral health services	First lien senior secured revolving loan (\$0.2 par due 3/2022)	6.43% (Libor + 5.00%/Q)	3/17/2017	0.2	0.2(2)(17)	
		First lien senior secured revolving loan (\$0.1 par due 3/2022)	6.46% (Libor + 5.00%/Q)	3/17/2017	0.1	0.1(2)(17)	
		First lien senior secured revolving loan (\$0.2 par due 3/2022)	6.50% (Libor + 5.00%/Q)	3/17/2017	0.2	0.2(2)(17)	
		First lien senior secured revolving loan (\$0.2 par due 3/2022)	6.56% (Libor + 5.00%/Q)	3/17/2017	0.2	0.2(2)(17)	
		First lien senior secured revolving loan (\$0.8 par due 3/2022)	6.57% (Libor + 5.00%/Q)	3/17/2017	0.8	0.8(2)(17)	
		First lien senior secured revolving loan (\$0.3 par due 3/2022)	8.50% (Base Rate + 4.00%/Q)	3/17/2017	0.3	0.3(2)(17)	
						1.8	1.8
Key Surgical LLC(21)	Provider of sterile processing, operating room and instrument care supplies for hospitals	First lien senior secured revolving loan (\$0.9 par due 6/2022)	6.35% (Libor + 4.75%/Q)	6/1/2017	0.9	0.9(2)(17)	
		First lien senior secured loan (\$18.0 par due 6/2023)	5.75% (EURIBOR + 4.75%/Q)	6/1/2017	16.9	18.0(2)(17)	
		First lien senior secured loan (\$4.4 par due 6/2023)	6.23% (Libor + 4.75%/Q)	6/1/2017	4.3	4.4(4)(17)	
				22.1	23.3		
MB2 Dental Solutions, LLC(21)	Dental services provider	First lien senior secured revolving loan (\$1.3 par due 9/2023)	8.25% (Base Rate + 3.75%/Q)	9/29/2017	1.3	1.3(2)(17)	
		First lien senior secured loan (\$4.7 par due 9/2023)	6.44% (Libor + 4.75%/Q)	9/29/2017	4.7	4.7(2)(17)	
				6.0	6.0		
MCH Holdings, Inc. and MC Acquisition Holdings I, LLC	Healthcare professional provider	First lien senior secured loan (\$65.3 par due 1/2020)	6.96% (Libor + 5.50%/Q)	7/26/2017	65.3	64.6(2)(17)	
		First lien senior secured loan (\$79.0 par due 1/2020)	7.07% (Libor + 5.50%/Q)	7/26/2017	79.0	78.3(2)(17)	
		First lien senior secured loan (\$9.0 par due 1/2020)	6.96% (Libor + 5.50%/Q)	7/26/2017	9.0	9.0(4)(17)	
		First lien senior secured loan (\$11.0 par due 1/2020)	7.07% (Libor + 5.50%/Q)	7/26/2017	11.0	10.8(4)(17)	
		Class A units (1,438,643 shares)		1/17/2014	1.5	1.0(2)	
				165.8	163.7		
MW Dental Holding Corp.(21)	Dental services provider	First lien senior secured revolving loan (\$9.7 par	9.19% (Libor + 7.50%/Q)	4/12/2011	9.7	9.7(2)(17)	

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due 4/2018)				
First lien senior secured loan (\$44.4 par due 4/2018)	9.19% (Libor + 7.50%/Q)	4/12/2011	44.4	44.4(2)(17)
First lien senior secured loan (\$46.8 par due 4/2018)	9.19% (Libor + 7.50%/Q)	4/12/2011	46.8	46.8(3)(17)
First lien senior secured loan (\$19.3 par due 4/2018)	9.19% (Libor + 7.50%/Q)	4/12/2011	19.3	19.3(4)(17)

120.2      120.2

My Health Direct, Inc.	Healthcare scheduling exchange software solution provider	Warrant to purchase up to 4,548 shares of Series D preferred stock (expires 9/2024)	9/18/2014	(2)
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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
New Trident Holdcorp, Inc. and Trident Holding Company, LLC	Outsourced mobile diagnostic healthcare service provider	First lien senior secured loan (\$19.9 par due 7/2019)	7.44% (Libor + 5.75%/Q)	8/1/2013	15.9	16.0(2)(17)	
		Second lien senior secured loan (\$80.0 par due 7/2020)		8/1/2013	79.3	44.2(2)(14)(16)	
		Senior subordinated loan (\$8.9 par due 7/2020)		11/29/2017	8.8	(2)(16)	
					104.0	60.2	
NMSC Holdings, Inc. and ASP NAPA Holdings, LLC	Anesthesia management services provider	Second lien senior secured loan (\$72.8 par due 10/2023)	11.69% (Libor + 10.00%/Q)	4/19/2016	72.8	67.0(2)(17)	
		Class A units (25,277 units)		4/19/2016	2.5	1.3(2)	
					75.3	68.3	
Nodality, Inc.	Biotechnology company	First lien senior secured loan (\$2.3 par due 8/2016)		11/12/2015	2.1	(2)(16)	
		First lien senior secured loan (\$10.9 par due 8/2016)		4/25/2014	9.7	(2)(16)	
		Warrant to purchase up to 3,736,255 shares of common stock (expires 3/2026)		5/1/2016		(2)	
					11.8		
nThrive, Inc. (fka Precyse Acquisition Corp.)	Provider of healthcare information management technology and services	Second lien senior secured loan (\$10.0 par due 4/2023)	11.32% (Libor + 9.75%/Q)	4/20/2016	9.7	10.0(2)(17)	
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC(21)	Provider of technology-enabled solutions to pharmacies	First lien senior secured loan (\$5.9 par due 11/2018)	9.19% (Libor + 7.50%/Q)	11/21/2013	5.9	5.9(4)(17)	
		Limited liability company membership interest (1.57%)		11/21/2013	1.0	0.8(2)	
					6.9	6.7	
Pathway Partners Vet Management Company LLC(21)	Owner and operator of veterinary hospitals	First lien senior secured loan (\$0.3 par due 10/2024)	6.07% (Libor + 4.50%/Q)	10/4/2017	0.3	0.3(2)(17)	
		First lien senior secured loan (\$6.0 par due 10/2024)	6.07% (Libor + 4.50%/Q)	10/4/2017	6.0	6.0(2)(17)	
					6.3	6.3	
Patterson Medical Supply, Inc.	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan (\$78.0 par due 8/2023)	9.98% (Libor + 8.50%/Q)	9/2/2015	76.4	72.5(2)(17)	
PhyMED Management LLC	Provider of anesthesia services	Second lien senior secured loan (\$47.2 par due 12/18/2015)	10.21% (Libor + 8.75%/Q)	12/18/2015	46.8	45.3(2)(17)	

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due 5/2021)						
Practice Insight, LLC(21)	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured revolving loan (\$0.6 par due 8/2022)	8.50% (Base Rate + 4.00%/Q)	8/23/2017	0.6	0.6(2)(17)
		First lien senior secured loan (\$12.7 par due 8/2022)	6.48% (Libor + 5.00%/Q)	8/23/2017	12.7	12.7(2)(17)
					13.3	13.3
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	Warrant to purchase up to 99,094 shares of Series C preferred stock (expires 6/2022)		6/28/2012		(2)
Sarnova HC, LLC, Tri-Anim Health Services, Inc., and BEMS Holdings, LLC	Distributor of emergency medical service and respiratory products	Second lien senior secured loan (\$54.0 par due 7/2022)	11.07% (Libor + 9.50%/Q)	1/29/2016	54.0	54.0(2)(17)
TerSera Therapeutics LLC	Acquirer and developer of specialty therapeutic pharmaceutical products	First lien senior secured loan (\$5.3 par due 3/2023)	6.94% (Libor + 5.25%/Q)	5/3/2017	5.2	5.3(4)(17)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Transaction Data Systems, Inc.	Pharmacy management software provider	Second lien senior secured loan (\$35.3 par due 6/2022)	10.35% (Libor + 9.00%/Q)	6/15/2015	35.3	35.3(2)(17)	
		Second lien senior secured loan (\$3.8 par due 6/2022)	10.35% (Libor + 9.00%/Q)	12/19/2017	3.8	3.8(2)(17)	
					39.1	39.1	
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	Second lien senior secured loan (\$71.8 par due 6/2025)	8.82% (Libor + 7.25%/Q)	6/16/2017	70.8	71.8(2)(17)	
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC(21)	Operator of urgent care clinics	Preferred units (7,696,613 units)		6/11/2015	7.7	0.5	
		Series A common units (2,000,000 units)		6/11/2015	2.0		
		Series C common units (5,288,427 units)		6/11/2015			
					9.7	0.5	
VistaPharm, Inc. and Vertice Pharma UK Parent Limited(21)	Manufacturer and distributor of generic pharmaceutical products	First lien senior secured loan (\$7.8 par due 12/2021)	7.86% (Libor + 6.00%/Q)	11/6/2017	7.8	7.7(2)(17)	
		Preferred shares (40,662 shares)		12/21/2015	0.3	0.5(9)	
					8.1	8.2	
					2,622.8	2,668.6	37.60%
<b>Business Services</b>							
Accruent, LLC, Accruent Holding, LLC and Athena Parent, Inc.(21)	Real estate and facilities management software provider	First lien senior secured revolving loan (\$0.7 par due 7/2023)	6.36% (Libor + 4.75%/Q)	7/28/2017	0.7	0.7(2)(17)	
		Second lien senior secured loan (\$13.2 par due 7/2024)	10.13% (Libor + 8.75%/Q)	7/28/2017	13.2	13.2(2)(17)	
		Second lien senior secured loan (\$0.5 par due 7/2024)	10.36% (Libor + 8.75%/Q)	7/28/2017	0.5	0.5(2)(17)	
		Second lien senior secured loan (\$2.6 par due 7/2024)	10.16% (Libor + 8.75%/Q)	7/28/2017	2.6	2.6(2)(17)	
		Second lien senior secured loan (\$58.4 par due 7/2024)	10.13% (Libor + 8.75%/Q)	7/28/2017	58.4	58.4(2)(17)	
		Senior subordinated loan (\$21.2 par due 7/2025)	11.50% PIK	7/28/2017	21.2	20.4(2)	
		Senior subordinated loan (\$75.7 par due 7/2025)	11.50% PIK	7/28/2017	75.7	72.8(2)	
		Common stock (3,464 shares)		5/16/2016	3.6	2.7(2)	
		Warrant to purchase up to 11,380 shares of common stock (expires		7/28/2017		3.3(2)	

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7/2037)					175.9	174.6
Achilles Acquisition LLC(21)	Benefits broker and outsourced workflow automation platform provider for brokers	First lien senior secured loan (\$3.0 par due 6/2023)	7.69% (Libor + 6.00%/Q)	6/6/2017	3.0	3.0(2)(17)
		First lien senior secured loan (\$10.2 par due 6/2023)	7.69% (Libor + 6.00%/Q)	6/6/2017	10.2	10.2(4)(17)
					13.2	13.2
Acrisure, LLC, Acrisure Investors FO, LLC and Acrisure Investors SO, LLC	Retail insurance advisor and brokerage	Membership interests (10,793,504 units)		11/18/2016	10.8	10.8(2)
		Membership interests (2,698,376 units)		11/18/2016	2.7	2.7(2)
					13.5	13.5
BeyondTrust Software, Inc.	Management software solutions provider	First lien senior secured loan (\$46.2 par due 11/2023)	7.89% (Libor + 6.25%/Q)	11/21/2017	45.5	45.7(3)(17)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Brandtone Holdings Limited(9)	Mobile communications and marketing services provider	First lien senior secured loan (\$4.7 par due 11/2018)		5/11/2015	4.5	(2)(16)	
		First lien senior secured loan (\$3.1 par due 2/2019)		5/11/2015	2.9	(2)(16)	
		Warrant to purchase up to 184,003 units of convertible preferred shares (expires 8/2026)		5/11/2015		(2)	
					7.4		
CallMiner, Inc.	Provider of cloud-based conversational analytics solutions	Warrant to purchase up to 2,350,636 shares of Series 1 preferred stock (expires 7/2024)		7/23/2014		(2)	
Chesapeake Research Review, LLC and Schulman Associates Institutional Review Board, Inc.(21)	Provider of central institutional review boards over clinical trials	First lien senior secured revolving loan (\$0.6 par due 11/2023)	7.14% (Libor + 5.75%/Q)	11/7/2017	0.6	0.6(2)(17)	
		First lien senior secured loan (\$30.8 par due 11/2023)	7.14% (Libor + 5.75%/Q)	11/7/2017	30.8	30.5(2)(17)	
					31.4	31.1	
Clearwater Analytics, LLC(21)	Provider of integrated cloud-based investment portfolio management, accounting, reporting and analytics software	First lien senior secured revolving loan (\$0.4 par due 9/2022)	9.00% (Libor + 7.50%/Q)	9/1/2016	0.4	0.4(2)(17)	
CMW Parent LLC (fka Black Arrow, Inc.)	Multiplatform media firm	Series A units (32 units)		9/11/2015		(2)	
Columbo Midco Limited, Columbo Bidco Limited and Columbo Topco Limited(8)(9)	Compliance, accounting and tax consulting services provider	Preferred stock (34,028,135 shares)		1/3/2017	2.3	9.9	
		Preferred stock (17,653,253 shares)		1/3/2017	21.6	26.0	
		Preferred stock (3,232,666 shares)		1/3/2017	4.0	4.7	
					27.9	40.6	
Command Alkon Incorporated(21)	Software solutions provider to the ready-mix concrete industry	First lien senior secured revolving loan (\$1.5 par due 9/2022)	8.50% (Base Rate + 4.00%/Q)	9/1/2017	1.5	1.5(2)(17)(20)	
		First lien senior secured loan (\$25.6 par due 9/2023)	6.48% (Libor + 5.00%/Q)	9/1/2017	25.6	25.3(2)(17)	
		Second lien senior secured loan (\$33.8 par due 3/2024)	10.48% (Libor + 9.00%/Q)	9/1/2017	33.8	33.4(2)(17)	
					60.9	60.2	

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Compusearch Software Systems, Inc.	Provider of enterprise software and services for organizations in the public sector	Second lien senior secured loan (\$51.0 par due 11/2021)	10.16% (Libor + 8.75%/Q)	1/3/2017	51.0	51.0(2)(17)	
Compuware Parent, LLC	Web and mobile cloud performance testing and monitoring services provider	Class A-1 common stock (4,132 units)		12/15/2014	2.2	2.2(2)	
		Class B-1 common stock (4,132 units)		12/15/2014	0.4	0.4(2)	
		Class C-1 common stock (4,132 units)		12/15/2014	0.3	0.3(2)	
		Class A-2 common stock (4,132 units)		12/15/2014		(2)	
		Class B-2 common stock (4,132 units)		12/15/2014		(2)	
		Class C-2 common stock (4,132 units)		12/15/2014		(2)	
							2.9

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
Convergint Technologies LLC	Integrated services provider for security, fire and life safety	Second lien senior secured loan (\$25.0 par due 12/2020)	10.27% (Libor + 8.50%/Q)	12/18/2017	25.0	25.0(2)(17)		
		Second lien senior secured loan (\$3.0 par due 12/2020)	10.12% (Libor + 8.50%/Q)	1/3/2017	3.0	3.0(2)(17)		
		Second lien senior secured loan (\$6.0 par due 12/2020)	9.98% (Libor + 8.50%/Q)	1/3/2017	6.0	6.0(2)(17)		
		Second lien senior secured loan (\$14.0 par due 12/2020)	10.00% (Libor + 8.50%/Q)	1/3/2017	14.0	14.0(2)(17)		
		Second lien senior secured loan (\$8.0 par due 12/2020)	10.27% (Libor + 8.50%/Q)	1/3/2017	8.0	8.0(2)(17)		
		Second lien senior secured loan (\$8.0 par due 12/2020)	9.45% (Libor + 8.00%/Q)	1/3/2017	8.0	8.0(2)(17)		
		Second lien senior secured loan (\$11.0 par due 12/2020)	9.50% (Libor + 8.00%/Q)	1/3/2017	11.0	11.0(2)(17)		
		Second lien senior secured loan (\$75.0 par due 12/2020)	9.61% (Libor + 8.00%/Q)	1/3/2017	75.0	75.0(2)(17)		
						150.0	150.0	
		Directworks, Inc. and Co-Exprise Holdings, Inc.	Provider of cloud-based software solutions for direct materials sourcing and supplier management for manufacturers	First lien senior secured loan (\$1.8 par due 4/2018)		12/19/2014	1.3	0.2(2)(16)
Warrant to purchase up to 1,875,000 shares of Series I preferred stock (expires 12/2024)				12/19/2014		(2)		
					1.3	0.2		
DRB Holdings, LLC(21)	Provider of integrated technology solutions to car wash operators	First lien senior secured loan (\$36.7 par due 10/2023)	7.10% (Libor + 5.75%/Q)	10/6/2017	36.7	36.3(2)(17)		
DTI Holdco, Inc. and OPE DTI Holdings, Inc.(21)	Provider of legal process outsourcing and managed services	First lien senior secured loan (\$4.1 par due 10/2023)	6.63% (Libor + 5.25%/Q)	9/23/2016	4.1	4.1(4)(17)		
		Class A common stock (7,500 shares)		8/19/2014	7.5	6.9(2)		
		Class B common stock (7,500 shares)		8/19/2014		(2)		
					11.6	11.0		
Emergency Communications Network, LLC(21)	Provider of mission critical emergency mass notification solutions	First lien senior secured loan (\$37.9 par due 6/2023)	7.82% (Libor + 6.25%/Q)	6/1/2017	37.7	37.5(2)(17)		
		First lien senior secured loan (\$19.9 par due 6/2023)	7.82% (Libor + 6.25%/Q)	6/1/2017	19.8	19.8(4)(17)		

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					57.5	57.3
EN Engineering, L.L.C.(21)	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 revolving loan		6/30/2015		(19)
Entertainment Partners, LLC and Entertainment Partners Canada Inc.(21)	Provider of entertainment workforce and production management solutions	First lien senior secured loan (\$7.9 par due 5/2022)	6.85% (Libor + 5.50%/Q)	5/8/2017	7.3	7.9(2)(9)(17)
		First lien senior secured loan (\$4.2 par due 5/2023)	7.15% (Libor + 5.75%/Q)	5/8/2017	4.2	4.1(2)(17)
		First lien senior secured loan (\$26.1 par due 5/2023)	7.15% (Libor + 5.75%/Q)	5/8/2017	26.1	25.8(3)(17)
		First lien senior secured loan (\$3.6 par due 5/2023)	7.44% (Libor + 5.75%/Q)	5/8/2017	3.6	3.6(2)(17)
		First lien senior secured loan (\$22.5 par due 5/2023)	7.44% (Libor + 5.75%/Q)	5/8/2017	22.5	22.2(3)(17)
		First lien senior secured loan (\$4.2 par due 5/2023)	7.34% (Libor + 5.75%/Q)	5/8/2017	4.2	4.1(2)(17)
		First lien senior secured loan (\$26.1 par due 5/2023)	7.34% (Libor + 5.75%/Q)	5/8/2017	26.1	25.8(3)(17)
					94.0	93.5
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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
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 (expires 3/2024)		3/20/2014		(2)	
Flexera Software LLC	Provider of software and software applications that manages application usage, compliance and security risk	Second lien senior secured loan (\$5.0 par due 4/2021)	8.57% (Libor + 7.00%/Q)	1/3/2017	4.8	5.0(2)(17)	
Foundation Risk Partners, Corp.(21)	Full service independent insurance agency	First lien senior secured loan (\$23.5 par due 11/2023)	6.16% (Libor + 4.75%/Q)	11/10/2017	23.5	23.3(3)(17)	
		Second lien senior secured loan (\$27.5 par due 11/2024)	9.91% (Libor + 8.50%/Q)	11/10/2017	27.5	27.2(2)(17)	
					51.0	50.5	
Graphpad Software, LLC(21)	Provider of data analysis, statistics, and visualization software solutions for scientific research applications	First lien senior secured revolving loan (\$0.6 par due 12/2023)	7.66% (Libor + 6.00%/Q)	12/21/2017	0.6	0.6(2)(17)	
		First lien senior secured loan (\$8.8 par due 12/2023)	7.66% (Libor + 6.00%/Q)	12/21/2017	8.8	8.7(2)(17)	
					9.4	9.3	
GTCR-Ultra Acquisition, Inc. and GTCR-Ultra Holdings, LLC(21)	Provider of payment processing and merchant acquiring solutions	First lien senior secured loan (\$8.9 par due 8/2024)	7.37% (Libor + 6.00%/Q)	8/1/2017	8.9	8.9(4)(17)	
		Class A-2 units (911 units)		8/1/2017	0.9	1.0(2)	
		Class B units (2,878,372 units)		8/1/2017		(2)	
					9.8	9.9	
HAI Acquisition Corporation and Aloha Topco, LLC(21)	Professional employer organization provider of human resources, compliance and risk management services	First lien senior secured revolving loan (\$4.7 par due 11/2023)	7.38% (Libor + 6.00%/Q)	11/1/2017	4.7	4.7(2)(17)	
		First lien senior secured loan (\$81.4 par due 11/2024)	9.50% (Base Rate + 5.00%/Q)	11/1/2017	81.4	80.6(2)(17)	
		Class A units (16,980 units)		11/1/2017	1.7	1.7(2)	
					87.8	87.0	
IfByPhone Inc.	Voice-based marketing automation software provider	Warrant to purchase up to 124,300 shares of Series C preferred stock (expires 10/2022)		10/15/2012	0.1	0.1(2)	
				12/13/2017	8.0	7.9(2)(17)	

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Implementation Management Assistance, LLC(21)	Revenue cycle consulting firm to the healthcare industry	First lien senior secured loan (\$8.0 par due 12/2023)	5.46% (Libor + 4.00%/Q)			
Infogix, Inc. and Infogix Parent Corporation	Enterprise data analytics and integrity software solutions provider	First lien senior secured loan (\$51.6 par due 12/2021)	8.44% (Libor + 6.75%/Q)	1/3/2017	51.6	51.6(2)(12)(17)
		First lien senior secured loan (\$34.9 par due 12/2021)	8.44% (Libor + 6.75%/Q)	1/3/2017	34.9	34.9(3)(12)(17)
		Series A preferred stock (2,475 shares)		1/3/2017	2.5	2.9
		Common stock (1,297,768 shares)		1/3/2017		0.3
					89.0	89.7
Inmar, Inc.	Technology-driven solutions provider for retailers, wholesalers and manufacturers	Second lien senior secured loan (\$28.3 par due 5/2025)	9.42% (Libor + 8.00%/Q)	4/25/2017	27.9	28.3(2)(17)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
InterVision Systems, LLC and InterVision Holdings, LLC	Provider of cloud based IT solutions, infrastructure and services	First lien senior secured loan (\$24.7 par due 5/2022)	9.79% (Libor + 7.95%/Q)	5/31/2017	24.7	24.7(2)(17)	
		First lien senior secured loan (\$10.0 par due 5/2022)	9.79% (Libor + 7.95%/Q)	5/31/2017	10.0	10.0(4)(17)	
		Class A membership units (1,000 units)		5/31/2017	1.0	1.4	
					35.7	36.1	
iParadigms Holdings, LLC	Anti-plagiarism software provider to the education market	Second lien senior secured loan (\$37.5 par due 7/2022)	8.94% (Libor + 7.25%/Q)	1/3/2017	36.8	36.7(2)(17)	
iPipeline, Inc., Internet Pipeline, Inc., iPipeline Limited and iPipeline Holdings, Inc.(21)	Provider of SaaS-based software solutions to the insurance and financial services industry	First lien senior secured loan (\$7.5 par due 8/2022)	7.74% (Libor + 6.25%/Q)	6/15/2017	7.4	7.5(2)(17)	
		First lien senior secured loan (\$9.1 par due 8/2022)	7.74% (Libor + 6.25%/Q)	9/15/2017	9.1	9.1(2)(17)	
		First lien senior secured loan (\$46.4 par due 8/2022)	8.60% (Libor + 7.25%/Q)	8/4/2015	46.4	46.4(3)(17)	
		First lien senior secured loan (\$14.7 par due 8/2022)	8.60% (Libor + 7.25%/Q)	8/4/2015	14.7	14.7(4)(17)	
		First lien senior secured loan (\$12.2 par due 8/2022)	8.07% (Libor + 6.50%/Q)	12/18/2017	12.0	12.2(2)(9)(17)	
		Preferred stock (1,100 shares)		8/4/2015	1.1	3.5(2)	
		Common stock (668,781 shares)		8/4/2015		(2)	
					90.7	93.4	
IQMS	Provider of enterprise resource planning and manufacturing execution software for small and mid-sized manufacturers	First lien senior secured loan (\$4.0 par due 3/2022)	9.82% (Libor + 8.25%/Q)	3/28/2017	4.0	4.0(2)(17)	
		First lien senior secured loan (\$18.8 par due 3/2022)	9.82% (Libor + 8.25%/Q)	3/28/2017	18.8	18.8(3)(17)	
		First lien senior secured loan (\$15.0 par due 3/2022)	9.82% (Libor + 8.25%/Q)	3/28/2017	15.0	15.0(4)(17)	
					37.8	37.8	
Iron Bow Technologies, LLC	Provider and value added reseller of information technology products and solutions	Second lien senior secured loan (\$10.0 par due 2/2021)	13.11% (Libor + 10.00% Cash, 1.75% PIK/Q)	1/3/2017	10.0	10.0(2)(17)	
IronPlanet, Inc.				9/23/2013	0.2	0.4(2)	

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Online auction  
platform provider for  
used heavy equipment

Warrant to purchase to  
up to 133,333 shares of  
Series C preferred stock  
(expires 9/2023)

LLSC Holdings Corporation (dba Lawrence Merchandising Services)(8)	Marketing services provider	Series A preferred stock (9,000 shares)	1/3/2017	19.2	18.2
		Common stock (1,000 shares)	1/3/2017		
				19.2	18.2

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
Miles 33 (Finance) Limited(8)(9)	Software provider to the regional media industry and magazines	First lien senior secured loan (\$0.4 par due 9/2018)	7.00% (EURIBOR + 3.50% Cash, 3.00% PIK/Q)	1/3/2017	0.3	0.4		
		First lien senior secured loan (\$4.1 par due 9/2018)	7.00% (EURIBOR + 3.50% Cash, 3.00% PIK/Q)	1/3/2017	3.7	4.1		
		Senior subordinated loan (\$17.4 par due 9/2021)	5.00% (EURIBOR + 4.50%/Q)	1/3/2017	9.9	13.4		
		Preferred stock (19,500,000 shares)		1/3/2017				
		Preferred stock (900,000 shares)		1/3/2017				
		Common stock (600,000 shares)		1/3/2017				
							13.9	17.9
Ministry Brands, LLC and MB Parent HoldCo, L.P.(21)	Software and payment services provider to faith-based institutions	First lien senior secured revolving loan (\$10.9 par due 12/2022)	6.57% (Libor + 5.00%/Q)	12/2/2016	10.9	10.9(2)(17)		
		First lien senior secured loan (\$1.7 par due 12/2022)	6.57% (Libor + 5.00%/Q)	8/22/2017	1.7	1.7(2)(17)		
		First lien senior secured loan (\$1.4 par due 12/2022)	6.38% (Libor + 5.00%/Q)	8/22/2017	1.4	1.4(2)(17)		
		First lien senior secured loan (\$10.6 par due 12/2022)	6.38% (Libor + 5.00%/Q)	4/6/2017	10.6	10.6(2)(17)		
		First lien senior secured loan (\$16.7 par due 12/2022)	6.38% (Libor + 5.00%/Q)	4/6/2017	16.5	16.7(2)(17)		
		Second lien senior secured loan (\$4.6 par due 6/2023)	10.82% (Libor + 9.25%/Q)	8/22/2017	4.6	4.6(2)(17)		
		Second lien senior secured loan (\$1.6 par due 6/2023)	10.60% (Libor + 9.25%/Q)	8/22/2017	1.6	1.6(2)(17)		
		Second lien senior secured loan (\$5.1 par due 6/2023)	10.63% (Libor + 9.25%/Q)	8/22/2017	5.1	5.1(2)(17)		
		Second lien senior secured loan (\$16.6 par due 6/2023)	10.63% (Libor + 9.25%/Q)	12/2/2016	16.6	16.6(2)(17)		
		Second lien senior secured loan (\$4.7 par due 6/2023)	10.63% (Libor + 9.25%/Q)	4/6/2017	4.7	4.7(2)(17)		
		Second lien senior secured loan (\$9.2 par due 6/2023)	10.63% (Libor + 9.25%/Q)	4/6/2017	9.2	9.2(2)(17)		
		Second lien senior secured loan (\$90.0 par due 6/2023)	10.63% (Libor + 9.25%/Q)	12/2/2016	89.3	90.0(2)(17)		
		Class A units (500,000 units)		12/2/2016	5.0	6.8(2)		
							177.2	179.9
		MVL Group, Inc.(8)	Marketing research provider	Common stock (560,716 shares)		4/1/2010		(2)

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NAS, LLC, Nationwide Marketing Group, LLC and Nationwide Administrative Services, Inc.	Buying and marketing services organization for appliance, furniture and consumer electronics dealers	Second lien senior secured loan (\$24.1 par due 12/2021)	10.32% (Libor + 9.00%/Q)	6/1/2015	24.1	24.1(2)(17)
Novetta Solutions, LLC	Provider of advanced analytics solutions for the government, defense and commercial industries	First lien senior secured loan (\$12.7 par due 10/2022)	6.70% (Libor + 5.00%/Q)	1/3/2017	12.3	12.1(2)(17)
		Second lien senior secured loan (\$31.0 par due 10/2023)	10.20% (Libor + 8.50%/Q)	1/3/2017	28.4	27.9(2)(17)
					40.7	40.0
Palermo Finance Corporation(21)	Provider of mission-critical integrated public safety software and services to local, state and federal agencies	First lien senior secured revolving loan		4/17/2017		(19)
		First lien senior secured loan (\$11.0 par due 4/2023)	5.85% (Libor + 4.50%/Q)	4/17/2017	10.9	11.0(4)(17)
		Second lien senior secured loan (\$54.3 par due 10/2023)	9.85% (Libor + 8.50%/Q)	4/17/2017	54.3	54.3(2)(17)
					65.2	65.3

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Park Place Technologies, LLC	Provider of third party hardware maintenance and support services for IT data centers	Second lien senior secured loan (\$41.5 par due 12/2022)	10.54% (Libor + 9.00%/Q)	1/3/2017	41.5	41.5(2)(17)	
PayNearMe, Inc.	Electronic cash payment system provider	Warrant to purchase up to 195,726 shares of Series E preferred stock (expires 3/2023)		3/11/2016	0.2	(5)	
PDI TA Holdings, Inc.(21)	Provider of enterprise management software for the convenience retail and petroleum wholesale markets	First lien senior secured revolving loan (\$0.9 par due 8/2023)	8.25% (Base Rate + 3.75%/Q)	8/25/2017	0.9	0.9(2)(17)	
		First lien senior secured loan (\$3.7 par due 8/2023)	6.32% (Libor + 4.75%/Q)	8/25/2017	3.7	3.7(2)(17)	
		First lien senior secured loan (\$26.4 par due 8/2023)	6.21% (Libor + 4.75%/Q)	8/25/2017	26.4	26.1(2)(17)	
		Second lien senior secured loan (\$8.2 par due 8/2024)	10.32% (Libor + 8.75%/Q)	8/25/2017	8.2	8.1(2)(17)	
		Second lien senior secured loan (\$66.8 par due 8/2024)	10.21% (Libor + 8.75%/Q)	8/25/2017	66.8	66.1(2)(17)	
					106.0	104.9	
PHL Investors, Inc., and PHL Holding Co.(8)	Mortgage services	Class A common stock (576 shares)		7/31/2012	3.8	(2)	
PHNTM Holdings, Inc. and Planview Parent, Inc.	Provider of project and portfolio management software	First lien senior secured loan (\$5.1 par due 1/2023)	6.82% (Libor + 5.25%/Q)	12/7/2017	5.1	5.1(2)(17)	
		First lien senior secured loan (\$31.6 par due 1/2023)	6.82% (Libor + 5.25%/Q)	1/27/2017	31.1	31.6(2)(17)	
		First lien senior secured loan (\$5.0 par due 1/2023)	6.82% (Libor + 5.25%/Q)	1/27/2017	4.9	5.0(4)(17)	
		Second lien senior secured loan (\$62.0 par due 7/2023)	11.32% (Libor + 9.75%/Q)	1/27/2017	61.2	62.0(2)(17)	
		Class A common shares (990 shares)		1/27/2017	1.0	1.1(2)	
		Class B common shares (168,329 shares)		1/27/2017		0.2(2)	
					103.3	105.0	
Poplicus Incorporated	Business intelligence and market analytics platform for companies that sell to the public sector	Warrant to purchase up to 2,402,991 shares of Series C preferred stock (expires 6/2025)		6/25/2015	0.1	(5)	
PowerPlan, Inc. and Project Torque Ultimate Parent Corporation	Fixed asset financial management software provider	Second lien senior secured loan (\$30.0 par due 2/2023)	10.57% (Libor + 9.00%/Q)	2/23/2015	29.8	30.0(2)(17)	
		Second lien senior secured loan (\$50.0 par due 2/2023)	10.57% (Libor + 9.00%/Q)	2/23/2015	49.7	50.0(3)(17)	

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		Class A common stock (1,697 shares)	2/23/2015	1.7	3.3(2)
		Class B common stock (989,011 shares)	2/23/2015		(2)
				81.2	83.3
Project Alpha Intermediate Holding, Inc. and Qlik Parent, Inc.	Provider of data visualization software for data analytics	Class A common shares (7,444 shares)	8/22/2016	7.4	7.6(2)
		Class B common shares (1,841,608.69 shares)	8/22/2016	0.1	(2)
				7.5	7.6
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)	5/29/2007	0.2	0.3(2)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
SCM Insurance Services Inc.(9)(21)	Provider of claims management, claims investigation & support and risk management solutions for the Canadian property and casualty insurance industry	First lien senior secured loan (\$21.5 par due 8/2024)	6.35% (Libor + 5.00%/Q)	8/29/2017	21.5	21.2(2)(17)	
		Second lien senior secured loan (\$60.5 par due 3/2025)	10.35% (Libor + 9.00%/Q)	8/29/2017	60.5	59.9(2)(17)	
					82.0	81.1	
Shift PPC LLC(21)	Digital solutions provider	First lien senior secured loan (\$1.7 par due 12/2021)	7.57% (Libor + 6.00%/Q)	12/22/2016	1.7	1.7(4)(17)	
		First lien senior secured loan (\$3.3 par due 12/2021)	7.69% (Libor + 6.00%/Q)	12/22/2016	3.3	3.3(4)(17)	
		First lien senior secured loan (\$5.0 par due 12/2021)	7.84% (Libor + 6.00%/Q)	12/22/2016	5.0	5.0(4)(17)	
					10.0	10.0	
Sparta Systems, Inc., Project Silverback Holdings Corp. and Silverback Holdings, Inc.(21)	Quality management software provider	Second lien senior secured loan (\$20.0 par due 8/2025)	9.69% (Libor + 8.25%/Q)	8/21/2017	19.6	19.8(2)(17)	
		Series B preferred shares (10,084 shares)		8/21/2017	1.1	1.1	
					20.7	20.9	
Talari Networks, Inc.	Networking equipment provider	First lien senior secured loan (\$6.0 par due 10/2019)	10.88% (Libor + 9.50%/M)	8/3/2015	6.0	5.7(5)(17)	
		Warrant to purchase up to 421,052 shares of Series D-1 preferred stock (expires 8/2022)		8/3/2015	0.1	0.1(5)	
					6.1	5.8	
The Gordian Group, Inc.(21)	Construction software and service provider	First lien senior secured loan (\$8.4 par due 7/2019)	6.14% (Libor + 4.50%/Q)	1/3/2017	8.3	8.4(3)(17)	
		First lien senior secured loan (\$3.2 par due 7/2019)	6.14% (Libor + 4.50%/Q)	1/3/2017	3.1	3.2(4)(17)	
		First lien senior secured loan (\$8.9 par due 7/2019)	5.86% (Libor + 4.50%/Q)	1/3/2017	8.8	8.9(3)(17)	
		First lien senior secured loan (\$3.4 par due 7/2019)	5.86% (Libor + 4.50%/Q)	1/3/2017	3.3	3.4(4)(17)	
		First lien senior secured loan (\$7.8 par due 7/2019)	5.95% (Libor + 4.50%/Q)	1/3/2017	7.6	7.8(3)(17)	
		First lien senior secured loan (\$2.9 par due 7/2019)	5.95% (Libor + 4.50%/Q)	1/3/2017	2.9	2.9(4)(17)	

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			7/2019)	
			34.0	34.6
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC(8)	Healthcare compliance advisory services	Senior subordinated loan (\$10.5 par due 3/2017)	3/5/2013	(2)(16)
		Class A units (14,293,110 units)	6/26/2008	(2)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
UL Holding Co., LLC(7)	Provider of collection and landfill avoidance solutions for food waste and unsold food products	Senior subordinated loan (\$2.8 par due 5/2020)	10.00% PIK	4/30/2012	0.9	2.8(2)			
		Senior subordinated loan (\$0.4 par due 5/2020)		4/30/2012	0.1	0.4(2)			
		Senior subordinated loan (\$6.2 par due 5/2020)	10.00% PIK	4/30/2012	1.9	6.2(2)			
		Senior subordinated loan (\$0.5 par due 5/2020)		4/30/2012	0.2	0.5(2)			
		Senior subordinated loan (\$24.5 par due 5/2020)	10.00% PIK	4/30/2012	7.6	24.5(2)			
		Senior subordinated loan (\$3.8 par due 5/2020)		4/30/2012	1.2	3.8(2)			
		Class A common units (533,351 units)		6/17/2011	5.0	2.8(2)			
		Class B-5 common units (272,834 units)		6/17/2011	2.5	1.4(2)			
		Class C common units (758,546 units)		4/25/2008			(2)		
		Warrant to purchase up to 719,044 shares of Class A units		5/2/2014			(2)		
		Warrant to purchase up to 28,663 shares of Class B-1 units		5/2/2014			(2)		
		Warrant to purchase up to 57,325 shares of Class B-2 units		5/2/2014			(2)		
		Warrant to purchase up to 29,645 shares of Class B-3 units		5/2/2014			(2)		
		Warrant to purchase up to 80,371 shares of Class B-5 units		5/2/2014			(2)		
		Warrant to purchase up to 59,655 shares of Class B-6 units		5/2/2014			(2)		
		Warrant to purchase up to 1,046,713 shares of Class C units		5/2/2014			(2)		
							19.4	42.4	
		Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,713,546 units)		12/13/2013	4.5	3.4	
		Visual Edge Technology, Inc.	Provider of outsourced office solutions with a focus on printer and copier equipment and other parts and supplies	First lien senior secured loan (\$1.2 par due 8/2022)	7.32% (Libor + 5.75%/Q)	8/31/2017	1.2	1.2(2)(17)	
				First lien senior secured loan (\$3.8 par due 8/2022)	7.13% (Libor + 5.75%/Q)	8/31/2017	3.8	3.8(2)(17)	
First lien senior secured loan (\$10.0 par due 8/2022)	7.23% (Libor + 5.75%/Q)			8/31/2017	10.0	10.0(2)(17)			
	12.50% PIK			8/31/2017	37.6	39.0(2)			

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Senior subordinated loan (\$41.5 par due 9/2024)	8/31/2017		0.9(2)
Warrant to purchase up to 1,816,089 shares of common stock (expires 8/2027)	8/31/2017	4.1	4.4(2)
Warrant to purchase up to 2,070,511 shares of preferred stock (expires 8/2027)			
		56.7	59.3

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
VRC Companies, LLC(21)	Provider of records and information management services	First lien senior secured revolving loan (\$0.8 par due 3/2022)	10.00% (Base Rate + 5.50%/Q)	4/17/2017	0.8	0.8(2)(17)			
		First lien senior secured loan (\$1.4 par due 3/2023)	7.82% (Libor + 6.50%/Q)	4/17/2017	1.4	1.4(2)(17)			
		First lien senior secured loan (\$0.2 par due 3/2023)	8.03% (Libor + 6.50%/Q)	4/17/2017	0.2	0.2(2)(17)			
		First lien senior secured loan (\$0.4 par due 3/2023)	7.93% (Libor + 6.50%/Q)	10/3/2017	0.4	0.4(2)(17)			
		First lien senior secured loan (\$0.3 par due 3/2023)	7.98% (Libor + 6.50%/Q)	10/3/2017	0.3	0.3(2)(17)			
		First lien senior secured loan (\$0.3 par due 3/2023)	8.03% (Libor + 6.50%/Q)	10/3/2017	0.3	0.3(2)(17)			
		First lien senior secured loan (\$5.5 par due 3/2023)	8.12% (Libor + 6.50%/Q)	4/17/2017	5.5	5.5(2)(17)			
						8.9	8.9		
		WorldPay Group PLC(9)	Payment processing company	C2 shares (73,974 shares)		10/21/2015		(24)	
		Zywave, Inc.(21)	Provider of software and technology-enabled content and analytical solutions to insurance brokers	First lien senior secured revolving loan (\$1.3 par due 11/2022)	6.57% (Libor + 5.00%/Q)	11/17/2016	1.3	1.3(2)(17)	
First lien senior secured revolving loan (\$1.0 par due 11/2022)	8.50% (Base Rate + 4.00%/Q)			11/17/2016	1.0	1.0(2)(17)			
Second lien senior secured loan (\$27.0 par due 11/2023)	10.42% (Libor + 9.00%/Q)			11/17/2016	27.0	27.0(2)(17)			
					29.3	29.3			
					2,235.8	2,267.3	31.94%		
<b>Consumer Products</b>									
Badger Sportswear Acquisition, Inc.	Provider of team uniforms and athletic wear	Second lien senior secured loan (\$56.8 par due 3/2024)	10.46% (Libor + 9.00%/Q)	9/6/2016	56.7	56.8(2)(17)			
BRG Sports, Inc.	Designer, manufacturer and licensor of branded sporting goods	Preferred stock (2,009 shares)		1/3/2017					
		Common stock (6,566,655 shares)		1/3/2017		0.3			
						0.3			
Consumer Health Parent LLC	Developer and marketer of over-the-counter cold remedy products	Preferred units (1,072 units)		12/15/2017	1.1	1.1(2)			

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		Series A units (1,072 units)		12/15/2017		(2)
					1.1	1.1
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	Common units (421 units)		4/24/2014	4.2	1.0(2)
Implus Footcare, LLC	Provider of footwear and other accessories	First lien senior secured loan (\$14.6 par due 4/2021)	8.44% (Libor + 6.75%/Q)	6/1/2017	14.6	14.6(2)(17)
		First lien senior secured loan (\$77.5 par due 4/2021)	8.44% (Libor + 6.75%/Q)	6/1/2017	77.5	77.5(2)(17)
		First lien senior secured loan (\$19.9 par due 4/2021)	8.44% (Libor + 6.75%/Q)	6/1/2017	19.9	19.9(4)(17)
					112.0	112.0
Indra Holdings Corp.	Designer, marketer, and distributor of rain and cold weather products	Second lien senior secured loan (\$80.0 par due 11/2021)		5/1/2014	76.9	43.6(2)(16)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc.	Provider of branded lawn and garden products	Second lien senior secured loan (\$2.0 par due 6/2021)	9.41% (Libor + 7.99%/Q)	12/23/2014	2.0	2.0(2)(17)	
		Second lien senior secured loan (\$54.0 par due 6/2021)	9.41% (Libor + 7.99%/Q)	12/23/2014	53.8	54.0(3)(17)	
		Second lien senior secured loan (\$10.0 par due 6/2021)	9.41% (Libor + 7.99%/Q)	12/23/2014	10.0	10.0(4)(17)	
		Common stock (30,000 shares)		12/23/2014	3.0	6.0(2)	
					68.8	72.0	
Rug Doctor, LLC and RD Holdco Inc.(8)	Manufacturer and marketer of carpet cleaning machines	Second lien senior secured loan (\$16.9 par due 12/2018)	11.42% (Libor + 9.75%/Q)	1/3/2017	16.9	16.9(2)(17)	
		Common stock (458,596 shares)		1/3/2017	14.0	10.8	
		Warrant to purchase up to 56,372 shares of common stock (expires 12/2023)		1/3/2017			
					30.9	27.7	
S Toys Holdings LLC (fka The Step2 Company, LLC)(8)	Toy manufacturer	Class B common units (126,278,000 units)		10/30/2014		0.5(2)	
		Common units (1,116,879 units)		4/1/2011			
		Warrant to purchase up to 3,157,895 units		4/1/2010			
						0.5	
SHO Holding I Corporation	Manufacturer and distributor of slip resistant footwear	Second lien senior secured loan (\$100.0 par due 4/2023)	9.92% (Libor + 8.50%/Q)	10/27/2015	98.2	92.0(2)(17)	
Shock Doctor, Inc. and Shock Doctor Holdings, LLC(7)	Developer, marketer and distributor of sports protection equipment and accessories	Second lien senior secured loan (\$89.4 par due 10/2021)	11.86% (Libor + 10.50%/Q)	4/22/2015	89.4	82.3(2)(17)	
		Class A preferred units (50,000 units)		3/14/2014	5.0	1.9(2)	
		Class C preferred units (50,000 units)		4/22/2015	5.0	1.9(2)	
					99.4	86.1	
Singer Sewing Company	Manufacturer of consumer sewing machines	First lien senior secured loan (\$174.5 par due 12/2017)	9.19% (Libor + 7.00% Cash, 0.50% PIK/Q)	7/26/2017	174.5	165.7(2)(17)	
Varsity Brands Holding Co., Inc., Hercules Achievement, Inc., Hercules Achievement Holdings, Inc. and Hercules VB	Leading manufacturer and distributor of textiles, apparel & luxury goods	Second lien senior secured loan (\$122.7 par due 12/2025)	9.82% (Libor + 8.25%/Q)	12/15/2017	122.7	122.7(2)(17)	

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Holdings, Inc.

Common stock (3,548,841 shares)	12/11/2014	3.8	6.1(2)
Common stock (3,548,841 shares)	12/11/2014	4.3	6.1(2)

130.8 134.9

Woodstream Group, Inc. and Woodstream Corporation(21)	Pet products manufacturer	First lien senior secured loan (\$1.0 par due 5/2022)	7.69% (Libor + 6.25%/Q)	6/21/2017	1.0	1.0(2)(17)
		First lien senior secured loan (\$2.0 par due 5/2022)	7.69% (Libor + 6.25%/Q)	6/21/2017	2.0	2.0(4)(17)
		First lien senior secured loan (\$3.1 par due 5/2022)	7.89% (Libor + 6.25%/Q)	6/21/2017	3.1	3.1(2)(17)
		First lien senior secured loan (\$6.2 par due 5/2022)	7.89% (Libor + 6.25%/Q)	6/21/2017	6.2	6.2(4)(17)
					12.3	12.3
			865.8	806.0	11.36%	

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Company(1) Other Services	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
American Residential Services L.L.C.	Heating, ventilation and air conditioning services provider	Second lien senior secured loan (\$67.0 par due 12/2022)	9.57% (Libor + 8.00%/Q)	6/30/2014	66.7	66.3(2)(17)	
Associated Asphalt Partners, LLC	Provider of asphalt terminalling, storage and distribution	First lien senior secured loan (\$4.2 par due 4/2024)	6.82% (Libor + 5.25%/Q)	3/30/2017	4.2	3.8(2)(17)	
Champion Parent Corporation and Calera XVI, LLC(8)	Endurance sports media and event operator	First lien senior secured revolving loan (\$0.7 par due 11/2018)		11/30/2012		(2)(16)	
		First lien senior secured loan (\$5.9 par due 11/2018)		11/30/2012	0.9	0.2(2)(16)	
		Preferred shares (18,875 shares)		3/25/2016		(2)	
		Membership units (2,522,512 units)		11/30/2012		(2)	
		Common shares (114,000 shares)		3/25/2016		(2)	
					0.9	0.2	
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC(7)(21)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan (\$2.0 par due 12/2021)	7.82% (Libor + 6.25%/Q)	3/13/2014	2.0	2.0(2)(17)(20)	
		First lien senior secured loan (\$12.0 par due 12/2021)	7.82% (Libor + 6.25%/Q)	4/6/2017	12.0	12.0(2)(17)	
		First lien senior secured loan (\$5.0 par due 12/2021)	7.82% (Libor + 6.25%/Q)	3/13/2014	5.0	5.0(2)(17)	
		First lien senior secured loan (\$5.2 par due 12/2021)	7.82% (Libor + 6.25%/Q)	3/13/2014	5.2	5.2(3)(17)	
		Class A preferred units (2,475,000 units)		3/13/2014	2.5	3.9(2)	
		Class B common units (275,000 units)		3/13/2014	0.3	0.4(2)	
							27.0
CST Buyer Company (d/b/a Intoxalock)(21)	Provider of ignition interlock devices	First lien senior secured loan (\$11.3 par due 3/2023)	7.75% (Libor + 6.25%/Q)	3/1/2017	11.0	11.3(2)(17)	
Dwyer Acquisition Parent, Inc. and TDG Group Holding Company	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$52.7 par due 2/2020)	11.00%	8/15/2014	52.7	52.7(2)	
		Senior subordinated loan (\$23.5 par due 2/2020)	11.00%	5/1/2017	23.5	23.5(2)	
		Senior subordinated loan (\$31.5 par due 2/2020)	11.00%	6/12/2015	31.5	31.5(2)	
		Common stock (32,843 shares)		8/15/2014	2.2	5.1(2)	

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					109.9	112.8
Massage Envy, LLC and ME Equity LLC(21)	Franchisor in the massage industry	First lien senior secured revolving loan (\$0.5 par due 9/2020)	8.44% (Libor + 6.75%/Q)	6/28/2017	0.5	0.5(2)(17)
		First lien senior secured loan (\$0.3 par due 9/2020)	8.23% (Libor + 6.75%/Q)	4/12/2017	0.3	0.3(2)(17)
		First lien senior secured loan (\$1.0 par due 9/2020)	8.24% (Libor + 6.75%/Q)	4/12/2017	1.0	1.0(2)(17)
		First lien senior secured loan (\$0.1 par due 9/2020)	10.00% (Base Rate + 5.50%/Q)	4/12/2017	0.1	0.1(2)(17)
		First lien senior secured loan (\$0.3 par due 9/2020)	8.11% (Libor + 6.75%/Q)	7/27/2017	0.3	0.3(2)(17)
		First lien senior secured loan (\$0.5 par due 9/2020)	8.23% (Libor + 6.75%/Q)	7/27/2017	0.5	0.5(2)(17)
		First lien senior secured loan (\$38.5 par due 9/2020)	8.37% (Libor + 6.75%/Q)	9/27/2012	38.5	38.5(3)(17)
		First lien senior secured loan (\$18.7 par due 9/2020)	8.37% (Libor + 6.75%/Q)	9/27/2012	18.7	18.7(4)(17)
		Common stock (3,000,000 shares)		9/27/2012	3.0	4.2(2)
					62.9	64.1

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
McKenzie Sports Products, LLC(21)	Designer, manufacturer and distributor of hunting-related supplies	First lien senior secured revolving loan (\$0.9 par due 9/2020)	7.25% (Base Rate + 2.75%/Q)	9/18/2014	0.9	0.9(3)(17)	
		First lien senior secured loan (\$0.8 par due 9/2020)	7.44% (Libor + 5.75%/Q)	9/18/2014	0.8	0.8(3)(13)(17)	
		First lien senior secured loan (\$2.5 par due 9/2020)	5.32% (Libor + 3.75%/Q)	9/18/2014	2.5	2.5(3)(17)	
		First lien senior secured loan (\$2.2 par due 9/2020)	5.44% (Libor + 3.75%/Q)	9/18/2014	2.2	2.2(3)(17)	
		First lien senior secured loan (\$84.5 par due 9/2020)	7.44% (Libor + 5.75%/Q)	9/18/2014	84.5	84.5(3)(13)(17)	
					90.9	90.9	
MSHC, Inc.(21)	Heating, ventilation and air conditioning services provider	First lien senior secured revolving loan (\$0.1 par due 7/2022)	7.75% (Base Rate + 3.25%/Q)	7/31/2017	0.1	0.1(2)(17)	
		First lien senior secured loan (\$1.1 par due 7/2023)	5.92% (Libor + 4.25%/Q)	7/31/2017	1.1	1.1(2)(17)	
		First lien senior secured loan (\$3.2 par due 7/2023)	5.94% (Libor + 4.25%/Q)	7/31/2017	3.1	3.2(2)(17)	
		Second lien senior secured loan (\$46.0 par due 7/2024)	9.94% (Libor + 8.25%/Q)	7/31/2017	46.0	46.0(2)(17)	
					50.3	50.4	
OpenSky Project, Inc. and OSP Holdings, Inc.	Social commerce platform operator	Warrant to purchase up to 159,496 shares of Series D preferred stock (expires 4/2025)		6/29/2015		(2)	
Osmose Utilities Services, Inc.(21)	Provider of structural integrity management services to transmission and distribution infrastructure	First lien senior secured revolving loan		1/3/2017		(19)	
		Second lien senior secured loan (\$25.0 par due 8/2023)	9.44% (Libor + 7.75%/Q)	9/3/2015	24.6	25.0(2)(17)	
		Second lien senior secured loan (\$34.0 par due 8/2023)	9.44% (Libor + 7.75%/Q)	1/3/2017	33.4	34.0(2)(17)	
					58.0	59.0	
SocialFlow, Inc.	Social media optimization platform provider	Warrant to purchase up to 215,331 shares of Series C preferred stock (expires 1/2026)		1/13/2016		(5)	
SoundCloud Limited(9)	Platform for receiving, sending, and distributing music	Common stock (73,422 shares)		8/15/2017	0.4	0.7(2)	

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Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$175.0 par due 5/2023)	9.21% (Libor + 7.75%/Q)	6/23/2017	175.0	175.0(2)(17)
Tyden Cayman Holdings Corp.(9)	Producer and marketer of global cargo security, product identification and traceability products and utility meter products	Preferred stock (46,276 shares)		1/3/2017	0.4	0.4
		Common stock (5,521,203 shares)		1/3/2017	2.0	2.9
					2.4	3.3
VLS Recovery Services, LLC(21)	Provider of commercial and industrial waste processing and disposal services	First lien senior secured revolving loan (\$1.6 par due 10/2023)	7.53% (Libor + 6.00%/Q)	10/17/2017	1.6	1.6(2)(17)(20)
		First lien senior secured loan (\$23.9 par due 10/2023)	7.53% (Libor + 6.00%/Q)	10/17/2017	23.9	23.7(2)(17)
		First lien senior secured loan (\$7.4 par due 10/2023)	7.35% (Libor + 6.00%/Q)	10/17/2017	7.4	7.4(2)(17)
		First lien senior secured loan (\$0.1 par due 10/2023)	9.50% (Base Rate + 5.00%/Q)	10/17/2017	0.1	0.1(2)(17)
					33.0	32.8

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$3.7 par due 5/2023)	8.57% (Libor + 7.00%/Q)	5/14/2015	3.7	3.7(2)(17)	
		Second lien senior secured loan (\$21.3 par due 5/2023)	8.57% (Libor + 7.00%/Q)	5/14/2015	21.0	21.1(2)(17)	
					24.7	24.8	
Wrench Group LLC(21)	Provider of essential home services to residential customers	First lien senior secured loan (\$4.0 par due 3/2022)	6.19% (Libor + 4.50%/Q)	1/31/2017	4.0	4.0(2)(17)	
		First lien senior secured loan (\$4.3 par due 3/2022)	5.85% (Libor + 4.50%/Q)	12/15/2017	4.3	4.3(2)(17)	
					8.3	8.3	
				725.6	732.2	10.32%	
<b>Manufacturing</b>							
Chariot Acquisition, LLC(21)	Aftermarket golf cart parts and accessories	First lien senior secured loan (\$18.4 par due 9/2021)	7.91% (Libor + 6.25%/Q)	1/3/2017	18.2	18.0(3)(17)	
		First lien senior secured loan (\$9.4 par due 9/2021)	7.91% (Libor + 6.25%/Q)	1/3/2017	9.3	9.2(4)(17)	
					27.5	27.2	
Component Hardware Group, Inc.(21)	Commercial equipment	First lien senior secured revolving loan (\$1.9 par due 7/2019)	6.19% (Libor + 4.50%/Q)	7/1/2013	1.9	1.9(2)(17)	
		First lien senior secured loan (\$7.9 par due 7/2019)	6.19% (Libor + 4.50%/Q)	7/1/2013	7.9	7.9(4)(17)	
					9.8	9.8	
Dorner Holding Corp.(21)	Manufacturer of precision unit conveyors	First lien senior secured revolving loan (\$1.3 par due 3/2022)	7.32% (Libor + 5.75%/Q)	3/15/2017	1.3	1.3(2)(17)	
		First lien senior secured loan (\$4.4 par due 3/2023)	7.32% (Libor + 5.75%/Q)	3/15/2017	4.4	4.4(2)(17)	
					5.7	5.7	
ECI Purchaser Company, LLC	Manufacturer of equipment to safely control pressurized gases	First lien senior secured loan (\$21.8 par due 12/2018)	7.09% (Libor + 5.25%/Q)	7/26/2017	21.8	21.5(2)(17)	
		First lien senior secured loan (\$88.7 par due 12/2018)	6.92% (Libor + 5.25%/Q)	7/26/2017	88.7	87.8(2)(17)	
		First lien senior secured loan (\$74.8 par due 12/2018)	6.92% (Libor + 5.25%/Q)	7/26/2017	74.8	74.0(3)(17)	
		First lien senior secured loan (\$0.3 par due 12/2018)	7.09% (Libor + 5.25%/Q)	7/26/2017	0.3	0.3(2)(17)	

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		First lien senior secured loan (\$0.2 par due 12/2018)	7.09% (Libor + 5.25%/Q)	7/26/2017	0.2	0.2(3)(17)
					185.8	183.8
ETG Holdings, Inc.(8)	Industrial woven products	Common stock (3,000 shares)		1/3/2017		
Harvey Tool Company, LLC(21)	Cutting tool provider to the metalworking industry	First lien senior secured revolving loan (\$1.8 par due 10/2023)	5.96% (Libor + 4.50%/Q)	10/12/2017	1.8	1.7(2)(17)
		First lien senior secured loan (\$40.8 par due 10/2024)	6.11% (Libor + 4.75%/Q)	10/12/2017	40.8	40.4(2)(17)
		Second lien senior secured loan (\$43.7 par due 10/2025)	10.02% (Libor + 8.50%/Q)	10/12/2017	43.7	43.2(2)(17)
					86.3	85.3

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Ioxus, Inc(7)	Energy storage devices	First lien senior secured loan (\$10.2 par due 12/2019)	12.00% PIK	4/29/2014	10.0	10.2(2)(15)	
		First lien senior secured loan (\$1.0 par due 12/2019)		4/29/2014	1.0	1.0(2)(15)	
		Series CC preferred stock (67,330,609 shares)		1/27/2017	0.7	(2)	
		Warrant to purchase up to 3,038,730 shares of common stock (expires 1/2026)		1/28/2016		(2)	
		Warrant to purchase up to 1,210,235 shares of Series BB preferred stock (expires 8/2026)		1/28/2016		(2)	
		Warrant to purchase up to 336,653,045 shares of Series CC preferred stock (expires 1/2027)		1/27/2017		(2)	
						11.7	11.2
KPS Global LLC	Walk-in cooler and freezer systems	First lien senior secured loan (\$1.7 par due 4/2022)	3.93% (Libor + 2.50%/Q)	4/5/2017	1.7	1.7(2)(17)	
		First lien senior secured loan (\$11.2 par due 4/2022)	7.18% (Libor + 5.75%/Q)	4/5/2017	11.2	11.0(2)(17)	
		First lien senior secured loan (\$5.6 par due 4/2022)	7.18% (Libor + 5.75%/Q)	4/5/2017	5.6	5.5(4)(17)	
					18.5	18.2	
MacLean-Fogg Company and MacLean-Fogg Holdings, L.L.C.	Manufacturer and supplier for the power utility and automotive markets worldwide	Senior subordinated loan (\$103.0 par due 10/2025)	10.50% Cash, 3.00% PIK	10/31/2013	103.0	103.0(2)	
		Preferred units (70,183 units)	4.50% Cash, 9.25% PIK	10/9/2015	76.3	76.3	
					179.3	179.3	
Niagara Fiber Intermediate Corp.(21)	Insoluble fiber filler products	First lien senior secured revolving loan (\$0.9 par due 5/2018)		5/8/2014		(2)(16)	
		First lien senior secured loan (\$5.9 par due 5/2018)		5/8/2014	0.2	(2)(16)	
		First lien senior secured loan (\$0.6 par due 5/2018)		5/8/2014		(2)(16)	
					0.2		
Nordco Inc.(21)	Railroad maintenance-of-way machinery	First lien senior secured revolving loan		8/26/2015		(19)	
Pelican Products, Inc.	Flashlights	Second lien senior secured loan (\$40.0 par	9.94% (Libor + 8.25%/Q)	4/11/2014	40.0	39.6(2)(17)	

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due 4/2021						
Sanders Industries Holdings, Inc. and SI Holdings, Inc.(21)	Elastomeric parts, mid-sized composite structures, and composite tooling	First lien senior secured loan (\$56.5 par due 5/2020)	7.38% (Libor + 6.00%/Q)	7/21/2017	56.5	55.4(2)(17)
		First lien senior secured loan (\$14.8 par due 5/2020)	7.38% (Libor + 6.00%/Q)	7/21/2017	14.8	14.5(4)(17)
		Common stock (1,500 shares)		5/30/2014	1.5	0.8(2)
					72.8	70.7
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1.0	(2)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Sonny's Enterprises, LLC(21)	Manufacturer and supplier of car wash equipment, parts and supplies to the conveyORIZED car wash market	First lien senior secured revolving loan (\$1.0 par due 12/2022)	6.30% (Libor + 4.75%/Q)	11/30/2017	1.0	1.0(2)(17)	
		First lien senior secured loan (\$0.9 par due 12/2022)	6.44% (Libor + 4.75%/Q)	12/5/2017	0.9	0.9(2)(17)	
		First lien senior secured loan (\$0.4 par due 12/2022)	6.44% (Libor + 4.75%/Q)	6/1/2017	0.4	0.4(2)(17)	
		First lien senior secured loan (\$0.2 par due 12/2022)	6.44% (Libor + 4.75%/Q)	5/3/2017	0.2	0.2(2)(17)	
		First lien senior secured loan (\$0.2 par due 12/2022)	6.44% (Libor + 4.75%/Q)	9/28/2017	0.2	0.2(2)(17)	
						2.7	2.7
Sunk Rock Foundry Partners LP, Hatteras Electrical Manufacturing Holding Company and Sigma Electric Manufacturing Corporation(21)	Manufacturer of metal castings, precision machined components and sub-assemblies in the electrical products, power transmission and distribution and general industrial markets	First lien senior secured revolving loan (\$1.5 par due 10/2022)	6.16% (Libor + 4.75%/Q)	10/31/2017	1.5	1.5(2)(17)	
		First lien senior secured loan (\$16.4 par due 10/2023)	6.13% (Libor + 4.75%/Q)	10/31/2017	16.4	16.2(2)(17)	
		First lien senior secured loan (\$9.3 par due 10/2023)	6.13% (Libor + 4.75%/Q)	10/31/2017	9.3	9.2(2)(17)	
						27.2	26.9
TPTM Merger Corp.(21)	Time temperature indicator products	First lien senior secured loan (\$10.5 par due 9/2018)	9.98% (Libor + 8.42%/Q)	9/12/2013	10.5	10.5(3)(17)	
		First lien senior secured loan (\$6.2 par due 9/2018)	9.98% (Libor + 8.42%/Q)	9/12/2013	6.2	6.2(4)(17)	
		First lien senior secured loan (\$6.5 par due 9/2018)	10.11% (Libor + 8.42%/Q)	9/12/2013	6.5	6.5(3)(17)	
		First lien senior secured loan (\$3.8 par due 9/2018)	10.11% (Libor + 8.42%/Q)	9/12/2013	3.8	3.8(4)(17)	
				27.0	27.0		
WP CPP Holdings, LLC	Precision engineered castings	Second lien senior secured loan (\$19.7 par due 4/2021)	9.13% (Libor + 7.75%/Q)	1/3/2017	18.8	19.3(2)(17)	
					714.3	706.7	9.96%
<b>Investment Funds and Vehicles</b>							

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ACAS Equity Holdings Corporation(8)(10)	Investment company	Common stock (589 shares)		1/3/2017	0.5	0.4
Ares IIR/IVR CLO Ltd.(8)(9)(10)	Investment vehicle	Subordinated notes (\$20.0 par due 4/2021)		1/3/2017		0.1
Blue Wolf Capital Fund II, L.P.(9)(10)	Investment partnership	Limited partnership interest (8.50% interest)		1/3/2017	3.0	3.5(24)
Carlyle Global Market Strategies CLO 2013-3(9)(10)	Investment vehicle	Subordinated notes (\$5.0 par due 10/2030)	15.00%	1/3/2017	2.6	3.2
Cent CLO 2014-22 Limited(9)(10)	Investment vehicle	Subordinated notes (\$45.4 par due 11/2026)	11.75%	1/3/2017	23.6	22.7
Centurion CDO 8 Limited(9)(10)	Investment vehicle	Subordinated notes (\$5.0 par due 3/2019)		1/3/2017		
CGMS 2015-3A(9)(10)	Investment vehicle	Subordinated notes (\$24.6 par due 7/2028)	10.00%	1/3/2017	19.2	18.9
CoLTs 2005-1 Ltd.(8)(9)(10)	Investment vehicle	Preferred shares (360 shares)		1/3/2017		
CoLTs 2005-2 Ltd.(8)(9)(10)	Investment vehicle	Preferred shares (34,170,000 shares)		1/3/2017		
CREST Exeter Street Solar 2004-1(9)(10)	Investment vehicle	Preferred shares (3,500,000 shares)		1/3/2017		

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Eaton Vance CDO X plc(9)(10)	Investment vehicle	Subordinated notes (\$15.0 par due 2/2027)	3.00%	1/3/2017	4.1	6.4	
European Capital UK SME Debt LP(8)(9)(10)(22)	Investment partnership	Limited partnership interest (45% interest)		1/3/2017	41.1	41.7	
Flagship CLO V(9)(10)	Investment vehicle	Subordinated notes (\$0.0 par due 9/2019)		1/3/2017			
Goldentree Loan Opportunities VII, Limited(9)(10)	Investment vehicle	Subordinated notes (\$35.3 par due 4/2025)	4.25%	1/3/2017	18.7	19.1	
Halcyon Loan Advisors Funding 2015-2 Ltd.(9)(10)	Investment vehicle	Subordinated notes (\$21.7 par due 7/2027)	16.35%	1/3/2017	14.0	11.3	
HCI Equity, LLC(8)(9)(10)	Investment company	Member interest (100.00% interest)		4/1/2010		0.1(24)	
Herbert Park B.V.(9)(10)	Investment vehicle	Subordinated notes (\$5.4 par due 10/2026)		1/3/2017	0.9	0.5	
Imperial Capital Private Opportunities, LP(10)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	1.0	15.1(2)	
LightPoint CLO VII, Ltd.(9)(10)	Investment vehicle	Subordinated notes (\$9.0 par due 5/2021)		1/3/2017			
Montgomery Lane, LLC and Montgomery Lane, Ltd.(8)(9)(10)	Investment company	Common stock (100 shares)		1/3/2017		0.6	
		Common stock (50,000 shares)		1/3/2017		0.6	
OAKC 2015-11(9)(10)	Investment vehicle	Subordinated notes (\$17.8 par due 10/2028)	9.50%	1/3/2017	14.3	13.0	
Partnership Capital Growth Fund I, L.P.(10)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006		0.1(2)(24)	
Partnership Capital Growth Investors III, L.P.(10)(22)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2.5	3.5(2)(24)	
PCG-Ares Sidecar Investment II, L.P.(10)(22)	Investment partnership	Limited partnership interest (100.00% interest)		10/31/2014	7.5	11.7(2)	
PCG-Ares Sidecar Investment, L.P.(10)(22)	Investment partnership	Limited partnership interest (100.00% interest)		5/22/2014	4.4	5.1(2)	
Piper Jaffray Merchant Banking Fund I, L.P.(10)(22)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	1.5	1.6(24)	
Qualium Investissement(9)(10)	Investment partnership	Class A common stock (9,900,000 shares)		1/3/2017	5.9	6.5(24)	
				1/3/2017	0.1	0.1(24)	

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		Class B common stock (100,000 shares)				
		Class C common stock (48,939 shares)		1/3/2017	0.1	0.1(24)
					6.1	6.7
Senior Direct Lending Program, LLC(8)(10)(23)	Co-investment vehicle	Subordinated certificates (\$487.1 par due 12/2036)	9.34% (Libor + 8.00%/Q)(18)	7/27/2016	487.1	487.1
		Member interest (87.50% interest)		7/27/2016		
					487.1	487.1
Vitesse CLO, Ltd.(9)(10)	Investment vehicle	Preferred shares (20,000,000 shares)		1/3/2017		
Voya CLO 2014-4 Ltd.(9)(10)	Investment vehicle	Subordinated notes (\$26.7 par due 10/2026)	10.50%	1/3/2017	17.0	18.6

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Table of Contents

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
VSC Investors LLC(10)	Investment company	Membership interest (1.95% interest)		1/24/2008	0.3	1.3(2)(24)	
					669.4	692.3	9.75%
<b>Financial Services</b>							
Callidus Capital Corporation(8)	Asset management services	Common stock (100 shares)		4/1/2010	3.0	1.7	
Ciena Capital LLC(8)(21)	Real estate and small business loan servicer	First lien senior secured revolving loan (\$14.0 par due 12/2017)	6.00%	11/29/2010	14.0	14.0(2)	
		Equity interests		11/29/2010	25.0	18.3(2)	
					39.0	32.3	
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28.0 par due 8/2022)	11.11% (Libor + 9.75%/Q)	5/10/2012	28.0	28.0(2)(17)	
DFC Global Facility Borrower II LLC(21)	Non-bank provider of alternative financial services	First lien senior secured revolving loan (\$75.0 par due 9/2022)	12.11% (Libor + 10.75%/Q)	9/27/2017	75.0	75.0(2)(17)	
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc.(7)	Debt collection services provider	Common stock (180 shares)		1/11/2017		(2)	
Gordian Group, LLC	Provider of products, services and software to organizations pursuing efficient and effective procurement and information solutions	Common stock (526 shares)		11/30/2012		(2)	
Imperial Capital Group LLC	Investment services	Class A common units (24,945 units)		5/10/2007	6.1	10.2(2)	
		2006 Class B common units (8,173 units)		5/10/2007		(2)	
					6.1	10.2	
Ivy Hill Asset Management, L.P.(8)(10)	Asset management services	Member interest (100.00% interest)		6/15/2009	244.0	315.1	
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC(10)	Asset-backed financial services company	First lien senior secured loan (\$18.6 par due 6/2017)	11.36% (Libor + 10.00%/Q)	6/24/2014	18.6	16.8(2)(17)	
LS DE LLC and LM LSQ Investors LLC(10)	Asset based lender	Senior subordinated loan (\$3.0 par due 6/2021)	10.50%	6/15/2017	3.0	3.0(2)	
		Senior subordinated loan (\$27.0 par due 6/2021)	10.50%	6/25/2015	27.0	27.0(2)	
		Membership units (3,275,000 units)		6/25/2015	3.3	3.9	
					33.3	33.9	

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447.0 513.0 7.23%

**Food and Beverage**

American Seafoods Group LLC and American Seafoods Partners LLC	Harvester and processor of seafood	Second lien senior secured loan (\$87.0 par due 2/2024) Class A units (77,922 units) Warrant to purchase up to 7,422,078 Class A units (expires 8/2035)	9.57% (Libor + 8.13%/Q)	8/21/2017  8/19/2015 8/19/2015	86.8 0.1 7.4	87.0(2)(17) 0.1(2) 10.1(2)
					94.3	97.2
Bakemark Holdings, Inc.	Manufacturer and distributor of specialty bakery ingredients	First lien senior secured loan (\$1.7 par due 8/2023)	6.94% (Libor + 5.25%/Q)	8/14/2017	1.7	1.7(2)(17)

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Table of Contents

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
DecoPac, Inc.(21)	Supplier of cake decorating solutions and products to in-store bakeries	First lien senior secured revolving loan (\$2.3 par due 9/2023)	5.94% (Libor + 4.25%/Q)	9/29/2017	2.3	2.2(2)(17)	
		First lien senior secured revolving loan (\$0.3 par due 9/2023)	5.89% (Libor + 4.25%/Q)	9/29/2017	0.3	0.3(2)(17)	
		First lien senior secured loan (\$8.4 par due 9/2024)	5.94% (Libor + 4.25%/Q)	9/29/2017	8.4	8.3(2)(17)	
					11.0	10.8	
Eagle Family Foods Group LLC	Manufacturer and producer of milk products	First lien senior secured loan (\$0.2 par due 12/2021)	5.69% (Libor + 4.00%/Q)	8/29/2017	0.2	0.2(2)(17)	
		First lien senior secured loan (\$7.9 par due 12/2021)	10.74% (Libor + 9.05%/Q)	9/11/2017	7.8	7.5(2)(17)	
		First lien senior secured loan (\$1.4 par due 12/2021)	10.74% (Libor + 9.05%/Q)	8/22/2016	1.4	1.3(2)(17)	
		First lien senior secured loan (\$20.2 par due 12/2021)	10.74% (Libor + 9.05%/Q)	8/22/2016	20.2	19.2(3)(17)	
		First lien senior secured loan (\$54.8 par due 12/2021)	10.74% (Libor + 9.05%/Q)	12/31/2015	54.5	52.0(3)(17)	
					84.1	80.2	
Edward Don & Company, LLC and VCP-EDC Co-Invest, LLC	Distributor of foodservice equipment and supplies	First lien senior secured loan (\$47.6 par due 9/2022)	10.00% (Libor + 8.50%/Q)	3/31/2017	47.6	47.6(2)(17)	
		Membership units (2,970,000 units)		6/9/2017	3.0	3.4	
					50.6	51.0	
FPI Holding Corporation(8)(21)	Distributor of fruits	First lien senior secured loan (\$0.7 par due 6/2018)		1/3/2017	0.4	0.4(16)	
Gehl Foods, LLC and GF Parent LLC	Producer of low-acid, aseptic food and beverage products	First lien senior secured loan (\$120.7 par due 6/2019)	7.88% (Libor + 6.50%/Q)	7/26/2017	120.7	120.7(2)(17)	
		Class A preferred units (2,940 units)		5/13/2015	2.9	1.9(2)	
		Class A common units (60,000 units)		5/13/2015	0.1	(2)	
		Class B common units (0.26 units)		5/13/2015		(2)	
					123.7	122.6	
JWC/KI Holdings, LLC	Foodservice sales and marketing agency	Membership units (5,000 units)		11/16/2015	5.0	5.3(2)	
Kettle Cuisine, LLC	Manufacturer of fresh refrigerated and frozen food products	Second lien senior secured loan (\$28.5 par due 2/2022)	11.21% (Libor + 9.75%/Q)	8/21/2015	28.5	28.5(2)(17)	

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NECCO Holdings, Inc. and New England Confectionery Company, Inc.(8)(21)	Producer and supplier of candy	First lien senior secured revolving loan (\$21.7 par due 1/2018)	1/3/2017	9.7	9.2(16)
		First lien senior secured loan (\$0.6 par due 8/2018)	11/20/2017	0.6	(16)
		First lien senior secured loan (\$10.9 par due 1/2018)	1/3/2017	0.9	1.3(16)
		First lien senior secured loan (\$0.7 par due 1/2018)	11/20/2017	0.7	0.1(16)
		Common stock (860,189 shares)	1/3/2017		
				11.9	10.6
RF HP SCF Investor, LLC(10)	Branded specialty food company	Membership interest (10.08% interest)	12/22/2016	12.5	14.4(2)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Teasdale Foods, Inc.(21)	Provider of beans, sauces and hominy to the retail, foodservice and wholesale channels	First lien senior secured revolving loan (\$0.2 par due 10/2020)	6.18% (Libor + 4.75%/Q)	6/30/2017	0.2	0.2(2)(17)	
		First lien senior secured revolving loan (\$0.2 par due 10/2020)	8.25% (Base Rate + 3.75%/Q)	6/30/2017	0.2	0.2(2)(17)	
		Second lien senior secured loan (\$33.6 par due 10/2021)	10.44% (Libor + 8.75%/Q)	1/3/2017	33.6	33.3(2)(17)	
		Second lien senior secured loan (\$21.3 par due 10/2021)	10.11% (Libor + 8.75%/Q)	1/3/2017	21.3	21.1(2)(17)	
		Second lien senior secured loan (\$31.5 par due 10/2021)	10.13% (Libor + 8.75%/Q)	1/3/2017	31.5	31.2(2)(17)	
						86.8	86.0
					510.5	508.7	7.17%
<b>Power Generation</b>							
Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan (\$3.4 par due 8/2017)		12/16/2013	3.3	0.4(2)(16)	
		Series 1B preferred stock (12,976 shares)		6/21/2016	0.2	(2)	
		Warrant to purchase up to 125,000 shares of Series 2 preferred stock (expires 12/2023)		6/30/2016	0.1	(2)	
					3.6	0.4	
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan (\$46.1 par due 12/2020)	5.00% Cash, 5.00% PIK	8/8/2014	46.1	42.4(2)	
		Warrant to purchase up to 4 units of common stock (expires 8/2018)		8/8/2014		(2)	
					46.1	42.4	
DESRI VI Management Holdings, LLC	Wind power generation facility operator	Senior subordinated loan (\$13.9 par due 12/2021)	10.00%	12/24/2014	13.9	13.9(2)	
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$24.9 par due 11/2021)	7.19% (Libor + 5.50%/Q)	11/13/2014	24.8	24.4(2)(17)	
		Senior subordinated loan (\$20.2 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	20.2	19.5(2)	
		Senior subordinated loan (\$94.6 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	94.6	91.3(2)	
					139.6	135.2	

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Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	First lien senior secured loan (\$8.3 par due 10/2018)		3/31/2015	7.9	0.4(2)(16)
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock (expires 7/2023)		7/25/2013		(2)(9)
					7.9	0.4
Moxie Patriot LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$33.9 par due 12/2020)	7.44% (Libor + 5.75%/Q)	12/19/2013	33.8	33.4(2)(17)
Navisun LLC and Navisun Holdings LLC(8)(21)	Owner and operator of commercial and industrial solar projects	First lien senior secured loan (\$2.6 par due 11/2023)	8.00% PIK	11/15/2017	2.6	2.6(2)
		Series A Preferred units (1,000 units)	10.50% PIK	11/15/2017	0.3	0.3(2)
		Class A units (550 units)		11/15/2017		(2)
					2.9	2.9

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Panda Liberty LLC (fka Moxie Liberty LLC)	Gas turbine power generation facilities operator	First lien senior secured loan (\$5.0 par due 8/2020)	8.19% (Libor + 6.50%/Q)	5/8/2017	4.6	4.6(2)(17)	
		First lien senior secured loan (\$34.4 par due 8/2020)	8.19% (Libor + 6.50%/Q)	8/21/2013	34.2	31.6(2)(17)	
					38.8	36.2	
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$19.6 par due 4/2019)	7.69% (Libor + 6.00%/Q)	4/3/2013	19.6	17.4(2)(17)	
Panda Temple Power, LLC	Gas turbine power generation facilities operator	First lien senior secured revolving loan (\$2.3 par due 4/2018)	10.35% (Libor + 9.00%/Q)	4/28/2017	2.3	2.3(2)(17)	
		First lien senior secured loan (\$24.8 par due 3/2022)		3/6/2015	23.6	18.4(2)(16)	
					25.9	20.7	
PERC Holdings 1 LLC	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units (21,653,543 units)		10/20/2014	21.7	24.0(2)	
Riverview Power LLC	Operator of natural gas and oil fired power generation facilities	First lien senior secured loan (\$98.1 par due 12/2022)	9.69% (Libor + 8.00%/Q)	12/29/2016	95.9	98.2(2)(17)	
					449.7	425.1	5.99%
<b>Restaurants and Food Services</b>							
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.(8)(21)	Restaurant owner and operator	First lien senior secured loan (\$3.7 par due 12/2018)	19.67% PIK (Libor + 18.00%/Q)	12/22/2016	3.7	3.7(2)(17)	
		First lien senior secured loan (\$49.3 par due 12/2018)		11/27/2006	39.9	12.3(2)(16)	
		Promissory note (\$29.2 par due 12/2023)		11/27/2006	13.8	(2)	
		Warrant to purchase up to 0.95 units of Series D common stock (expires 12/2023)		12/18/2013		(2)	
					57.4	16.0	
Benihana, Inc.(21)	Restaurant owner and operator	First lien senior secured revolving loan (\$0.5 par due 7/2018)	8.57% (Libor + 7.00%/Q)	8/21/2012	0.5	0.5(2)(17)(20)	
		First lien senior secured revolving loan (\$1.1 par due 7/2018)	8.69% (Libor + 7.00%/Q)	8/21/2012	1.1	1.1(2)(17)(20)	
		First lien senior secured revolving loan (\$1.0 par due 7/2018)	10.25% (Base Rate + 5.75%/Q)	8/21/2012	1.0	0.9(2)(17)(20)	

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		First lien senior secured loan (\$0.3 par due 1/2019)	8.59% (Libor + 7.00%/Q)	12/28/2016	0.3	0.3(2)(17)
		First lien senior secured loan (\$4.7 par due 1/2019)	8.59% (Libor + 7.00%/Q)	8/21/2012	4.7	4.5(4)(17)
					7.6	7.3
Cozzini Bros., Inc. and BH-Sharp Holdings LP(21)	Provider of commercial knife sharpening and cutlery services in the restaurant industry	First lien senior secured loan (\$1.9 par due 3/2023)	7.07% (Libor + 5.50%/Q)	3/10/2017	1.9	1.9(2)(17)
		First lien senior secured loan (\$1.2 par due 3/2023)	6.92% (Libor + 5.50%/Q)	3/10/2017	1.2	1.2(2)(17)
		First lien senior secured loan (\$19.3 par due 3/2023)	6.92% (Libor + 5.50%/Q)	3/10/2017	19.3	19.3(4)(17)
		Common units (2,950,000 units)		3/10/2017	3.0	2.8(2)
					25.4	25.2
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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
FWR Holding Corporation(21)	Restaurant owner, operator, and franchisor	First lien senior secured revolving loan (\$0.3 par due 8/2023)	7.57% (Libor + 6.00%/Q)	8/21/2017	0.3	0.3(2)(17)	
		First lien senior secured loan (\$0.2 par due 8/2023)	7.60% (Libor + 6.00%/Q)	8/21/2017	0.2	0.2(2)(17)	
		First lien senior secured loan (\$2.0 par due 8/2023)	7.32% (Libor + 6.00%/Q)	8/21/2017	2.0	2.0(2)(17)	
		First lien senior secured loan (\$2.0 par due 8/2023)	7.48% (Libor + 6.00%/Q)	8/21/2017	2.0	2.0(2)(17)	
					4.5	4.5	
Garden Fresh Restaurant Corp. and GFRC Holdings LLC(8)(21)	Restaurant owner and operator	First lien senior secured revolving loan (\$0.1 par due 2/2022)	9.50% (Libor + 8.00%/Q)	2/1/2017	0.1	0.1(2)(17)(20)	
		First lien senior secured loan (\$24.9 par due 2/2022)	9.50% (Libor + 8.00%/Q)	10/3/2013	24.9	24.9(2)(17)	
					25.0	25.0	
Global Franchise Group, LLC(21)	Worldwide franchisor of quick service restaurants	First lien senior secured loan (\$8.7 par due 12/2019)	7.44% (Libor + 5.75%/Q)	9/15/2017	8.7	8.6(2)(17)	
Heritage Food Service Group, Inc. and WCI-HFG Holdings, LLC	Distributor of repair and replacement parts for commercial kitchen equipment	Second lien senior secured loan (\$31.6 par due 10/2022)	9.92% (Libor + 8.50%/Q)	10/20/2015	31.6	31.6(2)(17)	
		Preferred units (3,000,000 units)		10/20/2015	3.0	3.6(2)	
					34.6	35.2	
Hojeij Branded Foods, LLC(21)	Leading operator of airport concessions across the U.S.	First lien senior secured loan (\$0.3 par due 7/2022)	7.29% (Libor + 6.00%/Q)	7/20/2017	0.3	0.3(2)(17)	
		First lien senior secured loan (\$6.3 par due 7/2022)	7.57% (Libor + 6.00%/Q)	7/20/2017	6.2	6.3(4)(17)	
					6.5	6.6	
Jim N Nicks Management, LLC(21)	Restaurant owner and operator	First lien senior secured revolving loan (\$1.2 par due 7/2023)	6.71% (Libor + 5.25%/Q)	7/10/2017	1.2	1.2(2)(17)	
		First lien senior secured revolving loan (\$0.5 par due 7/2023)	6.64% (Libor + 5.25%/Q)	7/10/2017	0.5	0.5(2)(17)	
		First lien senior secured loan (\$0.6 par due 7/2023)	6.63% (Libor + 5.25%/Q)	7/10/2017	0.6	0.6(2)(17)	
		First lien senior secured loan (\$0.6 par due 7/2023)	6.94% (Libor + 5.25%/Q)	7/10/2017	0.6	0.6(2)(17)	
		First lien senior secured loan (\$14.1 par due 7/2023)	6.94% (Libor + 5.25%/Q)	7/10/2017	14.1	13.8(4)(17)	

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			17.0	16.7	
Orion Foods, LLC(8)	Convenience food service retailer	First lien senior secured loan (\$1.2 par due 9/2015)	4/1/2010	1.2	0.5(2)(16)
		Second lien senior secured loan (\$19.4 par due 9/2015)	4/1/2010		(2)(16)
		Preferred units (10,000 units)	10/28/2010		(2)
		Class A common units (25,001 units)	4/1/2010		(2)
		Class B common units (1,122,452 units)	4/1/2010		(2)
					1.2

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
OTG Management, LLC(21)	Airport restaurant operator	First lien senior secured revolving loan (\$8.4 par due 8/2021)	9.85% (Libor + 8.50%/Q)	8/26/2016	8.4	8.4(2)(17)	
		First lien senior secured loan (\$4.9 par due 8/2021)	9.88% (Libor + 8.50%/Q)	8/26/2016	4.9	4.9(2)(17)	
		First lien senior secured loan (\$1.6 par due 8/2021)	9.91% (Libor + 8.50%/Q)	8/26/2016	1.6	1.6(2)(17)	
		First lien senior secured loan (\$2.2 par due 8/2021)	9.98% (Libor + 8.50%/Q)	8/26/2016	2.2	2.2(2)(17)	
		First lien senior secured loan (\$97.8 par due 8/2021)	9.88% (Libor + 8.50%/Q)	8/26/2016	97.8	97.8(3)(17)	
		Senior subordinated loan (\$25.3 par due 2/2022)	17.50% PIK	8/26/2016	25.1	25.3(2)	
		Class A preferred units (3,000,000 units)		8/26/2016	30.0	34.7(2)	
		Common units (3,000,000 units)		1/5/2011	3.0	9.1(2)	
		Warrant to purchase up to 7.73% of common units (expires 6/2018)		6/19/2008	0.1	(2)	
		Warrant to purchase 0.60% of the common units deemed outstanding (expires 12/2018)		8/29/2016		19.9(2)	
				173.1	203.9		
Restaurant Holding Company, LLC	Fast food restaurant operator	First lien senior secured loan (\$31.7 par due 2/2019)	9.32% (Libor + 7.75%/Q)	3/13/2014	31.6	30.7(3)(17)	
Restaurant Technologies, Inc.(21)	Provider of bulk cooking oil management services to the restaurant and fast food service industries	First lien senior secured revolving loan (\$0.2 par due 11/2021)	6.32% (Libor + 4.75%/Q)	11/23/2016	0.2	0.2(2)(17)(20)	
		First lien senior secured revolving loan (\$0.4 par due 11/2021)	6.30% (Libor + 4.75%/Q)	11/23/2016	0.4	0.4(2)(17)(20)	
					0.6	0.6	
SFE Intermediate Holdco LLC(21)	Provider of outsourced foodservice to K-12 school districts	First lien senior secured revolving loan (\$0.8 par due 7/2022)	6.50% (Libor + 5.00%/Q)	7/31/2017	0.8	0.8(2)(17)	
		First lien senior secured loan (\$6.8 par due 7/2023)	6.38% (Libor + 5.00%/Q)	7/31/2017	6.7	6.8(4)(17)	
					7.5	7.6	
				400.7	388.4	5.47%	

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**Automotive Services**

A.U.L. Corp.(21)	Provider of vehicle service contracts ("VSCs") and limited warranties for passenger vehicles	First lien senior secured revolving loan (\$0.4 par due 6/2023)	9.00% (Base Rate + 4.50%/Q)	6/7/2017	0.4	0.4(2)(17)
		First lien senior secured loan (\$7.8 par due 6/2023)	6.75% (Libor + 5.00%/Q)	6/7/2017	7.8	7.8(2)(17)
					8.2	8.2
AEP Holdings, Inc. and Arrowhead Holdco Company	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan (\$0.1 par due 8/2021)	7.09% (Libor + 5.75%/Q)	7/21/2017	0.1	0.1(2)(17)
		First lien senior secured loan (\$3.0 par due 8/2021)	7.13% (Libor + 5.75%/Q)	7/21/2017	3.0	3.0(2)(17)
		First lien senior secured loan (\$1.5 par due 8/2021)	7.23% (Libor + 5.75%/Q)	7/21/2017	1.5	1.5(2)(17)
		Common stock (3,467 shares)		8/31/2015	3.5	4.3(2)
					8.1	8.9
ChargePoint, Inc.	Developer and operator of electric vehicle charging stations	Warrant to purchase up to 809,126 shares of Series E preferred stock (expires 12/2024)		12/30/2014	0.3	2.1(2)

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Dent Wizard International Corporation and DWH Equity Investors, L.P.	Automotive reconditioning services	Second lien senior secured loan (\$50.0 par due 10/2020)	10.24% (Libor + 8.75%/Q)	4/7/2015	50.0	50.0(2)(17)	
		Class A common stock (10,000 shares)		4/7/2015	0.2	0.5(2)	
		Class B common stock (20,000 shares)		4/7/2015	0.4	1.0(2)	
					50.6	51.5	
Eckler Industries, Inc.(21)	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$2.0 par due 12/2017)		7/12/2012	2.0	1.5(2)(16)	
		First lien senior secured loan (\$6.6 par due 12/2017)		7/12/2012	6.6	4.9(2)(16)	
		First lien senior secured loan (\$24.3 par due 12/2017)		7/12/2012	24.3	18.0(2)(16)	
		Series A preferred stock (1,800 shares)		7/12/2012	1.8	(2)	
		Common stock (20,000 shares)		7/12/2012	0.2	(2)	
					34.9	24.4	
EcoMotors, Inc.	Engine developer	First lien senior secured loan (\$9.4 par due 3/2018)		9/1/2015	9.1	0.1(2)(16)	
		Warrant to purchase up to 321,888 shares of Series C preferred stock (expires 12/2022)		12/28/2012		(2)	
		Warrant to purchase up to 70,000 shares of Series C preferred stock (expires 2/2025)		2/24/2015		(2)	
					9.1	0.1	
ESCP PPG Holdings, LLC(7)	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	Class A units (3,500,000 units)		12/14/2016	3.5	2.8(2)	
Mavis Tire Supply LLC	Auto parts retailer	First lien senior secured loan (\$38.5 par due 10/2020)	6.67% (Libor + 5.25%/Q)	7/26/2017	38.5	38.5(2)(17)	
		First lien senior secured loan (\$2.0 par due 10/2020)	6.67% (Libor + 5.25%/Q)	10/18/2017	2.0	2.0(2)(17)	
		First lien senior secured loan (\$179.0 par due 10/2020)	6.67% (Libor + 5.25%/Q)	7/26/2017	179.0	179.0(2)(17)	
					219.5	219.5	
Simpson Performance Products, Inc.	Provider of motorsports safety equipment	First lien senior secured loan (\$10.0 par due 2/2020)	9.25% (Libor + 7.59%/Q)	2/20/2015	10.0	10.0(2)(17)	
				2/20/2015	18.3	18.3(3)(17)	

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		First lien senior secured loan (\$18.3 par due 2/2020)	9.25% (Libor + 7.59%/Q)		28.3	28.3	
SK SPV IV, LLC	Collision repair site operators	Series A common stock (12,500 units)		8/18/2014	0.6	3.2(2)	
		Series B common stock (12,500 units)		8/18/2014	0.6	3.2(2)	
					1.2	6.4	
					363.7	352.2	4.96%
<b>Education</b>							
Campus Management Acquisition Corp.(7)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10.5	11.0(2)	
Excelligence Holdings Corp.	Developer, manufacturer and retailer of educational products	First lien senior secured loan (\$10.0 par due 4/2023)	7.35% (Libor + 6.00%/Q)	4/17/2017	10.0	9.6(4)(17)	

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Table of Contents

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Flinn Scientific, Inc. and WCI-Quantum Holdings, Inc.	Distributor of instructional products, services and resources	First lien senior secured loan (\$32.0 par due 10/2020)	6.50% (Libor + 5.00%/Q)	7/26/2017	32.0	32.0(2)(17)	
		First lien senior secured loan (\$38.7 par due 10/2020)	6.37% (Libor + 5.00%/Q)	7/26/2017	38.7	38.7(2)(17)	
		Series A preferred stock (1,272 shares)		10/24/2014	1.0	1.2(2)	
					71.7	71.9	
Frontline Technologies Group Holding LLC, Frontline Technologies Blocker Buyer, Inc., Frontline Technologies Holdings, LLC and Frontline Technologies Parent, LLC(21)	Provider of human capital management ("HCM") and SaaS-based software solutions to employees and administrators of K-12 school organizations	First lien senior secured loan (\$39.6 par due 9/2023)	8.09% (Libor + 6.50%/Q)	9/19/2017	39.1	39.0(2)(17)	
		Class A preferred units (4,574 units)		9/18/2017	4.6	4.8	
		Class B units (499,050 units)		9/18/2017			
					43.7	43.8	
Infilaw Holding, LLC(21)	Operator of for-profit law schools	First lien senior secured revolving loan (\$4.5 par due 2/2018)		8/25/2011	3.5	(2)(16)(20)	
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.(21)	Private school operator	First lien senior secured revolving loan (\$11.8 par due 12/2018)	12.50% (Base Rate + 8.00%/Q)	5/18/2017	11.8	11.8(2)(17)	
		First lien senior secured loan (\$3.2 par due 12/2018)	10.50% (Libor + 9.00%/Q)	10/31/2015	3.2	3.2(2)(17)	
		Senior preferred series A-1 shares (163,902 shares)		10/31/2015	119.4	25.2(2)	
		Series B preferred stock (1,401,385 shares)		8/5/2010	4.0	(2)	
		Series C preferred stock (1,994,644 shares)		6/7/2010	0.5	(2)	
		Series B preferred stock (348,615 shares)		8/5/2010	1.0	(2)	
		Series C preferred stock (517,942 shares)		6/7/2010	0.1	(2)	
		Common stock (16 shares)		6/7/2010		(2)	
		Common stock (4 shares)		6/7/2010		(2)	
							140.0
Liaison Acquisition, LLC(21)	Provider of centralized applications services to educational associations	Second lien senior secured loan (\$15.0 par due 8/2023)	10.81% (Libor + 9.25%/Q)	2/9/2017	14.7	15.0(2)(17)	

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PIH Corporation and Primrose Holding Corporation(7)(21)	Franchisor of education-based early childhood centers	First lien senior secured revolving loan (\$0.6 par due 12/2018)	6.63% (Libor + 5.25%/Q)	12/13/2013	0.6	0.6(2)(17)
		First lien senior secured revolving loan (\$0.4 par due 12/2018)	8.75% (Base Rate + 4.25%/Q)	12/13/2013	0.4	0.4(2)(17)
		First lien senior secured loan (\$1.6 par due 12/2018)	7.07% (Libor + 5.50%/Q)	12/15/2017	1.6	1.6(2)(17)
		Common stock (7,227 shares)		1/3/2017	10.7	17.8
					13.3	20.4
R3 Education Inc., Equinox EIC Partners LLC and Sierra Education Finance Corp.	Medical school operator	Preferred stock (1,977 shares)		7/30/2008	0.5	0.5(2)
		Common membership interest (15.76% interest)		9/21/2007	15.8	26.2(2)
		Warrant to purchase up to 27,890 shares (expires 11/2019)		12/8/2009		9.1(2)
					16.3	35.8
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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
Regent Education, Inc.	Provider of software solutions designed to optimize the financial aid and enrollment processes	Warrant to purchase up to 987 shares of common stock (expires 12/2026)		12/23/2016		(2)		
		Warrant to purchase up to 5,393,194 shares of common stock (expires 12/2026)		12/23/2016		(2)		
RuffaloCODY, LLC(21)	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan		5/29/2013		(19)		
Severin Acquisition, LLC(21)	Provider of student information system software solutions to the K-12 education market	Second lien senior secured loan (\$38.7 par due 7/2022)	10.32% (Libor + 8.75%/Q)	2/1/2017	37.9	38.7(2)(17)		
		Second lien senior secured loan (\$3.1 par due 7/2022)	10.57% (Libor + 9.00%/Q)	10/14/2016	3.1	3.1(17)		
		Second lien senior secured loan (\$4.2 par due 7/2022)	10.32% (Libor + 8.75%/Q)	10/28/2015	4.1	4.2(2)(17)		
		Second lien senior secured loan (\$15.0 par due 7/2022)	10.32% (Libor + 8.75%/Q)	7/31/2015	14.8	15.0(2)(17)		
		Second lien senior secured loan (\$3.3 par due 7/2022)	10.82% (Libor + 9.25%/Q)	2/1/2016	3.2	3.3(2)(17)		
		Second lien senior secured loan (\$2.8 par due 7/2022)	10.82% (Libor + 9.25%/Q)	8/8/2016	2.8	2.8(17)		
		Second lien senior secured loan (\$3.1 par due 7/2022)	10.57% (Libor + 9.00%/Q)	1/3/2017	3.1	3.1(17)		
		Second lien senior secured loan (\$5.5 par due 7/2022)	10.32% (Libor + 8.75%/Q)	1/3/2017	5.5	5.5(2)(17)		
		Second lien senior secured loan (\$20.0 par due 7/2022)	10.32% (Libor + 8.75%/Q)	1/3/2017	20.0	20.0(2)(17)		
		Second lien senior secured loan (\$4.4 par due 7/2022)	10.82% (Libor + 9.25%/Q)	1/3/2017	4.4	4.4(2)(17)		
		Second lien senior secured loan (\$2.8 par due 7/2022)	10.82% (Libor + 9.25%/Q)	1/3/2017	2.8	2.8(17)		
						101.7	102.9	
						425.4	350.6	4.94%
		<b>Wholesale Distribution</b>						
DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the	First lien senior secured loan (\$4.7 par due 2/2022)	6.69% (Libor + 5.00%/Q)	3/1/2017	4.7	4.6(2)(17)		

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	foodservice industry	First lien senior secured loan (\$188.7 par due 2/2022)	7.19% (Libor + 5.50%/Q)	7/26/2017	188.7	186.8(2)(17)	
					193.4	191.4	
Flow Solutions Holdings, Inc.	Distributor of high value fluid handling, filtration and flow control products	Second lien senior secured loan (\$6.0 par due 10/2018)	10.57% (Libor + 9.00%/Q)	12/16/2014	6.0	6.0(2)(17)	
		Second lien senior secured loan (\$29.5 par due 10/2018)	10.57% (Libor + 9.00%/Q)	12/16/2014	29.5	29.5(2)(17)	
					35.5	35.5	
KHC Holdings, Inc. and Kele Holdco, Inc.(21)	Catalog-based distribution services provider for building automation systems	First lien senior secured revolving loan (\$0.7 par due 10/2020)	5.80% (Libor + 4.25%/Q)	1/3/2017	0.7	0.7(2)(17)	
		First lien senior secured loan (\$66.2 par due 10/2022)	7.69% (Libor + 6.00%/Q)	1/3/2017	66.2	66.2(3)(17)	
		Common stock (30,000 shares)		1/3/2017	3.1	3.1	
					70.0	70.0	
					298.9	296.9	4.18%
<b>Oil and Gas</b>							
Moss Creek Resources, LLC	Exploration and production company	Senior subordinated loan (\$30.0 par due 4/2022)	9.50% (Libor + 8.00%/Q)	5/5/2017	29.7	30.0(2)(17)	

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Penn Virginia Holding Corp.	Exploration and production company	Second lien senior secured loan (\$90.1 par due 9/2022)	8.57% (Libor + 7.00%/Q)	9/28/2017	90.1	88.3(2)(17)	
Petroflow Energy Corporation and TexOak Petro Holdings LLC(7)	Oil and gas exploration and production company	First lien senior secured loan (\$12.8 par due 6/2019)	3.36% (Libor + 2.00%/Q)	6/29/2016	11.7	12.4(2)(17)	
		Second lien senior secured loan (\$24.7 par due 12/2019)		6/29/2016	21.9	(2)(16)	
		Common units (202,000 units)		6/29/2016	11.1		
					44.7	12.4	
VPROP Operating, LLC and Vista Proppants and Logistics, LLC	Sand based proppant producer and distributor to the oil and natural gas industry	First lien senior secured loan (\$28.2 par due 8/2021)	10.98% (Libor + 9.50%/Q)	8/1/2017	28.1	28.2(2)(17)	
		First lien senior secured loan (\$35.3 par due 8/2021)	10.74% (Libor + 8.50% Cash, 1.00% PIK/Q)	11/9/2017	35.3	35.3(2)(17)	
		First lien senior secured loan (\$15.2 par due 3/2021)	10.98% (Libor + 8.50% Cash, 1.00% PIK/Q)	3/1/2017	15.2	15.2(2)(17)	
		First lien senior secured loan (\$75.5 par due 3/2021)	10.98% (Libor + 8.50% Cash, 1.00% PIK/Q)	3/1/2017	75.5	75.5(3)(17)	
		Common units (997,864 units)		11/9/2017	9.7	9.7(2)	
						163.8	163.9
					328.3	294.6	4.15%
<b>Containers and Packaging</b>							
GS Pretium Holdings, Inc.	Manufacturer and supplier of high performance plastic containers	Common stock (500,000 shares)		6/2/2014	0.5	0.8(2)	
ICSH Parent, Inc. and Vulcan Container Services Holdings, Inc.	Industrial container manufacturer, reconditioner and servicer	Second lien senior secured loan (\$63.6 par due 4/2025)	9.38% (Libor + 8.00%/Q)	4/28/2017	62.9	63.6(2)(17)	
		Series A common stock (24,900 shares)		4/28/2017	2.5	3.3(2)	
					65.4	66.9	
LBP Intermediate Holdings LLC(21)	Manufacturer of paper and corrugated foodservice packaging	First lien senior secured revolving loan		7/10/2015		(19)	
		First lien senior secured loan (\$11.8 par due 7/2020)	7.19% (Libor + 5.50%/Q)	7/10/2015	11.8	11.8(3)(17)	
				7/10/2015	5.0	5.0(4)(17)	

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First lien senior secured loan (\$5.0 par due 7/2020) 7.19% (Libor + 5.50%/Q)

					16.8	16.8	
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$78.5 par due 12/2018)	9.05% (Libor + 7.50%/Q)	12/14/2012	78.5	78.5(2)(17)	
		Second lien senior secured loan (\$54.0 par due 12/2018)	9.05% (Libor + 7.50%/Q)	12/14/2012	54.0	54.0(3)(17)	
		Second lien senior secured loan (\$10.0 par due 12/2018)	9.05% (Libor + 7.50%/Q)	12/14/2012	10.0	10.0(4)(17)	
		Common stock (50,000 shares)		12/14/2012	4.0	6.8(2)	
					146.5	149.3	
NSI Holdings, Inc.(7)	Manufacturer of plastic containers for the wholesale nursery industry	Series A preferred stock (2,192 shares)		1/3/2017			
Ranpak Corp.	Manufacturer and marketer of paper-based protective packaging systems and materials	Second lien senior secured loan (\$13.3 par due 10/2022)	8.75% (Libor + 7.25%/Q)	1/3/2017	12.8	13.3(2)(17)	
					242.0	247.1	3.48%

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Environmental Services</b>							
MPH Energy Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (3.13% interest)		1/8/2014		(2)	
RE Community Holdings GP, LLC and RE Community Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (2.86% interest)		3/1/2011		(2)	
		Limited partnership interest (2.49% interest)		3/1/2011		(2)	
Soil Safe, Inc. and Soil Safe Acquisition Corp.(8)(21)	Provider of soil treatment, recycling and placement services	First lien senior secured revolving loan		1/3/2017		(19)	
		First lien senior secured loan (\$22.0 par due 1/2020)	8.00% (Libor + 6.25%/Q)	1/3/2017	22.0	22.0(2)(17)	
		Second lien senior secured loan (\$12.7 par due 6/2020)	10.75% (Libor + 7.75%/Q)	1/3/2017	12.7	12.7(2)(17)	
		Senior subordinated loan (\$36.7 par due 12/2020)	16.50% PIK	1/3/2017	36.7	36.7(2)	
		Senior subordinated loan (\$31.5 par due 12/2020)	14.50% PIK	1/3/2017	31.5	31.5(2)	
		Senior subordinated loan (\$30.5 par due 12/2020)		1/3/2017	11.5	4.0(16)	
		Common stock (810 shares)		1/3/2017			
							114.4
Storm UK Holdco Limited and Storm US Holdco Inc.(9)(21)	Provider of water infrastructure software solutions for municipalities / utilities and engineering consulting firms	First lien senior secured revolving loan (\$0.1 par due 5/2022)	9.00% (Base Rate + 4.50%/Q)	5/5/2017	0.1	0.1(2)(17)	
		First lien senior secured loan (\$1.6 par due 5/2023)	6.89% (Libor + 5.50%/Q)	5/5/2017	1.6	1.5(2)(17)	
					1.7	1.6	
Waste Pro USA, Inc	Waste management services	Second lien senior secured loan (\$75.2 par due 10/2020)	9.05% (Libor + 7.50%/Q)	10/15/2014	75.2	75.2(3)(17)	
					191.3	183.7	2.59%
<b>Printing, Publishing and Media</b>							
Connoisseur Media, LLC	Owner and operator of radio stations	First lien senior secured loan (\$21.0 par due 6/2019)	7.74% (Libor + 6.38%/Q)	7/26/2017	21.0	20.8(2)(17)	
				7/26/2017	0.1	0.1(2)(17)	

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		First lien senior secured loan (\$0.1 par due 6/2019)	9.88% (Base Rate + 5.38%/Q)			
		First lien senior secured loan (\$0.7 par due 6/2019)	8.07% (Libor + 6.38%/Q)	7/26/2017	0.7	0.6(2)(17)
		First lien senior secured loan (\$0.3 par due 6/2019)	8.07% (Libor + 6.38%/Q)	7/26/2017	0.3	0.3(4)(17)
		First lien senior secured loan (\$41.4 par due 6/2019)	7.76% (Libor + 6.38%/Q)	7/26/2017	41.4	41.0(2)(17)
		First lien senior secured loan (\$17.8 par due 6/2019)	7.76% (Libor + 6.38%/Q)	7/26/2017	17.8	17.6(4)(17)
					81.3	80.4
Earthcolor Group, LLC	Printing management services	Limited liability company interests (9.30%)		5/18/2012		
EDS Group(8)(9)	Provider of print and digital services	Common stock (2,432,750 shares)		1/3/2017		2.7
Roark-Money Mailer LLC	Marketer, advertiser and distributor of coupons in the mail industry	Membership units (35,000 units)		1/3/2017		
The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (10,663 shares)		9/29/2006	1.1	2.4(2)
		Common stock (15,393 shares)		9/29/2006		(2)
					1.1	2.4
					82.4	85.5
						1.20%

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Chemicals</b>							
AMZ Holding Corp.(21)	Specialty chemicals manufacturer	First lien senior secured loan (\$12.2 par due 6/2022)	6.57% (Libor + 5.00%/Q)	6/27/2017	12.2	12.2(4)(17)	
Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products	Warrant to purchase 322,422 shares of Series D preferred stock (expires 3/2023)		3/28/2013		(2)	
K2 Pure Solutions Nocal, L.P.(21)	Chemical producer	First lien senior secured revolving loan (\$1.5 par due 2/2021)	8.70% (Libor + 7.13%/Q)	8/19/2013	1.5	1.5(2)(17)	
		First lien senior secured loan (\$40.0 par due 2/2021)	7.57% (Libor + 6.00%/Q)	8/19/2013	40.0	40.0(3)(17)	
		First lien senior secured loan (\$13.0 par due 2/2021)	7.57% (Libor + 6.00%/Q)	8/19/2013	13.0	13.0(4)(17)	
					54.5	54.5	
					66.7	66.7	0.94%
<b>Retail</b>							
Fashion Holding Luxembourg SCA (Modacin/Camaeiu)(8)(9)	Retailer of women's clothing	Preferred stock (241,776,675 shares)		1/3/2017			
Galls, LLC	Distributor of public safety, private security and defense products in the United States	Second lien senior secured loan (\$2.0 par due 8/2021)	9.71% (Libor + 8.25%/Q)	8/25/2017	2.0	2.0(2)(17)	
		Second lien senior secured loan (\$7.1 par due 8/2021)	9.85% (Libor + 8.25%/Q)	8/25/2017	7.1	7.1(2)(17)	
		Second lien senior secured loan (\$1.9 par due 8/2021)	9.94% (Libor + 8.25%/Q)	8/25/2017	1.9	1.9(2)(17)	
		Second lien senior secured loan (\$14.3 par due 8/2021)	9.94% (Libor + 8.25%/Q)	1/3/2017	14.3	14.3(2)(17)	
		Second lien senior secured loan (\$26.0 par due 8/2021)	9.94% (Libor + 8.25%/Q)	1/3/2017	26.0	26.0(2)(17)	
					51.3	51.3	
Paper Source, Inc. and Pine Holdings, Inc.(21)	Retailer of fine and artisanal paper products	First lien senior secured loan (\$9.6 par due 9/2019)	7.94% (Libor + 6.25%/Q)	9/23/2013	9.6	9.4(4)(17)	
		Class A common stock (36,364 shares)		9/23/2013	6.0	3.1(2)	
					15.6	12.5	
Things Remembered, Inc. and TRM Holdco Corp.(7)(21)	Personalized gifts retailer	First lien senior secured loan (\$12.3 par due 3/2020)		8/30/2016	10.5	1.5(2)(16)	
				8/30/2016	6.1	(2)	

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Common stock  
(10,631,940 shares)

16.6 1.5  
83.5 65.3 0.92%

**Aerospace and Defense**

Cadence Aerospace, LLC(21)	Aerospace precision components manufacturer	First lien senior secured revolving loan (\$0.7 par due 11/2022)	7.91% (Libor + 6.50%/Q)	11/14/2017	0.7	0.7(2)(17)(20)
		First lien senior secured loan (\$32.5 par due 11/2023)	7.91% (Libor + 6.50%/Q)	11/14/2017	32.2	32.2(2)(17)
					32.9	32.9

Jazz Acquisition, Inc.	Designer and distributor of aftermarket replacement components to the commercial airlines industry	Second lien senior secured loan (\$25.0 par due 6/2022)	8.44% (Libor + 6.75%/Q)	1/3/2017	19.8	22.5(2)(17)
					52.7	55.4 0.78%

**Health Clubs**

Athletic Club Holdings, Inc.	Premier health club operator	First lien senior secured loan (\$35.0 par due 10/2020)	10.07% (Libor + 8.50%/Q)	10/11/2007	35.0	35.0(3)(17)
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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CFW Co-Invest, L.P., NCP Curves, L.P. and Curves International Holdings, Inc.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4.2	4.4(2)	
		Limited partnership interest (2,218,235 shares)		7/31/2012	2.2	9.7(2)(9)	
		Common stock (1,680 shares)		11/12/2014		(2)(9)	
					6.4	14.1	
Movati Athletic (Group) Inc.(9)(21)	Premier health club operator	First lien senior secured loan (\$0.3 par due 10/2022)	5.90% (Libor + 4.50%/Q)	10/5/2017	0.3	0.3(2)(17)	
		First lien senior secured loan (\$3.1 par due 10/2022)	5.91% (Libor + 4.50%/Q)	10/5/2017	3.0	3.0(2)(17)	
					3.3	3.3	
					44.7	52.4	0.74%
<b>Farming and Agriculture</b>							
QC Supply, LLC(21)	Specialty distributor and solutions provider to the swine and poultry markets	First lien senior secured revolving loan (\$4.0 par due 12/2021)	7.57% (Libor + 6.00%/Q)	12/29/2016	4.0	3.9(2)(17)	
		First lien senior secured loan (\$2.5 par due 12/2022)	7.57% (Libor + 6.00%/Q)	12/29/2016	2.5	2.4(2)(17)	
		First lien senior secured loan (\$11.2 par due 12/2022)	7.57% (Libor + 6.00%/Q)	12/29/2016	11.2	11.0(2)(17)	
		First lien senior secured loan (\$14.9 par due 12/2022)	7.57% (Libor + 6.00%/Q)	12/29/2016	14.9	14.6(4)(17)	
					32.6	31.9	
					32.6	31.9	0.45%
<b>Hotel Services</b>							
Pyramid Management Advisors, LLC and Pyramid Investors, LLC	Hotel Operator	First lien senior secured loan (\$3.0 par due 7/2021)	8.69% (Libor + 7.00%/Q)	7/15/2016	3.0	3.0(2)(17)	
		First lien senior secured loan (\$19.5 par due 7/2021)	11.37% (Libor + 10.06%/Q)	7/15/2016	19.5	19.5(3)(17)	
		Membership units (996,833 units)		7/15/2016	1.0	0.8(2)	
					23.5	23.3	
					23.5	23.3	0.33%
<b>Computers and Electronics</b>							
Everspin Technologies, Inc.	Designer and manufacturer of	Warrant to purchase up to 18,461 shares of		6/5/2015	0.4	(5)(24)	

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	computer memory solutions	common stock (expires 10/2026)					
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation(8)	Provider of high-speed intelligent document scanning hardware and software	Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.1	8.3(2)	
		Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.1	8.3(2)	
		Series A preferred stock (66,424,135 shares)		1/3/2017		4.5	
		Class A common stock (33,173 shares)		1/3/2017			
		Class B common stock (134,214 shares)		1/3/2017			
						16.2	21.1
					16.6	21.1	0.30%

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Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Telecommunications</b>							
Adaptive Mobile Security Limited(9)	Developer of security software for mobile communications networks	First lien senior secured loan (\$0.9 par due 10/2018)	12.00% (EURIBOR + 8.00% Cash, 2.00% PIK/M)	10/17/2016	0.8	0.8(2)(17)	
		First lien senior secured loan (\$0.8 par due 7/2018)	12.00% (EURIBOR + 8.00% Cash, 2.00% PIK/M)	1/16/2015	0.7	0.7(2)(17)	
		First lien senior secured loan (\$0.3 par due 10/2018)	12.00% (EURIBOR + 8.00% Cash, 2.00% PIK/M)	1/16/2015	0.3	0.3(2)(17)	
					1.8	1.8	
CHL, LTD.	Repair and service solutions provider for cable, satellite and telecommunications based service providers	Warrant to purchase up to 120,000 shares of Series A common stock (expires 5/2020)		1/3/2017			
		Warrant to purchase up to 280,000 shares of Series B common stock (expires 5/2020)		1/3/2017			
		Warrant to purchase up to 80,000 shares of Series C common stock (expires 5/2020)		1/3/2017			
LTG Acquisition, Inc.	Designer and manufacturer of display, lighting and passenger communication systems for mass transportation markets	Class A membership units (5,000 units)		1/3/2017	5.1	1.7	
Startec Equity, LLC(8)	Communication services	Member interest		4/1/2010			
					6.9	3.5	0.05%
<b>Commercial Real Estate</b>							
<b>Financial</b>							
ACAS Real Estate Holdings Corporation(8)	Real estate holding company	Common stock (1,000 shares)		1/3/2017	2.6	2.1	
NECCO Realty Investments LLC(8)	Real estate holding company	Membership units (7,450 units)		1/3/2017			
					2.6	2.1	0.03%
<b>Housing and Building Materials</b>							
Halex Holdings, Inc.(8)(21)	Manufacturer of flooring installation products	First lien senior secured revolving loan (\$1.1 par due 12/2018)		1/24/2017	1.1		
		Common stock (51,853 shares)		1/3/2017			

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1.1

1.1

%

<b>Total Investments</b>	\$ 11,904.5	\$ 11,840.6	166.83%
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**As of December 31, 2017**  
**(dollar amounts in millions)**

**Derivative Instruments***Foreign currency forward contracts*

Description	Notional Amount to be Purchased		Notional Amount to be Sold	Counterparty	Settlement Date	Unrealized Appreciation / (Depreciation)
Foreign currency forward contract	\$ 3	CAD	4	Bank of Montreal	January 4, 2018	\$
Foreign currency forward contract	\$ 8	CAD	10	Bank of Montreal	January 16, 2018	
Foreign currency forward contract	\$ 81	CAD	103	Bank of Montreal	February 16, 2018	(1)
Foreign currency forward contract	\$ 18	€	15	Bank of Montreal	January 16, 2018	
Foreign currency forward contract	\$ 9	€	8	Bank of Montreal	February 15, 2018	
Foreign currency forward contract	\$ 2	€	2	Bank of Montreal	March 15, 2018	
Foreign currency forward contract	\$ 90	£	68	Bank of Montreal	February 15, 2018	(2)
Foreign currency forward contract	\$ 12	£	9	Bank of Montreal	February 16, 2018	
<b>Total</b>						\$ (3)

*Interest rate swap*

Description	Payment Terms	Counterparty	Maturity Date	Notional Amount	Unrealized Upfront Payments/ Receipts	Unrealized Appreciation / Depreciation
Interest rate swap	Pay Fixed 2.0642% Receive Floating One-Month LIBOR of 1.50%	Bank of Montreal	January 4, 2021	\$ 395	\$ (1)	\$ (1)
<b>Total</b>					\$	(1)

(1)

Other than the Company's investments listed in footnote 8 below (subject to the limitations set forth therein), the Company does not "Control" any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, the Company would "Control" a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of December 31, 2017 represented 167% of the Company's net assets or 96% of the Company's total assets, are subject to legal restrictions on sales.

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- (2) These assets are pledged as collateral for the Revolving Credit Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).
- (3) These assets are owned by the Company's consolidated subsidiary Ares Capital CP Funding LLC ("Ares Capital CP"), are pledged as collateral for the Revolving Funding Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).
- (4) These assets are owned by the Company's consolidated subsidiary Ares Capital JB Funding LLC ("ACJB"), are pledged as collateral for the SMBC Funding Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).
- (5) These assets are owned by the Company's consolidated subsidiary Ares Venture Finance, L.P. ("AVF LP"), are pledged as collateral for the SBA-guaranteed debentures (the "SBA Debentures") and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than AVF LP's obligations (see Note 5 to the consolidated financial statements). AVF LP operates as a Small Business Investment Company ("SBIC") under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended.
- (6) Investments without an interest rate are non-income producing.
- (7) As defined in the Investment Company Act, the Company is deemed to be an "Affiliated Person" because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management

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**As of December 31, 2017**  
**(dollar amounts in millions)**

agreement). Transactions as of and during the year ended December 31, 2017 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

(in millions) Company	For the year ended December 31, 2017							As of December 31, 2017		Fair Value	
	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)		
Campus Management Acquisition Corp.	\$	\$	\$	\$	\$	\$	\$	\$	\$	0.7	\$ 11.0
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	\$ 14.0	\$ 0.8	\$	\$ 1.1	\$ 0.1	\$	\$ 0.2	\$	\$ 1.0	\$	28.5
ESCP PPG Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ (0.9)	\$	2.8
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc.	\$ 3.0	\$ 3.0	\$	\$	\$	\$	\$	\$	\$	\$	
Ioxus, Inc	\$	\$	\$	\$ 1.3	\$	\$	\$	\$	\$ (0.1)	\$	11.2
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$ 0.1	\$	\$	
NSI Holdings, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Petroflow Energy Corporation and TexOak Petro Holdings LLC	\$	\$ 2.6	\$ 1.8	\$ 0.4	\$	\$	\$	\$ 0.2	\$ (4.8)	\$	12.4
PIH Corporation and Primrose Holding Corporation	\$ 17.0	\$ 6.2	\$	\$	\$	\$ 1.4	\$	\$	\$ 7.0	\$	20.4
Shock Doctor, Inc. and Shock Doctor Holdings, LLC	\$	\$	\$	\$ 10.7	\$	\$	\$ 0.1	\$	\$ (9.1)	\$	86.1
Things Remembered, Inc. and TRM Holdco Corp.	\$ 5.1	\$ 5.0	\$ 0.3	\$ 0.1	\$	\$	\$ 0.1	\$	\$ (1.9)	\$	1.5
UL Holding Co., LLC	\$	\$	\$	\$ 3.3	\$	\$	\$	\$	\$ 6.3	\$	42.4
	\$ 39.1	\$ 17.6	\$ 2.1	\$ 16.9	\$ 0.1	\$ 1.4	\$ 0.4	\$ 0.3	\$ (1.8)	\$	216.3

(8)

As defined in the Investment Company Act, the Company is deemed to be both an "Affiliated Person" and "Control" this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company

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As of December 31, 2017  
(dollar amounts in millions)

(including through a management agreement). Transactions as of and during the year ended December 31, 2017 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

(in millions) Company	For the year ended December 31, 2017							As of December 31, 2017		Fair Value
	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)	
10th Street, LLC and New 10th Street, LLC	\$	\$	53.3	\$ 0.6	\$ 2.0	\$	\$	\$ 34.5	\$ (34.7)	\$
ACAS 2007-1 CLO	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ACAS Equity Holdings Corporation	\$ 0.5	\$	\$	\$	\$	\$	\$	\$	\$ (0.1)	\$ 0.4
ACAS Real Estate Holdings Corporation	\$ 2.6	\$	\$	\$	\$	\$	\$	\$	\$ (0.5)	\$ 2.1
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	\$	\$	\$	\$ 0.6	\$	\$	\$ 0.1	\$	\$ (15.9)	\$ 16.0
Alcami Holdings, LLC	\$ 273.1	\$ 5.5	\$ 0.3	\$ 29.8	\$	\$ 2.1	\$	\$ 166.8	\$	\$ 442.3
AllBridge Financial, LLC	\$	\$	\$	\$	\$	\$ 0.4	\$	\$	\$ (0.4)	\$
Ares IIR/IVR CLO Ltd.	\$	\$ 5.2	\$	\$ 0.4	\$	\$	\$ 0.5	\$ 0.1	\$	\$ 0.1
Bellotto Holdings Limited	\$ 193.6	\$ 193.6	\$	\$	\$	\$	\$ 58.1	\$	\$	\$
Callidus Capital Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1.7
Ciena Capital LLC	\$	\$	\$ 10.0	\$ 0.8	\$	\$	\$	\$	\$ 10.6	\$ 32.3
CoLTS 2005-1	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CoLTS 2005-2	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Columbo Midco Limited, Columbo Bidco Limited and Columbo Topco Limited	\$ 27.9	\$	\$	\$	\$	\$	\$	\$	\$ 12.7	\$ 40.6
Community Education Centers, Inc. and CEC Parent Holdings LLC	\$	\$ 36.2	\$ 38.1	\$ 1.2	\$	\$ 8.4	\$ 0.1	\$ 24.3	\$ (10.9)	\$
Competitor Group, Inc., Calera XVI, LLC and Champion Parent Corporation	\$ 0.5	\$ 18.6	\$ 42.8	\$	\$	\$	\$	\$ (20.1)	\$ 17.3	\$ 0.2
CSHM LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EDS Group	\$ 11.8	\$ 12.1	\$	\$ 0.4	\$	\$	\$ 3.3	\$ 2.7	\$	\$ 2.7
ETG Holdings, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
European Capital Private Debt LP	\$ 97.9	\$ 0.3	\$ 97.7	\$	\$	\$	\$ 1.1	\$	\$	\$
European Capital UK SME Debt LP	\$ 46.8	\$ 4.8	\$ 0.8	\$	\$	\$	\$ 0.1	\$ 0.6	\$	\$ 41.7
Fashion Holding Luxembourg SCA (Modacin/Camaeiu)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FPI Holding Corporation	\$ 0.4	\$	\$	\$	\$	\$	\$	\$	\$ (1.0)	\$ 0.4
Garden Fresh Restaurant Corp. and GFRC Holdings LLC	\$ 14.6	\$ 12.3	\$ 18.9	\$ 3.6	\$	\$ 0.2	\$	\$ 2.0	\$ (2.0)	\$ 25.0
Halex Holdings, Inc.	\$ 1.1	\$	\$	\$	\$	\$	\$ 2.4	\$	\$	\$
HALT Medical, Inc.	\$ 0.7	\$	\$ 0.6	\$	\$	\$	\$	\$	\$	\$
Hard 8 Games, LLC	\$ 9.4	\$	\$ 9.4	\$	\$	\$	\$ 4.6	\$	\$	\$
HCI Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 0.1
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation	\$ 16.1	\$	\$ 2.4	\$	\$	\$ 0.6	\$	\$ 5.0	\$	\$ 21.1
Ivy Hill Asset Management, L.P. LLSC Holdings Corporation (dba Lawrence Merchandising Services)	\$ 19.2	\$	\$	\$	\$	\$ 0.2	\$	\$ (1.0)	\$	\$ 18.2
Miles 33 (Finance) Limited	\$ 15.2	\$ 1.5	\$ 0.6	\$ 2.0	\$	\$	\$ 0.2	\$ 3.9	\$	\$ 17.9
Montgomery Lane, LLC and Montgomery Lane, Ltd.	\$ 2.2	\$ 2.3	\$	\$	\$	\$	\$ 1.1	\$ 0.6	\$	\$ 0.6
MVL Group, Inc.	\$	\$ 0.2	\$	\$	\$	\$	\$ 0.1	\$	\$	\$
Navisun LLC and Navisun Holdings LLC	\$ 2.9	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2.9
NECCO Holdings, Inc.	\$ 60.4	\$ 41.9	\$ 7.1	\$	\$	\$	\$	\$ (1.3)	\$	\$ 10.6
NECCO Realty Investments LLC	\$ 32.7	\$ 27.4	\$ 6.4	\$ 1.2	\$	\$	\$ 13.0	\$	\$	\$



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Orion Foods, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	0.5	
Pillar Processing LLC and PHL Investors, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Rug Doctor, LLC and RD Holdco Inc.	\$	30.9	\$	\$	1.9	\$	\$	\$	\$	(3.2)	\$ 27.7	
S Toys Holdings LLC (fka The Step2 Company, LLC)	\$	\$	\$	\$	\$	\$	\$	\$	6.8	(5.7)	\$ 0.5	
Senior Direct Lending Program, LLC	\$	221.4	\$	2.0	\$ 2.1	\$ 52.3	\$ 9.1	\$	1.5	\$	\$ 487.1	
Senior Secured Loan Fund LLC	\$	\$	1,938.4	\$	\$ 69.3	\$ 0.9	\$	\$ 4.5	\$ (17.5)	\$ 24.2	\$	
Soil Safe, Inc. and Soil Safe Acquisition Corp.	\$	110.6	\$	4.2	\$ 1.0	\$ 13.0	\$	\$ 0.1	\$	(7.6)	\$ 106.9	
Startec Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC	\$	\$	\$	12.8	\$	\$	\$	\$	(12.3)	\$ 12.4	\$	
	\$	1,421.1	\$	2,515.3	\$ 249.2	\$ 180.9	\$ 10.0	\$ 48.8	\$ 9.4	\$ 100.2	\$ 187.4	\$ 1,614.7

\*

Together with Varagon Capital Partners ("Varagon") and its clients, the Company has co-invested through the Senior Direct Lending Program LLC (d/b/a the "Senior Direct Lending Program" or the "SDLP"). The SDLP has been capitalized as transactions are completed and 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 the Company and Varagon (with approval from a representative of each required); therefore, although the Company owns more than 25% of the voting securities of the SDLP, the Company does not believe that it has control over the SDLP (for purposes of the Investment Company Act or otherwise) because, among other things, these "voting securities" do not afford the Company the right to elect directors of the SDLP or any other special rights (see Note 4 to the consolidated financial statements).

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**As of December 31, 2017**  
**(dollar amounts in millions)**

- (9) Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets. Pursuant to Section 55(a) of the Investment Company Act, 12% of the Company's total assets are represented by investments at fair value and other assets that are considered "non-qualifying assets" as of December 31, 2017.
- (10) Exception from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (11) Variable rate loans to the Company's portfolio companies bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate ("LIBOR") or an alternate base rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the interest rate in effect on the date presented.
- (12) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.75% on \$63 in aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (13) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$73 in aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (14) The Company sold a participating interest of approximately \$9 in aggregate principal amount of the portfolio company's second lien senior secured term loan as a "first out" tranche. As the transaction did not qualify as a "true sale" in accordance with U.S. generally accepted accounting principles, the Company recorded a corresponding \$9 secured borrowing included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet."
- (15) The Company is entitled to receive a fixed fee upon the occurrence of certain events as defined in the credit agreement governing the Company's debt investment in the portfolio company. The fair value of such fee is included in the fair value of the debt investment.
- (16) Loan was on non-accrual status as of December 31, 2017.
- (17) Loan includes interest rate floor feature.
- (18) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SDLP's loan portfolio, after expenses, which may result in a return to the Company greater than the contractual stated interest rate.
- (19) As of December 31, 2017, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (20) As of December 31, 2017, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (21)

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As of December 31, 2017, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 7 to the consolidated financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
A.U.L. Corp.	\$ 1.3	\$ (0.4)	\$ 0.9			\$ 0.9
Accruent, LLC, Accruent Holding, LLC and Athena Parent, Inc.	9.9	(0.7)	9.2			9.2
Achilles Acquisition LLC	1.1		1.1			1.1
ADCS Billings Intermediate Holdings, LLC	5.0		5.0			5.0
ADF Pizza I LLC	1.3		1.3			1.3
ADG, LLC	13.7	(11.5)	2.2			2.2
Alcami Holdings, LLC	30.0	(25.6)	4.4			4.4
American Academy Holdings, LLC	7.0	(0.9)	6.1			6.1
AMZ Holding Corp.	3.4		3.4			3.4
Bambino CI Inc.	9.6	(1.1)	8.5			8.5
Benihana, Inc.	3.2	(3.1)	0.1			0.1
Cadence Aerospace, LLC	14.3	(1.5)	12.8			12.8
CCS Intermediate Holdings, LLC and CCS Group Holdings, LLC	7.5	(6.4)	1.1			1.1
Chariot Acquisition, LLC	1.0		1.0			1.0
Chesapeake Research Review, LLC	5.8	(0.6)	5.2			5.2
Ciena Capital LLC	20.0	(14.0)	6.0	(6.0)		4.5
Clearwater Analytics, LLC	5.0	(0.5)	4.5			4.5
Command Alkon Incorporated	3.3	(1.6)	1.7			1.7
Component Hardware Group, Inc	3.7	(1.9)	1.8			1.8
Cozzini Bros., Inc. and BH-Sharp Holdings LP	16.0		16.0			16.0

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As of December 31, 2017  
(dollar amounts in millions)

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	5.0	(2.6)	2.4			2.4
CST Buyer Company	4.2		4.2			4.2
D4C Dental Brands, Inc.	5.0		5.0			5.0
DCA Investment Holding, LLC	5.8	(0.1)	5.7			5.7
DecoPac, Inc.	8.1	(2.6)	5.5			5.5
DFC Global Facility Borrower II LLC	40.0		40.0			40.0
Dorner Holding Corp.	3.3	(1.3)	2.0			2.0
DRB Holdings, LLC	9.9		9.9			9.9
DTI Holdco, Inc. and OPE DTI Holdings, Inc.	8.8		8.8			8.8
Eckler Industries, Inc.	4.0	(2.0)	2.0	(2.0)		
Emergency Communications Network, LLC	6.5		6.5			6.5
Emerus Holdings, Inc.	2.0	(0.3)	1.7			1.7
EN Engineering, LLC	5.0	(1.2)	3.8			3.8
Entertainment Partners, LLC and Entertainment Partners Canada Inc.	28.0		28.0			28.0
Foundation Risk Partners, Corp.	19.9		19.9			19.9
FPI Holding Corporation	2.6		2.6			2.6
Frontline Technologies Group Holding LLC	8.4		8.4			8.4
FWR Holding Corporation	3.3	(0.3)	3.0			3.0
Garden Fresh Restaurant Corp.	7.5	(2.9)	4.6			4.6
Gentle Communications, LLC	5.0		5.0			5.0
Global Franchise Group, LLC	1.2		1.2			1.2
GraphPAD Software, LLC	1.1	(0.6)	0.5			0.5
GTCR-Ultra Acquisition, Inc. and GTCR-Ultra Holdings, LLC	2.0		2.0			2.0
HAI Acquisition Corporation	19.0	(4.7)	14.3			14.3
Halex Holdings, Inc.	2.0	(1.1)	0.9			0.9
Harvey Tool Company, LLC	35.5	(1.8)	33.7			33.7
Hojeij Branded Foods, LLC	2.9		2.9			2.9
Hygiena Borrower LLC	5.3		5.3			5.3
Implementation Management Assistance, LLC	24.1		24.1			24.1
Infilaw Holdings, LLC	11.5	(11.5)				
Instituto de Banca y Comercio, Inc.	11.8	(11.8)				
iPipeline, Inc.	4.0		4.0			4.0
JDC Healthcare Management, LLC	13.9	(1.5)	12.4			12.4
Jim N Nicks Management, LLC	9.7	(1.7)	8.0			8.0
K2 Pure Solutions Nocal, L.P.	5.0	(1.5)	3.5			3.5
KBHS Acquisition, LLC (d/b/a Alita Care, LLC)	5.0	(1.8)	3.2			3.2
Key Surgical LLC	2.8	(0.9)	1.9			1.9
KHC Holdings, Inc.	6.9	(0.7)	6.2			6.2
Lakeland Tours, LLC	1.9	(1.9)				
LBP Intermediate Holdings LLC	0.9	(0.1)	0.8			0.8
Liaison Acquisition, LLC	3.9		3.9			3.9
Massage Envy, LLC	5.0	(0.5)	4.5			4.5
Massage Envy, LLC and ME Equity LLC	0.6		0.6			0.6
MB2 Dental Solutions, LLC	3.5	(1.3)	2.2			2.2
McKenzie Sports Products, LLC	4.5	(0.9)	3.6			3.6
Ministry Brands, LLC	19.5	(10.9)	8.6			8.6
Movati Athletic (Group) Inc.	2.8		2.8			2.8
MSHC, Inc.	9.8	(0.1)	9.7			9.7
MW Dental Holding Corp.	10.0	(9.7)	0.3			0.3
Navisun LLC	42.4		42.4			42.4

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NECCO Holdings, Inc.	25.0	(21.7)	3.3	(3.3)
Niagara Fiber Intermediate Corp.	1.2	(0.9)	0.3	0.3
Nordco Inc.	12.5		12.5	12.5
NSM Sub Holdings Corp.	5.0		5.0	5.0
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	2.5		2.5	2.5
Osmose Utilities Services, Inc.	6.0	(1.0)	5.0	5.0
OTG Management, LLC	13.6	(8.4)	5.2	5.2
Palermo Finance Corporation	1.1	(0.2)	0.9	0.9
Paper Source, Inc.	3.3		3.3	3.3
Pathway Partners Vet Management Company LLC	2.4		2.4	2.4

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**As of December 31, 2017**  
**(dollar amounts in millions)**

(in millions)	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
<b>Portfolio Company</b>						
PDI TA Holdings, Inc.	12.5	(0.9)	11.6			11.6
Pegasus Intermediate Holdings, LLC	5.0		5.0			5.0
PIH Corporation and Primrose Holding Corporation	3.3	(1.0)	2.3			2.3
Practice Insight, LLC	2.9	(0.6)	2.3			2.3
QC Supply, LLC	24.2	(4.0)	20.2			20.2
Restaurant Technologies, Inc.	5.4	(1.1)	4.3			4.3
Retriever Medical/Dental Payments LLC	3.5		3.5			3.5
RuffaloCODY, LLC	7.7	(0.2)	7.5			7.5
Sanders Industries Holdings, Inc.	15.0		15.0			15.0
SCM Insurance Services Inc.	4.3		4.3			4.3
SCSG EA Acquisition Company, Inc.	4.0		4.0			4.0
Severin Acquisition, LLC	2.9		2.9			2.9
SFE Intermediate Holdco LLC	3.8	(0.8)	3.0			3.0
Shift PPC LLC	3.6		3.6			3.6
Sigma Electric Manufacturing Corporation	10.0	(1.5)	8.5			8.5
Soil Safe, Inc. and Soil Safe Acquisition Corp.	10.5	(4.6)	5.9			5.9
Sonny's Enterprises, LLC	1.8	(1.0)	0.8			0.8
Sparta Systems, Inc.	6.5		6.5			6.5
Storm UK Holdco Limited and Storm US Holdco Inc.	1.1	(0.1)	1.0			1.0
Teasdale Foods, Inc.	0.8	(0.4)	0.4			0.4
The Gordian Group, Inc.	1.1		1.1			1.1
Things Remembered, Inc.	2.4		2.4			2.4
Towne Holdings, Inc.	1.0		1.0			1.0
TPTM Merger Corp.	2.5		2.5			2.5
Urgent Cares of America Holdings I, LLC	10.0		10.0			10.0
VistaPharm, Inc.	2.5		2.5			2.5
VLS Recovery Services, LLC	22.1	(1.8)	20.3			20.3
VRC Companies, LLC	1.9	(0.8)	1.1			1.1
Woodstream Group, Inc. and Woodstream Corporation	4.7		4.7			4.7
Wrench Group LLC	4.6		4.6			4.6
Zemax, LLC	3.0		3.0			3.0
Zywave, Inc.	11.4	(2.4)	9.0			9.0
	\$ 881.5	\$ (201.5)	\$ 680.0	\$ (11.3)	\$	\$ 668.7

(22)

As of December 31, 2017, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions) Company	Total private equity commitments	Less: funded private equity commitments	Total unfunded private equity commitments	Less: private equity commitments substantially at the discretion	Total net adjusted unfunded private equity
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					of the Company	commitments
Partnership Capital Growth Investors III, L.P.	\$	5.0	\$	(4.5)	\$	0.5
PCG-Ares Sidecar Investment, L.P. and PCG-Ares Sidecar Investment II, L.P.		50.0		(12.1)		(37.9)
Piper Jaffray Merchant Banking Fund I, L.P.		2.0		(1.8)		0.2
European Capital UK SME Debt LP		54.0		(44.0)		(10.0)
	\$	111.0	\$	(62.4)	\$	(47.9)
					\$	0.7

(23) As of December 31, 2017, the Company had commitments to co-invest in the SDLP for its portion of the SDLP's commitment to fund delayed draw loans of up to \$19. See Note 4 to the consolidated financial statements for more information on the SDLP.

(24) Other than the investments noted by this footnote, the fair value of the Company's investments is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 8 to the consolidated financial statements for more information regarding the fair value of the Company's investments.

(25) As of December 31, 2017, the net estimated unrealized loss for federal tax purposes was \$0.8 billion based on a tax cost basis of \$12.7 billion. As of December 31, 2017, the estimated aggregate gross unrealized loss for federal income tax purposes was \$1.3 billion and the estimated aggregate gross unrealized gain for federal income tax purposes was \$0.5 billion.

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**ARES CAPITAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
(in millions, except per share data)

	Common Stock		Capital in	Accumulated	Total
	Shares	Amount	Excess of	Undistributed	Stockholders'
			Par Value	(Overdistributed)	Equity
				Earnings	
Balance at December 31, 2015	314	\$	\$ 5,318	\$ (145)	\$ 5,173
Repurchases of common stock			(5)		(5)
Net investment income				494	494
Net realized gains on investments, foreign currency transactions, extinguishment of debt and other assets				110	110
Net unrealized losses on investments and foreign currency transactions				(130)	(130)
Dividends declared and payable (\$1.52 per share)				(477)	(477)
Tax reclassification of stockholders' equity in accordance with GAAP			(21)	21	
Balance at December 31, 2016	314	\$	\$ 5,292	\$ (127)	\$ 5,165
Issuance of common stock in connection with the American Capital Acquisition	112		1,839		1,839
Deemed contributions from Ares Capital Management (See Note 16)			54		54
Shares issued in connection with dividend reinvestment plan			6		6
Issuance of Convertible Unsecured Notes (See Note 5)			15		15
Net investment income				511	511
Net realized gains on investments, foreign currency transactions, extinguishment of debt and other assets				20	20
Net unrealized gains on investments, foreign currency and other transactions				136	136
Dividends declared and payable (\$1.52 per share)				(648)	(648)
Tax reclassification of stockholders' equity in accordance with GAAP			(14)	14	
Balance at December 31, 2017	426	\$	\$ 7,192	\$ (94)	\$ 7,098
Net investment income				694	694
Net realized gains on investments, foreign currency transactions, extinguishment of debt and other assets				419	419
Net unrealized losses on investments, foreign currency and other transactions				(255)	(255)
Dividends declared and payable (\$1.54 per share)				(656)	(656)
Tax reclassification of stockholders' equity in accordance with GAAP			(19)	19	
Balance at December 31, 2018	426	\$	\$ 7,173	\$ 127	\$ 7,300



See accompanying notes to consolidated financial statements.

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Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CASH FLOWS**

(in millions)

	For the Years Ended December 31,		
	2018	2017	2016
<b>OPERATING ACTIVITIES:</b>			
Net increase in stockholders' equity resulting from operations	\$ 858	\$ 667	\$ 474
Adjustments to reconcile net increase in stockholders' equity resulting from operations:			
Net realized gains on investments and foreign currency transactions	(419)	(24)	(110)
Net unrealized losses (gains) on investments, foreign currency and other transactions	255	(136)	130
Realized losses on extinguishment of debt		4	
Net accretion of discount on investments	(12)	(10)	(6)
Payment-in-kind interest and dividends	(94)	(79)	(48)
Collections of payment-in-kind interest and dividends	39	65	12
Amortization of debt issuance costs	18	18	14
Net accretion of discount on notes payable	5	6	6
Acquisition of American Capital, net of cash acquired		(2,381)	
Proceeds from sales and repayments of investments	6,747	7,047	3,711
Purchases of investments	(7,109)	(7,229)	(3,475)
Changes in operating assets and liabilities:			
Interest receivable	2	28	26
Other assets	37	32	(11)
Base management fees payable	1	10	
Income based fees payable	9	(5)	1
Capital gains incentive fees payable	33	41	(4)
Accounts payable and other liabilities	(66)	(122)	(6)
Interest and facility fees payable		20	(7)
Net cash provided by (used in) operating activities	304	(2,048)	707
<b>FINANCING ACTIVITIES:</b>			
Net proceeds from issuance of common stock		1,839	
Borrowings on debt	6,592	12,209	9,855
Repayments and repurchases of debt	(6,241)	(11,228)	(10,104)
Debt issuance costs	(19)	(37)	(10)
Dividends paid	(656)	(642)	(477)
Repurchases of common stock			(5)
Net cash provided by (used in) financing activities	(324)	2,141	(741)
CHANGE IN CASH AND CASH EQUIVALENTS	(20)	93	(34)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	316	223	257
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 296	\$ 316	\$ 223
<b>Supplemental Information:</b>			
Interest paid during the period	\$ 201	\$ 171	\$ 168

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Taxes, including excise tax, paid during the period	\$	20	\$	24	\$	18
Dividends declared and payable during the period	\$	656	\$	648	\$	477
Deemed contribution from Ares Capital Management (see Note 16)			\$	54		

See accompanying notes to consolidated financial statements.

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**ARES CAPITAL CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**As of December 31, 2018**

**(in millions, except per share data, percentages and as otherwise indicated;  
for example, with the word "billion" or otherwise)**

**1. ORGANIZATION**

Ares Capital Corporation (the "Company") is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. The Company has 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"). The Company has elected to be treated as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code"), and operates in a manner so as to qualify for the tax treatment applicable to RICs.

The Company's investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company invests 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, the Company also makes equity investments.

The Company is externally managed by Ares Capital Management LLC ("Ares Capital Management" or the Company's "investment adviser"), a subsidiary of Ares Management Corporation ("Ares Management"), a publicly traded, leading global alternative asset manager, pursuant to an investment advisory and management agreement. Ares Operations LLC ("Ares Operations" or the Company's "administrator"), a subsidiary of Ares Management, provides certain administrative and other services necessary for the Company to operate.

**2. SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles ("GAAP"), and include the accounts of the Company and its consolidated subsidiaries. The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification ("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.

***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. As of December 31, 2018 and 2017, there was \$60 and \$33, respectively, of cash denominated in foreign currencies included within "cash and cash equivalents" in the accompanying consolidated balance sheet.

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*Concentration of Credit Risk*

The Company places its 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, the Company looks 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 the Company's investments) are valued at fair value as determined in good faith by the Company's board of directors, based on, among other things, the input of the Company's investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of the Company's 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 portion of the Company's investment portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, the Company's independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, the Company's investment valuation process within the context of performing the integrated audit.

As part of the valuation process, the Company may take into account the following types of factors, if relevant, in determining the fair value of the Company's 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 transaction, public offering or subsequent equity sale occurs, the Company considers the pricing indicated by the external event to corroborate its valuation.

Because there is not a readily available market value for most of the investments in its portfolio, the Company values substantially all of its portfolio investments at fair value as determined in good faith by its 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 the Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's 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 the Company 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 the Company was required to liquidate a portfolio investment in a forced or liquidation sale, the Company could realize significantly less than the value at which the Company has recorded it.

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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.

The Company's board of directors undertakes a multi-step valuation process each quarter, as described below:

The Company's 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 the Company's portfolio management team.

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

The audit committee of the Company's board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms who have reviewed a portion of the investments in the Company's portfolio at fair value.

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

See Note 8 for more information on the Company's 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. The Company 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***

The Company has loans in its portfolio that contain payment-in-kind ("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 the Company's status as a RIC, this non-cash source of income must be paid out to stockholders in the form of dividends, even though the Company has not yet collected the cash.

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***Capital Structuring Service Fees and Other Income***

In pursuit of the Company's investment objective, the Company's investment adviser seeks to provide assistance to its portfolio companies and in return the Company may receive fees for capital structuring services. These fees are fixed based on contractual terms, are generally only available to the Company as a result of the Company's underlying investments, are normally paid at the closing of the investments, are generally non-recurring and non-refundable and are recognized as revenue when earned upon closing of the investment. The services that the Company's 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 the Company. In certain instances where the Company is invited to participate as a co-lender in a transaction and does not provide significant services in connection with the investment, a portion of loan fees paid to the Company in such situations will be deferred and amortized over the estimated life of the loan.

Other income includes amendment fees that are fixed based on contractual terms and are generally non-recurring and non-refundable and are recognized as revenue when earned upon closing of the transaction. Other income also includes fees for management and consulting services, loan guarantees, commitments, and other services rendered by the Company to portfolio companies. Such fees are fixed based on contractual terms and are recognized as income as services are rendered.

***Foreign Currency Translation***

The Company's 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***

The Company does not utilize hedge accounting and as such values its derivatives at fair value with the unrealized gains or losses recorded in "net unrealized gains (losses) from foreign currency and other transactions" in the Company's consolidated statement of operations.

***Equity Offering Expenses***

The Company's offering costs are charged against the proceeds from equity offerings when proceeds are received.

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***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***

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

Depending on the level of taxable income earned in a tax year, the Company 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 the Company determines that its estimated current year taxable income will be in excess of estimated dividend distributions for the current year, the Company accrues excise tax, if any, on estimated excess taxable income as such taxable income is earned.

Certain of the Company's 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 the Company's 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 the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Company's board of directors authorizes, and the Company declares, a cash dividend, then the Company's stockholders who have not "opted out" of the Company's dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of the Company's common stock, rather than receiving the cash dividend. The Company may use newly issued shares to implement the dividend reinvestment plan or, if the Company is otherwise permitted under applicable law to purchase such shares, the Company may purchase shares in the open market in connection with the Company's obligations under the dividend reinvestment plan.

***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 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the guidance in this Accounting Standards Update ("ASU") is to increase transparency and comparability among organizations by recognizing lease assets



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and liabilities in the balance sheet and disclosing key information. ASU 2016-02 amends previous lease guidance, which required a lessee to categorize and account for leases as either operating leases or capital leases, and instead requires a lessee to recognize a lease liability and a right-of-use asset on the entity's balance sheet for all leases with terms that exceed one year. The lease liability and right-of-use asset are to be carried at the present value of remaining expected future lease payments. The guidance should be applied using a modified retrospective approach. ASU No. 2016-02 is effective for public entities for annual reporting periods beginning after December 15, 2018 and interim periods within those reporting periods, with early adoption permitted. The Company has completed its assessment of all leases and right-of-use terms, and estimates that the impact of the adoption of ASU 2016-02 is expected to be a recognition of operating right-of-use assets of approximately \$109, operating lease liabilities of approximately \$111 and a reclassification of \$30 from accounts payable and other liabilities to operating lease liabilities relating to the remaining liability associated with lease abandonments assumed in the American Capital Acquisition on the accompanying consolidated balance sheet.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement*. The standard will modify the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU No. 2018-13 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted upon issuance of this ASU. The Company is permitted to early adopt any removed or modified disclosures upon issuance of this ASU and delay adoption of the additional disclosures until their effective date. The Company has elected to early adopt ASU No. 2018-13 as of December 31, 2018.

***SEC Disclosure Update and Simplification***

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification*, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. The amendments are intended to facilitate the disclosure of information to investors and simplify compliance. The Company adopted the final rule under SEC Release No. 33-10532 as of December 31, 2018. The Company has evaluated the impact of the amendments and determined the effect of the adoption of the simplification rules on financial statements will be limited to the modification and removal of certain disclosures.

**3. AGREEMENTS*****Investment Advisory and Management Agreement***

The Company is party to an investment advisory and management agreement (the "investment advisory and management agreement") with Ares Capital Management. Subject to the overall supervision of the Company's board of directors, Ares Capital Management provides investment advisory and management services to the Company. For providing these services, Ares Capital Management receives fees from the Company consisting of a base management fee, a fee based on the Company's net investment income ("income based fee") and a fee based on the Company's net capital gains ("capital gains incentive fee"). The investment advisory and management agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

The base management fee is calculated at an annual rate of 1.5% based on the average value of the Company's 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. In connection with the Company's board of directors approving the modification of the asset coverage requirement applicable to senior securities from 200% to 150% effective on June 21, 2019 (unless the Company receives earlier stockholder approval), the investment advisory and management agreement will be amended effective June 21, 2019 (or such

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earlier date) to reduce the Company's annual base management fee from 1.5% to 1.0% on all assets financed using leverage over 1.0x debt to equity. See Note 5 for additional information.

The income based fee is calculated and payable quarterly in arrears based on the Company's pre-incentive fee net investment income, as defined in the investment advisory and management agreement, 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 the Company receives 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 the Company has not yet received in cash. The Company's investment adviser is not under any obligation to reimburse the Company for any part of the income based fees it received that was based on accrued interest that the Company never actually received.

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 the Company may pay such fees in a quarter where the Company incurs a loss. For example, if the Company receives pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, the Company will pay the applicable income based fee even if the Company has 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 the Company's 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, the Company may be able to invest its funds in debt instruments that provide for a higher return, which may increase the Company's pre-incentive fee net investment income and make it easier for the Company's investment adviser to surpass the fixed hurdle rate and receive an income based fee based on such net investment income. To the extent the Company has 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 the Company's total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) used to calculate the 1.5% base management fee.

The Company pays its investment adviser an income based fee with respect to the Company's pre-incentive fee net investment income in each calendar quarter as follows:

No income based fee in any calendar quarter in which the Company's pre-incentive fee net investment income does not exceed the hurdle rate;

100% of the Company's 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. The Company refers to this portion of its 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 the Company's 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 the Company's pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

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These calculations are adjusted for any share issuances or repurchases during the quarter.

In connection with the Company's acquisition of American Capital, Ltd., a Delaware corporation ("American Capital") (the "American Capital Acquisition"), Ares Capital Management agreed to waive, for each of the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, the lesser of (x) \$10 of income based fees and (y) the amount of income based fees for such quarter, in each case, to the extent payable by the Company in such quarter pursuant to and as calculated under the Company's investment advisory and management agreement (the "Fee Waiver"). See Note 16 for additional information regarding the American Capital Acquisition.

The capital gains incentive fee is determined and payable in arrears as of the end of each calendar year (or, upon termination of the investment advisory and management agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (a) the sum of the Company's cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (b) the Company's cumulative aggregate realized capital gains, in each case calculated from October 8, 2004 (the date the Company completed its 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 from other assets, as well as any income tax and other expenses related to cumulative aggregate 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 the Company's 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 the Company's 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 the Company's 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 the Company is 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 the Company (including, for example, as a result of the application of the asset 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 the Company for such investment plus (y) any amounts recorded in the Company's 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 the Company's financial statements, including PIK interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in the Company's 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.

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The base management fees, income based fees and capital gains incentive fees for the years ended December 31, 2018, 2017 and 2016 were as follows:

	For the years ended		
	December 31,		
	2018	2017	2016
Base management fees	\$ 180	\$ 171	\$ 137
Income based fees	\$ 169	\$ 134	\$ 123
Waiver of income based fees	(40)	(30)	
Income based fees, net of Fee Waiver	\$ 129	\$ 104	\$ 123
Capital gains incentive fees(1)	\$ 33	\$ 41(2)	\$ (5)

(1) Calculated in accordance with GAAP as discussed below.

(2) Includes \$11 of capital gains incentive fees recorded in connection with the American Capital Acquisition as a result of the fair value of the net assets acquired exceeding the fair value of the merger consideration paid by the Company. See Note 16 for additional information regarding the American Capital Acquisition.

The capital gains incentive fee payable to the Company's investment adviser as calculated under the investment advisory and management agreement for the year ended December 31, 2018 was \$50. There was no capital gains incentive fee earned by the Company's investment adviser as calculated under the investment advisory and management agreement for the years ended December 2017 and 2016. In addition, in accordance with GAAP, the Company had cumulatively accrued a capital gains incentive fee of \$112 as of December 31, 2018, of which \$62 is not currently due under the investment advisory and management agreement. GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the capital gains incentive fee plus the aggregate cumulative unrealized capital appreciation, net of any expense associated with cumulative unrealized capital depreciation or appreciation. If such amount is positive at the end of a period, then GAAP requires the Company to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual capital gains incentive fees paid or capital gains incentive fees accrued under GAAP in all prior periods. As of December 31, 2018, the Company has paid capital gains incentive fees since inception totaling \$57, excluding the \$50 payable for the year ended December 31, 2018 that will be paid in the first quarter of 2019. The resulting 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 reversal 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. There can be no assurance that such unrealized capital appreciation will be realized in the future.

The Company defers cash payment of any income based fees and capital gains incentive fees otherwise earned by the Company's 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 the Company's stockholders and (b) the change in 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) is less than 7.0% of the Company's net assets (defined as total assets less indebtedness) at the beginning of such period. Any deferred income based fees and capital gains

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incentive fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under the investment advisory and management agreement.

The services of all investment professionals and staff of the Company's investment adviser, when and to the extent engaged in providing investment advisory and management services to the Company and routine overhead expenses of such personnel allocable to such services, are provided and paid for by the Company's investment adviser. Under the investment advisory and management agreement, the Company bears all other costs and expenses of its operations and transactions, including, but not limited to, those relating to: organization; calculation of the Company's net asset value (including, but not limited to, the cost and expenses of any independent valuation firm); expenses incurred by the Company's investment adviser payable to third parties, including agents, consultants or other advisers, in monitoring the Company's financial and legal affairs and in monitoring the Company's investments (including the cost of consultants hired to develop information technology systems designed to monitor the Company's investments) and performing due diligence on the Company's prospective portfolio companies; interest payable on indebtedness, if any, incurred to finance the Company's investments (including payments to third party vendors for financial information services); offerings of the Company's common stock and other securities; investment advisory and management fees; administration fees; fees payable to third parties, including agents, consultants or other advisers, relating to, or associated with, evaluating and making investments in portfolio companies, regardless of whether such transactions are ultimately consummated; transfer agent and custodial fees; registration fees; listing fees; taxes; independent directors' fees and expenses; costs of preparing and filing reports or other documents with the SEC; the costs of any reports, proxy statements or other notices to stockholders, including printing costs; to the extent the Company is covered by any joint insurance policies, the Company's allocable portion of the insurance premiums for such policies; direct costs and expenses of administration, including auditor and legal costs; and all other expenses incurred by the Company or its administrator in connection with administering the Company's business as described in more detail under "Administration Agreement" below.

***Administration Agreement***

The Company is party to an administration agreement, referred to herein as the "administration agreement", with its administrator, Ares Operations. Pursuant to the administration agreement, Ares Operations furnishes the Company with office equipment and clerical, bookkeeping and record keeping services at the Company's office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, the Company's required administrative services, which include, among other things, providing assistance in accounting, legal, compliance, operations, technology and investor relations, being responsible for the financial records that the Company is required to maintain and preparing reports to its stockholders and reports filed with the Securities and Exchange Commission (the "SEC"). In addition, Ares Operations assists the Company in determining and publishing its net asset value, assists the Company in providing managerial assistance to its portfolio companies, oversees the preparation and filing of the Company's tax returns and the printing and dissemination of reports to its stockholders, and generally oversees the payment of its expenses and the performance of administrative and professional services rendered to the Company by others. Payments under the administration agreement are equal to an amount based upon its allocable portion of Ares Operations' overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under the administration agreement, including the Company's allocable portion of the compensation, rent and other expenses of certain of its officers (including the Company's chief compliance officer, chief financial officer, chief accounting officer, general counsel, secretary, treasurer and assistant treasurer) and their respective staffs. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

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For the years ended December 31, 2018, 2017 and 2016, the Company incurred \$13, \$12 and \$14, respectively, in administrative fees. In addition, for the year ended December 31, 2017, the Company incurred an additional \$8 in administrative fees related to the integration of the American Capital Acquisition. These acquisition-related expenses are included in "professional fees and other costs related to the American Capital Acquisition" in the consolidated statement of operations. As of December 31, 2018, \$3 of the administrative fees were unpaid and included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.

**4. INVESTMENTS**

As of December 31, 2018 and 2017, investments consisted of the following:

	As of December 31,			
	2018		2017	
	Amortized Cost(1)	Fair Value	Amortized Cost(1)	Fair Value
First lien senior secured loans	\$ 5,976	\$ 5,836	\$ 5,337	\$ 5,197
Second lien senior secured loans	3,878	3,657	3,885	3,744
Subordinated certificates of the SDLP(2)	652	652	487	487
Senior subordinated loans	717	727	978	995
Collateralized loan obligations	44	45	115	114
Preferred equity securities	576	444	485	532
Other equity securities	911	1,056	618	772
Total	\$ 12,754	\$ 12,417	\$ 11,905	\$ 11,841

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(1) The amortized cost represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

(2) The proceeds from these certificates were applied to co-investments with Varagon and its clients to fund first lien senior secured loans to 21 and 19 different borrowers as of December 31, 2018 and 2017, respectively.

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The industrial and geographic compositions of the Company's portfolio at fair value as of December 31, 2018 and 2017 were as follows:

<b>Industry</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2017</b>
Healthcare Services	21.7%	22.5%
Business Services	17.9	19.2
Consumer Products	8.3	6.8
Financial Services	6.6	4.3
Investment Funds and Vehicles(1)	6.2	5.8
Manufacturing	6.1	6.0
Other Services	5.7	6.2
Power Generation	4.8	3.6
Restaurants and Food Services	3.8	3.3
Oil and Gas	3.0	2.5
Food and Beverage	2.9	4.3
Automotive Services	2.8	3.0
Wholesale Distribution	2.3	2.5
Education	2.2	3.0
Containers and Packaging	1.5	2.1
Other	4.2	4.9
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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- (1) Includes the Company's investment in the SDLP, which had made first lien senior secured loans to 21 and 19 different borrowers as of December 31, 2018 and 2017, respectively. The portfolio companies in the SDLP are in industries similar to the companies in the Company's portfolio.

<b>Geographic Region</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2017</b>
Midwest	31.4%	25.3%
West(1)	24.0	23.9
Southeast	18.8	28.5
Mid Atlantic	18.2	15.0
Northeast	5.4	3.9
International	2.2	3.4
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

- 
- (1) Includes the Company's investment in the SDLP, which represented 5.3% and 4.1% of the total investment portfolio at fair value as of December 31, 2018 and 2017, respectively.

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As of December 31, 2018, 2.5% of total investments at amortized cost (or 0.6% of total investments at fair value) were on non-accrual status. As of December 31, 2017, 3.1% of total investments at amortized cost (or 1.4% of total investments at fair value) were on non-accrual status.

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The Company has established a joint venture with Varagon to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the SDLP. In July 2016, the Company and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$300. The Company and other accounts managed by the Company's investment adviser and its affiliates may directly co-invest with the SDLP to accommodate larger transactions. The SDLP is capitalized as transactions are completed and 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 the Company and Varagon (with approval from a representative of each required).

The Company provides capital to the SDLP in the form of subordinated certificates (the "SDLP Certificates"), and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of December 31, 2018 and 2017, the Company and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates.

As of December 31, 2018 and 2017, the Company and Varagon and its clients had agreed to make capital available to the SDLP of \$6,400 and \$2,925, respectively, in the aggregate, of which \$1,444 and \$591, respectively, is to be made available from the Company. The Company will continue to provide capital to the SDLP in the form of 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. This capital will only be committed to the SDLP upon approval of transactions by the investment committee of the SDLP as discussed above. Below is a summary of the funded capital and unfunded capital commitments of the SDLP.

	<b>As of December 31,</b>	
	<b>2018</b>	<b>2017</b>
Total capital funded to the SDLP(1)	\$ 3,104	\$ 2,319
Total capital funded to the SDLP by the Company(1)	\$ 652	\$ 487
Total unfunded capital commitments to the SDLP(2)	\$ 187	\$ 92
Total unfunded capital commitments to the SDLP by the Company(2)	\$ 39	\$ 19

(1) At principal amount.

(2) These commitments have been approved by the investment committee of the SDLP and will be funded as the transactions are completed.

The SDLP Certificates pay a coupon of LIBOR plus 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, after expenses, 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.

The amortized cost and fair value of the SDLP Certificates held by the Company were \$652 and \$652, respectively, as of December 31, 2018. The Company's yield on its investment in the SDLP at amortized cost and fair value was 15.0% and 15.0%, respectively, as of December 31, 2018. The amortized cost and fair value of the SDLP Certificates held by the Company were \$487 and \$487, respectively, as of December 31, 2017. The Company's yield on its investment in the SDLP at

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amortized cost and fair value was 14.5% and 14.5%, respectively, as of December 31, 2017. For the years ended December 31, 2018, 2017 and 2016, the Company earned interest income of \$87, \$52, and \$13, respectively, from its investment in the SDLP Certificates. The Company is also entitled to certain fees in connection with the SDLP. For the years ended December 31, 2018, 2017 and 2016, in connection with the SDLP, the Company earned capital structuring service and other fees totaling \$16, \$11 and \$6, respectively.

As of December 31, 2018 and 2017, the SDLP's portfolio was comprised entirely of first lien senior secured loans to U.S. middle market companies and were in industries similar to the companies in the Company's portfolio. As of December 31, 2018 and 2017, none of the loans were on non-accrual status. Below is a summary of the SDLP's portfolio.

	As of	
	December 31,	
	2018	2017
Total first lien senior secured loans(1)	\$ 3,086	\$ 2,316
Largest loan to a single borrower(1)	\$ 249	\$ 200
Total of five largest loans to borrowers(1)	\$ 1,132	\$ 947
Number of borrowers in the SDLP	21	19
Commitments to fund delayed draw loans(2)	\$ 187	\$ 92

(1) At principal amount.

(2) As discussed above, these commitments have been approved by the investment committee of the SDLP.

### ***Senior Secured Loan Program***

The Company and General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") had previously co-invested in first lien senior secured loans of middle market companies through the SSLP. The SSLP was capitalized as transactions were completed. All portfolio decisions and generally all other decisions in respect of the SSLP were 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 provided capital to the SSLP in the form of subordinated certificates (the "SSLP Certificates"). GE provided capital to the SSLP in the form of senior notes and the SSLP Certificates.

As of June 30, 2017, the Company's investment in the SSLP Certificates at amortized cost and fair value was \$1.9 billion and \$1.9 billion, respectively. As of June 30, 2017, the SSLP had \$1.2 billion in cash and GE's senior notes outstanding totaled \$601. In July 2017, the SSLP made its monthly waterfall distribution from this cash, which fully repaid the senior notes of the SSLP with the remaining amounts distributed to the holders of the SSLP Certificates. From this distribution, the Company received \$474 in respect of the Company's SSLP Certificates. After this distribution, the Company's amortized cost in its SSLP Certificates was \$1.5 billion.

In June 2017, the Company purchased the SSLP's entire \$259 in aggregate principal amount of first lien senior secured loan investments in Implus Footcare, LLC ("Implus") at fair value of \$259. As a result of the transaction, the SSLP fully exited its investment in Implus.

In addition, in July 2017, the Company and GE agreed to an effective termination of the SSLP whereby on July 26, 2017, the Company purchased the remaining \$1.6 billion in aggregate principal amount of first lien senior secured loans outstanding at par plus accrued and unpaid interest and fees from the SSLP (the "SSLP Loan Sale") and assumed the SSLP's remaining unfunded loan commitments totaling \$50. Upon completion of the SSLP Loan Sale, the SSLP made a liquidation

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distribution to the holders of the SSLP Certificates (the "SSLP Liquidation Distribution"), of which the Company received \$1.5 billion. In connection with the SSLP Liquidation Distribution, the Company recognized an \$18 realized loss. After completion of the transactions above, the operations of the SSLP were effectively terminated pursuant to the terms of the documents governing the SSLP and the SSLP no longer has an obligation to fund existing commitments and other amounts in respect of its former portfolio companies.

For the years ended December 31, 2017 and 2016, the Company earned interest income of \$69 and \$208, respectively, from its investment in the SSLP Certificates. The Company was also entitled to certain fees in connection with the SSLP. For the years ended December 31, 2017 and 2016, in connection with the SSLP, the Company earned capital structuring service, sourcing and other fees totaling \$5 and \$20, respectively.

***Ivy Hill Asset Management, L.P.***

Ivy Hill Asset Management, L.P. ("IHAM") is an asset management services company and an SEC-registered investment adviser. The Company has made investments in IHAM, its wholly owned portfolio company, and previously made investments in certain vehicles managed by IHAM. As of December 31, 2018, IHAM had assets under management of approximately \$4.7 billion. As of December 31, 2018, IHAM managed 21 vehicles and served as the sub-manager/sub-servicer for two other vehicles (these vehicles managed or sub-managed/sub-serviced by IHAM are collectively referred to as the "IHAM Vehicles"). IHAM earns fee income from managing the IHAM Vehicles and has also invested in certain of these vehicles as part of its business strategy. As of December 31, 2018 and 2017, IHAM had total investments of \$448 and \$229, respectively. For the years ended December 31, 2018, 2017 and 2016, IHAM had management and incentive fee income of \$25, \$44 and \$17, respectively, and other investment-related income of \$45, \$26 and \$24, respectively.

In connection with the American Capital Acquisition, which was completed on January 3, 2017 (the "Acquisition Date"), American Capital Asset Management, LLC ("ACAM"), a wholly owned portfolio company of American Capital, merged with and into IHAM, with IHAM remaining as the surviving entity as a wholly owned portfolio company of the Company. As a result of the merger of IHAM and ACAM, the Company's investment in IHAM increased by \$179, which was recorded as an equity capital contribution in the amount of the fair value of the net assets of ACAM as of the Acquisition Date. In January 2017, as a result of sales of certain assets previously held by ACAM, IHAM made a distribution to the Company of \$103, which was recorded as a return of the Company's equity capital contribution discussed above. See Note 14 for additional information regarding the American Capital Acquisition.

The amortized cost and fair value of the Company's investment in IHAM was \$444 and \$518, respectively, as of December 31, 2018, and \$244 and \$315, respectively, as of December 31, 2017. For the years ended December 31, 2018, 2017 and 2016, the Company received distributions from IHAM of \$58, \$40 (excluding the \$103 return of capital discussed above) and \$40, respectively. The distributions for the years ended December 31, 2018, 2017 and 2016 included dividend income of \$58, \$40 and \$40, respectively. Additionally, in February 2018, the Company provided a \$63 subordinated revolving loan and a \$200 equity capital contribution to IHAM to help support IHAM's acquisition of a portfolio of middle market loans.

From time to time, IHAM or certain IHAM Vehicles may purchase investments from, or sell investments to, the Company. For any such sales or purchases by the IHAM Vehicles to or from the Company, the IHAM Vehicles must obtain approval from third parties unaffiliated with the Company or IHAM, as applicable. During the years ended December 31, 2018, 2017 and 2016, IHAM or certain of the IHAM Vehicles purchased \$482, \$137 and \$495, respectively, of investments from the Company. For the year ended December 31, 2018, the Company recorded \$0 of net realized losses from these

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sales. For the year ended December 31, 2017, the Company recorded \$0 of net realized losses from these sales. For the year ended December 31, 2016, the Company recorded \$1 of net realized gains from these sales.

IHAM is party to an administration agreement, referred to herein as the "IHAM administration agreement," with Ares Operations. Pursuant to the IHAM administration agreement, Ares Operations provides IHAM with, among other things, office facilities, equipment, clerical, bookkeeping and record keeping services, services relating to the marketing and sale of interests in vehicles managed by IHAM, services of, and oversight of, custodians, depositories, accountants, attorneys, underwriters and such other persons in any other capacity deemed to be necessary. Under the IHAM administration agreement, IHAM reimburses Ares Operations for all of the actual costs associated with such services, including Ares Operations' allocable portion of the compensation, rent and other expenses of its officers, employees and respective staff in performing its obligations under the IHAM administration agreement.

**5. DEBT**

In accordance with the Investment Company Act, the Company is currently allowed to borrow amounts such that its asset coverage, calculated pursuant to the Investment Company Act, is at least 200% after such borrowing. On June 21, 2018, the Company's board of directors, including a "required majority" (as such term is defined in Section 57(o) of the Investment Company Act) of the Company's board of directors, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the Investment Company Act, as amended by the Small Business Credit Availability Act. As a result, effective on June 21, 2019 (unless the Company receives earlier stockholder approval), the Company's asset coverage requirement applicable to senior securities will be reduced from 200% to 150%. As of December 31, 2018, the aggregate amount outstanding of the senior securities issued by the Company was \$5,298. As of December 31, 2018 the Company's asset coverage was 236%.

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The Company's outstanding debt as of December 31, 2018 and 2017 was as follows:

	As of December 31,					
	2018			2017		
	Total Aggregate Principal Amount Committed/ Outstanding	Principal Amount Outstanding	Carrying Value	Total Aggregate Principal Amount Committed/ Outstanding	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	\$ 2,133(2)	\$ 1,064	\$ 1,064	\$ 2,108	\$ 395	\$ 395
Revolving Funding Facility	1,000	520	520	1,000	600	600
SMBC Funding Facility	400	245	245	400	60	60
SBA Debentures			(3)	50		
2018 Convertible Notes				270	270	270(4)
2019 Convertible Notes	300	300	300(4)	300	300	298(4)
2022 Convertible Notes	388	388	372(4)	388	388	368(4)
2018 Notes				750	750	748(5)
2020 Notes	600	600	598(6)	600	600	597(6)
2022 Notes	600	600	595(7)	600	600	593(7)
2023 Notes	750	750	744(8)	750	750	743(8)
2025 Notes	600	600	593(9)			
2047 Notes	230	230	183(10)	230	230	182(10)
Total	\$ 7,001	\$ 5,297	\$ 5,214	\$ 7,446	\$ 4,943	\$ 4,854

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- (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 the Company, under certain circumstances, to increase the size of the Revolving Credit Facility (as defined below) to a maximum of \$3,133.
- (3) See below for more information on the termination of the undrawn SBA Debenture (as defined below) commitments.
- (4) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below). As of December 31, 2018, the total unamortized debt issuance costs and the unaccreted discount for the 2019 Convertible Notes and the 2022 Convertible Notes (each as defined below) were \$0 and \$16, respectively. As of December 31, 2017, the total unamortized debt issuance costs and the unaccreted discount for the 2018 Convertible Notes, the 2019 Convertible Notes and the 2022 Convertible Notes were \$0, \$2 and \$20, respectively.
- (5) Represents the aggregate principal amount outstanding of the 2018 Notes (as defined below) less unamortized debt issuance costs and plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes. As of December 31, 2017, the total unamortized debt issuance costs less the net unamortized premium was \$2.

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- (6) 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 December 31, 2018 and 2017, the total unamortized debt issuance costs and the net unaccreted discount was \$2 and \$3, respectively.
- (7) Represents the aggregate principal amount outstanding of the 2022 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2022 Notes. As of December 31, 2018 and 2017, the total unamortized debt issuance costs and the unaccreted discount was \$5 and \$7, respectively.

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- (8) Represents the aggregate principal amount outstanding of the 2023 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2023 Notes. As of December 31, 2018 and 2017, the total unamortized debt issuance costs and the unaccreted discount was \$6 and \$7, respectively.
- (9) Represents the aggregate principal amount outstanding of the 2025 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2025 Notes. As of December 31, 2018, the total unamortized debt issuance costs and the unaccreted discount was \$7.
- (10) Represents the aggregate principal amount outstanding of the 2047 Notes (as defined below) less the unaccreted purchased discount recorded as a part of the Allied Acquisition (as defined below). As of December 31, 2018 and 2017, the total unaccreted purchased discount was \$47 and \$48, respectively. The carrying value represents the outstanding principal amount of the 2047 Notes less the unaccreted purchased discount recorded as a part of the Allied Acquisition.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount outstanding, of all the Company's outstanding debt as of December 31, 2018 were 4.1% and 4.8 years, respectively, and as of December 31, 2017 were 4.1% and 4.3 years, respectively.

***Revolving Credit Facility***

The Company is party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), which allows the Company to borrow up to \$2,133 at any one time outstanding. The Revolving Credit Facility consists of a \$414 term loan tranche with a stated maturity date of March 30, 2023 and a \$1,719 revolving tranche. For \$1,624 of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2022 and March 30, 2023, respectively. For \$50 of the revolving tranche, the end of the revolving period and the stated maturity date are January 4, 2021 and January 4, 2022, respectively. For the remaining \$45 of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, respectively. The Revolving Credit Facility also provides for a feature that allows the Company, under certain circumstances, to increase the overall size of the Revolving Credit Facility to a maximum of \$3,133. The Revolving Credit Facility generally requires payments of interest at the end of each LIBOR interest period, but no less frequently than quarterly, on LIBOR based loans, and monthly payments of interest on other loans. From the end of the revolving period to the stated maturity date as applicable for each revolving tranche, the Company is required to repay outstanding principal amounts under such revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period.

Under the Revolving Credit Facility, the Company is required to comply with various covenants, reporting requirements and other customary requirements for similar revolving credit facilities, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) maintaining a certain minimum stockholders' equity, (e) maintaining a ratio of total assets (less total liabilities other than indebtedness) to total indebtedness of the Company and its consolidated subsidiaries (subject to certain exceptions) of not less than 1.5:1.0, (f) limitations on pledging certain unencumbered assets, and (g) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. These covenants are subject to important limitations and exceptions that are described in the documents governing the Revolving Credit Facility. Amounts available to borrow under the Revolving Credit Facility (and the incurrence of certain other permitted debt) are also subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio that are pledged

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as collateral. As of December 31, 2018, the Company was in compliance in all material respects with the terms of the Revolving Credit Facility.

As of December 31, 2018 and 2017, there was \$1,064 and \$395 outstanding, respectively, under the Revolving Credit Facility. As of December 31, 2018, the Revolving Credit Facility also provides for a sub-limit for the issuance of letters of credit for up to an aggregate amount of \$150. As of December 31, 2018 and 2017, the Company had \$57 and \$44, respectively, in letters of credit issued through the Revolving Credit Facility. The amount available for borrowing under the Revolving Credit Facility is reduced by any letters of credit issued. As of December 31, 2018, there was \$1,012 available for borrowing (net of letters of credit issued) under the Revolving Credit Facility.

Since March 30, 2018, the interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% 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. Prior to March 30, 2018, the interest rate charged on the Revolving Credit Facility was 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 December 31, 2018, the interest rate in effect was LIBOR plus 1.75%. As of December 31, 2018, the one, two, three and six month LIBOR was 2.50%, 2.61%, 2.81% and 2.88%, respectively. As of December 31, 2017, the one, two, three and six month LIBOR was 1.56%, 1.62%, 1.69% and 1.84%, respectively. In addition to the stated interest expense on the Revolving Credit Facility, the Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Revolving Credit Facility. The Company is also required to pay a letter of credit fee of either 2.00% or 2.125% 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.

In December 2017, the Company entered into an interest rate swap agreement to effectively fix the interest rate in connection with \$395 of the term loan tranche of the Revolving Credit Facility. See Note 6 for more information on the interest rate swap.

The Revolving Credit Facility is secured by certain assets in the Company's portfolio and excludes investments held by Ares Capital CP under the Revolving Funding Facility and those held by ACJB under the SMBC Funding Facility (as defined below), each as described below, and certain other investments.



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For the years ended December 31, 2018, 2017 and 2016, the components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Credit Facility were as follows:

	For the Years Ended December 31,		
	2018	2017	2016
Stated interest expense	\$ 17	\$ 15	\$ 18
Facility fees	7	7	2
Amortization of debt issuance costs	4	4	3
Total interest and credit facility fees expense	\$ 28	\$ 26	\$ 23
Cash paid for interest expense	\$ 16	\$ 15	\$ 18
Average stated interest rate	3.93%	2.90%	2.29%
Average outstanding balance	\$ 443	\$ 514	\$ 799

***Revolving Funding Facility***

The Company's consolidated subsidiary, Ares Capital CP Funding LLC ("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 \$1,000 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 are January 3, 2022 and January 3, 2024, respectively.

Amounts available to borrow under the Revolving Funding Facility are subject to a borrowing base that applies different advance rates to different types of assets held by Ares Capital CP. Ares Capital CP is also subject to limitations with respect to the loans securing the Revolving Funding Facility, including restrictions on sector concentrations, loan size, payment frequency and status, collateral interests, loans with fixed rates and loans with certain investment ratings, as well as restrictions on portfolio company leverage, which may also affect the borrowing base and therefore amounts available to borrow. The Company and Ares Capital CP are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the agreements governing the Revolving Funding Facility. As of December 31, 2018, the Company and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

As of December 31, 2018 and 2017, there was \$520 and \$600 outstanding, respectively, under the Revolving Funding Facility. Since December 14, 2018, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus 2.00% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. From October 2, 2017 to December 13, 2018, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus 2.15% per annum or a "base rate" plus 1.15% per annum. From January 4, 2017 to October 1, 2017, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus 2.30% per annum or a "base rate" plus 1.30% per annum. Prior to and including January 3, 2017, the interest rate charged on the Revolving Funding Facility was 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" in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. Ares Capital CP is also required to pay a commitment fee between 0.50% and 1.50% per annum depending on the size of the unused portion of the Revolving Funding Facility.

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For the years ended December 31, 2018, 2017 and 2016, the components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Funding Facility were as follows:

	For the Years Ended December 31,		
	2018	2017	2016
Stated interest expense	\$ 8	\$ 17	\$ 4
Facility fees	8	4	2
Amortization of debt issuance costs	3	3	2
Total interest and credit facility fees expense	\$ 19	\$ 24	\$ 8
Cash paid for interest expense	\$ 10	\$ 14	\$ 3
Average stated interest rate	4.16%	3.41%	2.80%
Average outstanding balance	\$ 204	\$ 512	\$ 142

***SMBC Funding Facility***

The Company's consolidated subsidiary, Ares Capital JB Funding LLC ("ACJB"), is party to a revolving funding facility (as amended, the "SMBC Funding Facility") with ACJB, as the borrower, and Sumitomo Mitsui Banking Corporation ("SMBC"), as the administrative agent, collateral agent, and lender, that allows ACJB to borrow up to \$400 at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 14, 2019 and September 14, 2024, respectively. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement.

Amounts available to borrow under the SMBC Funding Facility are subject to a borrowing base that applies an advance rate to assets held by ACJB. The Company and ACJB are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the documents governing the SMBC Funding Facility. As of December 31, 2018, the Company and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

As of December 31, 2018 and 2017, there was \$245 and \$60 outstanding, respectively, under the SMBC Funding Facility. 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 December 31, 2018, the interest rate in effect was LIBOR plus 1.75%. 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.

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For the years ended December 31, 2018, 2017 and 2016, the components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the SMBC Funding Facility were as follows:

	For the Years Ended December 31,		
	2018	2017	2016
Stated interest expense	\$ 1	\$ 2	\$ 3
Facility fees	2	1	1
Amortization of debt issuance costs	2	1	1
Total interest and credit facility fees expense	\$ 5	\$ 4	\$ 5

Cash paid for interest expense	\$ 1	\$ 2	\$ 3
Average stated interest rate	4.11%	2.87%	2.29%
Average outstanding balance	\$ 29	\$ 76	\$ 112

***SBA Debentures***

In April 2015, the Company's consolidated subsidiary, Ares Venture Finance, L.P. ("AVF LP"), received a license from the Small Business Administration ("SBA") to operate as a Small Business Investment Company ("SBIC") under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended.

The license from the SBA allowed AVF LP to obtain leverage by issuing SBA-guaranteed debentures (the "SBA Debentures"), subject to issuance of a capital commitment by the SBA and other customary procedures. Leverage through the SBA Debentures was subject to required capitalization thresholds. The original amount committed to AVF LP by the SBA was \$75. In September 2017, AVF LP fully repaid the \$25 of the aggregate principal amount of the SBA Debentures outstanding at the time. In April 2018, AVF LP surrendered its license to operate as a SBIC and the undrawn SBA Debenture commitments of \$50 were terminated.

For the years ended December 2017 and 2016, the components of interest expense, cash paid for interest expense, average stated interest rate and average outstanding balances for the SBA Debentures were as follows:

	For the Years Ended December 31,	
	2017	2016
Stated interest expense	\$ 1	\$ 1
Amortization of debt issuance costs		
Total interest and credit facility fees expense	\$ 1	\$ 1

Cash paid for interest expense	\$ 1	\$ 1
Average stated interest rate	3.48%	3.41%
Average outstanding balance	\$ 17	\$ 25

***Convertible Unsecured Notes***

The Company has issued \$300 in aggregate principal amount of unsecured convertible notes that mature on January 15, 2019 (the "2019 Convertible Notes") and \$388 in aggregate principal amount of unsecured convertible notes that mature on February 1, 2022 (the "2022 Convertible Notes" and together with the 2019 Convertible Notes, the "Convertible Unsecured Notes"). The Convertible Unsecured Notes mature upon their respective maturity dates unless previously converted or



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repurchased in accordance with their terms. The Company does not have the right to redeem the Convertible Unsecured Notes prior to maturity. The 2019 Convertible Notes and the 2022 Convertible Notes bear interest at a rate of 4.375% and 3.75%, respectively, per year, payable semi-annually.

In certain circumstances, assuming the respective conversion date below has not already passed, the Convertible Unsecured Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of its common stock, at the Company's election, at their respective conversion rates (listed below as of December 31, 2018) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the "Convertible Unsecured Notes Indentures"). To the extent the 2019 Convertible Notes are converted, the Company has elected to settle with a combination of cash and shares of the Company's common stock. Prior to the close of business on 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 Convertible Unsecured Notes Indentures. 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 the Company engages in certain corporate events as described in their respective Convertible Unsecured Notes Indenture, holders of the Convertible Unsecured Notes may require the Company 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 December 31, 2018 are listed below.

	2019 Convertible Notes	2022 Convertible Notes
Conversion premium	15.0%	15.0%
Closing stock price at issuance	\$17.53	\$16.86
Closing stock price date	July 15, 2013	January 23, 2017
Conversion price(1)	\$19.96	\$19.37
Conversion rate (shares per one thousand dollar principal amount)(1)	50.0897	51.6380
Conversion dates	July 15, 2018	August 1, 2021

(1) Represents conversion price and conversion rate, as applicable, as of December 31, 2018, taking into account certain de minimis adjustments that will be made on the conversion date.

As of December 31, 2018, the principal amounts of each series of the Convertible Unsecured Notes exceeded the value of the underlying shares multiplied by the per share closing price of the Company's common stock.

The Convertible Unsecured Notes Indentures contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act and to provide financial information to the holders of the Convertible Unsecured Notes under certain circumstances. These covenants are subject to important limitations and exceptions that are described in the Convertible Unsecured Notes Indentures. As of December 31, 2018, the Company was in compliance in all material respects with the terms of the Convertible Unsecured Notes Indentures.

The Convertible Unsecured Notes are accounted for in accordance with ASC 470-20. Upon conversion of any of the other Convertible Unsecured Notes, the Company intends to pay the outstanding principal amount in cash and to the extent that the conversion value exceeds the principal amount, the Company has the option to pay in cash or shares of the Company's common stock (or a

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combination of cash and shares) in respect of the excess amount, subject to the requirements of the Convertible Unsecured Notes Indentures. The Company has determined that the embedded conversion options in the Convertible Unsecured Notes are not required to be separately accounted for as a derivative under GAAP. In accounting for the Convertible Unsecured Notes, the Company estimated at the time of issuance separate debt and equity components for each of the Convertible Unsecured Notes. An original issue discount equal to the equity components of the Convertible Unsecured Notes was recorded in "capital in excess of par value" in the accompanying consolidated balance sheet. Additionally, the issuance costs associated with the Convertible Unsecured Notes were allocated to the debt and equity components in proportion to the allocation of the proceeds and accounted for as debt issuance costs and equity issuance costs, respectively.

The debt and equity component percentages, the issuance costs and the equity component amounts for each of the Convertible Unsecured Notes are listed below.

	<b>2019</b>		<b>2022</b>	
	<b>Convertible Notes</b>		<b>Convertible Notes</b>	
Debt and equity component percentages, respectively(1)	99.8% and 0.2%		96.0% and 4.0%	
Debt issuance costs(1)	\$	4	\$	9
Equity issuance costs(1)	\$		\$	
Equity component, net of issuance costs(2)	\$	1	\$	15

(1) At time of issuance.

(2) At time of issuance and as of December 31, 2018.

In addition to the original issue discount equal to the equity component of the 2019 Convertible Notes, the 2019 Convertible Notes were issued at a discount. The Company records interest expense comprised of both stated interest expense as well as accretion of any original issue discount.

As of December 31, 2018, the components of the carrying value of the Convertible Unsecured Notes, the stated interest rate and the effective interest rate were as follows:

	<b>2019</b>		<b>2022</b>	
	<b>Convertible Notes</b>		<b>Convertible Notes</b>	
Principal amount of debt	\$	300	\$	388
Original issue discount, net of accretion				(10)
Debt issuance costs				(6)
Carrying value of debt	\$	300	\$	372
Stated interest rate		4.375%		3.750%
Effective interest rate(1)		4.7%		4.5%

(1) The effective interest rate of the debt component of the Convertible Unsecured Notes is equal to the stated interest rate plus the accretion of original issue discount.

In January 2018, the Company repaid in full the \$270 in aggregate principal amount of unsecured convertible notes (the "2018 Convertible Notes") upon their maturity. The 2018 Convertible Notes bore interest at a rate of 4.75% per year, payable semi-annually.

See Note 18 for a subsequent event regarding the 2019 Convertible Notes.



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For the years ended December 31, 2018, 2017 and 2016, the components of interest expense and cash paid for interest expense for the Convertible Unsecured Notes, as well as any other convertible unsecured notes outstanding during the periods presented are listed below.

	<b>For the Years Ended</b>		
	<b>December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Stated interest expense	\$ 28	\$ 41	\$ 42
Amortization of debt issuance costs	3	4	4
Accretion of original issue discount	3	5	6
 Total interest expense	 \$ 34	 \$ 50	 \$ 52
 Cash paid for interest expense	 \$ 34	 \$ 37	 \$ 56

### *Unsecured Notes*

#### *2018 Notes*

The Company had issued \$750 in aggregate principal amount of unsecured notes that matured and were fully repaid on November 30, 2018 (the "2018 Notes"). The 2018 Notes bore interest at a rate of 4.875% per year, payable semi-annually.

#### *2020 Notes*

The Company has issued \$600 in aggregate principal amount of unsecured notes that mature on January 15, 2020 (the "2020 Notes"). The 2020 Notes bear interest at a rate of 3.875% per year, payable semi-annually and all principal is due upon maturity. The 2020 Notes may be redeemed in whole or in part at any time at the Company's 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 in aggregate principal amount of the 2020 Notes were issued at a discount to the principal amount and \$200 in aggregate principal amount of the 2020 Notes were issued at a premium to the principal amount.

#### *2022 Notes*

The Company has issued \$600 in aggregate principal amount of unsecured notes that mature on January 19, 2022 (the "2022 Notes"). The 2022 Notes bear interest at a rate of 3.625% per year, payable semi-annually and all principal is due upon maturity. The 2022 Notes may be redeemed in whole or in part at any time at the Company's option at a redemption price equal to par plus a "make whole" premium, if applicable, as determined pursuant to the indenture governing the 2022 Notes, and any accrued and unpaid interest. The 2022 Notes were issued at a discount to the principal amount.

#### *2023 Notes*

The Company has issued \$750 in aggregate principal amount of unsecured notes that mature on February 10, 2023 (the "2023 Notes"). The 2023 Notes bear interest at a rate of 3.500% per year, payable semi-annually and all principal is due upon maturity. The 2023 Notes may be redeemed in whole or in part at any time at the Company's option at a redemption price equal to par plus a "make whole" premium, if applicable, as determined pursuant to the indenture governing the 2023 Notes, and any accrued and unpaid interest. The 2023 Notes were issued at a discount to the principal amount.



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The Company has issued \$600 in aggregate principal amount of unsecured notes that mature on March 1, 2025 (the "2025 Notes"). The 2025 Notes bear interest at a rate of 4.250% per year, payable semi-annually and all principal is due upon maturity. The 2025 Notes may be redeemed in whole or in part at any time at the Company's option at a redemption price equal to par plus a "make whole" premium, if applicable, as determined pursuant to the indenture governing the 2025 Notes, and any accrued and unpaid interest. The 2025 Notes were issued at a discount to the principal amount.

*2047 Notes*

As part of the acquisition of Allied Capital Corporation ("Allied Capital") in April 2010 (the "Allied Acquisition"), the Company assumed \$230 in aggregate principal amount of unsecured notes due on April 15, 2047 (the "2047 Notes" and together with the 2018 Notes, the 2020 Notes, the 2022 Notes, the 2023 Notes and the 2025 Notes, the "Unsecured Notes"). The 2047 Notes bear interest at a rate of 6.875%, payable quarterly and all principal is due upon maturity. The 2047 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option, at a par redemption price of \$25.00 per security plus accrued and unpaid interest.

For the years ended December 31, 2018, 2017 and 2016, the components of interest expense and cash paid for interest expense for the Unsecured Notes, as well as any other unsecured notes outstanding during the periods presented are listed below.

	<b>For the Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Stated interest expense	\$ 146	\$ 113	\$ 93
Amortization of debt issuance costs	6	6	4
Net accretion of original issue discount	1	1	
Accretion of purchase discount	1		
<b>Total interest expense</b>	<b>\$ 154</b>	<b>\$ 120</b>	<b>\$ 97</b>

Cash paid for interest expense	\$ 140	\$ 102	\$ 87
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The Unsecured Notes contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act and to provide financial information to the holders of such notes under certain circumstances. These covenants are subject to important limitations and exceptions set forth in the indentures governing such notes. As of December 31, 2018, the Company was in compliance in all material respects with the terms of the respective indentures governing each of the Unsecured Notes.

The Convertible Unsecured Notes and the Unsecured Notes are the Company's unsecured senior 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 the Company's existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of its secured indebtedness (including existing unsecured indebtedness that the Company later secures) 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 the Company's subsidiaries, financing vehicles or similar facilities.

**6. DERIVATIVE INSTRUMENTS**

The Company enters into forward currency contracts from time to time to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's

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investments denominated in foreign currencies. As of December 31, 2018 and 2017, the counterparty to these forward currency contracts was Bank of Montreal. Net unrealized gains or losses on foreign currency contracts are included in "net unrealized gains (losses) from foreign currency and other transactions" and net realized gains or losses on forward currency contracts are included in "net realized gains (losses) from foreign currency transactions" in the accompanying consolidated statement of operations.

Forward currency contracts and interest rate swaps are considered undesignated derivative instruments.

Certain information related to the Company's foreign currency forward contracts is presented below as of December 31, 2018 and 2017.

Description	Notional Amount	Maturity Date	As of December 31, 2018		Balance Sheet Location of Net Amounts
			Gross Amount of Recognized Assets	Gross Amount of Recognized Liabilities	
Foreign currency forward contract	CAD5	1/4/2019			Other Assets
Foreign currency forward contract	CAD9	1/14/2019			Other Assets
Foreign currency forward contract	CAD103	2/15/2019	2		Other Assets
Foreign currency forward contract	CAD33	3/22/2019			Other Assets
Foreign currency forward contract	€15	1/14/2019			Other Assets
Foreign currency forward contract	€1	2/15/2019			Accounts payable and other liabilities
Foreign currency forward contract	€24	3/6/2019			Accounts payable and other liabilities
Foreign currency forward contract	£72	2/15/2019	2		Other Assets
<b>Total</b>			\$ 4	\$	

Description	Notional Amount	Maturity Date	As of December 31, 2017		Balance Sheet Location of Net Amounts
			Gross Amount of Recognized Assets	Gross Amount of Recognized Liabilities	
Foreign currency forward contract	CAD4	1/4/2018	\$	\$	Other Assets
Foreign currency forward contract	CAD10	1/16/2018			Other Assets
Foreign currency forward contract	CAD103	2/16/2018		(1)	Accounts payable and other liabilities
Foreign currency forward contract	€15	1/16/2018			Accounts payable and other liabilities
Foreign currency forward contract	€8	2/15/2018			Accounts payable and other liabilities
Foreign currency forward contract	€2	3/15/2018			Accounts payable and other liabilities
Foreign currency forward contract	£68	2/15/2018		(2)	Accounts payable and other liabilities
Foreign currency forward contract	£9	2/16/2018			Accounts payable and other liabilities
<b>Total</b>			\$	\$ (3)	

In December 2017, in connection with \$395 of the term loan tranche of the Revolving Credit Facility the Company entered into a three-year interest rate swap agreement to mitigate our exposure



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to adverse fluctuations in interest rates for a total notional amount of \$395 and a maturity date of January 4, 2021. Under the interest rate swap agreement, the Company pays a fixed interest rate of 2.06% and receives a floating rate based on the prevailing one-month LIBOR. As of December 31, 2018 and 2017, the one-month LIBOR rate in effect was 2.44% and 1.50%, respectively. For the years ended December 31, 2018 and 2017, the Company recognized \$0 and \$0, respectively, in realized losses and \$4 and \$0, respectively, in unrealized gains related to this swap agreement. As of December 31, 2018 and 2017, this swap agreement had a fair value of \$4 and \$(1), respectively, which is included in the "other assets" and "accounts payable and other liabilities", respectively, in the accompanying consolidated balance sheet. Net realized gains or losses on the interest rate swap are included in "net realized gains (losses) from foreign currency and other transactions" in the accompany consolidated statements of operations. Net unrealized gains or losses on the interest rate swap are included in "net unrealized gains (losses) from foreign currency and other transactions" in the accompanying consolidated statements of operations.

Certain information related to the Company's interest rate swap is presented below as of December 31, 2018 and 2017.

		As of December 31, 2018				
Description	Payment Terms	Notional Amount	Maturity Date	Gross Amount	Gross Amount	Balance Sheet
				of Recognized Assets	of Recognized Liabilities	Location of Net Amounts
Interest rate swap	Pay fixed 2.0642% Receive Floating One-Month LIBOR of 2.44%	\$ 395	1/4/2021	\$ 4	\$	Other assets
Total				\$	4	\$

		As of December 31, 2017				
Description	Payment Terms	Notional Amount	Maturity Date	Gross Amount	Gross Amount	Balance Sheet
				of Recognized Assets	of Recognized Liabilities	Location of Net Amounts
Interest rate swap	Pay Fixed 2.0642% Receive Floating One-Month LIBOR of 1.50%	\$ 395	1/4/2021	\$	\$ (1)	Accounts payable and other liabilities
Total				\$	\$	(1)

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Table of Contents**7. COMMITMENTS AND CONTINGENCIES**

The Company has various commitments to fund investments in its portfolio as described below. As of December 31, 2018 and 2017, the Company 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) the Company's discretion:

	As of December 31,	
	2018	2017
Total revolving and delayed draw loan commitments	\$ 1,915	\$ 881
Less: drawn commitments	(377)	(201)
<b>Total undrawn commitments</b>	<b>1,538</b>	<b>680</b>
Less: commitments substantially at discretion of the Company	(6)	(11)
Less: unavailable commitments due to borrowing base or other covenant restrictions		
<b>Total net adjusted undrawn revolving and delayed draw loan commitments</b>	<b>\$ 1,532</b>	<b>\$ 669</b>

Included within the total revolving and delayed draw loan commitments as of December 31, 2018 and 2017 were delayed draw loan commitments totaling \$627 and \$251, respectively. The Company's 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 December 31, 2018 were commitments to issue up to \$248 in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of December 31, 2018, the Company had \$26 in letters of credit issued and outstanding under these commitments on behalf of portfolio companies. For all these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. Of these letters of credit, \$23 expire in 2019 and \$3 expire in 2020. As of December 31, 2018, the Company recorded a liability of \$1 for certain letters of credit issued and outstanding and none of the other letters of credit issued and outstanding were recorded as a liability on the Company's balance sheet as such other letters of credit are considered in the valuation of the investments in the portfolio company.

The Company also has commitments to co-invest in the SDLP for the Company's portion of the SDLP's commitments to fund delayed draw loans to certain portfolio companies of the SDLP. See Note 4 for more information.

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As of December 31, 2018 and 2017, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

	As of December 31,	
	2018	2017
Total private equity commitments	\$ 114	\$ 111
Less: funded private equity commitments	(73)	(62)
<b>Total unfunded private equity commitments</b>	<b>41</b>	<b>49</b>
Less: private equity commitments substantially at discretion of the Company	(41)	(48)
<b>Total net adjusted unfunded private equity commitments</b>	<b>\$ 1</b>	<b>\$ 1</b>

In the ordinary course of business, the Company may sell certain of its 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) the Company has, 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.

In addition, in the ordinary course of business, the Company may guarantee certain obligations in connection with its portfolio companies (in particular, certain controlled portfolio companies). Under these guarantee arrangements, payments may be required to be made to third parties if such guarantees are called upon or if the portfolio companies were to default on their related obligations, as applicable.

### *Lease Commitments*

The Company is obligated under a number of operating leases for office spaces with remaining terms ranging from less than one year to 8 years. For certain of its operating leases, the Company has entered into subleases including one with Ares Management. See Note 13 for a further description of the sublease with Ares Management. Total rent expense incurred by the Company for leases assumed as part of the American Capital Acquisition for the years ended December 31, 2018 and 2017 was \$1 and \$1, respectively, and is included in "professional fees and other costs related to the American Capital Acquisition" in the accompanying consolidated statement of operations. Total rent expense incurred by the Company, other than the leases assumed as part of the American Capital Acquisition, for the years ended December 31, 2018, 2017 and 2016 was \$0, \$3 and \$4, respectively, and is included in "other general and administrative" expenses in the accompanying consolidated statement of operations.

The following table shows future minimum payments under the Company's operating leases as of December 31, 2018:

For the Years Ending December 31,	Amount
2019	\$ 25
2020	24
2021	24
2022	24
2023	25
Thereafter	37
<b>Total</b>	<b>\$ 159</b>

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The following table shows future expected rental payments to be received under the Company's subleases where the Company is the sublessor as of December 31, 2018:

<b>For the Years Ending December 31,</b>	<b>Amount</b>
2019	\$ 19
2020	18
2021	18
2022	17
2023	17
Thereafter	31
<b>Total</b>	<b>\$ 120</b>

**8. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company follows ASC 825-10, which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company's choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. The Company has not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value. With the exception of the line items entitled "other assets" and "debt," which are reported at amortized cost, all assets and liabilities approximate fair value on the balance sheet. The carrying value of the lines titled "interest receivable," "receivable for open trades," "payable for open trades," "accounts payable and other liabilities," "base management fees payable," "income based fees payable," "capital gains incentive fees payable" and "interest and facility fees payable" approximate fair value due to their short maturity.

The Company also follows ASC 820-10, 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 the Company 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 to transact. In accordance with ASC 820-10, the Company has considered its principal market as the market in which the Company 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 the Company 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, the Company continues to employ the net asset valuation policy approved by the Company's board of directors that is consistent

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with ASC 820-10 (see Note 2). Consistent with the Company's valuation policy, it evaluates the source of inputs, including any markets in which the Company's investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. The Company's valuation policy considers the fact that because there is not a readily available market value for most of the investments in the Company's portfolio, the fair value of the investments must typically be determined using unobservable inputs.

The Company's portfolio investments (other than as described below in the following paragraph) are typically valued using two different valuation techniques. The first valuation technique is an analysis of the enterprise value ("EV") of the portfolio company. Enterprise value means 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 primary method for determining EV uses a multiple analysis whereby appropriate multiples are applied to the portfolio company's EBITDA (generally defined as net income before net interest expense, income tax expense, depreciation and amortization). EBITDA multiples are typically determined based upon review of market comparable transactions and publicly traded comparable companies, if any. The Company may also employ other valuation multiples to determine EV, such as revenues or, in the case of certain portfolio companies in the power generation industry, kilowatt capacity. The second method for determining EV uses a discounted cash flow analysis whereby future expected cash flows of the portfolio company are discounted to determine a present value using estimated discount rates (typically a weighted average cost of capital based on costs of debt and equity consistent with current market conditions). The EV analysis is performed to determine the value of equity investments, the value of debt investments in portfolio companies where the Company has control or could gain control through an option or warrant security, and to determine if there is credit impairment for debt investments. If debt investments are credit impaired, an EV analysis may be used to value such debt investments; however, in addition to the methods outlined above, other methods such as a liquidation or wind-down analysis may be utilized to estimate enterprise value. The second valuation technique is a yield analysis, which is typically performed for non-credit impaired debt investments in portfolio companies where the Company does not own a controlling equity position. To determine fair value using a yield analysis, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk. In the yield analysis, the Company considers the current contractual interest rate, the maturity and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the enterprise value of the portfolio company. As debt investments held by the Company are substantially illiquid with no active transaction market, the Company depends on primary market data, including newly funded transactions, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

For other portfolio investments such as investments in the SDLP Certificates, discounted cash flow analysis is the primary technique utilized to determine fair value. Expected future cash flows associated with the investment are discounted to determine a present value using a discount rate that reflects estimated market return requirements.

The following tables summarize the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 3 as of December 31, 2018 and 2017. The



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tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company's determination of fair values.

**As of December 31, 2018**

Asset Category	Fair Value	Primary Valuation Techniques	Unobservable Input		
			Input	Estimated Range	Weighted Average
First lien senior secured loans	\$ 5,836	Yield analysis	Market yield	5.4% - 17.1%	9.2%
Second lien senior secured loans	3,657	Yield analysis	Market yield	9.8% - 20.2%	11.9%
Subordinated certificates of the SDLP	652	Discounted cash flow analysis	Discount rate	12.5% - 13.5%	13.0%
Senior subordinated loans	727	Yield analysis	Market yield	10.0% - 16.8%	13.0%
Collateralized loan obligations	45	Discounted cash flow analysis	Discount rate	10.0% - 15.6%	14.1%
			Constant prepayment rate	10.0% - 30.0%	20.0%
			Constant default rate	1.0% - 2.5%	2.0%
Preferred equity securities	444	EV market multiple analysis	EBITDA multiple	4.2x - 20.0x	12.9x
Other equity securities and other	1,046	EV market multiple analysis	EBITDA multiple	5.0x - 22.9x	10.8x
Total investments	\$ 12,407				

**As of December 31, 2017**

Asset Category	Fair Value	Primary Valuation Techniques	Unobservable Input		
			Input	Estimated Range	Weighted Average
First lien senior secured loans	\$ 5,197	Yield analysis	Market yield	4.2% - 19.8%	8.7%
Second lien senior secured loans	3,744	Yield analysis	Market yield	8.7% - 17.5%	10.9%
Subordinated certificates of the SDLP	487	Discounted cash flow analysis	Discount rate	11.5% - 12.5%	12.0%
Senior subordinated loans	995	Yield analysis	Market yield	9.7% - 17.5%	13.2%
Collateralized loan obligations	114	Discounted cash flow analysis	Discount rate	4.3% - 16.4%	10.2%
			Constant prepayment rate	18.7% - 27.1%	21.8%
			Constant default rate	1.8% - 2.6%	2.3%
Preferred equity securities	532	EV market multiple analysis	EBITDA multiple	3.0x - 19.0x	11.2x
Other equity securities and other	755	EV market multiple analysis	EBITDA multiple	3.5x - 19.0x	10.4x
Total investments	\$ 11,824				

Changes in market yields, discount rates or EBITDA multiples, each in isolation, may change the fair value of certain of the Company's investments. Generally, an increase in market yields or discount rates or decrease in EBITDA multiples may result in a decrease in the fair value of certain of the Company's investments.

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 the Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ

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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 the Company 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 the Company was required to liquidate a portfolio investment in a forced or liquidation sale, it could realize significantly less than the value at which the Company has 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.

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The following table presents fair value measurements of cash and cash equivalents, investments and derivatives as of December 31, 2018:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 296	\$ 296	\$	\$
Investments not measured at net asset value	\$ 12,407	\$	\$	\$ 12,407
Investments measured at net asset value(1)	10			
Total investments	\$ 12,417			
Derivatives	\$ 8	\$	\$ 8	\$

(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.

The following table presents fair value measurements of cash and cash equivalents, investments and derivatives as of December 31, 2017:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 316	\$ 316	\$	\$
Investments not measured at net asset value	\$ 11,824	\$	\$	\$ 11,824
Investments measured at net asset value(1)	17			
Total investments	\$ 11,841			
Derivatives	\$ (4)	\$	\$ (4)	\$

(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.

The following table presents changes in investments that use Level 3 inputs as of and for the year ended December 31, 2018:

	As of and For the Year Ended December 31, 2018	
Balance as of December 31, 2017	\$	11,824
Net realized gains		406
Net unrealized losses		(271)
Purchases		7,135
Sales		(2,614)
Redemptions		(4,179)
Payment-in-kind interest and dividends		94
Net accretion of discount on securities		12
Net transfers in and/or out of Level 3		
Balance as of December 31, 2018	\$	12,407

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As of December 31, 2018, the net unrealized depreciation on the investments that use Level 3 inputs was \$353. For the year ended December 31, 2018, there were no net transfers out of Level 3.

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For the year ended December 31, 2018, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company's Level 3 assets still held as of December 31, 2018, and reported within the net unrealized gains (losses) from investments, foreign currency and other transactions in the Company's consolidated statement of operations was \$(137).

The following table presents changes in investments that use Level 3 inputs as of and for the year ended December 31, 2017:

	<b>As of and For the Year Ended December 31, 2017</b>
Balance as of December 31, 2016	\$ 8,813
Net realized gains	43
Net unrealized gains	141
Investments acquired as part of the American Capital Acquisition	2,527
Purchases	7,228
Sales	(1,838)
Redemptions	(5,179)
Payment-in-kind interest and dividends	79
Net accretion of discount on securities	10
Net transfers in and/or out of Level 3	
 Balance as of December 31, 2017	 \$ 11,824

As of December 31, 2017, the net unrealized depreciation on the investments that use Level 3 inputs was \$82. For the year ended December 31, 2017, the net transfers out of Level 3 were due to privately held equity investments converting to publicly traded stock.

For the year ended December 31, 2017, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company's Level 3 assets still held as of December 31, 2017, and reported within the net unrealized gains (losses) from investments, foreign currency and other transactions in the Company's consolidated statement of operations was \$107.

Following are the carrying and fair values of the Company's debt obligations as of December 31, 2018 and 2017. Fair value is estimated by discounting remaining payments using

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applicable current market rates, which take into account changes in the Company's marketplace credit ratings, or market quotes, if available.

	As of December 31,			
	2018		2017	
	Carrying value(1)	Fair value	Carrying value(1)	Fair value
Revolving Credit Facility	\$ 1,064	\$ 1,064	\$ 395	\$ 395
Revolving Funding Facility	520	520	600	600
SMBC Funding Facility	245	245	60	60
2018 Convertible Notes (principal amount outstanding of \$0 and \$270, respectively)	(2)		270(2)	270
2019 Convertible Notes (principal amount outstanding of \$300)	300(2)	300	298(2)	307
2022 Convertible Notes (principal amount outstanding of \$388)	372(2)	\$ 388	368(2)	398
2018 Notes (principal amount outstanding of \$0 and \$750, respectively)			748(3)	767
2020 Notes (principal amount outstanding of \$600)	598(4)	602	597(4)	611
2022 Notes (principal amount outstanding of \$600)	595(5)	584	593(5)	603
2023 Notes (principal amount outstanding of \$750)	744(6)	711	743(6)	740
2025 Notes (principal amount outstanding of \$600 and \$0, respectively)	593(7)	570		
2047 Notes (principal amount outstanding of \$230)	183(8)	224	182(8)	231
	\$ 5,214(9)	\$ 5,208	\$ 4,854(9)	\$ 4,982

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- (1) The Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility carrying values are the same as the principal amounts outstanding.
- (2) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuances of such notes.
- (3) Represents the aggregate principal amount outstanding of the 2018 Notes less unamortized debt issuance costs plus the net unamortized premium recorded upon the issuances of the 2018 Notes.
- (4) Represents the aggregate principal amount outstanding of the 2020 Notes less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuances of the 2020 Notes.
- (5) Represents the aggregate principal amount outstanding of the 2022 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2022 Notes.
- (6) Represents the aggregate principal amount outstanding of the 2023 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2023 Notes.
- (7) Represents the aggregate principal amount outstanding of the 2025 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2025 Notes.
- (8) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount.
- (9) Total principal amount of debt outstanding totaled \$5,297 and \$4,943 as of December 31, 2018 and 2017, respectively.



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The following table presents fair value measurements of the Company's debt obligations as of December 31, 2018 and 2017:

Fair Value Measurements Using	As of December 31,	
	2018	2017
Level 1	\$ 224	\$ 231
Level 2	4,984	4,751
<b>Total</b>	<b>\$ 5,208</b>	<b>\$ 4,982</b>

**9. STOCKHOLDERS' EQUITY**

There were no issuances of the Company's equity securities for the years ended December 31, 2018, 2017 and 2016 except for in connection with the American Capital Acquisition. In connection with the American Capital Acquisition, the Company issued 112 shares valued at approximately \$1,839. See Note 16 for additional information regarding the American Capital Acquisition. See Note 12 for information regarding shares of common stock issued or purchased in accordance with the Company's dividend reinvestment plan.

*Stock Repurchase Program*

The Company is authorized under its stock repurchase program to purchase up to \$300 (as of December 31, 2018) in the aggregate of its outstanding common stock in the open market at certain thresholds below its net asset value per share, in accordance with the guidelines specified in Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The timing, manner, price and amount of any share repurchases will be determined by the Company, in its discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors. The program does not require the Company to repurchase any specific number of shares, and the Company cannot assure stockholders that any shares will be repurchased under the program. The expiration date of the stock repurchase program is February 28, 2019. The program may be suspended, extended, modified or discontinued at any time. See Note 18 for a subsequent event relating to the Company's stock repurchase program.

As of December 31, 2018, the Company had repurchased a total of 0.5 shares of its common stock in the open market under the stock repurchase program since the program's inception in September 2015, at an average price of \$13.92 per share, including commissions paid, leaving approximately \$293 available for additional repurchases under the program. During the years ended December 31, 2018 and 2017, the Company did not repurchase any shares of the Company's common stock under the stock repurchase program.



Table of Contents**10. EARNINGS PER SHARE**

The following information sets forth the computations of basic and diluted net increase in stockholders' equity resulting from operations per share for the years ended December 31, 2018, 2017 and 2016:

	For the Years Ended December 31,		
	2018	2017	2016
Net increase in stockholders' equity resulting from operations available to common stockholders	\$ 858	\$ 667	\$ 474
Weighted average shares of common stock outstanding basic and diluted	426	425	314
Basic and diluted net increase in stockholders' equity resulting from operations per share	\$ 2.01	\$ 1.57	\$ 1.51

For the purpose of calculating diluted net increase in stockholders' equity resulting from operations per share, the average closing price of the Company's common stock for the year ended December 31, 2018 was less than the conversion price for each of the Convertible Unsecured Notes outstanding as of December 31, 2018, as well as any other convertible unsecured notes outstanding during the period. For the year ended December 31, 2017, the average closing price of the Company's common stock was less than the conversion price for each of the Convertible Unsecured Notes outstanding as of December 31, 2017, as well as any other convertible unsecured notes outstanding during the period. For the year ended December 31, 2016, the average closing price of the Company's common stock was less than the conversion price for each of the Convertible Unsecured Notes outstanding as of December 31, 2016, as well as any other convertible unsecured notes outstanding during the period. Therefore, for all periods presented in the financial statements, the underlying shares for the intrinsic value of the embedded options in the Convertible Unsecured Notes and any other convertible unsecured notes outstanding during the periods presented had no impact on the computation of diluted net increase in stockholders' equity resulting from operations per share.

**11. INCOME AND EXCISE TAXES**

For U.S. federal income tax purposes, amounts distributed to the Company's stockholders as dividends are reported as ordinary income, capital gains, or a combination thereof. Dividends paid per common share for the years ended December 31, 2018, 2017 and 2016 were taxable as follows (unaudited):

	For the Years Ended December 31,		
	2018	2017	2016
Ordinary income(1)	\$ 1.54	\$ 1.45	\$ 1.26
Capital gains		0.07	0.26
Total(2)	\$ 1.54	\$ 1.52	\$ 1.52

(1)

For the year ended December 31, 2018, ordinary income did not include dividend income that qualified to be taxed at the maximum capital gains rate or, in case of certain eligible corporate shareholders, dividends eligible for the dividends received deduction. For the years ended December 31, 2017 and 2016, ordinary income included dividend income of approximately \$0.0296 and \$0.0892, per share, respectively, that qualified to be taxed at the maximum capital gains rate and, in the case of certain eligible corporate shareholders, dividends that were eligible for the dividends received deduction.

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- (2) For the years ended December 31, 2018, 2017 and 2016, the percentage of total dividends paid that constituted interest-related dividends were 85.4%, 86.8% and 81.4%, respectively.

The following reconciles net increase in stockholders' equity resulting from operations to taxable income for the years ended December 31, 2018, 2017 and 2016:

	For the Years Ended December 31,		
	2018 (Estimated)(1)	2017	2016
Net increase in stockholders' equity resulting from operations	\$ 858	\$ 667	\$ 474
Adjustments:			
Net unrealized losses (gains) on investments, foreign currency and other transactions	255	(136)	130
Income not currently taxable	(96)	(114)	(59)
Income for tax but not book	62	224	57
Expenses not currently deductible	52	96	37
Expenses for tax but not book	(78)	(24)	(6)
Realized gain/loss differences(2)	(433)	(47)	(78)
<b>Taxable income</b>	<b>\$ 620</b>	<b>\$ 666</b>	<b>\$ 555</b>

- 
- (1) The calculation of estimated 2018 U.S. federal taxable income is based on certain estimated amounts, including information received from third parties and, as a result, actual 2018 U.S. federal taxable income will not be finally determined until the Company's 2018 U.S. federal tax return is filed in 2019 (and, therefore, such estimate is subject to change).

- (2) Certain realized gain/loss differences are the result of the realization of certain tax only capital losses on the investments acquired in the Allied Acquisition. Because the Allied Acquisition was a "tax-free" reorganization under the Code, realized losses for tax purposes can differ from GAAP. Note that unlike the Allied Acquisition, the American Capital Acquisition was treated as a taxable purchase of the American Capital assets for purposes of the Company's taxable income calculations; therefore, realized gains or losses for tax purposes are generally consistent with realized gains or losses under GAAP.

Taxable income generally differs from net increase in stockholders' equity resulting from operations for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized gains or losses, as unrealized gains or losses are generally not included in taxable income until they are realized. In addition, on April 1, 2010, the Company acquired Allied Capital in a "tax-free" merger under the Code, which has caused certain merger-related items to vary in their deductibility for GAAP and tax purposes.

Capital losses in excess of capital gains earned in a tax year may generally be carried forward and used to offset capital gains, subject to certain limitations. As of December 31, 2018, the Company estimates that it will have a capital loss carryforward of approximately \$46 available for use in later tax years. While the Company's ability to utilize losses in the future depends on a variety of factors that cannot be known in advance, substantially all of the capital loss carryforward will be subject to limitations under Section 382 of the Code. The unused balance will be carried forward and utilized as gains are realized, subject to such limitations.

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For the year ended December 31, 2018, the Company estimated U.S. federal taxable income exceeded its distributions made from such taxable income during the year; consequently, the Company has elected to carry forward the excess for distribution to shareholders in 2019. The amount carried forward to 2019 is estimated to be approximately \$323, all of which is expected to be ordinary income, although these amounts will not be finalized until the 2018 tax returns are filed in 2019. For the years ended December 31, 2017 and 2016, the Company had taxable income in excess of the distributions made from such taxable income during the year, and therefore, the Company elected to carry forward the excess for distribution to shareholders in 2018 and 2017, respectively. The amounts carried forward to 2018 and 2017 were \$358 and \$339, respectively. To the extent that the Company determines that its estimated current year annual taxable income will exceed its estimated current year dividends from such taxable income, the Company accrues excise tax on estimated excess taxable income. For the years ended December 31, 2018, 2017 and 2016, a net expense of \$14, \$12 and \$12, respectively, was recorded for U.S. federal excise tax. The net expense for the years ended December 31, 2017 and 2016 each included a reduction in expense related to an expected refund request arising from the overpayment of the prior year's excise tax of \$1 and \$1, respectively.

As of December 31, 2018, the estimated cost basis of investments for U.S. federal tax purposes was \$13.0 billion resulting in estimated gross unrealized gains and losses of \$0.3 billion and \$0.9 billion, respectively. As of December 31, 2017, the estimated cost basis of investments for U.S. federal tax purposes was \$12.7 billion resulting in estimated gross unrealized gains and losses of \$0.5 billion and \$1.3 billion, respectively. As of December 31, 2018 and 2017, the cost of investments for U.S. federal tax purposes was greater than the amortized cost of investments for book purposes of \$12.8 billion and \$11.9 billion, respectively, primarily as a result of the carryover of tax basis in excess of the related GAAP basis in connection with the Allied Acquisition. The Allied Acquisition qualified as a "tax-free" reorganization under the Code, which resulted in the assets acquired by the Company retaining Allied Capital's tax cost basis at the merger date.

The Company may adjust the classification of stockholders' equity as a result of permanent book-to-tax differences, which may include merger-related items, differences in the book and tax basis of certain assets and liabilities, and nondeductible federal taxes, among other items. As of December 31, 2018, the tax basis of capital in excess of par value, accumulated overdistributed net investment income, accumulated undistributed net realized gains and net unrealized losses were \$7,173, \$(24), \$491 and \$(340), respectively. As of December 31, 2017, the tax basis of capital in excess of par value, accumulated overdistributed net investment income, accumulated undistributed net realized gains and net unrealized losses were \$7,192, \$(81), \$72 and \$(85), respectively. During the year ended December 31, 2018, the Company decreased capital in excess of par value by \$19 and increased accumulated undistributed (overdistributed) earnings by \$19. During the year ended December 31, 2017, the Company decreased capital in excess of par value by \$14, increased accumulated undistributed (overdistributed) earnings by \$14.

Certain of the Company's consolidated subsidiaries are subject to U.S. federal and state income taxes. For the years ended December 31, 2018, 2017 and 2016, the Company recorded a net tax expense of approximately \$5, \$7 and \$9, respectively, for these subsidiaries.

Table of Contents**12. DIVIDENDS AND DISTRIBUTIONS**

The following table summarizes the Company's dividends declared and payable during the years ended December 31, 2018, 2017 and 2016:

<b>Date declared</b>	<b>Record date</b>	<b>Payment date</b>	<b>Per share amount</b>	<b>Total amount</b>
October 31, 2018	December 14, 2018	December 28, 2018	\$ 0.39	\$ 166
August 1, 2018	September 14, 2018	September 28, 2018	\$ 0.39	\$ 166
May 2, 2018	June 15, 2018	June 29, 2018	\$ 0.38	\$ 162
February 13, 2018	March 15, 2018	March 30, 2018	\$ 0.38	\$ 162
Total declared and payable for the year ended December 31, 2018			\$ 1.54	\$ 656
November 2, 2017	December 15, 2017	December 29, 2017	\$ 0.38	\$ 162
August 2, 2017	September 15, 2017	September 29, 2017	\$ 0.38	\$ 162
May 3, 2017	June 15, 2017	June 30, 2017	\$ 0.38	\$ 162
February 22, 2017	March 15, 2017	March 31, 2017	\$ 0.38	\$ 162
Total declared and payable for the year ended December 31, 2017			\$ 1.52	\$ 648
November 2, 2016	December 15, 2016	December 30, 2016	\$ 0.38	\$ 119
August 3, 2016	September 15, 2016	September 30, 2016	\$ 0.38	\$ 119
May 4, 2016	June 15, 2016	June 30, 2016	\$ 0.38	\$ 119
February 26, 2016	March 15, 2016	March 31, 2016	\$ 0.38	\$ 120
Total declared and payable for the year ended December 31 2016			\$ 1.52	\$ 477

The Company has a dividend reinvestment plan, whereby the Company may buy shares of its common stock in the open market or issue new shares in order to satisfy dividend reinvestment requests. When the Company issues new shares in connection with the dividend reinvestment plan, the issue price is equal to the closing price of its common stock on the dividend payment date. Dividend reinvestment plan activity for the years ended December 31, 2018, 2017 and 2016, was as follows:

	<b>For the Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Shares issued		0.4	
Average issue price per share	\$	\$ 17.38	\$
Shares purchased by plan agent to satisfy dividends declared and payable during the period for stockholders	1.8(1)	1.5(2)	1.3(3)
Average purchase price per share	\$ 16.30	\$ 16.28	\$ 15.14

(1) Shares were purchased in April 2018, July 2018, October 2018 and January 2019.

(2)

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Shares were purchased in July 2017, October 2017 and January 2018.

(3)

Shares were purchased in April 2016, July 2016, October 2016 and January 2017.

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**13. RELATED PARTY TRANSACTIONS**

In accordance with the investment advisory and management agreement, the Company bears all costs and expenses of the operation of the Company and reimburses its investment adviser or its affiliates for certain of such costs and expenses paid for by the investment adviser or its affiliates on behalf of the Company. For the years ended December 31, 2018, 2017 and 2016, the Company's investment adviser or its affiliates incurred and the Company reimbursed such expenses totaling \$5, \$5 and \$5, respectively. The Company's investment adviser reimbursed the Company approximately \$0.5 for certain rent and utilities incurred by the Company during the first quarter of 2018. In addition, during the second quarter of 2018, the Company's investment adviser reimbursed the Company approximately \$2.2, \$3.0, \$3.2 and \$2.9 of rent and utilities for the years ended 2017, 2016, 2015 and 2014, respectively, for an aggregate reimbursement to the Company of \$11.8. Beginning April 1, 2018, the Company's investment adviser will bear such rent and utilities expenses.

The Company is party to office leases pursuant to which it is leasing office facilities from third parties. Prior to March 31, 2018, for certain of these office leases, the Company had entered into separate subleases with Ares Management LLC, the sole member of Ares Capital Management, and IHAM, pursuant to which Ares Management LLC and IHAM subleased office space from the Company. In October 2018, the Company terminated all of its existing office space subleases with Ares Management LLC and IHAM. The Company then entered into a new sublease solely with Ares Management LLC, whereby Ares Management LLC subleased the full amount of certain of the Company's office leases. The other office leases not subleased to Ares Management LLC are office leases assumed as part of the American Capital Acquisition.

The Company has also entered into agreements with Ares Management LLC and IHAM, pursuant to which Ares Management LLC and IHAM are entitled to use the Company's proprietary portfolio management software. For the years ended December 31, 2018, 2017 and 2016, amounts payable to the Company under these agreements totaled \$0, \$0 and \$0, respectively.

As part of the American Capital Acquisition, the Company assumed a long term incentive plan liability related to certain employees of a subsidiary of ACAM, which is now a subsidiary of IHAM. The liability is determined based on the fair value of certain investments acquired in the American Capital Acquisition. As of December 31, 2018, the remaining liability amount was estimated to be \$1 and is included within accounts payable and other liabilities in the Company's consolidated balance sheet. This liability is paid on an annual basis based on exited investments in a given calendar year and the value received upon their exit. During the year ended December 31, 2018, the Company paid \$27 related to the long term incentive plan liability.

See Notes 3, 4, 6 and 16 for descriptions of other related party transactions.

Table of Contents**14. FINANCIAL HIGHLIGHTS**

The following is a schedule of financial highlights as of and for the years ended December 31, 2018, 2017 and 2016:

Per Share Data:	As of and For the Years Ended December 31,		
	2018	2017	2016
Net asset value, beginning of period(1)	\$ 16.65	\$ 16.45	\$ 16.46
Issuances of common stock		(0.01)	
Repurchases of common stock			
Deemed contribution from Ares Capital Management (See Note 16)		0.13	
Issuances of convertible notes		0.04	
Net investment income for period(2)	1.63	1.20	1.57
Net realized and unrealized gains (losses) for period(2)	0.38	0.36	(0.06)
Net increase in stockholders' equity	2.01	1.72	1.51
Total distributions to stockholders(3)	(1.54)	(1.52)	(1.52)
Net asset value at end of period(1)	\$ 17.12	\$ 16.65	\$ 16.45
Per share market value at end of period	\$ 15.58	\$ 15.72	\$ 16.49
Total return based on market value(4)	8.91%	4.55%	26.39%
Total return based on net asset value(5)	12.10%	10.53%	9.15%
Shares outstanding at end of period	426	426	314
Ratio/Supplemental Data:			
Net assets at end of period	\$ 7,300	\$ 7,098	\$ 5,165
Ratio of operating expenses to average net assets(6)(7)	8.63%	9.45%	9.59%
Ratio of net investment income to average net assets(6)(8)	9.60%	7.65%	9.58%
Portfolio turnover rate(6)	54%	51%	39%

(1) The net assets used equals the total stockholders' equity on the consolidated balance sheet.

(2) Weighted average basic per share data.

(3) Includes an additional dividend of \$0.05 per share for the three months ended March 31, 2015.

(4) For the year ended December 31, 2018, the total return based on market value equaled the decrease of the ending market value at December 31, 2018 of \$15.58 per share from the ending market value at December 31, 2017 of \$15.72 per share plus the declared and payable dividends of \$1.54 per share for the year ended December 31, 2018, divided by the market value at December 31, 2017. For the year ended December 31, 2017, the total return based on market value equaled the decrease of the ending market value at December 31, 2017 of \$15.72 per share from the ending market value at December 31, 2016 of \$16.49 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2017, divided by the market value at December 31, 2016. For the year ended December 31, 2016, the total return based on market value equaled the increase of the ending market value at December 31, 2016 of \$16.49 per share from the ending market value at December 31, 2015 of \$14.25 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2016, divided by the market value at December 31, 2015. 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 year ended December 31, 2018, 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 \$1.54 per





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share for the year ended December 31, 2018, divided by the beginning net asset value for the period. For the year ended December 31, 2017, 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 \$1.52 per share for the year ended December 31, 2017, divided by the beginning net asset value for the period. For the year ended December 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 \$1.52 per share for the year ended December 31, 2016, divided by the beginning net asset value for the period. These calculations are adjusted for shares issued in connection with the dividend reinvestment plan, 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) The ratios reflect an annualized amount.
- (7) For the year ended December 31, 2018, the ratio of operating expenses to average net assets consisted of 2.49% of base management fees, 2.24% of income based fees and capital gains incentive fees, net of the Fee Waiver (2.79% of income based fees and capital gains incentive fees excluding the Fee Waiver), 3.33% of the cost of borrowing and 0.57% of other operating expenses. For the year ended December 31, 2017, the ratio of operating expenses to average net assets consisted of 2.57% of base management fees, 2.18% of income based fees and capital gains incentive fees, net of the Fee Waiver (2.32% of income based fees and capital gains incentive fees excluding the Fee Waiver), 3.37% of the cost of borrowing and 1.33% of other operating expenses. For the year ended December 31, 2016, the ratio of operating expenses to average net assets consisted of 2.64% of base management fees, 2.29% of income based fees and capital gains incentive fees, 3.58% of the cost of borrowing and 1.08% of other operating expenses.
- (8) The ratio of net investment income to average net assets excludes income taxes related to realized gains and losses.

**15. SELECTED QUARTERLY DATA (Unaudited)**

	2018			
	Q4	Q3	Q2	Q1
Total investment income	\$ 345	\$ 342	\$ 333	\$ 317
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 229	\$ 225	\$ 210	\$ 192
Income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 26	\$ 40	\$ 48	\$ 48
Net investment income before net realized and unrealized gains (losses)	\$ 203	\$ 185	\$ 162	\$ 144
Net realized and unrealized gains (losses)	\$ (50)	\$ 24	\$ 92	\$ 98
Net increase in stockholders' equity resulting from operations	\$ 153	\$ 209	\$ 254	\$ 242
Basic and diluted earnings per common share	\$ 0.36	\$ 0.49	\$ 0.60	\$ 0.57
Net asset value per share as of the end of the quarter	\$ 17.12	\$ 17.16	\$ 17.05	\$ 16.84

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	2017			
	Q4	Q3	Q2	Q1
Total investment income	\$ 307	\$ 294	\$ 284	\$ 275
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 185	\$ 175	\$ 154	\$ 142
Income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 45	\$ 22	\$ 30	\$ 48
Net investment income before net realized and unrealized gains	\$ 140	\$ 153	\$ 124	\$ 94
Net realized and unrealized gains (losses)	\$ 92	\$ (14)	\$ 54	\$ 24
Net increase in stockholders' equity resulting from operations	\$ 232	\$ 139	\$ 178	\$ 118
Basic and diluted earnings per common share	\$ 0.54	\$ 0.33	\$ 0.42	\$ 0.28
Net asset value per share as of the end of the quarter	\$ 16.65	\$ 16.49	\$ 16.54	\$ 16.50

	2016			
	Q4	Q3	Q2	Q1
Total investment income	\$ 261	\$ 258	\$ 245	\$ 248
Net investment income before net realized and unrealized gains and income based fees and capital gains incentive fees	\$ 157	\$ 164	\$ 144	\$ 147
Income based fees and capital gains incentive fees	\$ 19	\$ 27	\$ 39	\$ 33
Net investment income before net realized and unrealized gains	\$ 138	\$ 137	\$ 105	\$ 114
Net realized and unrealized gains (losses)	\$ (63)	\$ (28)	\$ 53	\$ 18
Net increase in stockholders' equity resulting from operations	\$ 75	\$ 109	\$ 158	\$ 132
Basic and diluted earnings per common share	\$ 0.24	\$ 0.35	\$ 0.50	\$ 0.42
Net asset value per share as of the end of the quarter	\$ 16.45	\$ 16.59	\$ 16.62	\$ 16.50

**16. AMERICAN CAPITAL ACQUISITION**

On May 23, 2016, the Company entered into a definitive agreement (the "Merger Agreement") to acquire American Capital. On the Acquisition Date, the Company completed the American Capital Acquisition pursuant to the terms and conditions of the Merger Agreement. Pursuant to the Merger Agreement, American Capital shareholders received total consideration of approximately \$18.06 per share comprised of: (i) \$14.41 per share from the Company consisting of approximately \$6.48 per share of cash (including a make-up dividend in the amount of \$0.07 per share) and 0.483 shares of the Company's common stock for each American Capital share at a value of \$7.93 per American Capital share (based on the closing price per share of the Company's common stock on the Acquisition Date), (ii) \$2.45 per share of cash from American Capital's sale of American Capital Mortgage Management, LLC, and (iii) approximately \$1.20 per share of cash as transaction support provided by Ares Capital Management acting solely on its own behalf. As of the Acquisition Date, the transaction was valued at approximately \$4.2 billion. The total cash and stock consideration paid by the Company was \$3.3 billion. In connection with the stock consideration, the Company issued approximately 112 shares of its common stock to American Capital's then-existing stockholders (including holders of outstanding in-the-money American Capital stock options), thereby resulting in the Company's then-existing stockholders owning approximately 73.7% of the combined company and then-existing American Capital stockholders owning approximately 26.3% of the combined company. In addition, in connection with the American Capital Acquisition, Ares Capital Management agreed to waive certain income based fees as described in Note 3.

The American Capital Acquisition was accounted for 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 the Company was allocated to the assets acquired and liabilities

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assumed based on their relative fair values as of the date of acquisition and did not give rise to goodwill. Since the fair value of the net assets acquired exceeded the fair value of the merger consideration paid by the Company, the Company recognized a deemed contribution from Ares Capital Management.

The following table summarizes the allocation of the purchase price to the assets acquired and liabilities assumed as a result of the American Capital Acquisition:

Common stock issued by the Company	\$ 1,839
Cash consideration paid by the Company	1,502
Deemed contribution from Ares Capital Management	54
 Total purchase price	 \$ 3,395

Assets acquired:	
Investments(1)	\$ 2,543
Cash and cash equivalents	961
Other assets(2)	117
 Total assets acquired	 3,621
Liabilities assumed(3)	(226)
 Net assets acquired	 \$ 3,395

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(1) Investments acquired were recorded at fair value, which is also the Company's initial cost basis.

(2) Other assets acquired in the American Capital Acquisition consisted of the following:

Receivable for open trades	\$ 45
Escrows receivable	41
Interest receivable	9
Other assets	22
 Total	 \$ 117

(3) Liabilities assumed in the American Capital Acquisition consisted of the following:

Severance and other payroll related	\$ 95
Lease abandonments	55
Long term incentive plan (see Note 13)	31
Escrows payable	25
Other liabilities	20
 Total	 \$ 226

During the years ended December 31, 2018 and 2017, the Company incurred \$3 and \$45, respectively, in professional fees and other costs related to the American Capital Acquisition. For the year ended December 31, 2017, these costs included \$4 of expenses related to a long term incentive plan liability assumed in the American Capital Acquisition, including \$18 in one-time investment banking fees incurred in January 2017 upon the closing of the American Capital Acquisition.

**17. LITIGATION**

The Company is party to certain lawsuits in the normal course of business. In addition, American Capital and Allied Capital were involved in various legal proceedings that the Company

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assumed in connection with the American Capital Acquisition and the Allied Acquisition, respectively. Furthermore, third parties may try to seek to impose liability on the Company in connection with the Company's activities or the activities of its portfolio companies. While the outcome of any such legal proceedings cannot at this time be predicted with certainty, the Company does not expect that these legal proceedings will materially affect its business, financial condition or results of operations.

On May 20, 2013, the Company was named as one of several defendants in an action filed in the United States District Court for the Eastern District of Pennsylvania by the bankruptcy trustee of DSI Renal Holdings LLC ("DSI Renal") and two affiliate companies. On March 17, 2014, the motion by the Company and the other defendants to transfer the case to the United States District Court for the District of Delaware (the "Delaware Court") was granted. On May 6, 2014, the Delaware Court referred the matter to the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The complaint 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. Among other things, the complaint seeks, jointly and severally from all defendants, (1) damages of approximately \$425, of which the complaint states the Company's individual share is approximately \$117, (2) interest thereon according to law, and (3) punitive damages. The defendants filed a motion to dismiss all claims on August 5, 2013. On July 20, 2017, the Bankruptcy Court issued an order granting the motion to dismiss certain claims and denying the motion to dismiss certain other claims, including the purported fraudulent transfer claims. The defendants answered the complaint on August 31, 2017. Under the operative scheduling order, discovery will continue until early March 29, 2019 with dispositive motions due on April 30, 2019. No trial date has been set. The Company is currently unable to assess with any certainty whether it may have any exposure in this matter. However, the Company believes the plaintiff's claims are without merit and intends to vigorously defend itself in this matter.

On August 3, 2017, American Capital and one of its former portfolio companies were awarded a judgment plus prejudgment interest by the United States District Court for the District of Maryland (the "District Court") following a bench trial in a case first filed by one of American Capital's insurance companies concerning coverage for bodily injury claims against American Capital and/or its former portfolio company. The District Court found that the carrier breached its duty to defend American Capital and its former portfolio company against more than 1,000 bodily injury claims and awarded American Capital damages plus prejudgment interest. American Capital's carrier filed a notice of appeal to the United States Court of Appeals for the Fourth Circuit (the "Court of Appeals"); thereafter, American Capital and its former portfolio company filed a notice of cross appeal, including cross claims. The appeal was fully briefed and oral argument on the appeal took place on September 28, 2018. On February 6, 2019, the Court of Appeals entered a judgment affirming the District Court judgment in all respects in the amount of approximately \$88, of which the American Capital share would be approximately \$53. American Capital also intends to petition the District Court for recovery of its reasonable legal fees and costs in connection with the litigation. The carriers have not advised as to whether they intend to engage in post-judgment proceedings to attempt to modify the judgment, and accordingly, American Capital's recovery in the litigation, if any, is not yet known. The Company has secured insurance to protect at least \$47 of the judgment in favor of American Capital.

**18. SUBSEQUENT EVENTS**

The Company's management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-K or would be required to be recognized in the consolidated financial statements as of and for the year ended December 31, 2018, except as discussed below.

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In January 2019, the Company repaid in full the \$300 in aggregate principal amount of the 2019 Convertible Notes upon their maturity. The 2019 Convertible Notes bore interest at a rate of 4.375% per year, payable semi-annually.

In February 2019, the Company's board of directors authorized an amendment to its stock repurchase program to (a) increase the total authorization under the program from \$300 to \$500 and (b) extend the expiration date of the program from February 28, 2019 to February 28, 2020. Under the stock repurchase program, the Company may repurchase up to \$500 in the aggregate of its 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 the Company, in its discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors.

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**PROSPECTUS**

**\$3,000,000,000**

**Common Stock  
Preferred Stock  
Debt Securities  
Subscription Rights  
Warrants  
Units**

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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.

Our common stock is traded on The NASDAQ Global Select Market under the symbol "ARCC." On August 30, 2018 the last reported sales price of our common stock on The NASDAQ Global Select Market was \$17.44 per share. The net asset value per share of our common stock at June 30, 2018 (the last date prior to the date of this prospectus on which we determined net asset value) was \$17.05.

**Investing in our 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 \$3,000,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase shares of our common stock, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, or units comprised of any combination of the foregoing, which we refer to, collectively, as the "securities." The preferred stock, debt securities, subscription rights and warrants (including as part of a unit) offered hereby may be convertible or exchangeable into shares of our common stock. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus. In the event we offer common stock, the offering price per share of our common stock less any underwriting commissions or discounts will generally not be less than the net asset value per share of our common stock at the time we make the offering. However, we may issue shares of our common stock pursuant to this prospectus at a price per share that is less than our net asset value per share (a) in connection with a rights offering to our existing stockholders, (b) with the prior approval of the majority of our common stockholders or (c) under such circumstances as the SEC may permit. This prospectus and the accompanying prospectus supplement concisely provide important information about us that you should know before investing in our 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](http://www.arescapitalcorp.com). The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains such information.

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**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 September 4, 2018.

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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 \$3,000,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase shares of our common stock, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, or units comprised of any combination of the foregoing, on terms to be determined at the time of the offering. The 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 securities that we may offer. Each time we use this prospectus to offer 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.

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**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).*

**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 ("IPO") on October 8, 2004. As of June 30, 2018, we were the largest BDC in the United States with approximately \$12.3 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, pursuant to our investment advisory and management agreement. 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 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 and investments in project finance/power generation projects generally range between \$10 million and \$200 million. 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

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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 20 years and its partners have an average of approximately 23 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 June 30, 2018, Ares had approximately 405 investment professionals and approximately 640 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.

**Senior Direct Lending Program**

We have established a joint venture with Varagon Capital Partners ("Varagon") to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle-market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the Senior Direct Lending Program (the "SDLP"). In July 2016, the Company and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$300 million. We may directly co-invest with the SDLP to accommodate larger transactions. The SDLP is capitalized

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as transactions are completed and 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).

We provide capital to the SDLP in the form of subordinated certificates (the "SDLP Certificates"), and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of June 30, 2018, we and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates. The SDLP Certificates pay a coupon of the London Interbank Offered Rate ("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.

As of June 30, 2018, we and Varagon and its clients had agreed to make capital available to the SDLP of \$6.4 billion in the aggregate, of which \$1.4 billion is to be made available from us. We will continue to provide capital to the SDLP in the form of 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. Investment of any unfunded amount must be approved by the investment committee of the SDLP consisting of representatives of ours and Varagon (with approval from a representative of each required).

For more information on the SDLP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Co-Investment Programs Senior Direct Lending Program."

**Ivy Hill Asset Management, L.P.**

As of June 30, 2018, our portfolio company, IHAM, an SEC-registered investment adviser, managed 23 vehicles and served as the sub-manager/sub-servicer for two other vehicles (such vehicles, the "IHAM Vehicles"). As of June 30, 2018, IHAM had assets under management of approximately \$5.0 billion. As of June 30, 2018, the amortized cost and fair value of our investment in IHAM was \$444 million and \$521 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.

**Ares Capital Management LLC**

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 95 U.S.-based investment professionals as of June 30, 2018, and led by certain partners of the Ares Credit Group: Kipp deVeer, Mitchell Goldstein and Michael Smith. Ares Capital Management leverages off of Ares' investment platform and benefits from the significant capital markets, trading and research expertise of Ares' investment professionals. Ares Capital Management's investment committee has eight members primarily comprised of certain of the U.S.-based partners of the Ares Credit Group.

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**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 disruption and volatility that occurs periodically in the credit markets, reduces capital available to certain capital providers, causing a reduction in competition. When these volatile market conditions occur, they often 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.

We believe the middle-market represents a significant portion of the overall economy, and the demand for capital by middle-market companies reflects generally stronger growth trends and financial performance. In addition, due to the fragmented nature of the middle-market and the lack of publicly available information, we believe lenders have an opportunity to originate and underwrite investments with more favorable terms, including stronger covenant and reporting packages, as well as better call protection and change of control provisions as compared to the large, broadly syndicated loan market.

**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 our affiliation with Ares provides a distinct competitive advantage through Ares' originations, due diligence, and marketing activities. 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

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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 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 junior capital focused 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 June 30, 2018, Ares oversaw a portfolio of investments in over 1,500

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companies, over 500 structured assets and over 170 properties across approximately 60 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 20 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 approximately 60 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 co-invest in any portfolio company in which a fund managed by Ares or





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any of its downstream affiliates (other than us and our downstream affiliates) is also co-investing. On January 18, 2017, we received an order from the SEC that permits us and other BDCs and registered closed-end management investment companies managed by Ares to co-invest in portfolio companies with each other and with affiliated investment funds (the "Co-investment Exemptive Order"). Co-investments made under the Co-investment Exemptive Order are subject to compliance with certain conditions and other requirements, which could limit our ability to participate in a co-investment transaction. We may also otherwise 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.

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, under the provisions of the Investment Company Act, 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"), unless the BDC obtains approval (either stockholder approval or approval of a "required majority" (as defined in Section 57(o) of the Investment Company Act) of its board of directors) to apply the modified asset coverage requirements set forth in Section 61(a)(2) of the Investment Company Act, as amended by the Small Business Credit Availability Act (the "SBCAA"), reducing the required asset coverage ratio applicable to the BDC from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us).

Currently, our asset coverage requirement applicable to senior securities is 200%. On June 21, 2018, our board of directors, including a "required majority" of our board of directors, approved the application of the modified asset coverage requirement set forth in Section 61(a)(2) of the Investment Company Act, as amended by the SBCAA. As a result, effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150%. In order to incur this additional leverage, we intend to enter into certain amendments for our Revolving Credit Facility (as defined below) and Revolving Funding Facility (as defined below) to reduce the current asset coverage requirements specified therein. See "Risk Factors Risks Relating to Our Business Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement will reduce from 200% to 150%, which may increase the risk of investing with us" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources."

As of June 30, 2018, our asset coverage was 255%.

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 to be subject to additional U.S. federal corporate-level income 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."

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**ACQUISITION OPPORTUNITIES**

We believe that there may be opportunity for further consolidation in our industry. From time to time, we evaluate 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.

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, 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 may incur significant expenses for the evaluation and due diligence investigation of these potential transactions.

**INDEBTEDNESS**

As of June 30, 2018, we had approximately \$4.6 billion in aggregate principal amount of total outstanding indebtedness, approximately \$4.2 billion aggregate principal amount of which was unsecured indebtedness of Ares Capital and approximately \$414 million aggregate principal amount of which was secured indebtedness at the Ares Capital level.

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

**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 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 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 Europe could have a significant adverse effect on our business, financial condition and results of operations.

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

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

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

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

Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement will reduce from 200% to 150%, which 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.

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 CORPORATE INFORMATION**

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

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**OFFERINGS**

We may offer, from time to time, in one or more offerings or series, up to \$3,000,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase shares of our common stock, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, or units comprised of any combination of the foregoing, on terms to be determined at the time of the offering. We will offer our securities at prices and on terms to be set forth in one or more supplements to this prospectus. The offering price per share of our common stock, less any underwriting commissions or discounts, generally will not be less than the net asset value per share of our common stock at the time of an offering. However, we may issue shares of our common stock pursuant to this prospectus at a price per share that is less than our net asset value per share (a) in connection with a rights offering to our existing stockholders, (b) with the prior approval of the majority of our common stockholders or (c) under such other circumstances as the SEC may permit. Any such issuance of shares of our common stock below net asset value may be dilutive to the net asset value of our common stock. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus."

Pursuant to approval granted at a special meeting of stockholders held on May 14, 2018, 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 14, 2019.

We may offer our securities directly to one or more purchasers, including existing stockholders in a rights offering, 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 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 securities through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of our securities.

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

Use of proceeds

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from the sale of our 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."

Distributions

We currently intend to pay dividends or make other distributions to our stockholders on a quarterly basis out of assets legally available for distribution. We may also pay additional dividends or make additional distributions to our stockholders from time to time. Our quarterly and additional dividends or distributions, if any, will be determined by our board of directors. For more information, see "Price Range of Common Stock and Distributions."

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Taxation

We have elected to be treated as a RIC for U.S. federal income tax purposes. As a RIC, we generally will not pay U.S. federal corporate-level income taxes on any income and gain that we distribute to our stockholders as dividends on a timely basis. Among other things, in order to maintain our RIC status, we must meet specified source of income and asset diversification requirements and distribute annually generally an amount equal to at least 90% of our investment company taxable income, out of assets legally available for distribution. See "Risk Factors Risks Relating to Our Business We may be subject to additional corporate-level income taxes if we fail to maintain our status as a RIC" and "Price Range of Common Stock and Distributions."

Dividend reinvestment plan

We have a dividend reinvestment plan for our stockholders. This is an "opt out" dividend reinvestment plan. As a result, if we declare a cash dividend, then stockholders' dividends will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash. Stockholders whose cash dividends are reinvested in additional shares of our common stock will be subject to the same U.S. federal, state and local tax consequences as stockholders who elect to receive their dividends in cash. See "Dividend Reinvestment Plan."

The NASDAQ Global Select Market symbol

"ARCC"

Anti-takeover provisions

Our board of directors is divided into three classes of directors serving staggered three-year terms. This structure is intended to provide us with a greater likelihood of continuity of management, which may be necessary for us to realize the full value of our investments. A staggered board of directors also may serve to deter hostile takeovers or proxy contests, as may certain other measures adopted by us. See "Description of Our Capital Stock."

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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." We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% after such borrowing. Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). See "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources." 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](http://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](http://www.sec.gov).



Table of Contents**FEEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear, directly or indirectly, based on the assumptions set forth below. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this table contains a reference to our fees or expenses, we will pay such fees and expenses out of our net assets and, consequently, stockholders will indirectly bear such fees or expenses as investors in Ares Capital.

<b>Stockholder transaction expenses (as a percentage of offering price):</b>	
Sales load	(1)
Offering expenses	(2)
Dividend reinvestment plan expenses	Up to \$15 Transaction Fee (3)
<b>Total stockholder transaction expenses paid</b>	<b>(4)</b>
<b>Annual expenses (as a percentage of consolidated net assets attributable to common stock)(5):</b>	
Base management fees	2.60%(6)
Income based fees and capital gains incentive fees (excluding the Fee Waiver (as defined below))	2.72%(7)
Interest payments on borrowed funds	3.41%(8)
Other expenses	0.97%(9)
Acquired fund fees and expenses	1.34%(10)
Total annual expenses	11.04%(11)
Fee Waiver	(0.56%)(12)
Total annual expenses after the Fee Waiver	10.48%(11)(12)

- 
- (1) In the event that the securities to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load (underwriting discount or commission). Purchases of shares of our common stock on the secondary market are not subject to sales charges but may be subject to brokerage commissions or other charges. The table does not include any sales load that stockholders may have paid in connection with their purchase of shares of our common stock.
- (2) The related prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the offering expenses borne by us as a percentage of the offering price.
- (3) The expenses of the dividend reinvestment plan are included in "Other expenses." The plan administrator's fees under the plan are paid by us. If a participant elects by notice to the plan administrator in advance of termination to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a transaction fee of up to \$15 plus a \$0.12 per share fee from the proceeds. See "Dividend Reinvestment Plan" for more information.
- (4)

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The related prospectus supplement will disclose the offering price and the total stockholder transaction expenses as a percentage of the offering price.

(5)

The "consolidated net assets attributable to common stock" used to calculate the percentages in this table is our average net assets of \$7.2 billion for the six months ended June 30, 2018.

(6)

Our base management fee is currently 1.5% of our total assets (other than cash and cash equivalents) (which includes assets purchased with borrowed amounts). Our base management fee

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has been estimated by multiplying our average total assets (assuming we maintain no cash or cash equivalents) for the six months ended June 30, 2018 by 1.5%. The 2.60% reflected on the table is higher than 1.5% because it is calculated on our average net assets (rather than our average total assets) for the same period. See "Management Investment Advisory and Management Agreement."

(7)

This item represents our investment adviser's income based fees and capital gains incentive fees estimated by annualizing income based fees for the six months ended June 30, 2018 without taking into account the Fee Waiver, and the capital gains incentive fee expense accrued in accordance with U.S. generally accepted accounting principles ("GAAP") for the six months ended June 30, 2018, even though no capital gains incentive fee was actually payable under the investment advisory and management agreement as of June 30, 2018.

GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Company Act or the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the capital gains incentive fee actually payable under the investment advisory and management agreement plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires us to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual capital gains incentive fees paid or capital gains incentive fees accrued under GAAP in all prior periods. The resulting 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 reversal 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. There can be no assurance that such unrealized capital appreciation will be realized in the future or that the amount accrued for will ultimately be paid.

For purposes of this table, we have assumed that these fees will be payable (in the case of the capital gains incentive fee) and that they will remain constant, although they are based on our performance and will not be paid unless we achieve certain goals. We expect to invest or otherwise utilize all of the net proceeds from securities registered under the registration statement of which this prospectus is a part pursuant to a particular prospectus supplement within three months of the date of the offering pursuant to such prospectus supplement and may have capital gains and interest income that could result in the payment of these fees to our investment adviser in the first year after completion of offerings pursuant to this prospectus. Since our IPO through June 30, 2018, the average quarterly fees accrued related to income based fees and capital gains incentive fees (including capital gains incentive fees accrued under GAAP even though they may not be payable) have been approximately 0.66% of our weighted average net assets for such period (2.64% on an annualized basis). For more detailed information on the calculation of our income based fees and capital gains incentive fees, please see below. For more detailed information about income based fees and capital gains incentive fees previously incurred by us, please see Note 3 to our consolidated financial statements for the year ended December 31, 2017 and the three and six months ended June 30, 2018.

Income based fees are payable quarterly in arrears in an amount equal to 20% of our pre-incentive fee net investment income (including interest that is accrued but not yet received in cash), subject to a 1.75% quarterly (7.0% annualized) hurdle rate and a "catch-up" provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, our investment adviser receives no income based fees until our net investment income equals the hurdle rate of 1.75% but

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then receives, as a "catch-up," 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%. The effect of this provision is that, if pre-incentive fee net investment income exceeds 2.1875% in any calendar quarter, our investment adviser will receive 20% of our pre-incentive fee net investment income as if a hurdle rate did not apply.

Capital gains incentive fees are payable annually in arrears in an amount equal to 20% of our realized capital gains on a cumulative basis from inception through the end of the year, if any, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of capital gains incentive fees paid in all prior years.

We will defer cash payment of any income based fees and capital gains incentive fees 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) 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. Any deferred income based fees and capital gains incentive fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under the investment advisory and management agreement.

These calculations will be adjusted for any share issuances or repurchases.

See "Management Investment Advisory and Management Agreement."

- (8) "Interest payments on borrowed funds" represents our interest expenses estimated by annualizing our actual interest and credit facility expenses incurred for the six months ended June 30, 2018. During the six months ended June 30, 2018, our average outstanding borrowings were approximately \$5.0 billion and cash paid for interest expense was \$97 million. We had outstanding borrowings of approximately \$4.6 billion (with a carrying value of approximately \$4.5 billion) as of June 30, 2018. This item is based on the assumption that our borrowings and interest costs after an offering will remain similar to those prior to such offering. The amount of leverage that we may employ at any particular time will depend on, among other things, our investment adviser's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. See "Risk Factors Risks Relating to Our Business We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us." We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% after such borrowing. Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). See "Risk Factors Risks Relating to Our Business Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement will reduce from 200% to 150%, which may increase the risk of investing with us."
- (9) Includes our overhead expenses, including payments under our administration agreement based on our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, and income taxes. Such expenses are estimated by annualizing "Other expenses" for the six months ended June 30, 2018. The holders of shares of our common stock (and not the holders of our debt securities or preferred stock, if any) indirectly bear the cost associated with our annual expenses. See "Management Administration Agreement."

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- (10) Our stockholders indirectly bear the expenses of underlying funds or other investment vehicles that would be investment companies under section 3(a) of the Investment Company Act but for the exceptions to that definition provided for in sections 3(c)(1) and 3(c)(7) of the Investment Company Act ("Acquired Funds") in which we invest. Such underlying funds or other investment vehicles are referred to in this prospectus as "Acquired Funds." This amount includes the estimated annual fees and operating expenses of Acquired Funds in which the Company is invested as of June 30, 2018. Certain of these Acquired Funds are subject to management fees, which generally range from 1% to 2.5% of total net assets, or incentive fees, which generally range between 15% and 25% of net profits. When applicable, fees and operating expenses estimates are based on historic fees and operating expenses for the Acquired Funds. For those Acquired Funds with little or no operating history, fees and operating expenses are estimates based on expected fees and operating expenses stated in the Acquired Funds' offering memorandum, private placement memorandum or other similar communication without giving effect to any performance. Future fees and operating expenses for these Acquired Funds may be substantially higher or lower because certain fees and operating expenses are based on the performance of the Acquired Funds, which may fluctuate over time. Also included with the amount is an estimate of the annual fees and operating expenses of the SDLP. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Co-Investment Programs Senior Direct Lending Program" and Note 4 to our consolidated financial statements for the year ended December 31, 2017 for more information on the SDLP. The annual fees and operating expenses of the SDLP were estimated based on the funded portfolio of the SDLP as of June 30, 2018 and include interest payments on the senior notes and intermediate funding notes provided by Varagon and its clients, which represent 91% of such expenses.
- (11) "Total annual expenses" as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage and increase our total assets. The SEC requires that the "Total annual expenses" percentage be calculated as a percentage of 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), rather than the total assets, including assets that have been funded with borrowed monies.
- (12) In connection with our acquisition of American Capital, Ltd. ("American Capital") (the "American Capital Acquisition"), our investment adviser has agreed to waive up to \$100 million in income based fees from us for the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, in an amount equal to the lesser of (1) \$10 million of income based fees and (2) the amount of income based fees for each 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 "Fee Waiver"). This item represents the estimated adjustment of \$40 million on an annualized basis to our investment adviser's income based fees to take into account the Fee Waiver.

**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that we would have no additional leverage, that none of our assets are cash or cash equivalents and that our annual operating expenses would remain at the levels set forth in the table above. Income based fees and the capital gains incentive fees under the investment advisory and management agreement, which, assuming a 5% annual return, would either not be payable or have an insignificant impact on the expense amounts shown below, are not included in the example, except as specifically set forth below. Transaction expenses are not included in the

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following example. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$1,000 common stock investment, assuming a 5% annual return (none of which is subject to the capital gains incentive fee)(1)	\$ 85	\$ 247	\$ 398	\$ 730
You would pay the following expenses on a \$1,000 common stock investment, assuming a 5% annual return resulting entirely from net realized capital gains (all of which is subject to the capital gains incentive fee)(2)	\$ 95	\$ 275	\$ 441	\$ 800

(1) Assumes that we will not realize any capital gains computed net of all realized capital losses and unrealized capital depreciation.

(2) Assumes no unrealized capital depreciation and a 5% annual return resulting entirely from net realized capital gains and not otherwise deferrable under the terms of the investment advisory and management agreement and therefore subject to the capital gains incentive fee.

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. If we were to achieve sufficient returns on our investments, including through the realization of capital gains, to trigger income based fees or capital gains incentive fees of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our board of directors authorizes and we declare a cash dividend, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

**This example and the expenses in the table above should not be considered a representation of our future expenses as actual expenses (including the cost of debt, if any, and other expenses) that we may incur in the future and such actual expenses may be greater or less than those shown.**

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**SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA OF ARES CAPITAL**

The following selected financial and other data as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 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 six months ended June 30, 2018 and June 30, 2017 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 six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. 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.

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**ARES CAPITAL CORPORATION AND SUBSIDIARIES**  
**SELECTED FINANCIAL DATA**

**As of and For the Six Months Ended June 30, 2018 and June 30, 2017 and**  
**As of and For the Years Ended December 31, 2017, 2016, 2015, 2014 and 2013**  
**(dollar amounts in millions, except per share data and as otherwise indicated)**

	As of and For the Six Months Ended June 30,		As of and For the Year Ended December 31,				
	2018 (unaudited)	2017 (unaudited)	2017	2016	2015	2014	2013
Total Investment Income	\$ 650	\$ 559	\$ 1,160	\$ 1,012	\$ 1,025	\$ 989	\$ 882
Total Expenses, Net of Waiver of Income Based Fees	333	332	630	497	499	533	437
Net Investment Income Before Income Taxes	317	227	530	515	526	456	445
Income Tax Expense, Including Excise Tax	11	9	19	21	18	18	14
Net Investment Income	306	218	511	494	508	438	431
Net Realized and Unrealized Gains (Losses) on Investments, Foreign Currencies, Extinguishment of Debt and Other Assets	190	78	156	(20)	(129)	153	58
Net Increase in Stockholders' Equity Resulting from Operations	\$ 496	\$ 296	\$ 667	\$ 474	\$ 379	\$ 591	\$ 489

## Per Share Data:

Net Increase in Stockholder's Equity Resulting from Operations:							
Basic	\$ 1.16	\$ 0.70	\$ 1.57	\$ 1.51	\$ 1.20	\$ 1.94	\$ 1.83
Diluted	\$ 1.16	\$ 0.70	\$ 1.57	\$ 1.51	\$ 1.20	\$ 1.94	\$ 1.83
Cash Dividends Declared and Payable(1)	\$ 0.76	\$ 0.76	\$ 1.52	\$ 1.52	\$ 1.57	\$ 1.57	\$ 1.57
Net Asset Value	\$ 17.05	\$ 16.54	\$ 16.65	\$ 16.45	\$ 16.46	\$ 16.82	\$ 16.46
Total Assets(2)	\$ 12,297	\$ 12,328	\$ 12,347	\$ 9,245	\$ 9,507	\$ 9,454	\$ 8,094
Total Debt (Carrying Value)(2)	\$ 4,542	\$ 4,838	\$ 4,854	\$ 3,874	\$ 4,114	\$ 3,881	\$ 2,939
Total Debt (Principal Amount)	\$ 4,632	\$ 4,928	\$ 4,943	\$ 3,951	\$ 4,197	\$ 3,999	\$ 3,079
Total Stockholders' Equity	\$ 7,270	\$ 7,051	\$ 7,098	\$ 5,165	\$ 5,173	\$ 5,284	\$ 4,904
Other Data:							
Number of Portfolio Companies at Period End(3)	346	319	314	218	218	205	193
Principal Amount of Investments Purchased(4)	\$ 2,994	\$ 2,811	\$ 7,263	\$ 3,490	\$ 3,905	\$ 4,534	\$ 3,493
Principal Amount of Investments Acquired as part of the American Capital Acquisition on January 3, 2017		\$ 2,543	\$ 2,543				
Principal Amount of Investments Sold and Repayments	\$ 3,508	\$ 2,710	\$ 7,107	\$ 3,655	\$ 3,651	\$ 3,213	\$ 1,801
Total Return Based on Market Value(5)	9.5%	3.9%	4.5%	26.4%	1.3%	(3.3)%	10.5%
Total Return Based on Net Asset Value(6)	7.0%	5.5%	10.5%	9.2%	7.2%	11.8%	11.4%
Weighted Average Yield of Debt and Other Income Producing Securities at Fair Value(7):	10.5%	9.5%	9.8%	9.4%	10.3%	10.1%	10.4%
Weighted Average Yield of Debt and Other Income Producing Securities at Amortized Cost(7):	10.4%	9.4%	9.7%	9.3%	10.1%	10.1%	10.4%
Weighted Average Yield of Total Investments at Fair Value(8):	9.0%	8.3%	8.7%	8.5%	9.2%	9.1%	9.3%
	9.1%	8.2%	8.7%	8.3%	9.1%	9.3%	9.4%



Weighted Average Yield of Total Investments at  
Amortized Cost(8):

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(1)

Includes 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 and an additional dividend of \$0.05 per share paid in the year ended December 31, 2013.

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- (2) Certain prior year amounts have been reclassified to conform to the 2017 and 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.
- (4) Excludes \$2.5 billion of investments acquired as part of the American Capital Acquisition on January 3, 2017.
- (5) For the six months ended June 30, 2018, the total return based on market value equaled the increase of the ending market value at June 30, 2018 of \$16.45 per share from the ending market value at December 31, 2017 of \$15.72 per share plus the declared and payable dividends of \$0.76 per share for the six months ended June 30, 2018, divided by the market value at December 31, 2017. For the six months ended June 30, 2017, the total return based on market value equaled the decrease of the ending market value at June 30, 2017 of \$16.38 per share from the ending market value at December 31, 2016 of \$16.49 per share plus the declared and payable dividends of \$0.76 per share for the six months ended June 30, 2017, divided by the market value at December 31, 2016. For the year ended December 31, 2017, the total return based on market value equaled the decrease of the ending market value at December 31, 2017 of \$15.72 per share from the ending market value at December 31, 2016 of \$16.49 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2017, divided by the market value at December 31, 2016. For the year ended December 31, 2016, the total return based on market value equaled the increase of the ending market value at December 31, 2016 of \$16.49 per share from the ending market value at December 31, 2015 of \$14.25 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2016, divided by the market value at December 31, 2015. For the year ended December 31, 2015, the total 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. Our shares fluctuate in value. Our performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.
- (6) For the six months ended June 30, 2018, 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 \$0.76 per share for the six months ended June 30, 2018, divided by the beginning net asset value for the period. For the six months ended June 30, 2017, 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 \$0.76 per share for the six months ended June 30, 2017, divided by the beginning net asset value for the period. For the year ended December 31, 2017, 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 \$1.52 per share for the year ended December 31, 2017, divided by the beginning net asset value for the period. For the year ended December 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 \$1.52 per share for the year ended December 31, 2016, 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 period. 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. 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. Our performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.
- (7)

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"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)

"Weighted average yield on total investments" 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 investments at amortized cost or at fair value, as applicable.

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

	2018			
	Q4	Q3	Q2	Q1
Total investment income			\$ 333	\$ 317
Net investment income before net realized and unrealized gains and income based fees and capital gains incentive fees, net of waiver of income based fees			\$ 210	\$ 192
Income based fees, and capital gains incentive fees, net of waiver of income based fees			\$ 48	\$ 48
Net investment income before net realized and unrealized gains			\$ 162	\$ 144
Net realized and unrealized gains			\$ 92	\$ 98
Net increase in stockholders' equity resulting from operations			\$ 254	\$ 242
Basic and diluted earnings per common share			\$ 0.60	\$ 0.57
Net asset value per share as of the end of the quarter			\$ 17.05	\$ 16.84

	2017			
	Q4	Q3	Q2	Q1
Total investment income	\$ 307	\$ 294	\$ 284	\$ 275
Net investment income before net realized and unrealized gains and income based fees and capital gains incentive fees, net of waiver of income based fees	\$ 185	\$ 175	\$ 154	\$ 142
Income based fees, and capital gains incentive fees, net of waiver of income based fees	\$ 45	\$ 22	\$ 30	\$ 48
Net investment income before net realized and unrealized gains	\$ 140	\$ 153	\$ 124	\$ 94
Net realized and unrealized gains	\$ 92	\$ (14)	\$ 54	\$ 24
Net increase in stockholders' equity resulting from operations	\$ 232	\$ 139	\$ 178	\$ 118
Basic and diluted earnings per common share	\$ 0.54	\$ 0.33	\$ 0.42	\$ 0.28
Net asset value per share as of the end of the quarter	\$ 16.65	\$ 16.49	\$ 16.54	\$ 16.50

	2016			
	Q4	Q3	Q2	Q1
Total investment income	\$ 261	\$ 258	\$ 245	\$ 248
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees	\$ 157	\$ 164	\$ 144	\$ 147
Income based fees and capital gains incentive fees	\$ 19	\$ 27	\$ 39	\$ 33
Net investment income before net realized and unrealized gains (losses)	\$ 138	\$ 137	\$ 105	\$ 114
Net realized and unrealized gains (losses)	\$ (63)	\$ (28)	\$ 53	\$ 18
Net increase in stockholders' equity resulting from operations	\$ 75	\$ 109	\$ 158	\$ 132
Basic and diluted earnings per common share	\$ 0.24	\$ 0.35	\$ 0.50	\$ 0.42
Net asset value per share as of the end of the quarter	\$ 16.45	\$ 16.59	\$ 16.62	\$ 16.50

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**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 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 net asset value of our common stock and the trading price, if any, of our 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, the referendum by British voters to exit the European Union ("Brexit") in June 2016 led to further disruption and instability in the global markets. There can be no assurance these market conditions will not repeat themselves 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 14, 2018, 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 14, 2019.

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, including being at a higher cost due to a rising rate environment. 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

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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 Europe could have a significant adverse effect on our business, financial condition and results of operations.**

Due to federal budget deficit concerns, Standard & Poor's Financial Services LLC ("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 Investor Services, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch") had warned that they may downgrade the federal government's credit rating under certain circumstances. 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.

Deterioration in the economic conditions in the Eurozone and globally, including instability in financial markets, may pose a risk to our business. In recent years, financial markets have been affected at times by a number of global macroeconomic and political events, including the following: large sovereign debts and fiscal deficits of several countries in Europe and in emerging markets jurisdictions, levels of non-performing loans on the balance sheets of European banks, the potential effect of any European country leaving the Eurozone, the potential effect of the United Kingdom leaving the European Union, the potential effect of Scotland leaving the United Kingdom, and market volatility and loss of investor confidence driven by political events, including the general elections in the United Kingdom in June 2017 and in Germany in September 2017 and referenda in the United Kingdom in June 2016 and Italy in December 2016. 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. 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.

The Federal Reserve has raised the Federal Funds Rate seven times during the period between December 2015 and June 2018, and has announced its intention to continue to raise the federal funds rate over time. 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

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rates to be volatile, 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 may 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

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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, 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 come 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, we are currently allowed to borrow amounts or issue debt securities or preferred stock, which we refer to collectively as "senior securities," such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% immediately after such borrowing. Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Such requirement, 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 our current Facilities (as defined below), 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 currently 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. Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). 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 June 30, 2018, our asset coverage calculated in accordance with the Investment Company Act was 255%. 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 14, 2018, 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 14, 2019.

**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 the 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 have 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 June 30, 2018, we had approximately \$414 million of outstanding borrowings under the Facilities, approximately \$688 million in aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below) and approximately \$3.5 billion in aggregate principal amount outstanding of the Unsecured Notes. In order for us to cover our annual interest payments on our outstanding indebtedness at June 30, 2018, we must achieve annual returns on our June 30, 2018 total assets of at least 1.6%. The weighted average stated interest rate charged on our principal amount of outstanding indebtedness as of June 30, 2018 was 4.2%. We intend 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 our debt depends largely on our financial 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. We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at

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least 200% after such borrowing. Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Accordingly, our interest expenses as a percentage of our total assets will be higher if we use increased leverage permitted under our modified asset coverage requirement applicable to senior securities.

The Facilities, 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.

The following table illustrates the effect on return to a holder of our common stock of the leverage created by our use of borrowing at the weighted average stated interest rate of 4.2% as of June 30, 2018, together with (a) our total value of net assets as of June 30, 2018; (b) approximately \$4.6 billion in aggregate principal amount of indebtedness outstanding as of June 30, 2018 and (c) hypothetical annual returns on our portfolio of minus 15% to plus 15%.

Assumed Return on Portfolio (Net of Expenses)(1)	15.00%	10.00%	5.00%	%	5.00%	10.00%	15.00%
Corresponding Return to Common Stockholders(2)	28.02%	19.56%	11.11%	2.65%	5.81%	14.27%	22.72%

- (1) The assumed portfolio return is required by SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. Actual returns may be greater or less than those appearing in the table. Pursuant to SEC regulations, this table is calculated as of June 30, 2018. As a result, it has not been updated to take into account any changes in assets or leverage since June 30, 2018.
- (2) In order to compute the "Corresponding Return to Common Stockholders," the "Assumed Return on Portfolio" is multiplied by the total value of our assets at June 30, 2018 to obtain an assumed return to us. From this amount, the interest expense (calculated by multiplying the weighted average stated interest rate of 4.2% by the approximately \$4.6 billion of principal debt outstanding) is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets as of June 30, 2018 to determine the "Corresponding Return to Common Stockholders."

**Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement will reduce from 200% to 150%, which may increase the risk of investing with us.**

On June 21, 2018, our board of directors, including a "required majority" of our board of directors, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the Investment Company Act, as amended by the SBCAA. As a result, effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us), and the risks associated with an investment in us may increase.

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

The agreements governing the Facilities, the Convertible Unsecured Notes and the Unsecured Notes 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 and the Unsecured Notes. 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 and the Unsecured Notes. Failure to comply with these covenants could result in a default under the Facilities, the Convertible Unsecured Notes or the Unsecured Notes, 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 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

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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. The loss of such investment opportunities may limit our ability to grow or cause us to have to shrink the size of our portfolio, which could decrease our earnings. 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 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.

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**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 could 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. From time to time, we may also enter into certain hedging transactions to mitigate our exposure to rising borrowing costs. 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 indebtedness.

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.

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**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 portion (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 or could be unable to dispose of our investments in a timely manner. 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

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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.

**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 investment adviser or its 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. Members of our investment adviser's investment committee may have significant responsibilities for other Ares funds. Similarly, although the professional staff of our investment adviser will devote as much time to the management of us 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 us, on the one hand, and investment vehicles managed by our investment adviser 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 our business but will instead be allocated between our business and the management of these other investment vehicles.

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 (including our investment adviser). In addition, there may be conflicts in the allocation of investments among us and the funds managed by investment managers affiliated with Ares (including our investment adviser) or one or more of our controlled affiliates or among the funds they manage, including investments made pursuant to the Co-investment Exemptive Order. Further, such other Ares-managed funds may hold positions in portfolio companies in which Ares Capital has also invested. Such investments may raise potential conflicts of interest between Ares Capital and such other Ares-managed funds, particularly if Ares Capital and such other Ares-managed funds invest in different classes or types of securities or investments of the same underlying portfolio company. In that regard, actions may be taken by such other Ares-managed funds that are adverse to Ares Capital's interests, including, but not limited to, during a restructuring, bankruptcy or other insolvency proceeding or similar matter occurring at the underlying portfolio company.

We have from time to time sold assets to IHAM and certain of 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 affiliates (including IHAM) or we may purchase assets from vehicles managed by one or more of our affiliates (including IHAM). In addition, vehicles managed by one or more of our affiliates

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(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 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 could affect our total assets, such as decisions as to whether to incur indebtedness or to make future investments. We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 200% after such borrowing. Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Accordingly, our investment adviser may have conflicts of interest in connection with decisions to use increased leverage permitted under our modified asset coverage requirement applicable to senior securities, as the incurrence of such additional indebtedness would result in an increase in the base management fees payable to our investment adviser and may also result in an increase in the income based fees and capital gains incentive fees payable to our investment adviser.

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.

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 us 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 to our investment adviser. 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 compensation, rent and other expenses



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of certain of our officers (including our chief compliance officer, chief financial officer, chief accounting officer, general counsel, secretary, 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 Management (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. Further, in the ordinary course of our business we or our investment adviser may engage certain third party service providers to provide us with services necessary for our business. Any failure or interruption of those systems or services, including as a result of the termination or suspension of an agreement with any third-party service providers, could cause delays or other problems in our business 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.

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

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the information resources of us or our portfolio companies. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems or those of our portfolio companies 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 business relationships. As our and our portfolio companies' 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, and the information systems of our portfolio companies. 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, changes in the interpretation thereof or newly enacted laws or regulations, such as the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), Public Law No. 115-97 (the "Tax Cuts and Jobs Act") and the SBCAA, 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 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

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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 relating to capital, margin, trading and clearance and settlement of derivatives, 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.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act, which significantly changed the Code, including, a reduction in the corporate income tax rate, a new limitation on the deductibility of interest expense, and significant changes to the taxation of income earned from foreign sources and foreign subsidiaries. The Tax Cuts and Jobs Act also authorizes the IRS to issue regulations with respect to the new provisions. We cannot predict how the changes in the Tax Cuts and Jobs Act, or regulations or other guidance issued under it, might affect us, our business or the business of our portfolio companies.

On February 3, 2017, President Trump signed Executive Order 13772 announcing the new Administration's policy to regulate the U.S. financial system in a manner consistent with certain "Core Principles," including regulation that is efficient, effective and appropriately tailored. The Executive Order directed the Secretary of the Treasury, in consultation with the heads of the member agencies of the Financial Stability Oversight Council, to report to the President on the extent to which existing laws, regulations and other government policies promote the Core Principles and to identify any laws, regulations or other government policies that inhibit federal regulation of the U.S. financial system. On June 12, 2017, the U.S. Department of the Treasury published the first of several reports in response to the Executive Order on the depository system covering banks and other savings institutions. On October 6, 2017, the Treasury released a second report outlining ways to streamline and reform the U.S. regulatory system for capital markets, followed by a third report, on October 26, 2017, examining the current regulatory framework for the asset management and insurance industries. Subsequent reports are expected to address: retail and institutional investment products and vehicles; as well as non-bank financial institutions, financial technology, and financial innovation.

On May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act, which increased from \$50 billion to \$250 billion the asset threshold for designation of "systemically important financial institutions" or "SIFIs" subject to enhanced prudential standards set by the Federal Reserve, staggering application of this change based on the size and risk of the covered bank holding company. On May 30th, the Federal Reserve voted to consider changes to the Volcker Rule that would loosen compliance requirements for all banks. On July 17, 2018, the House of Representatives passed the JOBS and Investor Confidence Act, which includes 32 pieces of legislation intended to help small businesses, entrepreneurs and investors by reforming capital markets. The proposed legislation includes provisions to expand the definition of "accredited investors," extend on-ramp exemptions for emerging growth companies (EGCs) and ease securities regulations on initial public offerings. The legislation was forwarded to the Senate for consideration, where it may be approved, amended or set aside with no further action. At this time it is not possible to determine the potential impact of these new laws and proposals on us.

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On March 23, 2018, the SBCAA was signed into law. The SBCAA, among other things, modifies the applicable provisions of the Investment Company Act to reduce the required asset coverage ratio applicable to BDCs from 200% to 150% subject to certain approval, time and disclosure requirements (including either stockholder approval or approval of a "required majority" of its board of directors). On June 21, 2018, our board of directors, including a "required majority" of our board of directors, approved the application of the modified asset coverage requirement set forth in Section 61(a)(2) of the Investment Company Act, as amended by the SBCAA. As a result, effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us), and the risks associated with an investment in us may increase.

**Changes to United States tariff and import/export regulations may have a negative effect on our portfolio companies and, in turn, harm us.**

There has been ongoing discussion and commentary regarding potential significant changes to United States trade policies, treaties and tariffs. The current administration, along with Congress, has created significant uncertainty about the future relationship between the United States and other countries with respect to the trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

**Uncertainty relating to the LIBOR calculation process may adversely affect the value of our portfolio of the LIBOR-indexed, floating-rate debt securities or the cost of our borrowings.**

Concerns have been publicized that some of the member banks surveyed by the British Bankers' Association ("BBA") in connection with the calculation of LIBOR across a range of maturities and currencies may have been under-reporting or otherwise manipulating the inter-bank lending rate applicable to them in order to profit on their derivatives positions or to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may have resulted from reporting inter-bank lending rates higher than those they actually submitted. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations by regulators and governmental authorities in various jurisdictions are ongoing.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time whether or not LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by Treasury securities. The future of LIBOR at this time is uncertain. Potential changes, or uncertainty related to such potential changes, may adversely affect the market for LIBOR-based securities, including our portfolio of LIBOR-indexed, floating-rate debt securities, or the cost of our borrowings. In addition, changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities, including the value of our portfolio of LIBOR-

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indexed, floating-rate debt securities, or the cost of our borrowings. Additionally, if LIBOR ceases to exist, we may need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate and certain of our existing credit facilities to replace LIBOR with the new standard that is established.

**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 adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons 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 persons 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 us, 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 on our behalf, 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 the net asset value of our common stock 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

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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 interest, it is possible that accrued and unpaid 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.

**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 (and, as a result our asset coverage calculation) 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

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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 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 generally 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;

we, 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 (including the Tax Cuts and Jobs Act), 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.





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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 the underlying portfolio company's 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.

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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.

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**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 investment in such portfolio company.**

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 on our behalf, 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.

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**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 we expect 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."

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**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**

**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.**

Shares of closed-end investment companies frequently trade at a market price that is less than the net asset value that is attributable to those shares. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. It is not possible to accurately predict whether any shares of our common stock will trade at, above, or below net asset value. In the recent past, the stocks of BDCs as an industry, including at times shares of our common stock, have traded below net asset value and during much of 2009 traded at near historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements. See "Risk Factors 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." When our common stock is trading below its net asset value per share, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining approval for such issuance from our stockholders and our independent directors. Pursuant to approval granted at a special meeting of stockholders held on May 14, 2018, 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 14, 2019.

**There is a risk that investors in our common stock may not receive dividends or that our dividends may not grow over time and 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 non-income producing securities, it could reduce the amount available for distribution and may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the

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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. See "Price Range of Common Stock and Distributions."

**Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse effect on the price of our common stock.**

The Maryland General Corporation Law, our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control of Ares Capital or the removal of our directors. We are subject to the Maryland Business Combination Act (the "Business Combination Act"), subject to any applicable requirements of the Investment Company Act. Our board of directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our board or disinterested directors do not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and may increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act (the "Control Share Acquisition Act") acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act, subject to any applicable requirements of the Investment Company Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such an offer.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our board of directors into three classes serving staggered three-year terms, and provisions of our charter authorizing our board of directors to classify or reclassify shares of our stock into one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter from time to time, without stockholder approval, to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may discourage, delay, defer, make more difficult or prevent a transaction or a change in control that might otherwise be in your best interest.

**Investing in our common stock may involve an above average degree of risk.**

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive and, therefore, an investment in our securities may not be suitable for someone with lower risk tolerance.

**The market price of our common stock may fluctuate significantly.**

The capital and credit markets have experienced periods of extreme volatility and disruption over the past several years. The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

significant volatility in the market price and trading volume of securities of publicly traded RICs, BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;

price and volume fluctuations in the overall stock market from time to time;

the inclusion or exclusion of our common stock from certain indices;

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changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to RICs or BDCs;

loss of our RIC status;

our ability to manage our capital resources effectively, including rotating out of certain investments acquired in connection with the American Capital Acquisition and re-deploying such capital effectively and on favorable terms;

changes in our earnings or variations in our operating results;

changes in the value of our portfolio of investments;

any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;

departure of Ares' key personnel;

operating performance of companies comparable to us;

short-selling pressure with respect to shares of our common stock or BDCs generally;

future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities, including the Convertible Unsecured Notes;

uncertainty surrounding the strength of the U.S. economy;

concerns regarding European sovereign debt;

concerns regarding volatility in the Chinese stock market and Chinese currency;

general economic trends and other external factors; and

loss of a major funding source.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our stock price fluctuates significantly, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

**We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.**

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the

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liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the Investment Company Act, preferred stock constitutes a "senior security" for purposes of the asset coverage test.



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**The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or securities to subscribe for or convertible into shares of our common stock.**

At a special meeting of stockholders held on May 14, 2018, subject to certain determinations required to be made by our board of directors, our stockholders approved our ability to sell or otherwise issue shares of our common stock, in an amount not exceeding 25% of our then outstanding common stock, at a price below the then current net asset value per share during a period that began on May 14, 2018 and expires on May 14, 2019.

In addition, at our 2009 annual stockholders meeting, our stockholders approved a proposal authorizing us to sell or otherwise issue warrants or securities to subscribe for or convertible into shares of our common stock subject to certain limitations (including, without limitation, that the number of shares issuable does not exceed 25% of our then outstanding common stock and that the exercise or conversion price thereof is not, at the date of issuance, less than the greater of the market value per share and the net asset value per share of our common stock). The authorization granted to sell or issue warrants or securities to subscribe for or convertible into shares of our common stock has no expiration.

Any decision to sell shares of our common stock below its then current net asset value per share or securities to subscribe for or convertible into shares of our common stock would be subject to the determination by our board of directors that such issuance is in our and our stockholders' best interests.

If we were to sell shares of our common stock below its then current net asset value per share, such sales would result in an immediate dilution to the net asset value per share of our common stock. This dilution would occur as a result of the sale of shares at a price below the then current net asset value per share of our common stock and a proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted.

In addition, if we issue warrants or securities to subscribe for or convertible into shares of our common stock, subject to certain limitations, the exercise or conversion price per share could be less than net asset value per share at the time of exercise or conversion (including through the operation of anti-dilution protections). Because we would incur expenses in connection with any issuance of such securities, such issuance could result in a dilution of the net asset value per share at the time of exercise or conversion. This dilution would include reduction in net asset value per share as a result of the proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest than the increase in our assets resulting from such issuance.

Further, if our current stockholders do not purchase any shares to maintain their percentage interest, regardless of whether such offering is above or below the then current net asset value per share, their voting power will be diluted. For additional information and hypothetical examples of these risks, see "Sales of Common Stock Below Net Asset Value" and the prospectus supplement pursuant to which such sale is made.

**Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering. In addition, if the subscription price is less than our net asset value per share, then you will experience an immediate dilution of the aggregate net asset value of your shares.**

In the event we issue subscription rights, stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of a rights offering pursuant to this prospectus, own a smaller proportional interest in us than would otherwise be the case if they fully

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exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of such rights offering.

In addition, if the subscription price is less than the net asset value per share of our common stock, then our stockholders would experience an immediate dilution of the aggregate net asset value of their shares as a result of the offering. The amount of any decrease in net asset value is not predictable because it is not known at this time what the subscription price and net asset value per share will be on the expiration date of a rights offering or what proportion of the shares will be purchased as a result of such rights offering. Such dilution could be substantial. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or securities to subscribe for or convertible into shares of our common stock" and "Sales of Common Stock Below Net Asset Value."

**Investors in offerings of our common stock will likely incur immediate dilution upon the closing of such offering.**

We generally expect the public offering price of any offering of shares of our common stock to be higher than the book value per share of our outstanding common stock (unless we offer shares pursuant to a rights offering or after obtaining prior approval for such issuance from our stockholders and our independent directors). Accordingly, investors purchasing shares of our common stock in offerings pursuant to this prospectus may pay a price per share that exceeds the tangible book value per share after such offering.

**Our stockholders will experience dilution in their ownership percentage if they opt out of our dividend reinvestment plan.**

All dividends declared in cash payable to stockholders that are participants in our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, our stockholders that opt out of our dividend reinvestment plan will experience dilution in their ownership percentage of our common stock over time.

**Our stockholders may experience dilution upon the conversion of the Convertible Unsecured Notes.**

The 2019 Convertible Notes (as defined below) are convertible into shares of our common stock. The 2022 Convertible Notes (as defined below) are convertible into shares of our common stock beginning on August 1, 2021 or, under certain circumstances, earlier. To the extent the 2019 Convertible Notes are converted, the 2019 Convertible Notes will settle with a combination of cash and shares of our common stock. Upon conversion of the 2022 Convertible Unsecured Notes, we have the choice to pay or deliver, as the case may be, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. As of June 30, 2018, the conversion price of the 2019 Convertible Notes was effectively \$19.99 per share and the conversion price of the 2022 Convertible Notes was effectively \$19.39 per share, in each case taking into account certain de minimis adjustments that will be made on the conversion date and subject to further adjustment in certain circumstances. If we elect to deliver shares of common stock upon a conversion at the time our tangible book value per share exceeds the conversion price in effect at such time, our stockholders may incur dilution. In addition, our stockholders will experience dilution in their ownership percentage of common stock upon our issuance of common stock in connection with the conversion of the Convertible Unsecured Notes and any dividends paid on our common stock will also be paid on shares issued in connection with such conversion after such issuance.

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**Our stockholders may receive shares of our common stock as dividends, which could result in adverse cash flow consequences to them.**

In order to satisfy the Annual Distribution Requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash (which portion could be as low as 20%) and certain requirements are met, the entire distribution would be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder would be taxed on 100% of the fair market value of the shares received as part of the dividend on the date a stockholder received it in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock.

**Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.**

Sales of substantial amounts of our common stock, or the availability of such common stock for sale (including as a result of the conversion of our Convertible Unsecured Notes into common stock), could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

**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



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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.

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**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:*

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), including the Tax Cuts and Jobs Act and the SBCAA, governing our operations or the operations of our portfolio companies or the operations of our competitors;

that effective June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement will reduce from 200% to 150%, which may increase the risk of investing with us;

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

our ability to recover unrealized losses;

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

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

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

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

uncertainty surrounding the financial stability of the United States, Europe and China;

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

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Middle East turmoil and the potential for volatility in 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;

our expected financings and investments;

our ability to successfully complete and integrate any other acquisitions;

the outcome and impact of any litigation or other regulatory matters acquired in connection with the American Capital Acquisition;

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.

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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.

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").



Table of Contents**USE OF PROCEEDS**

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from the sale of our 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 \$4.6 billion aggregate principal amount outstanding as of June 30, 2018) under (a) the Revolving Credit Facility (\$414 million outstanding as of June 30, 2018), (b) the Revolving Funding Facility (no amounts outstanding as of June 30, 2018), (c) the SMBC Funding Facility (no amounts outstanding as of June 30, 2018), (d) the 2019 Convertible Notes (approximately \$300 million aggregate principal amount outstanding as of June 30, 2018), (e) the 2022 Convertible Notes (approximately \$388 million aggregate principal amount outstanding as of June 30, 2018), (f) the 2018 Notes (as defined below) (approximately \$750 million aggregate principal amount outstanding as of June 30, 2018), (g) the 2020 Notes (as defined below) (approximately \$600 million aggregate principal amount outstanding as of June 30, 2018), (h) the January 2022 Notes (as defined below) (approximately \$600 million aggregate principal amount outstanding as of June 30, 2018), (i) the 2023 Notes (as defined below) (approximately \$750 million aggregate principal amount outstanding as of June 30, 2018), (j) the 2025 Notes (as defined below) (approximately \$600 million aggregate principal amount outstanding as of June 30, 2018) and (k) the 2047 Notes (as defined below) (approximately \$230 million aggregate principal amount outstanding as of June 30, 2018).

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 1.875% or an "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility) plus an applicable spread of either 0.75% or 0.875%, 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 30, 2018, the one, two, three and six month LIBOR was 2.09%, 2.17%, 2.34% and 2.50%, respectively. As of June 30, 2018, for \$1.6 billion of the total Revolving Credit Facility capacity, the expiration date is March 30, 2023, for \$50 million of the Revolving Credit Facility capacity, the expiration date is January 4, 2022 and for the remaining \$45 million, the expiration date is May 4, 2020. The interest charged on the indebtedness incurred under the Revolving Funding Facility is based on LIBOR plus 2.15% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) of 1.15% per annum. The Revolving Funding Facility is scheduled to expire on January 3, 2022 (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, 2023 (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) 4.375% in the case of the 2019 Convertible Notes, (b) 3.75% in the case of the 2022 Convertible Notes, (c) 4.875% in the case of the 2018 Notes, (d) 3.875% in the case of the 2020 Notes, (e) 3.625% in the case of the January 2022 Notes, (f) 3.500% in the case of the 2023 Notes, (g) 4.250% in the case of the 2025 Notes and (h) 6.875% in the case of the 2047 Notes. The 2019 Convertible Notes and the 2022 Convertible Notes mature on January 15, 2019 and February 1, 2022, respectively. The 2018 Notes, the 2020 Notes, the January 2022 Notes, the 2023 Notes, the 2025 Notes and the 2047 Notes mature on November 30, 2018, January 15, 2020, January 19, 2022, February 10, 2023, March 1, 2025 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 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.

Table of Contents**PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS**

Our common stock is traded on The NASDAQ Global Select Market under the symbol "ARCC." Our common stock has historically traded at prices both above and below our net asset value per share. It is not possible to predict whether our common stock will trade at, above or below net asset value. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus Our shares of common stock have traded at a discount from net asset value and may do so again in the future, which could limit our ability to raise additional equity capital."

The following table sets forth, for the first three quarters of the year ended December 31, 2018 and each fiscal quarter for the fiscal years ended December 31, 2017 and 2016, the net asset value per share of our common stock, the range of high and low closing sales prices of our common stock, the closing sales price as a premium (discount) to net asset value and the dividends or distributions declared by us. On August 30, 2018, the last reported closing sales price of our common stock on The NASDAQ Global Select Market was \$17.44 per share, which represented a premium of approximately 2.3% to the net asset value per share reported by us as of June 30, 2018.

	Net Asset Value(1)	Price Range		High Sales Price Premium (Discount) to Net Asset Value(2)	Low Sales Price Premium (Discount) to Net Asset Value(2)	Cash Dividend Per Share(3)
		High	Low			
<b>Year ended December 31, 2016</b>						
First Quarter	\$ 16.50	\$ 14.84	\$ 12.54	(10.06)%	(24.00)%	\$ 0.38
Second Quarter	\$ 16.62	\$ 15.38	\$ 13.87	(7.46)%	(16.55)%	\$ 0.38
Third Quarter	\$ 16.59	\$ 16.40	\$ 13.96	(1.15)%	(15.85)%	\$ 0.38
Fourth Quarter	\$ 16.45	\$ 16.86	\$ 15.16	2.49%	(7.84)%	\$ 0.38
<b>Year ending December 31, 2017</b>						
First Quarter	\$ 16.50	\$ 17.81	\$ 16.42	7.94%	(0.48)%	\$ 0.38
Second Quarter	\$ 16.54	\$ 17.64	\$ 16.18	6.65%	(2.18)%	\$ 0.38
Third Quarter	\$ 16.49	\$ 16.52	\$ 15.67	(0.18)%	(5.07)%	\$ 0.38
Fourth Quarter	\$ 16.65	\$ 16.61	\$ 15.69	(0.24)%	(5.77)%	\$ 0.38
<b>Year ending December 31, 2018</b>						
First Quarter	\$ 16.84	\$ 16.28	\$ 15.25	(3.33)%	(9.44)%	\$ 0.38
Second Quarter	\$ 17.05	\$ 17.09	\$ 15.90	0.23%	(6.75)%	\$ 0.38
Third Quarter (through August 30, 2018)	*	\$ 17.47	\$ 16.45	*	*	\$ 0.39

- (1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low closing sales prices. The net asset values shown are based on outstanding shares at the end of the relevant quarter.
- (2) Calculated as the respective high or low closing sales price less net asset value, divided by net asset value (in each case, as of the applicable quarter).
- (3) Represents the dividend or distribution declared in the relevant quarter.
- \* Net asset value has not yet been calculated for this period.

We currently intend to distribute dividends or make distributions to our stockholders on a quarterly basis out of assets legally available for distribution. We may also distribute additional dividends or make additional distributions to our stockholders from time to time. Our quarterly and additional dividends or distributions, if any, will be determined by our board of directors.

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The following table summarizes our dividends or distributions declared and payable for the fiscal years ended December 31, 2016, 2017 and 2018:

<b>Date Declared</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Amount</b>
February 24, 2016	March 15, 2016	March 31, 2016	\$ 0.38
May 4, 2016	June 15, 2016	June 30, 2016	\$ 0.38
August 3, 2016	September 15, 2016	September 30, 2016	\$ 0.38
November 2, 2016	December 15, 2016	December 30, 2016	\$ 0.38
<b>Total declared and payable for 2016</b>			<b>\$ 1.52</b>

February 22, 2017	March 15, 2017	March 31, 2017	\$ 0.38
May 3, 2017	June 15, 2017	June 30, 2017	\$ 0.38
August 2, 2017	September 15, 2017	September 29, 2017	\$ 0.38
November 2, 2017	December 15, 2017	December 29, 2017	\$ 0.38
<b>Total declared and payable for 2017</b>			<b>\$ 1.52</b>

February 13, 2018	March 15, 2018	March 30, 2018	\$ 0.38
May 2, 2018	June 15, 2018	June 29, 2018	\$ 0.38
August 1, 2018	September 14, 2018	September 28, 2018	\$ 0.39
<b>Total declared and payable for 2018</b>			<b>\$ 1.15</b>

Of the \$1.52 per share in dividends declared and payable for the year ended December 31, 2017, \$1.45 per share was comprised of ordinary income and \$0.07 was comprised of long-term capital gains. Of the \$1.52 per share in dividends declared and payable for the year ended December 31, 2016, \$1.26 per share was comprised of ordinary income and \$0.26 was comprised of long-term capital gains.

To maintain our RIC status under the Code, 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. In addition, we generally will be required to pay an excise tax equal to 4% on certain undistributed taxable income unless we distribute in a timely manner an amount at least equal to the sum of (i) 98% of our ordinary income recognized during a calendar year, (ii) 98.2% of our capital gain net income, as defined by the Code, recognized for the one year period ending October 31st in that calendar year, and (iii) any income recognized, but not distributed, in preceding years (to the extent that income tax was not imposed on such amounts). The taxable income on which we pay excise tax is generally distributed to our stockholders in the next tax year. Depending on the level of taxable income earned in a tax year, we may choose to carry forward such taxable income for distribution in the following year, and pay any applicable excise tax. For the six months ended June 30, 2018, we recorded an excise tax expense of \$7 million. For the years ended December 31, 2017 and 2016, we recorded a net excise tax expense of \$12 million and \$12 million, respectively. The net expense for the years ended December 31, 2017 and 2016 each included a net reduction in expense related to the recording of a requested refund resulting from the overpayment of the prior year's excise tax of \$1 million and \$1 million, respectively. We cannot assure you that we will achieve results that will permit the payment of any cash distributions. We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend, stockholders' cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash dividends. See "Dividend Reinvestment Plan."

Table of Contents**RATIOS OF EARNINGS TO FIXED CHARGES**

For the six months ended June 30, 2018 and years ended December 31, 2017, 2016, 2015, 2014 and 2013, the ratios of earnings to fixed charges of the Company, computed as set forth below, were as follows:

	<b>For the Six Months Ended June 30, 2018</b>	<b>For the Year Ended December 31, 2017</b>	<b>For the Year Ended December 31, 2016</b>	<b>For the Year Ended December 31, 2015</b>	<b>For the Year Ended December 31, 2014</b>	<b>For the Year Ended December 31, 2013</b>
<b>Earnings to Fixed Charges(1)</b>	5.2	4.0(2)	3.7	2.7(3)	3.8(4)	3.9

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 3.9 for the six months ended June 30, 2018, 3.5 for the year ended December 31, 2017, 3.7 for the year ended December 31, 2016, 3.2 for the year ended December 31, 2015, 3.2 for the year ended December 31, 2014 and 3.7 for the year ended December 31, 2013.

- (2) Earnings for the year ended December 31, 2017 included a net realized loss on the extinguishment of debt of \$4.2 million.
- (3) Earnings for the year ended December 31, 2015 included a net realized loss on the extinguishment of debt of \$10.4 million.
- (4) Earnings for the year ended December 31, 2014 included a net realized loss on the extinguishment of debt of \$0.1 million.

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**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" and our financial statements and notes thereto appearing elsewhere in this prospectus or the accompanying prospectus supplement.*

**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 BDC under 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 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 IPO on October 8, 2004 through June 30, 2018, our exited investments resulted in an asset level realized gross internal rate of return to us of approximately 14% (based on original cash invested, net of syndications, of approximately \$23.1 billion and total proceeds from such exited investments of approximately \$29.3 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 63% of these exited investments resulted in an asset level realized gross internal rate of return to us of 10% or greater.

Additionally, since our IPO on October 8, 2004 through June 30, 2018, our realized gains have exceeded our realized losses by approximately \$629 million (excluding a one-time gain on the acquisition of Allied Capital Corporation ("Allied Capital") and realized gains/losses from the extinguishment of debt and other assets). For this same time period, our average annualized net realized gain rate was approximately 1.0% (excluding a one-time gain on the acquisition of Allied Capital and realized gains/losses from the extinguishment of debt and 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

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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 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.

***American Capital Acquisition***

On May 23, 2016, we entered into the Agreement and Plan of Merger, dated May 23, 2016 (the "Merger Agreement") to acquire American Capital, a Delaware corporation, in a cash and stock transaction valued at approximately \$4.2 billion. Pursuant to the Merger Agreement, American Capital shareholders received total consideration of approximately \$18.06 per share comprised of: (i) \$14.41 per share from us consisting of approximately \$6.48 per share of cash (including a make-up dividend in the amount of \$0.07 per share) and 0.483 shares of our common stock for each American Capital share at a value of \$7.93 per American Capital share (based on the closing price per share of our common stock on January 3, 2017), (ii) \$2.45 per share of cash from American Capital's sale of American Capital Mortgage Management, LLC, and (iii) approximately \$1.20 per share of cash as transaction support provided by Ares Capital Management acting solely on its own behalf. As of January 3, 2017, the transaction was valued at approximately \$4.2 billion. The total cash and stock consideration paid by us was \$3.3 billion. In connection with the stock consideration, we issued approximately 112 million shares of our common stock to American Capital's then-existing stockholders (including holders of outstanding in-the-money American Capital stock options), thereby resulting in our then-existing stockholders owning approximately 73.7% of the combined company and then-existing American Capital stockholders owning approximately 26.3% of the combined company. As a result of the American Capital Acquisition, Ares Capital acquired \$3.6 billion of assets, including \$2.5 billion of investments, and assumed \$226 million of liabilities.

In connection with the American Capital Acquisition, Ares Capital Management also agreed to waive, for each of the first 10 calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, 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. See Notes 3 and 16 to our consolidated financial statements for the year ended December 31, 2017 and Notes 3 and 14 for the three and six months ended June 30, 2018 for additional information regarding the American Capital Acquisition.

Table of Contents**PORTFOLIO AND INVESTMENT ACTIVITY**

Our investment activity for the six months ended June 30, 2018 and 2017 and for the years ended December 31, 2017, 2016 and 2015 is presented below (information presented herein is at amortized cost unless otherwise indicated).

(dollar amounts in millions)	For the Six Months		For the Years Ended		
	Ended June 30, 2018	2017	2017	December 31, 2016	2015
<b>New investment commitments(1)(5)(10):</b>					
New portfolio companies	\$ 1,134	\$ 909	\$ 2,155	\$ 2,107	\$ 2,483
Existing portfolio companies	2,277	1,928	3,734	1,596	1,334
<b>Total new investment commitments(2)</b>	<b>3,411</b>	<b>2,837</b>	<b>5,889</b>	<b>3,703</b>	<b>3,817</b>
<b>Less:</b>					
Investment commitments exited(3)	3,542	2,628	5,593	3,844	3,816
<b>Net investment commitments</b>	<b>\$ (131)</b>	<b>\$ 209</b>	<b>\$ 296</b>	<b>\$ (141)</b>	<b>\$ 1</b>
<b>Principal amount of investments funded(5)(10):</b>					
First lien senior secured loans	\$ 1,612	\$ 1,773	\$ 3,442	\$ 1,965	\$ 2,071
Second lien senior secured loans	626	663	1,491	987	1,232
Subordinated certificates of the SDLP(4)	155	125	222	272	
Subordinated certificates of the SSLP				3	229
Senior subordinated loans	366	57	273	173	257
Preferred equity securities	6	113	120	37	89
Other equity securities	229	80	116	53	27
<b>Total</b>	<b>\$ 2,994</b>	<b>\$ 2,811</b>	<b>\$ 5,664</b>	<b>\$ 3,490</b>	<b>\$ 3,905</b>
<b>Principal amount of investments sold or repaid(6):</b>					
First lien senior secured loans	\$ 2,144	\$ 1,481	\$ 2,394	\$ 2,522	\$ 2,948
Second lien senior secured loans	927	626	1,536	903	195
Subordinated certificates of the SDLP(4)	53	2	4	2	
Subordinated certificates of the SSLP			474		330
Senior subordinated loans	323	165	269	189	132
Collateralized loan obligations	21	63	150		
Preferred equity securities	21	77	275	4	11
Other equity securities	19	296	476	35	33
Commercial real estate					2
<b>Total</b>	<b>\$ 3,508</b>	<b>\$ 2,710</b>	<b>\$ 5,578</b>	<b>\$ 3,655</b>	<b>\$ 3,651</b>
<b>Principal amount of investments acquired as part of the American Capital Acquisition on January 3, 2017:</b>					
First lien senior secured loans		\$ 550	\$ 550		
Second lien senior secured loans		855	855		
Senior subordinated loans		244	244		
Collateralized loan obligations		265	265		
Preferred equity securities		109	109		
Other equity securities		520	520		
<b>Total</b>		<b>\$ 2,543</b>	<b>\$ 2,543</b>		
<b>Number of new investment commitments(5)(7)(10)</b>	<b>80</b>	<b>75</b>	<b>155</b>	<b>82</b>	<b>86</b>
<b>Average new investment commitment amount(5)(10)</b>	<b>\$ 43</b>	<b>\$ 38</b>	<b>\$ 38</b>	<b>\$ 45</b>	<b>\$ 44</b>
<b>Weighted average term for new investment commitments (in months)(5)(8)(10)</b>	<b>74</b>	<b>75</b>	<b>75</b>	<b>80</b>	<b>65</b>
<b>Percentage of new investment commitments at floating rates(5)(10)</b>	<b>90%</b>	<b>96%</b>	<b>94%</b>	<b>91%</b>	<b>89%</b>
<b>Percentage of new investment commitments at fixed rates(5)(10)</b>	<b>3%</b>	<b>1%</b>	<b>4%</b>	<b>6%</b>	<b>8%</b>
<b>Weighted average yield of debt and other income producing securities(5)(8):</b>					
Funded during the period at amortized cost(10)	9.5%	8.7%	9.0%	9.3%	9.0%
Funded during the period at fair value(9)(10)	9.5%	8.6%	9.0%	9.2%	9.0%
Exited or repaid during the period at amortized cost	8.9%	8.8%	8.9%	8.5%	7.9%
Exited or repaid during the period at fair value(9)	8.9%	8.7%	8.9%	8.4%	7.9%
<b>Weighted average yield of debt and other income producing securities acquired as part of the American Capital Acquisition on January 3, 2017:</b>					
Funded during the period at amortized cost		10.0%	10.0%		
Funded during the period at fair value(9)		10.0%	10.0%		



- (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 and six months ended June 30, 2018 and the year ended December 31, 2017, for more information on our commitments to fund revolving credit facilities or delayed draw loans.

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- (2) Includes both funded and unfunded commitments. Of these new investment commitments, we funded \$2.7 billion and \$2.6 billion for the six months ended June 30, 2018 and 2017, respectively, and \$5.1 billion, \$3.3 billion and \$3.6 billion for the years ended December 31, 2017, 2016 and 2015, respectively.
- (3) Includes both funded and unfunded commitments. For the six months ended June 30, 2018 and 2017, investment commitments exited included exits of unfunded commitments of \$180 million and \$73 million, respectively. For the years ended December 31, 2017, 2016 and 2015, investment commitments exited included exits of unfunded commitments of \$301 million, \$341 million and \$263 million, respectively.
- (4) See "Senior Direct Lending Program" below and Note 4 to our consolidated financial statements for the three and six months ended June 30, 2018 and the year ended December 31, 2017 for more information on the SDLP.
- (5) In July 2017, in connection with the effective termination of Senior Secured Loan Fund LLC (d/b/a the "Senior Secured Loan Program" or the "SSLP"), we purchased \$1.6 billion in aggregate principal amount of first lien senior secured loans outstanding at par plus accrued and unpaid interest and fees from the SSLP (the "SSLP Loan Sale") and assumed the SSLP's remaining unfunded loan commitments totaling \$50 million. The loans purchased from the SSLP included loans to 10 different borrowers with a weighted average yield at amortized cost and fair value of 7.1% and 7.1%, respectively. Upon completion of the SSLP Loan Sale, the SSLP made a liquidation distribution to the holders of the subordinated certificates of the SSLP (the "SSLP Certificates"), of which Ares Capital received \$1.5 billion. The impact of these transactions is excluded from the information presented in the table. See "Senior Secured Loan Program" below and Note 4 to our consolidated financial statements for the three and six months ended June 30, 2018 and the year ended December 31, 2017 for more information on the SSLP.
- (6) For the six months ended June 30, 2018 and 2017, the principal amount of investments sold or repaid included \$415 million and \$515 million, respectively, of investments acquired as part of the American Capital Acquisition. For the year ended December 31, 2017, the principal amount of investments sold or repaid included \$1.1 billion of investments acquired as part of the American Capital Acquisition.
- (7) 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).
- (8) "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.
- (9) Represents fair value for investments in the portfolio as of the most recent prior quarter end, if applicable.
- (10) Excludes investments acquired as part of the American Capital Acquisition on January 3, 2017. See Note 14 to our consolidated financial statements for the three and six months ended June 30, 2018 and Note 16 for the year ended December 31, 2017 for additional information regarding the American Capital Acquisition.

As of June 30, 2018 and December 31, 2017, our investments consisted of the following:

(in millions)	As of			
	June 30, 2018		December 31, 2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First lien senior secured loans	\$ 4,739	\$ 4,626	\$ 5,337	\$ 5,197
Second lien senior secured loans	3,618	3,449	3,885	3,744
Subordinated certificates of the SDLP(1)	589	589	487	487
Senior subordinated loans	1,059	1,077	978	995
Collateralized loan obligations	93	92	115	114
Preferred equity securities	496	679	485	532
Other equity securities	841	1,015	618	772
<b>Total</b>	<b>\$ 11,435</b>	<b>\$ 11,527</b>	<b>\$ 11,905</b>	<b>\$ 11,841</b>

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(1)

The proceeds from these certificates were applied to co-investments with Varagon and its clients to fund first lien senior secured loans to 20 and 19 different borrowers as of June 30, 2018 and December 31, 2017, respectively.

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The weighted average yields at amortized cost and fair value of the following portions of our portfolio as of June 30, 2018 and December 31, 2017 were as follows:

	As of			
	June 30, 2018		December 31, 2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt and other income producing securities(1)	10.4%	10.5%	9.7%	9.8%
Total portfolio(2)	9.1%	9.0%	8.7%	8.7%
First lien senior secured loans(2)	8.5%	8.7%	7.9%	8.1%
Second lien senior secured loans(2)	10.3%	10.8%	9.7%	10.0%
Subordinated certificates of the SDLP(2)(3)	15.0%	15.0%	14.5%	14.5%
Senior subordinated loans(2)	13.4%	13.1%	13.0%	12.8%
Collateralized loan obligations	9.6%	9.8%	9.7%	9.7%
Income producing equity securities(2)	13.3%	13.3%	13.0%	13.0%

- (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. The weighted average yield of debt and other income producing securities that were acquired as part of the American Capital Acquisition and held as of June 30, 2018 was 11.7% and 11.5% at amortized cost and fair value, respectively. The weighted average yield of debt and other income producing securities that were acquired as part of the American Capital Acquisition and held as of December 31, 2017 was 10.3% and 10.1% at amortized cost and fair value, respectively.
- (2) "Weighted average yields" 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. The weighted average yield on total investments that were acquired as part of the American Capital Acquisition and held as of June 30, 2018 was 9.5% and 7.2% at amortized cost and fair value, respectively. The weighted average yield on total investments that were acquired as part of the American Capital Acquisition and held as of December 31, 2017 was 8.7% and 7.8% at amortized cost and fair value, respectively.
- (3) The proceeds from these certificates were applied to co-investments with Varagon and its clients 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.

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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.

We assigned a fair value as of January 3, 2017 to each of the portfolio investments acquired in connection with the American Capital Acquisition. The initial cost basis of each investment acquired was equal to the fair value of such investment as of January 3, 2017. Many of these portfolio investments were assigned a fair value reflecting a discount to American Capital's cost basis at the time of American Capital's origination or acquisition. Each investment was initially assessed a grade of 3 (i.e., generally the grade we assign a portfolio company at acquisition), reflecting the relative risk to our initial cost basis of such investments. It is important to note that our grading system does not take into account factors or events in respect of the period from when American Capital originated or acquired such portfolio investments or the status of these portfolio investments in terms of compliance with debt facilities, financial performance and similar factors. Rather, it is only intended to measure risk from the time that we acquired the portfolio investment in connection with the American Capital Acquisition. Accordingly, it is possible that the grades of these portfolio investments may be reduced or increased after January 3, 2017.

Set forth below is the grade distribution of our portfolio companies as of June 30, 2018 and December 31, 2017:

(dollar amounts in millions)	As of									
	June 30, 2018					December 31, 2017				
	Fair Value	%	Number of Companies	%	Fair Value	%	Number of Companies	%		
Grade 1	\$ 153	1.3%	20	5.8%	\$ 72	0.6%	16	5.1%		
Grade 2	416	3.6%	11	3.2%	343	2.9%	14	4.5%		
Grade 3	9,059	78.6%	300	86.7%	10,099	85.3%	268	85.3%		
Grade 4	1,899	16.5%	15	4.3%	1,327	11.2%	16	5.1%		
<b>Total</b>	<b>\$ 11,527</b>	<b>100.0%</b>	<b>346</b>	<b>100.0%</b>	<b>\$ 11,841</b>	<b>100.0%</b>	<b>314</b>	<b>100.0%</b>		

As of June 30, 2018 and December 31, 2017, the weighted average grade of the investments in our portfolio at fair value was 3.1 and 3.1, respectively.

As of June 30, 2018, investments on non-accrual status represented 2.7% and 0.8% of the total investments at amortized cost and at fair value, respectively. As of December 31, 2017, investments on non-accrual status represented 3.1% and 1.4% of the total investments at amortized cost and at fair value, respectively.

Table of Contents**Co-Investment Programs*****Senior Direct Lending Program***

We have established a joint venture with Varagon to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the SDLP. In July 2016, we and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$300 million. The SDLP is capitalized as transactions are completed and 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).

We provide capital to the SDLP in the form of the SDLP Certificates, and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of June 30, 2018, we and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates.

As of June 30, 2018 and December 31, 2017, we and Varagon and its clients had agreed to make capital available to the SDLP of \$6.4 billion and \$2.9 billion, respectively, in the aggregate, of which \$1.4 billion and \$591 million, respectively, is to be made available from us. This capital will only be committed to the SDLP upon approval of transactions by the investment committee of the SDLP. Below is a summary of the funded capital and unfunded capital commitments of the SDLP.

	As of	
	June 30, 2018	December 31, 2017
Total capital funded to the SDLP(1)	\$ 2,928	\$ 2,319
Total capital funded to the SDLP by the Company(1)	\$ 589	\$ 487
Total unfunded capital commitments to the SDLP(2)	\$ 115	\$ 92
Total unfunded capital commitments to the SDLP by the Company(2)	\$ 24	\$ 19

(1) At principal amount.

(2) These commitments have been approved by the investment committee of the SDLP and will be funded as the transactions are completed.

The SDLP Certificates pay a coupon of LIBOR plus 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, after expenses, 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.

The amortized cost and fair value of our SDLP Certificates held by us were \$589 million and \$589 million, respectively, as of June 30, 2018 and \$487 million and \$487 million, respectively, as of December 31, 2017. Our yield on our investment in the SDLP at amortized cost and fair value was 15.0% and 15.0%, respectively, as of June 30, 2018 and 14.5% and 14.5%, respectively, as of December 31, 2017. For the three and six months ended June 30, 2018, we earned interest income of \$20 million and \$39 million, respectively, from our investment in the SDLP Certificates. For the three and six months ended June 30, 2017, we earned interest income of \$11 million and \$21 million, respectively, from our investment in the SDLP Certificates. We are also entitled to certain fees in connection with the SDLP. For the three and six months ended June 30, 2018, in connection with the SDLP, we earned capital structuring service and other fees totaling \$5 million and \$8 million, respectively. For the three and six months ended June 30, 2017, in connection with the SDLP, we earned capital structuring service and other fees totaling \$5 million and \$6 million, respectively.

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As of June 30, 2018 and December 31, 2017, the portfolio was comprised of all first lien senior secured loans primarily to U.S. middle-market companies and were in industries similar to the companies in our portfolio. As of June 30, 2018 and December 31, 2017, none of the loans were on non-accrual status. Below is a summary of the SDLP's portfolio as of June 30, 2018 and December 31, 2017:

(dollar amounts in millions)	As of	
	June 30, 2018	December 31, 2017
Total first lien senior secured loans(1)	\$ 2,760	\$ 2,316
Weighted average yield on first lien senior secured loans(2)	8.2%	7.6%
Largest loan to a single borrower(1)	\$ 249	\$ 200
Total of five largest loans to borrowers(1)	\$ 1,087	\$ 947
Number of borrowers in the SDLP	20	19
Commitments to fund delayed draw loans(3)	\$ 115	\$ 92

- (1) At principal amount.
- (2) Computed as (a) the annual stated interest rate on accruing first lien senior secured loans, divided by (b) total first lien senior secured loans at principal amount.
- (3) As discussed above, these commitments have been approved by the investment committee of the SDLP.

***Senior Secured Loan Program***

We and General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") had previously co-invested in first lien senior secured loans of middle market companies through an unconsolidated Delaware limited liability company, the SSLP. The SSLP was capitalized as transactions were completed. All portfolio decisions and generally all other decisions in respect of the SSLP were approved by an investment committee of the SSLP consisting of representatives of ours and GE (with approval from a representative of each required). We provided capital to the SSLP in the form of the SSLP Certificates. GE provided capital to the SSLP in the form of senior notes and SSLP Certificates.

As of June 30, 2017, our investment in the SSLP Certificates at amortized cost and fair value was \$1.9 billion and \$1.9 billion, respectively, and our yield on our investment in the SSLP Certificates at amortized cost and fair value was 5.8% and 5.8%, respectively. As of June 30, 2017, the SSLP had \$1.2 billion in cash and GE's senior notes outstanding totaled \$601 million. In July 2017, the SSLP made its monthly waterfall distribution from this cash, which fully repaid the outstanding principal amount of the senior notes of the SSLP with the remaining amounts distributed to the holders of the SSLP Certificates. From this distribution, we received \$474 million in respect of our SSLP Certificates. After this distribution, the amortized cost of our SSLP Certificates was \$1.5 billion.

In addition, in July 2017, we and GE agreed to an effective termination of the SSLP whereby on July 26, 2017, we purchased the remaining \$1.6 billion in aggregate principal amount of first lien senior secured loans outstanding at par plus accrued and unpaid interest and fees from the SSLP and assumed the SSLP's remaining unfunded loan commitments totaling \$50 million. Upon completion of the SSLP Loan Sale, the SSLP made a liquidation distribution to the holders of the SSLP Certificates (the "SSLP Liquidation Distribution"), of which we received \$1.5 billion. In connection with the SSLP Liquidation Distribution, we recognized an \$18 million realized loss. After completion of the transactions described above, the operations of the SSLP were effectively terminated pursuant to the terms of the documents governing the SSLP and the SSLP no longer has an obligation to fund existing commitments and other amounts in respect of its former portfolio companies.

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For the three and six months ended June 30, 2017, we earned interest income of \$29 million and \$63 million, respectively, from our investment in the SSLP Certificates. We were also entitled to certain fees in connection with the SSLP. For the three and six months ended June 30, 2017, in connection with the SSLP, we earned capital structuring service, sourcing and other fees totaling \$3 million and \$5 million, respectively, from our investment in the SSLP Certificates.

**RESULTS OF OPERATIONS***For the three and six months ended June 30, 2018 and 2017*

Operating results for the three and six months ended June 30, 2018 and 2017 were as follows:

(in millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Total investment income	\$ 333	\$ 284	\$ 650	\$ 559
Total expenses, net of waiver of income based fees	165	153	333	332
Net investment income before income taxes	168	131	317	227
Income tax expense, including excise tax	6	7	11	9
Net investment income	162	124	306	218
Net realized gains on investments and foreign currency transactions	27	110	15	112
Net unrealized gains (losses) on investments, foreign currency and other transactions	65	(52)	175	(30)
Realized losses on extinguishment of debt		(4)		(4)
Net increase in stockholders' equity resulting from operations	\$ 254	\$ 178	\$ 496	\$ 296

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 June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Interest income from investments	\$ 262	\$ 231	\$ 516	\$ 462
Capital structuring service fees	25	29	54	41
Dividend income	24	16	46	40
Other income	22	8	34	16
Total investment income	\$ 333	\$ 284	\$ 650	\$ 559

The increase in interest income from investments for the three months ended June 30, 2018 from the comparable period in 2017 was primarily due to an increase in the average size of our portfolio and an increase in the weighted average yield of our portfolio. The size of our portfolio increased from an average of \$11.7 billion at amortized cost for the three months ended June 30, 2017 to an average of \$11.8 billion at amortized cost for the comparable period in 2018. The weighted average yield of our portfolio increased from 8.0% for the three months ended June 30, 2017 to 9.1% for the comparable period in 2018. The increase in the weighted average yield was primarily due to an increase in LIBOR during the period. The decrease in capital structuring service fees for the three





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months ended June 30, 2018 from the comparable period in 2017 was primarily due to the decrease in new investment commitments, which decreased from \$2.0 billion for the three months ended June 30, 2017 to \$1.6 billion for the comparable period in 2018. Dividend income for the three months ended June 30, 2018 and 2017 included dividends received from IHAM totaling \$15 million and \$10 million, respectively. Also during the three months ended June 30, 2018, we received \$2 million in other non-recurring dividends from non-income producing equity securities compared to \$3 million for the comparable period in 2017. Dividend income for the three months ended June 30, 2018 included other recurring dividends of \$7 million compared to \$4 million for the comparable period in 2017.

The increase in interest income from investments for the six months ended June 30, 2018 from the comparable period in 2017 was primarily due to an increase in the size of our portfolio and an increase in the weighted average yield of our portfolio. The size of our portfolio increased from an average of \$11.6 billion at amortized cost for the six months ended June 30, 2017 to an average of \$11.9 billion at amortized cost for the comparable period in 2018. The weighted average yield of our portfolio increased from 8.1% for the six months ended June 30, 2017 to 9.0% for the comparable period in 2018, primarily due to an increase in LIBOR during the period. The increase in capital structuring service fees for the six months ended June 30, 2018 from the comparable period in 2017 was due to the increase in new investment commitments (excluding investments acquired as a result of the American Capital Acquisition), which increased from \$2.8 billion for the six months ended June 30, 2017 to \$3.4 billion for the comparable period in 2018, as well as the increase in the weighted average capital structuring service fees received on new investment commitments, which increased from 1.4% for the six months ended June 30, 2017 to 1.6% for the comparable period in 2018. Dividend income for the six months ended June 30, 2018 and 2017 included dividends received from IHAM totaling \$28 million and \$20 million, respectively. Also during the six months ended June 30, 2018, we received \$5 million in other non-recurring dividends from non-income producing equity securities compared to \$15 million for the comparable period in 2017.

**Operating Expenses**

(in millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Interest and credit facility fees	\$ 61	\$ 55	\$ 121	\$ 110
Base management fees	45	44	91	83
Income based fees	40	30	78	62
Capital gains incentive fees	18	10	38	26
Administrative fees	4	3	7	6
Net professional fees and other costs related to the American Capital Acquisition	(1)	12	2	38
Other general and administrative	8	9	16	17
Total operating expenses	175	163	353	342
Waiver of income based fees	(10)	(10)	(20)	(10)
Total expenses, net of waiver of income based fees	\$ 165	\$ 153	\$ 333	\$ 332

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Interest and credit facility fees for the three and six months ended June 30, 2018 and 2017 were comprised of the following:

(in millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Stated interest expense	\$ 51	\$ 47	\$ 101	\$ 94
Facility fees	4	3	8	4
Amortization of debt issuance costs	5	4	9	9
Net accretion of discount on notes payable	1	1	3	3
<b>Total interest and credit facility fees</b>	<b>\$ 61</b>	<b>\$ 55</b>	<b>\$ 121</b>	<b>\$ 110</b>

Stated interest expense for the three months ended June 30, 2018 increased from the comparable period in 2017 primarily due to the increase in the average principal amount of debt outstanding. For the three months ended June 30, 2018, our average principal debt outstanding increased to \$4.9 billion as compared to \$4.6 billion for the comparable period in 2017. The weighted average stated interest rate on our outstanding debt was 4.1% for the three months ended June 30, 2018 as compared to 4.1% for the comparable period in 2017. Facility fees for the three months ended June 30, 2018 increased from the comparable period in 2017 primarily due to the lower utilization of our revolving facilities resulting in higher unused commitment fees.

Stated interest expense for the six months ended June 30, 2018 increased from the comparable period in 2017 primarily due to the increase in the average principal amount of debt outstanding. For the six months ended June 30, 2018, our average principal debt outstanding increased to \$4.9 billion as compared to \$4.6 billion for the comparable period in 2017. The weighted average stated interest rate on our outstanding debt was 4.1% for the six months ended June 30, 2018 as compared to 4.1% for the comparable period in 2017. Facility fees for the six months ended June 30, 2018 increased from the comparable period in 2017 primarily due to the lower utilization of our revolving facilities resulting in higher unused commitment fees.

The increase in base management fees for the three and six months ended June 30, 2018 from the comparable periods in 2017 was primarily due to the increase in the average size of our portfolio for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017. The increase in income based fees for the three months ended June 30, 2018 from the comparable period in 2017 was primarily due to the pre-incentive fee net investment income, as defined in the investment advisory and management agreement, for the three and six months ended June 30, 2018 being higher than in the comparable period in 2017. The results for the three and six months ended June 30, 2018 reflect the Fee Waiver of \$10 million and \$20 million, respectively. The results for the three and six months ended June 30, 2017 also reflect the Fee Waiver of \$10 million and \$10 million, respectively.

For the three and six months ended June 30, 2018, the capital gains incentive fees calculated in accordance with GAAP was \$18 million and \$38 million, respectively. For the three and six months ended June 30, 2017, the capital gains incentive fees calculated in accordance with GAAP was \$10 million and \$26 million, respectively. The capital gains incentive fee expense accrual for the three and six months ended June 30, 2017 included an \$11 million accrual related to the American Capital Acquisition as a result of the fair value of the net assets acquired exceeding the fair value of the merger consideration paid by us. 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

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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 June 30, 2018, the total capital gains incentive fee accrual calculated in accordance with GAAP was \$117 million. As of June 30, 2018, 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 and six months ended June 30, 2018 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 compensation, rent and other expenses of certain of our executive officers and their respective staffs. Administrative fees incurred related specifically to the American Capital Acquisition are included in net professional fees and other costs related to the American Capital Acquisition as discussed below.

For the three and six months ended June 30, 2018 and 2017, we incurred a net expense of \$(1) million and \$2 million, respectively, in professional fees and other costs related to the American Capital Acquisition. For the three and six months ended June 30, 2017, we incurred \$12 million and \$38 million, respectively, in net professional fees and other costs related to the American Capital Acquisition. For the six months ended June 30, 2017, these costs included \$18 million in one-time investment banking fees incurred upon the closing of the American Capital Acquisition.

Other general and administrative expenses includes, among other costs, professional fees, insurance, fees and expenses related to evaluating and making investments in portfolio companies, including the costs associated with meeting with and marketing to financial sponsors and independent directors' fees.

**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 and six months ended June 30, 2018, we recorded a net expense of \$3 million and \$7 million for U.S. federal excise tax, respectively. For the three and six months ended June 30, 2017, we recorded a net expense of \$4 million and \$7 million for U.S. federal excise tax, respectively.

Certain of our consolidated subsidiaries are subject to U.S. federal and state income taxes. For the three and six months ended June 30, 2018, we recorded a net tax expense of approximately \$3 million and \$4 million for these subsidiaries, respectively. For the three and six months ended June 30, 2017, we recorded a net tax expense of approximately \$3 million and \$2 million for these subsidiaries, respectively. The income tax expense for our taxable consolidated subsidiaries will vary depending on the level of realized gains from the exits of investments held by such taxable subsidiaries during the respective periods.

Table of Contents**Net Realized Gains/Losses**

The net realized gains from the sales, repayments or exits of investments during the three and six months ended June 30, 2018 and 2017 were comprised of the following:

(in millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Sales, repayments or exits of investments(1)	\$ 2,142(1)	\$ 1,900(2)	\$ 3,510(1)	\$ 2,800(2)
Net realized gains on investments:				
Gross realized gains	31	\$ 150	42	164
Gross realized losses	(9)	(38)	(20)	(39)
Total net realized gains on investments	\$ 22(3)	\$ 112(4)	\$ 22(3)	\$ 125(4)

- (1) Includes \$447 million of investments sold to IHAM and certain vehicles managed by IHAM during the three and six months ended June 30, 2018. A net realized loss of \$0 million was recorded on these transactions with IHAM during the three and six months ended June 30, 2018. See Note 4 to our consolidated financial statements for the three and six months ended June 30, 2018 for more detail on IHAM and its managed vehicles.
- (2) Includes \$8 million and \$29 million of investments sold to IHAM and certain vehicles managed by IHAM during the three and six months ended June 30, 2017, respectively. No realized gains or losses were recorded on these transactions with IHAM during the three months ended June 30, 2017. A net realized loss of \$0 million was recorded on these transactions with IHAM during six months ended June 30, 2017.
- (3) Includes approximately \$5 million and \$12 million, respectively, of net realized gains on investments acquired as part of the American Capital Acquisition for the three and six months ended June 30, 2018.
- (4) Includes approximately \$21 million and \$23 million, respectively, of net realized gains on investments acquired as part of the American Capital Acquisition for the three and six months ended June 30, 2017.

The net realized gains (losses) on investments during the three months ended June 30, 2018 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
TDG Group Holding Company	\$ 8
PowerPlan, Inc.	7
CFW Co-Invest, L.P.	3
AwarePoint Corporation	(4)
Other, net	8
Total	\$ 22

During the three months ended June 30, 2018, we recognized net realized gains on foreign currency transactions of \$5 million.



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The net realized gains (losses) on investments during the three months ended June 30, 2017 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
10th Street, LLC	\$ 34
Community Education Centers, Inc.	24
TA THI Parent, Inc.	16
NECCO Realty Investments LLC	13
GHX Ultimate Parent Corporation	11
Wilcon Holdings LLC	10
Project Alpha Intermediate Holding, Inc. and Qlik Parent, Inc.	8
CIBT Investment Holdings, LLC	6
Market Track Holdings, LLC	6
Hard 8 Games, LLC	5
Competitor Group, Inc.	(21)
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC	(13)
Other, net	13
<b>Total</b>	<b>\$ 112</b>

During the three months ended June 30, 2017, we recognized net realized losses on foreign currency transactions of \$2 million.

During the three months ended June 30, 2017, we redeemed the entire \$183 million in aggregate principal amount outstanding of the unsecured notes that were scheduled to mature on October 1, 2022 (the "October 2022 Notes") in accordance with the terms of the indenture governing the October 2022 Notes. The October 2022 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately \$185 million, which resulted in a realized loss on the extinguishment of debt of \$4 million.

The net realized gains (losses) on investments during the six months ended June 30, 2018 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
TDG Group Holding Company	\$ 8
PowerPlan, Inc.	7
CFW Co-Invest, L.P.	4
AwarePoint Corporation	(4)
EcoMotors, Inc.	(9)
Other, net	16
<b>Total, net</b>	<b>\$ 22</b>

During the six months ended June 30, 2018, we also recognized net realized losses on foreign currency transactions of \$7 million.

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The net realized gains (losses) on investments during the six months ended June 30, 2017 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
10th Street, LLC	\$ 34
Community Education Centers, Inc.	24
TA THI Parent, Inc.	16
Netsmart Technologies, Inc.	13
GHX Ultimate Parent Corporation	11
Wilcon Holdings LLC	10
Project Alpha Intermediate Holding, Inc. and Qlik Parent, Inc.	8
S Toys Holdings LLC (fka The Step2 Company, LLC)	7
CIBT Investment Holdings, LLC	6
Market Track Holdings, LLC	6
Hard 8 Games, LLC	5
Competitor Group, Inc.	(21)
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC	(13)
Other, net	19
<b>Total, net</b>	<b>\$ 125</b>

During the six months ended June 30, 2017, we also recognized net realized losses on foreign currency transactions of \$13 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 and six months ended June 30, 2018 and 2017 were comprised of the following:

(in millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Unrealized appreciation	\$ 161	\$ 151	\$ 281	\$ 196
Unrealized depreciation	(107)	(119)	(165)	(172)
Net unrealized depreciation (appreciation) reversed related to net realized gains or losses(1)	6	(76)	40	(50)
<b>Total net unrealized gains (losses)</b>	<b>\$ 60</b>	<b>\$ (44)</b>	<b>\$ 156</b>	<b>\$ (26)</b>

(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.



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The changes in net unrealized appreciation and depreciation on investments during the three months ended June 30, 2018 consisted of the following:

(in millions)	Net Unrealized Appreciation (Depreciation)
<b>Portfolio Company</b>	
Alcami Holdings, LLC	\$ 70
Rug Doctor, LLC	9
Varsity Brands Holding Co., Inc.	6
CCS Intermediate Holdings, LLC	5
Soil Safe, Inc.	5
PERC Holdings 1 LLC	5
OTG Management, LLC	4
GHX Ultimate Parent Corporation	4
American Academy Holdings, LLC	3
Accruent, LLC	3
FPI Holding Corporation	(3)
Patterson Medical Supply, Inc.	(3)
CFW Co-Invest, L.P.	(3)
SCM Insurance Services Inc.	(4)
Shock Doctor, Inc.	(4)
Miles 33 (Finance) Limited	(4)
ADF Capital, Inc.	(5)
SHO Holding I Corporation	(5)
Ivy Hill Asset Management, L.P.	(7)
New Trident Holdcorp, Inc.	(10)
Indra Holdings Corp.	(13)
Other, net	1
<b>Total</b>	<b>\$ 54</b>

During the three months ended June 30, 2018, we recognized net unrealized gains on foreign currency and other transactions of \$5 million.

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The changes in net unrealized appreciation and depreciation on investments during the three months ended June 30, 2017 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Bellotto Holdings Limited	\$ 49
Alcami Holdings, LLC	18
Ciena Capital LLC	10
EDS Group	9
Miles 33 (Finance) Limited	7
Columbo MidCo Limited	6
Imaging Business Machines, L.L.C.	6
CCS Intermediate Holdings, LLC	(3)
Javlin Three LLC	(3)
Indra Holdings Corp.	(3)
Green Energy Partners	(5)
Rug Doctor, LLC	(5)
Urgent Cares of America Holdings I, LLC	(6)
Infilaw Holding, LLC	(7)
ADF Capital, Inc.	(8)
New Trident Holdcorp, Inc.	(9)
Soil Safe, Inc.	(10)
Other, net	(14)
<b>Total</b>	<b>\$ 32</b>

During the three months ended June 30, 2017, we also recognized net unrealized losses on foreign currency and other transactions of \$8 million.

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The changes in net unrealized appreciation and depreciation during the six months ended June 30, 2018 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Alcami Holdings, LLC	\$ 157
CCS Intermediate Holdings, LLC	18
Varsity Brands Holding Co., Inc.	10
Rug Doctor, LLC	9
Ivy Hill Asset Management, L.P.	6
Accruent, LLC	6
PERC Holdings 1 LLC	5
Visual Edge Technology, Inc.	4
Cent CLO 2014-22 Limited	4
Acrisure, LLC	3
American Academy Holdings, LLC	3
Imaging Business Machines, L.L.C.	3
PIH Corporation	3
GHX Ultimate Parent Corporation	3
American Residential Services L.L.C.	(3)
CFW Co-Invest, L.P.	(3)
Patterson Medical Supply, Inc.	(4)
SHO Holding I Corporation	(4)
ADF Capital, Inc.	(4)
Panda Temple Power, LLC	(5)
Miles 33 (Finance) Limited	(5)
NECCO Holdings, Inc.	(6)
SCM Insurance Services Inc.	(6)
Columbo Midco Limited	(6)
Eckler Industries, Inc.	(7)
Instituto de Banca y Comercio, Inc.	(10)
New Trident Holdcorp, Inc.	(12)
Singer Sewing Company	(15)
Indra Holdings Corp.	(22)
Other, net	(6)
<b>Total</b>	<b>\$ 116</b>

During the six months ended June 30, 2018, we also recognized net unrealized gains on foreign currency and other transactions of \$19 million.

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The changes in net unrealized appreciation and depreciation during the six months ended June 30, 2017 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Bellotto Holdings Limited	\$ 54
Alcami Holdings, LLC	18
EDS Group	10
Ciena Capital LLC	9
Columbo Midco Limited	7
Imaging Business Machines, L.L.C.	7
Miles 33 (Finance) Limited	7
Senior Secured Loan Fund LLC	6
PIH Corporation	5
PERC Holdings 1 LLC	5
American Seafoods Investors LLC	3
Javlin Three LLC	(3)
Panda Temple Power, LLC	(4)
Cent CLO 22 Limited	(4)
Cadence Aerospace, LLC	(4)
NMSC Holdings, Inc.	(4)
Joule Unlimited Technologies, Inc.	(4)
Indra Holdings Corp.	(5)
Rug Doctor, LLC	(5)
Urgent Cares of America Holdings I, LLC	(6)
Green Energy Partners	(7)
EcoMotors, Inc.	(8)
Soil Safe, Inc.	(10)
New Trident Holdcorp, Inc.	(12)
Infilaw Holding, LLC	(13)
ADF Capital, Inc.	(17)
Other, net	(1)
<b>Total</b>	<b>\$ 24</b>

During the six months ended June 30, 2017, we also recognized net unrealized losses on foreign currency and other transactions of \$4 million.

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#### *For the years ended December 31, 2017, 2016 and 2015*

Operating results for the years ended December 31, 2017, 2016 and 2015 were as follows:

(in millions)	For the Years Ended December 31,		
	2017	2016	2015
Total investment income	\$ 1,160	\$ 1,012	\$ 1,025
Total expenses, net of waiver of income based fees	630	497	499
Net investment income before income taxes	530	515	526
Income tax expense, including excise tax	19	21	18
Net investment income	511	494	508
Net realized gains on investments and foreign currency transactions	24	110	127
Net unrealized gains (losses) on investments, foreign currency and other transactions	136	(130)	(246)
Realized losses on extinguishment of debt	(4)		(10)
Net increase in stockholders' equity resulting from operations	\$ 667	\$ 474	\$ 379

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,		
	2017	2016	2015
Interest income from investments	\$ 951	\$ 806	\$ 817
Capital structuring service fees	105	99	95
Dividend income	76	75	74
Management and other fees	6	16	24
Other income	22	16	15
Total investment income	\$ 1,160	\$ 1,012	\$ 1,025

The increase in interest income from investments for the year ended December 31, 2017 from the comparable period in 2016 was primarily due to an increase in the average size of our portfolio, partially offset by a decrease in the weighted average yield of our portfolio. The size of our portfolio increased from an average of \$9.0 billion at amortized cost for the year ended December 31, 2016 to an average of \$11.4 billion at amortized cost for the comparable period in 2017, which was largely due to the investments acquired as part of the American Capital Acquisition. The weighted average yield of our total portfolio decreased from 9.0% for the year ended December 31, 2016 to 8.5% for the comparable period in 2017. The decline in the weighted average yield was primarily due to the declining yield of the SSLP Certificates up until the SSLP Liquidation Distribution and the effective termination of the SSLP, during the year ended December 31, 2017. The increase in capital structuring service fees for the year ended December 31, 2017 from the comparable period in 2016 was due to the increase in new investment commitments (excluding investments acquired as a result of the American Capital Acquisition and investments acquired in the SSLP Loan Sale), which increased from \$3.7 billion for year ended December 31, 2016 to \$5.9 billion for the comparable period in 2017. This increase was

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partially offset by a decrease in weighted average capital structuring fees received on new investment commitments, which decreased from 2.7% for the year ended December 31, 2016 to 1.8% for the comparable period in 2017. This decline was primarily due to having a higher percentage of new investment commitments made to existing portfolio companies during the year ended December 31, 2017 as compared to the comparable period in 2016. Dividend income for the years ended December 31, 2017 and 2016 included dividends received from IHAM, a wholly owned portfolio company, totaling \$40 million and \$40 million, respectively. Also during the year ended December 31, 2017, we received \$19 million in other non-recurring dividends from non-income producing equity securities compared to \$20 million for the comparable period in 2016. The decrease in management and other fees for the year ended December 31, 2017 from the comparable period in 2016 was due to lower sourcing fees from the SSLP resulting from the continued decrease in the size of the SSLP portfolio and eventually the effective termination of the SSLP in July 2017. The increase in other income for the year ended December 31, 2017 from the comparable period in 2016 was primarily attributable to higher amendment fees and administrative agent fees.

The decrease in interest income from investments for the year ended December 31, 2016 from the comparable period in 2015 was primarily due to a decrease in the weighted average yield of our portfolio, partially offset by an increase in the average size of our portfolio. The weighted average yield of our portfolio decreased from 9.5% for the year ended December 31, 2015 to 9.0% for the comparable period in 2016, primarily driven by the decrease in the yield of the SSLP Certificates. The size of our portfolio increased from an average of \$8.6 billion at amortized cost for the year ended December 31, 2015 to an average of \$9.0 billion at amortized cost for the comparable period in 2016. The increase in capital structuring service fees for the year ended December 31, 2016 from the comparable period in 2015 was due to the increase in weighted average capital structuring fees received on new investment commitments, which increased from 2.5% for the year ended December 31, 2015 to 2.7% for the comparable period in 2016. Dividend income for the years ended December 31, 2016 and 2015 included dividends received from IHAM, totaling \$40 million and \$50 million, respectively. The dividends received from IHAM for the year ended December 31, 2015 included additional dividends of \$10 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 year ended December 31, 2016, we received \$20 million in other non-recurring dividends from non-income producing equity securities compared to \$9 million for the comparable period in 2015. The decrease in management and other fees for the year ended December 31, 2016 from the comparable period in 2015 was due to lower sourcing fees from the SSLP resulting from a decrease in the size of the SSLP portfolio.

Table of Contents**Operating Expenses**

(in millions)	For the Years Ended December 31,		
	2017	2016	2015
Interest and credit facility fees	\$ 225	\$ 186	\$ 227
Base management fees	171	137	134
Income based fees	134	123	121
Capital gains incentive fees	41	(5)	(27)
Administrative fees	12	14	14
Professional fees and other costs related to the American Capital Acquisition	45	15	
Other general and administrative	32	27	30
Total operating expenses	\$ 660	\$ 497	\$ 499
Waiver of income based fees	(30)	\$	\$
Total expenses, net of waiver of income based fees	\$ 630	\$ 497	\$ 499

Interest and credit facility fees for the years ended December 31, 2017, 2016 and 2015 were comprised of the following:

(in millions)	For the Years Ended December 31,		
	2017	2016	2015
Stated interest expense	\$ 189	\$ 161	\$ 183
Facility fees	12	5	10
Amortization of debt issuance costs	18	14	17
Net accretion of discount on notes payable	6	6	17
Total interest and credit facility fees	\$ 225	\$ 186	\$ 227

Stated interest expense for the year ended December 31, 2017 increased from the comparable period in 2016 primarily due to the increase in our average principal amount of debt outstanding. For the year ended December 31, 2017, our average debt outstanding increased to \$4.6 billion as compared to \$3.9 billion for the comparable period in 2016, which was largely a result of the American Capital Acquisition. The weighted average stated interest rate on our outstanding debt was 4.1% for both the year ended December 31, 2017 and for the comparable period in 2016. Facility fees for the year ended December 31, 2017 increased from the comparable period in 2016 primarily due to the increased commitments under our revolving facilities resulting in higher unused commitment fees. Amortization of debt issuance costs for the year ended December 31, 2017 increased from the comparable period in 2016 primarily due to the increase in debt issuance costs in connection with the amendments to the Revolving Credit Facility and Revolving Funding Facility.

Stated interest expense for the year ended December 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 4.1% for the year ended December 31, 2016 as compared to 5.0% for the comparable period in 2015 primarily as a result of the repayment upon maturity of certain higher cost unsecured convertible notes and increased utilization of our lower cost revolving facilities. For the year ended December 31, 2016, our average principal debt outstanding increased to \$3.9 billion as compared to \$3.7 billion for the comparable period in 2015. Facility fees for the year ended December 31, 2016 decreased from the comparable period in 2015

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primarily due to the increased utilization of our revolving facilities resulting in lower unused commitment fees. Amortization of debt issuance costs and net accretion of discount on notes payable for the year ended December 31, 2016 decreased from the comparable period in 2015 primarily due to the maturity of the \$575 aggregate principal amount of unsecured convertible notes and the \$230 aggregate principal amount of unsecured convertible notes.

The increase in base management fees for the year ended December 31, 2017 from the comparable period in 2016 was primarily due to the increase in the average size of the portfolio for the year ended December 31, 2017 (including the approximately \$2.5 billion in investments acquired in the American Capital Acquisition) as compared to the year ended December 31, 2016. The increase in income based fees for the year ended December 31, 2017 from the comparable period in 2016 was primarily due to the pre-incentive fee net investment income, as defined in the investment advisory and management agreement, for the year ended December 31, 2017 being higher than in the comparable period in 2016. As discussed earlier, the year ended December 31, 2017 also reflects the Fee Waiver of \$30 million.

For the year ended December 31, 2017, the capital gains incentive fee expense calculated in accordance with GAAP was \$41 million. For the years ended December 31, 2016 and 2015, the reduction in capital gains incentive fees calculated in accordance with GAAP was \$5 million and \$27 million, respectively. The capital gains incentive fee expense accrual for the year ended December 31, 2017 changed from the comparable period in 2016 primarily due to net gains on investments, foreign currency and other transactions and the extinguishment of debt during the year ended December 31, 2017 of \$156 million compared to net losses of \$20 million during the year ended December 31, 2016. The capital gains incentive fee expense accrual for the year ended December 31, 2017 included an \$11 million accrual related to the American Capital Acquisition as a result of the fair value of the net assets acquired exceeding the fair value of the merger consideration paid by us. The capital gains incentive fee expense accrual for the year ended December 31, 2016 changed from the comparable period in 2015 primarily due to net losses on investments, foreign currency and other transactions and the extinguishment of debt during the year ended December 31, 2016 of \$20 million compared to net losses of \$129 million during the year ended December 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 December 31, 2017, 2016 and 2015, the total capital gains incentive fee accrual calculated in accordance with GAAP was \$79 million, \$38 million and \$42 million, respectively. As of December 31, 2017 and 2016, 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 year ended December 31, 2017 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 compensation, rent and other expenses of certain of our executive officers and their respective staffs. Administrative fees incurred related specifically to the American Capital Acquisition are included in professional fees and other costs related to the American Capital Acquisition as discussed below.



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For the years ended December 31, 2017 and 2016, the Company incurred \$45 million and \$15 million, respectively, in professional fees and other costs related to the American Capital Acquisition. For the year ended December 31, 2017, these costs included \$4 million of expenses related to a long term incentive plan liability assumed in the American Capital Acquisition. See Note 13 to our consolidated financial statements for the year ended December 31, 2017 for a description of the assumed long term incentive plan liability. For the year ended December 31, 2017, these costs also included \$18 million in one-time investment banking fees incurred in January 2017 upon the closing of the American Capital Acquisition.

Other general and administrative expenses includes professional fees, rent and related utilities, insurance, marketing costs, director's fees and depreciation, 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, 2017, 2016 and 2015, we recorded a net expense of \$12 million, \$12 million and \$9 million, respectively, for U.S. federal excise tax. The net expense for the years ended December 31, 2017, 2016 and 2015 each included a net reduction in expense related to the recording of a requested refund resulting from the overpayment of the prior year's excise tax of \$1 million, \$1 million and \$1 million, respectively.

Certain of our consolidated subsidiaries are subject to U.S. federal and state income taxes. For the years ended December 31, 2017, 2016 and 2015, we recorded a net tax expense of approximately \$7 million, \$9 million and \$9 million, respectively, for these subsidiaries. The income tax expense for our taxable consolidated subsidiaries will vary depending on the level of realized gains from the exits of investments held by such taxable subsidiaries during the respective periods.

Table of Contents**Net Realized Gains/Losses**

The net realized gains from the sales, repayments or exits of investments during the years ended December 31, 2017, 2016 and 2015 were comprised of the following:

(in millions)	For the Years Ended December 31,		
	2017	2016	2015
Sales, repayments or exits of investments(1)	\$ 7,037(2)	\$ 3,749(3)	\$ 3,741
Net realized gains on investments:			
Gross realized gains	281	\$ 121	\$ 125
Gross realized losses	(237)	(11)	(4)
<b>Total net realized gains on investments</b>	<b>\$ 44(4)</b>	<b>\$ 110</b>	<b>\$ 121</b>

- (1) Includes \$134 million, \$472 million and \$538 million of investments sold to IHAM and certain vehicles managed by IHAM during the years ended December 31, 2017, 2016 and 2015, respectively. A net realized loss of \$0 million was recorded on these transactions with IHAM during the year ended December 31, 2017. A net realized gain of \$1 million and \$1 million was recorded on these transactions with IHAM during the years ended December 31, 2016 and 2015, respectively. See Note 4 to our consolidated financial statements for the year ended December 31, 2017 for more detail on IHAM and its managed vehicles.
- (2) Includes the \$1.5 billion of proceeds from the SSLP Liquidation Distribution discussed above.
- (3) Includes \$474 million of investments sold to the SDLP in conjunction with the initial funding of the SDLP. No realized gains or losses were recorded on these transactions with the SDLP.
- (4) Includes approximately \$85 million of net realized gains on investments acquired as part of the American Capital Acquisition.

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The net realized gains on investments during the year ended December 31, 2017 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Bellotto Holdings Limited	\$ 58
10th Street, LLC	34
Community Education Centers, Inc.	24
Tectum Holdings, Inc.	17
American Broadband Holding Company	15
NECCO Realty Investments LLC	13
GHX Ultimate Parent Corporation	11
Wilcon Holdings LLC	10
La Paloma Generating Company, LLC	(9)
Pegasus Community Energy, LLC	(9)
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC	(12)
Senior Secured Loan Fund LLC	(18)
Competitor Group, Inc., Calera XVI, LLC and Champion Parent Corporation	(21)
Infilaw Holding, LLC	(140)
Other, net	71
 Total, net	 \$ 44

During the year ended December 31, 2017, we recognized net realized losses on foreign currency transactions of \$20 million. In addition, during the year ended December 31, 2017, we redeemed the entire \$183 million aggregate principal amount outstanding of the October 2022 Notes. The October 2022 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately \$185 million, which resulted in a realized loss on the extinguishment of debt of \$4 million.

The net realized gains on investments during the year ended December 31, 2016 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
The Step2 Company, LLC	\$ 18
Napa Management Services Corporation	16
UL Holding Co., LLC	13
Physiotherapy Associates Holdings, Inc.	8
Q9 Holdings Inc.	(9)
Other, net	64
 Total, net	 \$ 110

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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	\$ 26
Tripwire, Inc.	14
TPP Holdings, LLC	11
Global Healthcare Exchange, LLC	8
Protective Industries, Inc.	8
Other, net	54
<b>Total</b>	<b>\$ 121</b>

During the year ended December 31, 2015, we recognized net realized gains on foreign currency transactions of \$6 million. In addition, during the year ended December 31, 2015, we redeemed the entire \$144 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 \$145 million, which resulted in a realized loss on the extinguishment of debt of \$4 million. Also during the year ended December 31, 2015, the \$200 million aggregate principal amount of unsecured notes that were scheduled to mature on October 15, 2040 were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately \$201 million, which resulted in a realized loss on the extinguishment of debt of \$6 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 years ended December 31, 2017, 2016 and 2015 were comprised of the following:

(in millions)	For the Years Ended December 31,		
	2017	2016	2015
Unrealized appreciation	\$ 331	\$ 168	\$ 116
Unrealized depreciation	(301)	(306)	(304)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	113	13	(60)
<b>Total net unrealized gains (losses)</b>	<b>\$ 143</b>	<b>\$ (125)</b>	<b>\$ (248)</b>

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(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.

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The changes in net unrealized appreciation and depreciation on investments during the year ended December 31, 2017 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Alcami Holdings, LLC	\$ 167
Ivy Hill Asset Management, L.P.	13
Columbo MidCo Limited	13
CCS Intermediate Holdings, LLC	12
Imperial Capital Private Opportunities, LP	11
Ciena Capital LLC	11
Singer Sewing Company	(9)
Shock Doctor, Inc.	(9)
Indra Holdings Corp.	(15)
ADF Capital, Inc.	(16)
Instituto de Banca y Comercio, Inc.	(23)
New Trident Holdcorp, Inc.	(45)
Other, net	(80)
 Total	 \$ 30

During the year ended December 31, 2017, we also recognized net unrealized losses on foreign currency and other transactions of \$7 million.

The changes in net unrealized appreciation and depreciation on investments during the year ended December 31, 2016 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Senior Secured Loan Fund LLC	\$ 26
UL Holding Co., LLC	20
Community Education Centers, Inc.	19
ADF Capital, Inc.	(9)
10th Street, LLC	(9)
Indra Holdings Corp.	(11)
CCS Intermediate Holdings, LLC	(22)
Instituto de Banca y Comercio, Inc.	(52)
Infilaw Holdings, LLC	(127)
Other, net	27
 Total, net	 \$ (138)

During the year ended December 31, 2016, we also recognized net unrealized losses on foreign currency and other transactions of \$5 million.

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

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
OTG Management, LLC	\$ 28
Ciena Capital LLC	11
Green Energy Partners	(8)
Primexx Energy Corporation	(8)
Nodality, Inc.	(9)
Competitor Group, Inc.	(9)
2329497 Ontario Inc.	(10)
Instituto de Banca y Comercio, Inc.	(14)
CCS Intermediate Holdings, LLC	(14)
Infilaw Holdings, LLC	(14)
Ivy Hill Asset Management, L.P.	(24)
Petroflow Energy Corporation	(26)
Senior Secured Loan Fund LLC	(77)
Other, net	(14)
<b>Total</b>	<b>\$ (188)</b>

During the year ended December 31, 2015, we also recognized net unrealized gains on foreign currency transactions of \$2 million.

**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 Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility (each as defined below, and together, the "Facilities"), net proceeds from the issuance of other securities, including unsecured notes, as well as cash flows from operations.

As of June 30, 2018, we had \$509 million in cash and cash equivalents and \$4.6 billion in total aggregate principal amount of debt outstanding (\$4.5 billion at carrying value). Subject to leverage, borrowing base and other restrictions, we had approximately \$3.1 billion available for additional borrowings under the Facilities as of June 30, 2018.

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, we are currently allowed to borrow amounts such that our asset coverage, calculated pursuant to the Investment Company Act, is at least 200% after such borrowings. On June 21, 2018, our board of directors, including a "required majority" of our board of directors, approved the application of the modified asset coverage requirement set forth in Section 61(a)(2) of the Investment Company Act, as amended by the SBCAA. As a result, effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued

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by us). As of June 30, 2018, the aggregate principal amount outstanding of the senior securities issued by us was \$4.6 billion. As of June 30, 2018, our asset coverage was 255%.

### Equity Capital Activities

As of June 30, 2018 and December 31, 2017, our total equity market capitalization was \$7.0 billion and \$6.7 billion, respectively. There were no sales of our equity securities during the six months ended June 30, 2018 and 2017.

On January 3, 2017, in connection with the American Capital Acquisition, we issued 112 million shares valued at approximately \$16.42 per share.

We are authorized under our stock repurchase program to purchase up to \$300 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 Rule 10b-18 under 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. We cannot assure stockholders that any shares will be repurchased under the program. The expiration date of the stock repurchase program is February 28, 2019. The program may be suspended, extended, modified or discontinued at any time. As of June 30, 2018, we had repurchased a total of 0.5 million 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 \$293 million available for additional repurchases under the program. During the six months ended June 30, 2018, we did not repurchase any shares of our common stock under the stock repurchase program.

### Debt Capital Activities

Our debt obligations consisted of the following as of June 30, 2018 and December 31, 2017:

(in millions)	As of					
	June 30, 2018			December 31, 2017		
	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	\$ 2,133(2)	\$ 414	\$ 414	\$ 2,108(2)	\$ 395	\$ 395
Revolving Funding Facility	1,000			1,000	600	600
SMBC Funding Facility	400			400	60	60
SBA Debentures			(3)	50		
2018 Convertible Notes			(4)	270	270	270(5)
2019 Convertible Notes	300	300	299(5)	300	300	298(5)
2022 Convertible Notes	388	388	370(5)	388	388	368(5)
2018 Notes	750	750	749(6)	750	750	748(6)
2020 Notes	600	600	598(7)	600	600	597(7)
January 2022 Notes	600	600	594(8)	600	600	593(8)
2023 Notes	750	750	743(9)	750	750	743(9)
2025 Notes	600	600	593(10)			
2047 Notes	230	230	182(11)	230	230	182(11)
<b>Total</b>	<b>\$ 7,751</b>	<b>\$ 4,632</b>	<b>\$ 4,542</b>	<b>\$ 7,446</b>	<b>\$ 4,943</b>	<b>\$ 4,854</b>

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



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- (2) Provides for a feature that allows us, under certain circumstances, to increase the size of the Revolving Credit Facility to a maximum of \$3.1 billion.
- (3) See below for more information on the termination of the undrawn SBA Debenture (as defined below) commitments.
- (4) See below for more information on the repayment of the 2018 Convertible Notes at maturity.
- (5) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes. As of June 30, 2018, the total unamortized debt issuance costs and the unaccreted discount for the 2019 Convertible Notes and the 2022 Convertible Notes were \$1 million and \$18 million, respectively. As of December 31, 2017, the total unamortized debt issuance costs and the unaccreted discount for the 2018 Convertible Notes, the 2019 Convertible Notes and the 2022 Convertible Notes were \$0 million, \$2 million and \$20 million, respectively.
- (6) Represents the aggregate principal amount outstanding of the 2018 Notes less unamortized debt issuance costs and plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes. As of June 30, 2018 and December 31, 2017, the total unamortized debt issuance costs less the net unamortized premium were \$1 million and \$2 million, respectively.
- (7) Represents the aggregate principal amount outstanding of the 2020 Notes less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuances of the 2020 Notes. As of June 30, 2018 and December 31, 2017, the total unamortized debt issuance costs and the net unaccreted discount were \$2 million and \$3 million, respectively.
- (8) Represents the aggregate principal amount outstanding of the January 2022 Notes less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuances of the January 2022 Notes. As of June 30, 2018 and December 31, 2017, the total unamortized debt issuance costs and the net unaccreted discount were \$6 million and \$7 million, respectively.
- (9) Represents the aggregate principal amount outstanding of the 2023 Notes, less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2023 Notes. As of June 30, 2018 and December 31, 2017, the total unamortized debt issuance costs and the unaccreted discount was \$7 million and \$7 million, respectively.
- (10) Represents the aggregate principal amount outstanding of the 2025 Notes, less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2025 Notes. As of June 30, 2018, the total unamortized debt issuance costs and the unaccreted discount was \$7 million.
- (11) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount recorded as part of the acquisition of Allied Capital in April 2010 (the "Allied Acquisition"). As of June 30, 2018 and December 31, 2017, the total unaccreted purchased discount was \$48 million and \$48 million, respectively.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount outstanding, of all our debt outstanding as of June 30, 2018 were 4.2% and 4.5 years, respectively, and as of December 31, 2017 were 4.1% and 4.3 years, respectively.

The ratio of total principal amount of debt outstanding to stockholders' equity as of June 30, 2018 was 0.64:1.00 compared to 0.70:1.00 as of December 31, 2017.

### ***Revolving Credit Facility***

We are party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), that allows us to borrow up to \$2.1 billion at any one time outstanding. The Revolving Credit Facility consists of a \$414 million term loan tranche with a stated maturity date of March 30, 2023 and a \$1.7 billion revolving tranche. For \$1.6 billion of the revolving tranche, the



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end of the revolving period and the stated maturity date are March 30, 2022 and March 30, 2023, respectively. For \$50 million of the revolving tranche, the end of the revolving period and the stated maturity date are January 4, 2021 and January 4, 2022, respectively. For the remaining \$45 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, respectively. The Revolving Credit Facility also provides for a feature that allows us, under certain circumstances, to increase the overall size of the Revolving Credit Facility to a maximum of \$3.1 billion. The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% 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 June 30, 2018, 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 June 30, 2018, there was \$414 million outstanding under the Revolving Credit Facility and we were in compliance in all material respects with the terms of the Revolving Credit Facility.

***Revolving Funding Facility***

Our consolidated subsidiary, Ares Capital CP Funding LLC ("Ares Capital CP") is party to a revolving funding facility (as amended, the "Revolving Funding Facility"), that allows Ares Capital CP to borrow up to \$1 billion 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 are January 3, 2019 and January 3, 2022, respectively. As of June 30, 2018, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus 2.15% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus 1.15% per annum. Ares Capital CP is also 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 June 30, 2018, there were no outstanding amounts 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"), that allows ACJB to borrow up to \$400 million at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. As of June 30, 2018, the end of the reinvestment period and the stated maturity date for the SMBC Funding Facility were September 14, 2018 and September 14, 2023, 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 June 30, 2018, the interest rate in effect was LIBOR plus 2.00%. 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 June 30, 2018, there were no outstanding amounts under the SMBC Funding Facility and we and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

Table of Contents***SBA Debentures***

In April 2015, our consolidated subsidiary, Ares Venture Finance, L.P. ("AVF LP"), received a license from the SBA to operate as a Small Business Investment Company ("SBIC") under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended.

The license from the SBA allowed AVF LP to obtain leverage by issuing SBA Debentures ("SBA Debentures"), subject to issuance of a capital commitment by the SBA and other customary procedures. Leverage through the SBA Debentures was subject to required capitalization thresholds. The original amount committed to AVF LP by the SBA was \$75 million. In September 2017, AVF LP fully repaid the \$25 million of the aggregate principal amount of the SBA Debentures outstanding at the time. In April 2018, our consolidated subsidiary, AVF LP, surrendered its license to operate as a SBIC and the undrawn SBA Debenture commitments of \$50 million were terminated.

***Convertible Unsecured Notes***

We have issued \$300 million aggregate principal amount of unsecured convertible notes that mature on January 15, 2019 (the "2019 Convertible Notes") and the \$388 million aggregate principal amount of unsecured convertible notes that mature on February 1, 2022 (the "2022 Convertible Notes" and, together with the 2019 Convertible Notes, the "Convertible Unsecured Notes"). The Convertible Unsecured 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 2019 Convertible Notes and the 2022 Convertible Notes bear interest at a rate of 4.375% and 3.75%, respectively, per year, payable semi-annually.

Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of June 30, 2018 are listed below.

	<b>2019</b>	<b>2022</b>
	<b>Convertible Notes</b>	<b>Convertible Notes</b>
Conversion premium	15.0%	15.0%
Closing stock price at issuance	\$17.53	\$16.86
Closing stock price date	July 15, 2013	January 23, 2017
Conversion price(1)	\$19.99	\$19.39
Conversion rate (shares per one thousand dollar principal amount)(1)	50.0292	51.5756
Conversion dates	July 15, 2018	August 1, 2021

- (1) Represents conversion price and conversion rate, as applicable, as of June 30, 2018, taking into account certain de minimis adjustments that will be made on the conversion date.

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 June 30, 2018) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the "Convertible Unsecured Notes Indentures"). Prior to the close of business on the business day immediately preceding their respective conversion date (listed above), 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

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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.

In January 2018, we repaid in full the \$270 million aggregate principal amount of unsecured convertible notes due in January 2018 (the "2018 Convertible Notes") at par upon their maturity. The 2018 Convertible Notes bore interest at a rate of 4.75% per year, payable semi-annually.

*Unsecured Notes*

*2018 Notes*

We have issued \$750 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.

*2020 Notes*

We have issued \$600 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.

*January 2022 Notes*

We have issued \$600 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 3.625% per year and mature on January 19, 2022 (the "January 2022 Notes"). The January 2022 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 January 2022 Notes, and any accrued and unpaid interest.

*2023 Notes*

We have issued \$750 million in aggregate principal amount of unsecured notes that mature on February 10, 2023 (the "2023 Notes"). The 2023 Notes bear interest at a rate of 3.500% per year, payable semi-annually and all principal is due upon maturity. The 2023 Notes may be redeemed 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 2023 Notes, and any accrued and unpaid interest.

*2025 Notes*

We have issued \$600 million in aggregate principal amount of unsecured notes that mature on March 1, 2025 (the "2025 Notes"). The 2025 Notes bear interest at a rate of 4.250% per year, payable semi-annually and all principal is due upon maturity. The 2025 Notes may be redeemed 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 2025 Notes, and any accrued and unpaid interest.

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As part of the Allied Acquisition, we assumed \$230 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, the January 2022 Notes, the 2023 Notes and the 2025 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 June 30, 2018, 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 and six months ended June 30, 2018 for more information 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, 2017 are as follows:

(in millions)	Total	Payments Due by Period			
		Less than 1 year	1-3 years	3-5 years	After 5 years
Revolving Credit Facility	\$ 395	\$	\$	\$ 395	\$
Revolving Funding Facility	600			600(1)	
SMBC Funding Facility	60				60(2)
2018 Convertible Notes	270	270			
2019 Convertible Notes	300		300		
2022 Convertible Notes	388			388	
2018 Notes	750	750			
2020 Notes	600		600		
January 2022 Notes	600			600	
2023 Notes	750				750
2047 Notes	230				230
Operating lease obligations(3)	192	26	50	51	65
	\$ 5,135	\$ 1,046	\$ 950	\$ 2,034	\$ 1,105

(1)

As of December 31, 2017, the end of the reinvestment period for the Revolving Funding Facility was January 3, 2019. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2022, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP will be used to repay the aggregate principal amount outstanding.

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- (2) As of December 31, 2017, the end of the reinvestment period for the SMBC Funding Facility was September 14, 2018. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 14, 2023, any principal proceeds from sales and repayments of loan assets held by ACJB will be used to repay the aggregate principal amount outstanding.
- (3) We are obligated under a number of operating leases and subleases to pay for office spaces with terms ranging from less than one year to more than five years. See Note 7 to our consolidated financial statements for the year ended December 31, 2017 for more information on our lease obligations.

**OFF BALANCE SHEET ARRANGEMENTS**

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

As of June 30, 2018 and December 31, 2017, 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)	June 30, 2018	As of December 31, 2017
Total revolving and delayed draw loan commitments	\$ 1,422	\$ 881
Less: drawn commitments	(384)	(201)
<b>Total undrawn commitments</b>	<b>1,038</b>	<b>680</b>
Less: commitments substantially at our discretion	(14)	(11)
Less: unavailable commitments due to borrowing base or other covenant restrictions		
<b>Total net adjusted undrawn revolving and delayed draw loan commitments</b>	<b>\$ 1,024</b>	<b>\$ 669</b>

Included within the total revolving and delayed draw loan commitments as of June 30, 2018 and December 31, 2017 were delayed draw loan commitments totaling \$348 million and \$251 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 June 30, 2018 were commitments to issue up to \$190 million in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of June 30, 2018, we had \$26 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. Of these letters of credit, \$13 million expire in 2018 and \$13 million expires in 2019. As of June 30, 2018, we recorded a liability of \$5 million for certain letters of credit issued and outstanding and none of the other letters of credit issued and outstanding were recorded as a liability on our balance sheet as such other letters of credit are considered in the valuation of the investments in the portfolio company.

We also have commitments to co-invest in the SDLP for our portion of the SDLP's commitments to fund delayed draw loans to certain portfolio companies of the SDLP. See " Senior

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Direct Lending Program" above and Note 4 to our consolidated financial statements for the three and six months ended June 30, 2018 for more information.

As of June 30, 2018 and December 31, 2017, we were party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions)	As of	
	June 30, 2018	December 31, 2017
Total private equity commitments	\$ 116	\$ 111
Less: funded private equity commitments	(70)	(62)
<b>Total unfunded private equity commitments</b>	<b>46</b>	<b>49</b>
Less: private equity commitments substantially our discretion	(46)	(48)
<b>Total net adjusted unfunded private equity commitments</b>	<b>\$ 1</b>	<b>\$ 1</b>

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.

In addition, in the ordinary course of business, we may guarantee certain obligations in connection with our portfolio companies (in particular, certain controlled portfolio companies). Under these guarantee arrangements, payments may be required to be made to third parties if such guarantees are called upon or if the portfolio companies were to default on their related obligations, as applicable.

### **RECENT DEVELOPMENTS**

From July 1, 2018 through July 25, 2018, we made new investment commitments of approximately \$895 million, of which \$794 million were funded. Of these new commitments, 70% were in first lien senior secured loans, 25% were in second lien senior secured loans and 5% were in other equity securities. Of the approximately \$895 million of new investment commitments, 95% were floating rate and 5% were non-interest bearing. The weighted average yield of debt and other income producing securities funded during the period at amortized cost was 7.5%. 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 July 1, 2018 through July 25, 2018, we exited approximately \$629 million of investment commitments, including \$291 million of investment commitments acquired in the American Capital Acquisition. Of the total investment commitments, 62% were first lien senior secured loans, 25% were senior subordinated loans, 11% were second lien senior secured loans and 2% were investments in the SDLP Certificates. Of the approximately \$629 million of exited investment commitments, 75% were floating rate and 25% were fixed rate. The weighted average yield of debt and other income producing securities exited or repaid during the period at amortized cost was 9.5% and the weighted average yield on total investments exited or repaid during the period at amortized cost was 9.5%. On the approximately \$629 million of investment commitments exited from July 1, 2018 through July 25, 2018, we recognized total net realized gains of approximately \$326 million.

In addition, as of July 25, 2018, we had an investment backlog and pipeline of approximately \$710 million and \$660 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



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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.

**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 the Company and its consolidated subsidiaries. The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification ("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, 2018.

***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

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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 portion of the Company's investment 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 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 have reviewed a portion of the investments in the Company's portfolio at fair value.

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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 three and six months ended June 30, 2018 and the year ended December 31, 2017 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 fixed based on contractual terms, 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 non-refundable 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.

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Other income includes amendment fees that are fixed based on contractual terms and are generally non-recurring and non-refundable and are recognized as revenue when earned upon closing of the transaction. Other income also includes fees for management and consulting services, loan guarantees, commitments, and other services rendered by us to portfolio companies. Such fees are fixed based on contractual terms and are recognized as income as 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 are charged against the proceeds from equity offerings when proceeds are 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

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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 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Leases (Topic 840)*. 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 guidance requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. 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. While we are currently evaluating the impact of ASU No. 2016-02, we expect an increase to the consolidated balance sheets for the lease assets and associated lease liabilities for our lease agreements previously accounted for as operating leases.

**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.

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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. See "Risk Factors Risks Relating to Our Business We are exposed to risks associated with changes in interest rates."

As of June 30, 2018, 78% of the investments at fair value in our portfolio bore interest at variable rates, 8% bore interest at fixed rates, 13% were non-interest earning and 1% were on non-accrual status. Additionally, for the variable rate investments, 99% of these investments contained interest rate floors (representing 78% of total investments at fair value). Also, as of June 30, 2018, all the loans made through the SDLP contained interest rate floors. The Facilities all bear interest at variable rates with no interest rate floors, while 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.

In December 2017, in connection with \$395 million of the term loan tranche of our Revolving Credit Facility, we entered into a three-year interest rate swap agreement for a total notional amount of \$395 million. Under the interest rate swap agreement, we pay a fixed interest rate of 2.06% and receive a floating rate based on the prevailing one-month LIBOR. See Note 5 to our consolidated financial statements for the three and six months ended June 30, 2018 and the year ended December 31, 2017 for more information on the Revolving Credit Facility and see Note 6 to our consolidated financial statements for the three and six months ended June 30, 2018 and the year ended December 31, 2017 for more information on the interest rate swap.

Based on our June 30, 2018 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 and reflecting the effect of our interest rate swap agreement discussed in the paragraph above:

(in millions) Basis Point Change	Interest Income	Interest Expense(1)	Net Income(2)
Up 300 basis points	\$ 267	\$ 1	\$ 266
Up 200 basis points	\$ 178	\$	\$ 178
Up 100 basis points	\$ 88	\$	\$ 88
Down 100 basis points	\$ (87)	\$	\$ (87)
Down 200 basis points	\$ (97)	\$	\$ (97)
Down 300 basis points	\$ (92)	\$	\$ (92)

(1) Includes the impact of the interest rate swap (discussed above) as a result of changes in interest rates.

(2) Excludes the impact of income based fees. See Note 3 to our consolidated financial statements for the three and six months ended June 30, 2018 for more information on the income based fees.

The above sensitivity analysis does not include our collateralized loan obligation ("CLO") equity investments. CLO equity investments are levered structures that are collateralized primarily with first lien floating rate loans that may have LIBOR floors and are levered primarily with floating rate

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debt that does not have a LIBOR floor. The residual cash flows available to the equity holders of the CLOs will decline as interest rates increase until interest rates surpass the LIBOR floors on the floating rate loans. However, the revenue recognized on our CLO equity investments is calculated using the effective interest method which incorporates a forward LIBOR curve in the projected cash flows. Any change to interest rates that is not in-line with the forward LIBOR curve used in the projections, in either the timing or magnitude of the change, will cause actual distributions to differ from the current projections and will impact the related revenue recognized from these investments.

Based on our December 31, 2017, 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(1)	Net Income(2)
Up 300 basis points	\$ 289	\$ 20	\$ 269
Up 200 basis points	\$ 192	\$ 13	\$ 179
Up 100 basis points	\$ 96	\$ 7	\$ 89
Down 100 basis points	\$ (44)	\$ (7)	\$ (37)
Down 200 basis points	\$ (37)	\$ (10)	\$ (27)
Down 300 basis points	\$ (38)	\$ (10)	\$ (28)

(1) Includes the impact of the interest rate swap (discussed above) as a result of changes in interest rates.

(2) Excludes the impact of income based fees. See Note 3 to our consolidated financial statements for the three and six months ended June 30, 2018 for more information on the income based fees.

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**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 June 30, 2018. The report of our independent registered public accounting firm, KPMG LLP, on the senior securities table as of December 31, 2017, 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)
<b>Revolving Credit Facility</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 413,750	\$ 2,547	\$	N/A
Fiscal 2017	\$ 395,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 571,053	\$ 2,296	\$	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
<b>Revolving Funding Facility</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$	\$	\$	N/A
Fiscal 2017	\$ 600,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 155,000	\$ 2,296	\$	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
<b>Revolving Funding II Facility</b>				
Fiscal 2009	\$	\$	\$	N/A
<b>SMBC Revolving Funding Facility</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$	\$	\$	N/A
Fiscal 2017	\$ 60,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 105,000	\$ 2,296	\$	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
<b>SBA Debentures</b>				
Fiscal 2017	\$	\$	\$	N/A
Fiscal 2016	\$ 25,000	\$ 2,296	\$	N/A
Fiscal 2015	\$ 22,000	\$ 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)
<b>Debt Securitization</b>				
Fiscal 2011	\$ 77,531	\$ 2,393	\$	N/A
Fiscal 2010	\$ 155,297	\$ 3,079	\$	N/A
Fiscal 2009	\$ 273,752	\$ 2,294	\$	N/A
Fiscal 2008	\$ 314,000	\$ 2,201	\$	N/A
<b>February 2016 Convertible Notes</b>				
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
<b>June 2016 Convertible Notes</b>				
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
<b>2017 Convertible Notes</b>				
Fiscal 2016	\$ 162,500	\$ 2,296	\$	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
<b>2018 Convertible Notes</b>				
Fiscal 2017	\$ 270,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 270,000	\$ 2,296	\$	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
<b>2019 Convertible Notes</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 300,000	\$ 2,547	\$	N/A
Fiscal 2017	\$ 300,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 300,000	\$ 2,296	\$	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
<b>2022 Convertible Notes</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 388,000	\$ 2,547	\$	N/A
Fiscal 2017	\$ 388,000	\$ 2,415	\$	N/A
<b>2011 Notes</b>				
Fiscal 2010	\$ 300,584	\$ 3,079	\$	\$ 1,018
<b>2012 Notes</b>				
Fiscal 2010	\$ 161,210	\$ 3,079	\$	\$ 1,018
<b>2018 Notes</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 750,000	\$ 2,547	\$	N/A
Fiscal 2017	\$ 750,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 750,000	\$ 2,296	\$	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

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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)
<b>2020 Notes</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 600,000	\$ 2,547	\$	N/A
Fiscal 2017	\$ 600,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 600,000	\$ 2,296	\$	N/A
Fiscal 2015	\$ 600,000	\$ 2,213	\$	N/A
Fiscal 2014	\$ 400,000	\$ 2,292	\$	N/A
<b>January 2022 Notes</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 600,000	\$ 2,547	\$	N/A
Fiscal 2017	\$ 600,000	\$ 2,415	\$	N/A
Fiscal 2016	\$ 600,000	\$ 2,296	\$	N/A
<b>February 2022 Notes</b>				
Fiscal 2014	\$ 143,750	\$ 2,292	\$	\$ 1,024
Fiscal 2013	\$ 143,750	\$ 2,547	\$	\$ 1,043
Fiscal 2012	\$ 143,750	\$ 2,721	\$	\$ 1,035
<b>October 2022 Notes</b>				
Fiscal 2016	\$ 182,500	\$ 2,296	\$	\$ 1,017
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
<b>2040 Notes</b>				
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
<b>2023 Notes</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 750,000	\$ 2,547	\$	N/A
Fiscal 2017	\$ 750,000	\$ 2,415	\$	N/A
<b>2025 Notes</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 600,000	\$ 2,547	\$	N/A
<b>2047 Notes</b>				
Fiscal 2018 (as of June 30, 2018, unaudited)	\$ 229,557	\$ 2,547	\$	\$ 1,016
Fiscal 2017	\$ 229,557	\$ 2,415	\$	\$ 1,021
Fiscal 2016	\$ 229,557	\$ 2,296	\$	\$ 1,015
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). In June 2016, Ares Capital received exemptive relief from the SEC allowing it to modify the asset coverage requirements to exclude SBA Debentures from this calculation. As such,



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the asset coverage ratio beginning with Fiscal 2016 excludes the SBA Debentures. Certain prior year amounts have been reclassified to conform to the 2016 and 2017 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 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).

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**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 IPO on October 8, 2004. As of June 30, 2018, we were the largest BDC in the United States with approximately \$12.3 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, pursuant to our investment advisory and management agreement. 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 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 and, investments in project finance/power generation projects generally range between \$10 million and \$200 million. 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

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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 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 20 years and its partners have an average of approximately 23 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 June 30, 2018, Ares had approximately 405 investment professionals and approximately 640 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. 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.

**American Capital Acquisition**

On January 3, 2017, we completed the American Capital Acquisition in a cash and stock transaction valued at approximately \$4.2 billion. In connection with the stock consideration, we issued approximately 112 million shares of our common stock to American Capital's then-existing stockholders (including holders of outstanding in-the-money American Capital stock options), thereby resulting in our then-existing stockholders owning approximately 73.7% of the combined company and then-existing American Capital stockholders owning approximately 26.3% of the combined company.

In connection with the American Capital Acquisition, Ares Capital Management has agreed to the Fee Waiver. See Notes 3 and 14 to our consolidated financial statements for the three and six months ended June 30, 2018 and Notes 3 and 16 for the year ended December 31, 2017 for additional information regarding the American Capital Acquisition.

**Ares Management, L.P.**

Ares is a publicly traded, leading global alternative asset manager. As of June 30, 2018, Ares had over 1,000 employees in over 15 principal and originating offices across the United States, Europe, Asia and Australia. 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.

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**Ares Capital Management LLC**

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 95 U.S.-based investment professionals as of June 30, 2018 and led by certain partners of the Ares Credit Group: Kipp deVeer, Mitchell Goldstein and Michael Smith. Ares Capital Management leverages off of Ares' investment platform and benefits from the significant capital markets, trading and research expertise of Ares' investment professionals. Ares Capital Management's investment committee has eight members primarily comprised of certain of the U.S.-based partners of the Ares Credit 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 disruption and volatility that occurs periodically in the credit markets, reduces capital available to certain capital providers, causing a reduction in competition. When these volatile market conditions occur, they often 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.

We believe the middle-market represents a significant portion of the overall economy, and the demand for capital by middle-market companies reflects generally stronger growth trends and financial performance. In addition, due to the fragmented nature of the middle-market and the lack of publicly available information, we believe lenders have an opportunity to originate and underwrite investments with more favorable terms, including stronger covenant and reporting packages, as well as better call protection and change of control provisions as compared to the large, broadly syndicated loan market.

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**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 our affiliation with Ares provides a distinct competitive advantage through Ares' originations, due diligence, and marketing activities. 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 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,



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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 junior capital focused 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 June 30, 2018, Ares oversaw a portfolio of investments in over 1,500 companies, over 500 structured assets and over 170 properties across approximately 60 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 20 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 approximately 60 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 and supervised by our board of directors, a majority of whom are independent of Ares and its affiliates. Our investment adviser is registered under the Advisers Act. Under our investment advisory agreement we have agreed to pay



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our investment adviser base management fees, income based fees and capital gains incentive fees. See " Investment Advisory and Management Agreement". Ares Operations provides us with certain administrative and other services necessary for us to operate pursuant to the administration agreement. See " Administration Agreement".

As a BDC, we are required to comply with certain regulatory requirements. For example, we are not generally permitted to co-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) is also co-investing. On January 18, 2017, we received an order from the SEC that permits us and other BDCs and registered closed-end management investment companies managed by Ares to co-invest in portfolio companies with each other and with affiliated investment funds. Co-investments made under the Co-investment Exemptive Order are subject to compliance with certain conditions and other requirements, which could limit our ability to participate in a co-investment transaction. We may also otherwise 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.

Also, while we may borrow funds to make investments, our ability to use debt is limited in certain significant aspects. See "Regulation." In particular, under the provisions of the Investment Company Act, 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"), unless the BDC obtains approval (either stockholder approval or approval of a "required majority" of its board of directors) to apply the modified asset coverage requirements set forth in Section 61(a)(2) of the Investment Company Act, as amended by the SBCAA, reducing the required asset coverage ratio applicable to the BDC from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us).

Currently, our asset coverage requirement applicable to senior securities is 200%. On June 21, 2018, our board of directors, including a "required majority" of our board of directors, approved the application of the modified asset coverage requirement set forth in Section 61(a)(2) of the Investment Company Act, as amended by the SBCAA. As a result, effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150%. In order to incur this additional leverage, we intend to enter into certain amendments for our Revolving Credit Facility and Revolving Funding Facility to reduce the current asset coverage requirements specified therein. See "Risk Factors Risks Relating to Our Business Effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement will reduce from 200% to 150%, which may increase the risk of investing with us" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources."

As of June 30, 2018, our asset coverage was 255%.

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 income taxes. This requirement, in turn, generally prevents us from using our earnings to support our operations, including making new investments.

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**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 and investments in project finance/power generation projects generally range between \$10 million and \$200 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. 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 ten 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.

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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.

**Senior Direct Lending Program**

We have established a joint venture with Varagon to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the SDLP. In July 2016, we and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$300 million. We may directly co-invest with the SDLP to accommodate larger transactions. The SDLP is capitalized as transactions are completed and 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).

We provide capital to the SDLP in the form of the SDLP Certificates, and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of June 30, 2018, we and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates. The SDLP Certificates 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.

As of June 30, 2018, we and Varagon and its clients had agreed to make capital available to the SDLP of \$6.4 billion in the aggregate, of which \$1.4 billion is to be made available from us. We will continue to provide capital to the SDLP in the form of 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. Investment of any unfunded amount must be approved by the investment committee of the SDLP consisting of representatives of ours and Varagon (with approval from a representative of each required).

For more information on the SDLP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Co-Investment Programs Senior Direct Lending Program."

**Ivy Hill Asset Management, L.P.**

As of June 30, 2018, our portfolio company, IHAM, an SEC-registered investment adviser, managed 23 vehicles and served as the sub-manager/sub-servicer for two other vehicles. As of June 30, 2018, IHAM had assets under management of approximately \$5.0 billion. As of June 30, 2018, the amortized cost and fair value of our investment in IHAM was \$444 million and \$521 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

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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.

On January 3, 2017, in connection with the American Capital Acquisition, American Capital Asset Management, LLC, a wholly owned portfolio company of American Capital ("ACAM"), merged with and into IHAM, with IHAM remaining as the surviving entity as a wholly owned portfolio company of ours. As a result, IHAM now manages certain funds that were previously managed by ACAM.

See Notes 4 and 14 to our consolidated financial statements for the three months and six months ended June 30, 2018 for more information about IHAM and its role in the American Capital Acquisition.

**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 our portfolio at fair value as of June 30, 2018 and December 31, 2017 were as follows:

<b>Industry</b>	<b>June 30, 2018</b>	<b>As of December 31, 2017</b>
Healthcare Services	22.2%	22.5%
Business Services	16.1	19.2
Consumer Products	7.5	6.8
Financial Services	6.9	4.3
Investment Funds and Vehicles(1)	6.6	5.8
Manufacturing	5.7	6.0
Other Services	5.5	6.2
Power Generation	4.3	3.6
Restaurants and Food Services	3.9	3.3
Education	3.4	3.0
Food and Beverage	3.1	4.3
Oil and Gas	2.8	2.5
Automotive Services	2.5	3.0
Wholesale Distribution	2.3	2.5
Containers and Packaging	2.1	2.1
Other	5.1	4.9
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

- 
- (1) Includes our investment in the SDLP, which had made first lien senior secured loans to 20 and 19 different borrowers as of June 30, 2018 and December 31, 2017, respectively. The portfolio companies in the SDLP are in industries similar to the companies in our portfolio.

<b>Geographic Region</b>	<b>June 30, 2018</b>	<b>As of December 31, 2017</b>
West(1)	29.0%	23.9%
Midwest	23.9	25.3
Southeast	23.1	28.5
Mid Atlantic	16.0	15.0
Northeast	5.0	3.9
International	3.0	3.4
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

- 
- (1) Includes our investment in the SDLP, which represented 5.1% and 4.1% of the total investment portfolio at fair value as of June 30, 2018 and December 31, 2017, respectively.

As of June 30, 2018, 2.7% of total investments at amortized cost (or 0.8% of total investments at fair value) were on non-accrual status. As of December 31, 2017, 3.1% of total investments at amortized cost (or 1.4% of total investments at fair value) were on non-accrual status.



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Since our IPO on October 8, 2004 through June 30, 2018, our exited investments resulted in an asset level realized gross internal rate of return (as discussed in more detail in footnote 1 to the table below) to us of approximately 14% (based on original cash invested, net of syndications, of approximately \$23.1 billion and total proceeds from such exited investments of approximately \$29.3 billion). Approximately 63% of these exited investments resulted in an asset level realized gross internal rate of return to us of 10% or greater.

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

(dollar amounts in millions)	Exited Investments IPO through														
	June 30, 2018	December 31, 2017	December 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 gross internal rate of return to Ares Capital(1)	14%	14%	13%	13%	13%	13%	13%	14%	15%	14%	19%	21%	26%	41%	17%
Original cash invested, net of syndications	\$ 23,058	\$ 20,613	\$ 14,264	\$ 12,170	\$ 9,883	\$ 7,717	\$ 6,817	\$ 4,638	\$ 2,696	\$ 1,220	\$ 923	\$ 684	\$ 424	\$ 119	\$ 28
Total proceeds	\$ 29,266	\$ 26,424	\$ 17,523	\$ 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 June 30, 2018, our realized gains exceeded our realized losses by approximately \$629 million (excluding a one-time gain on the Allied Acquisition) and realized gains/losses from the extinguishment of debt and other assets). For this same time period, our average annualized net realized gain rate was approximately 1.0% (excluding a one-time gain on the Allied Acquisition and realized gains/losses from the extinguishment of debt and 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 20 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;

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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.

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.

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**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 the investment committee on a preliminary basis.

After the investment committee approves continued work on the potential investment, 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**

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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.

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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 ten 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 ten 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.

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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 that there may be opportunity for further consolidation in our industry. From time to time, we evaluate 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.

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, 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 may 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 June 30, 2018, of our 346 portfolio companies, we were entitled to board seats or board observation rights on 27% of these companies and these companies represented approximately 49% 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

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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.

We assigned a fair value as of January 3, 2017 to each of the portfolio investments acquired in connection with the American Capital Acquisition. The initial cost basis of each investment acquired was equal to the fair value of such investment as of January 3, 2017. Many of these portfolio investments were assigned a fair value reflecting a discount to American Capital's cost basis at the time of American Capital's origination or acquisition. Each investment was initially assessed a grade of 3 (i.e., generally the grade we assign a portfolio company at acquisition), reflecting the relative risk to our initial cost basis of such investments. It is important to note that our grading system does not take into account factors or events in respect of the period from when American Capital originated or acquired such portfolio investments or the status of these portfolio investments in terms of compliance with debt facilities, financial performance and similar factors. Rather, it is only intended to measure risk from the time that we acquired the portfolio investment in connection with the American Capital Acquisition. Accordingly, it is possible that the grades of these portfolio investments may be reduced or increased after January 3, 2017.

As of June 30, 2018, the weighted average grade of our portfolio at fair value was 3.1. 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



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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 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 95 U.S.-based investment professionals as of June 30, 2018 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 collectively sublease the full amount of these leases from us.

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**LEGAL PROCEEDINGS**

We are party to certain lawsuits in the normal course of business. In addition, American Capital and Allied Capital were involved in various legal proceedings that we assumed in connection with the American Capital Acquisition and the Allied Acquisition, respectively. 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 filed in the United States District Court for the Eastern District of Pennsylvania by the bankruptcy trustee of DSI Renal Holdings LLC ("DSI Renal") and two affiliate companies. On March 17, 2014, the motion by us and the other defendants to transfer the case to the United States District Court for the District of Delaware (the "Delaware Court") was granted. On May 6, 2014, the Delaware Court referred the matter to the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The complaint 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. 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. The defendants filed a motion to dismiss all claims on August 5, 2013. On July 20, 2017, the Bankruptcy Court issued an order granting the motion to dismiss certain claims and denying the motion to dismiss certain other claims, including the purported fraudulent transfer claims. The defendants answered the complaint on August 31, 2017. Under the operative scheduling order, discovery will continue until early 2019 with dispositive motions due on April 30, 2019. No trial date has been set. We are currently unable to assess with any certainty whether we may have any exposure in this matter. However, we believe the plaintiff's claims are without merit and intend to vigorously defend ourselves in this matter.

On August 3, 2017, American Capital and one of its former portfolio companies were awarded a judgment plus prejudgment interest by the United States District Court for the District of Maryland (the "District Court") following a bench trial in a case first filed by one of American Capital's insurance companies concerning coverage for bodily injury claims against American Capital and/or its former portfolio company. The District Court found that the carrier breached its duty to defend American Capital and its former portfolio company against more than 1,000 bodily injury claims and awarded American Capital damages plus prejudgment interest. American Capital's carrier filed a notice of appeal to the United States Court of Appeals for the Fourth Circuit; thereafter, American Capital and its former portfolio company filed a notice of cross appeal. The appeal has been fully briefed and oral argument has been scheduled for September 2018. It is currently expected the appeal will be adjudicated in late 2018 at the earliest. American Capital's recovery, if any, will not be known until such time as the appeal is resolved.

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**PORTFOLIO COMPANIES**

The following table describes each of the businesses included in our portfolio and reflects data as of June 30, 2018. 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 our discretion and (iii) commitments that are unavailable due to borrowing base or other covenant restrictions.

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**PORTFOLIO COMPANIES**  
**As of June 30, 2018**  
**(dollar amounts in millions)**  
**(Unaudited)**

<b>Issuer</b>	<b>Business Description</b>	<b>Investment</b>	<b>Interest(1)</b>	<b>Maturity Date</b>	<b>% of Class Held at 6/30/2018</b>	<b>Fair Value</b>
1163227 B.C. Ltd(5) 262 Manitou Drive Kitchener, ON N2C 1L3 Canada	Lab testing services for nicotine containing products	First lien senior secured revolving loan		6/25/2024		\$ (7)
		First lien senior secured loan	8.00% (Libor + 6.25%/Q)	6/25/2024		19.9
1A Smart Start, LLC 500 E Dallas Road Suite 100 Grapevine, TX 76051	Provider of ignition interlock devices	First lien senior secured revolving loan	6.50% (Libor + 4.50%/M)	8/21/2020		0.4(8)
		First lien senior secured revolving loan	6.59% (Libor + 4.50%/M)	8/21/2020		1.2(8)
A.U.L. Corp. 1250 Main Street Suite 300 Napa, CA 94559	Provider of vehicle service contracts and limited warranties for passenger vehicles	First lien senior secured revolving loan		6/5/2023		(9)
		First lien senior secured loan	7.13% (Libor + 5.00%/M)	6/5/2023		7.7
Absolute Dental Management LLC and ADM Equity, LLC 526 South Tonopah Drive Suite 200 Las Vegas, NV 89106	Dental services provider	First lien senior secured loan	9.83% (Libor + 7.50%/Q)	1/5/2022		18.1
		First lien senior secured loan	9.83% (Libor + 7.50%/Q)	1/5/2022		4.8
		Class A preferred units			8.46%	1.0
		Class A common units			8.46%	
ACAS Equity Holdings Corporation(4)(6) 2000 Avenue of the Stars 12th Floor Los Angeles, CA 90067	Investment company	Common stock			100.00%	0.5
ACAS Real Estate Holdings Corporation(4) 2000 Avenue of the Stars 12th Floor Los Angeles, CA 90067	Real estate holding company	Common stock			100.00%	2.1
Accommodations Plus Technologies LLC and Accommodations Plus Technologies Holdings LLC 265 Broadhollow Road Melville, NY 11747	Provider of outsourced crew accommodations and logistics management solutions to the airline industry	First lien senior secured revolving loan		5/11/2023		(10)
		First lien senior secured loan	7.12% (Libor + 5.00%/B)	5/11/2024		12.5
		Class A common units			5.50%	4.6
Accruent, LLC, Accruent Holding, LLC, Athena Parent, Inc. and Athena SuperHoldco, Inc. 11500 Alterra Pkwy	Real estate and facilities management software provider	First lien senior secured revolving loan		7/28/2023		(11)
		First lien senior secured loan	7.07% (Libor + 4.75%/Q)	7/28/2023		(12)
						0.4

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#110		First lien senior secured loan				
		First lien senior secured loan	7.06% (Libor + 4.75%/Q)	7/28/2023		0.5
Austin, TX 78758		Second lien senior secured loan		7/28/2024		(13)
		Second lien senior secured loan	11.07% (Libor + 8.75%/Q)	7/28/2024		3.5
		Second lien senior secured loan	11.07% (Libor + 8.75%/Q)	7/28/2024		85.3
		Senior subordinated loan		7/28/2025		(14)
		Senior subordinated loan		7/28/2025		(15)
		Senior subordinated loan	11.50% PIK	7/28/2025		22.5
		Senior subordinated loan	11.50% PIK	7/28/2025		80.2
		Senior subordinated loan	11.56% (Libor + 9.25%/Q)	7/28/2025		3.4
		Common stock			0.76%	3.6
		Warrant		7/28/2037	2.50%	4.1(2)
Acessa Health Inc. (fka HALT Medical, Inc.) 121 Sand Creek Road Suite B Brentwood, CA 94513	Medical supply provider	Common stock			1.18%	
Achilles Acquisition LLC 200 Galleria Parkway Atlanta, GA 30339	Benefits broker and outsourced workflow automation platform provider for brokers	First lien senior secured loan		6/6/2023		(16)
		First lien senior secured loan	8.09% (Libor + 6.00%/M)	6/6/2023		2.8
		First lien senior secured loan	8.09% (Libor + 6.00%/M)	6/6/2023		5.9
		First lien senior secured loan	8.09% (Libor + 6.00%/M)	6/6/2023		2.9
Acrisure, LLC, Acrisure Investors FO, LLC and Acrisure Investors SO, LLC(6) 5664 Prairie Creek Drive SE Caledonia, MI 49316	Retail insurance advisor and brokerage	Membership interests			1.91%	14.2
		Membership interests			0.95%	4.0
ADCS Billings Intermediate Holdings, LLC 151 South Lane Suite 300 Maitland, FL 32751	Dermatology practice	First lien senior secured revolving loan	9.75% (Base Rate + 4.75%/Q)	5/18/2022		3.2(17)

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Issuer	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 6/30/2018	Fair Value
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.(4) 165 Passaic Avenue Fairfield, NJ 07004	Restaurant owner and operator	First lien senior secured loan		12/18/2018		(18)
		First lien senior secured loan	20.33% PIK (Libor + 18.00%/Q)	12/18/2018		4.1
		First lien senior secured loan		12/18/2018		8.0
		Promissory note		12/18/2023	1.86%	
		Warrant		12/18/2023	95.00%	(2)
ADG, LLC and RC IV GEDC Investor LLC 29777 Telegraph Road Suite 3000 Southfield, MI 48304	Dental services provider	First lien senior secured revolving loan	6.80% (Libor + 4.75%/M)	9/28/2022		1.0(19)
		First lien senior secured revolving loan	6.84% (Libor + 4.75%/M)	9/28/2022		2.0(19)
		First lien senior secured revolving loan	8.75% (Base Rate + 3.75%/M)	9/28/2022		0.6(19)
		Second lien senior secured loan	11.09% (Libor + 9.00%/M)	3/28/2024		79.6
		Membership units			0.92%	1.4
AEP Holdings, Inc. and Arrowhead Holdco Company 3787 95th Avenue Blaine, MN 55104	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan	7.92% (Libor + 5.75%/B)	8/31/2021		44.3
		Common stock			1.17%	4.1
Air Medical Group Holdings, Inc. and Air Medical Buyer Corp. 209 Highway 121 Bypass Suite 21 Lewisville, TX 75067	Emergency air medical services provider	Senior subordinated loan	9.96% (Libor + 7.88%/M)	3/13/2026		182.7
		Warrant		3/14/2028	0.08%	1.5(2)
Alcami Holdings, LLC(4) 2320 Scientific Park Drive Wilmington, NC 28405	Outsourced drug development services provider	First lien senior secured revolving loan	7.50% (Libor + 5.50%/M)	10/25/2019		7.7(20)
		First lien senior secured revolving loan	7.55% (Libor + 5.50%/M)	10/25/2019		2.0(20)
		First lien senior secured revolving loan	7.59% (Libor + 5.50%/M)	10/25/2019		15.9(20)
		First lien senior secured loan	7.59% (Libor + 5.50%/M)	10/26/2020		10.0
		First lien senior secured loan	7.59% (Libor + 5.50%/M)	10/26/2020		95.2
		First lien senior secured loan	11.50% (Base Rate + 6.50%/M)	10/26/2020		0.2
		Senior subordinated loan	12.25%	10/26/2020		25.0
		Senior subordinated loan	11.75%	10/26/2020		30.0
		Senior subordinated loan	12.00%	10/26/2020		30.0
		Senior subordinated loan	14.75% PIK	10/26/2020		38.9
		Senior subordinated loan	15.25% PIK	10/26/2020		39.5
		Series P-1 preferred membership units			98.70%	81.6
		Series P-2 preferred membership units			99.94%	117.3
			100.00%	40.6		

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		Series R preferred membership units			100.00%	73.4
		Series R-2 preferred membership units				
Alegeus Technologies Holdings Corp. 1601 Trapelo Road South Building, 2nd Floor Waltham, MA 02451	Benefits administration and transaction processing provider	Preferred stock			1.50%	3.1
		Common stock			1.50%	
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		8/1/2017		
		Series 1B preferred stock			0.19%	
		Warrant		12/12/2023	0.88%	(2)
Alteon Health, LLC 350 Motor Parkway Suite 309 Hauppauge, NY 11788	Provider of physician management services	First lien senior secured loan	8.59% (Libor + 6.50%/M)	9/1/2022		2.6
American Academy Holdings, LLC 2233 S Presidents Dr Suite F 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 revolving loan	8.58% (Libor + 6.25%/Q)	12/15/2022		0.9(21)
		First lien senior secured loan	8.58% (Libor + 6.25%/Q)	12/15/2022		109.9
		First lien senior secured loan	8.58% (Libor + 6.25%/Q)	12/15/2022		73.4
		Senior subordinated loan	16.33% (Libor + 8.00% Cash, 6.00% PIK/Q)	6/15/2023		77.5
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	10.09% (Libor + 8.00%/M)	12/31/2022		63.0
American Seafoods Group LLC and American Seafoods Partners LLC 2025 First Avenue Suite 900 Seattle, WA 98121	Harvester and processor of seafood	Second lien senior secured loan	10.22% (Libor + 8.13%/M)	2/21/2024		66.2
		Class A units			0.24%	0.1
		Warrant		8/19/2035	3.36%	10.3(2)

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Issuer	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 6/30/2018	Fair Value	(22)
AMZ Holding Corp. 4800 State Road 60 East Mulberry, FL 33860	Specialty chemicals manufacturer	First lien senior secured revolving loan		6/27/2022			(22)
		First lien senior secured loan	9.00% (Base Rate + 4.00%/Q)	6/27/2022		0.1	
		First lien senior secured loan	7.09% (Libor + 5.00%/Q)	6/27/2022		12.1	
ARES 2007-3R(4)(5)(6) P.O. Box 1093 South Church Street GT Queensgate House George Town, Grand Cayman Cayman Islands	Investment vehicle	Subordinated note		4/16/2021		0.1	
Associated Asphalt Partners, LLC 130 Church Avenue SW Roanoke, VA 24011	Provider of asphalt terminalling, storage and distribution	First lien senior secured loan	7.34% (Libor + 5.25%/M)	4/5/2024		3.8	
Athletic Club Holdings, Inc. 5201 East Tudor Road Anchorage, AL 99507	Premier health club operator	First lien senior secured loan	10.49% (Libor + 8.50%/M)	10/31/2020		35.0	
Avetta, LLC 17671 Cowan Suite 150 Irvine, CA 92614	Supply chain risk management SaaS platform for global enterprise clients	First lien senior secured revolving loan		4/10/2024			(23)
		First lien senior secured loan		4/10/2024			(24)
Badger Sportswear Acquisition, Inc. 111 Badger Lane Statesville, NC 28625	Provider of team uniforms and athletic wear	Second lien senior secured loan	11.09% (Libor + 9.00%/M)	3/11/2024		56.8	
Bambino CI Inc. 747 West 4170 South Murray, UT 84123	Manufacturer and provider of single-use obstetrics products	First lien senior secured revolving loan	8.09% (Libor + 6.00%/M)	10/17/2022		2.8(25)	
		First lien senior secured loan	8.09% (Libor + 6.00%/M)	10/17/2023		31.0	
BeyondTrust Software, Inc. 5090 40th Street Suite 400 Phoenix, AZ 85018	Management software solutions provider	First lien senior secured loan	8.61% (Libor + 6.25%/Q)	11/21/2023		45.9	
Blue Wolf Capital Fund II, L.P.(5)(6) 48 Wall Street 31st Floor New York, NY 10005	Investment partnership	Limited partnership interest			8.50%	3.7	
Brandtone Holdings Limited(5) 51-54 Pearse Street Dublin 2 Ireland	Mobile communications and marketing services provider	First lien senior secured loan		11/1/2018			
		First lien senior secured loan		2/1/2019			
		Warrant		8/5/2026	2.14%		(2)



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BRG Sports, Inc. 669 Sugar Lane Elyria, OH 44035	Designer, manufacturer and licensor of branded sporting goods	Preferred stock  Common stock			1.65%  1.28%	0.4
Cadence Aerospace, LLC 2600 94th Street SW Suite 150 Everett, WA 98204	Aerospace precision components manufacturer	First lien senior secured revolving loan		11/14/2022		(26)
		First lien senior secured loan	8.86% (Libor + 6.50%/Q)	11/14/2023		32.3
Callidus Capital Corporation(4) 2000 Avenue of the Stars 12th Floor Los Angeles, CA 90067	Asset management services	Common stock			100.00%	1.7
CallMiner, Inc. 200 West Street Waltham, MA 02452	Provider of cloud-based conversational analytics solutions	Warrant		7/23/2024	1.83%	(2)
Campus Management Acquisition Corp.(3) 350 Park Avenue 23rd Floor New York, NY 10022	Education software developer	Preferred stock			16.75%	10.7
Capital Sports Holdings Inc.(5) 1000 Palladium Dr Ottawa, ON K2V 1A4 Canada	Owner and operator of a National Hockey League team		7.00% (CDOR + 5.25%/Q)	6/22/2024		15.1
Capstone Logistics Acquisition, Inc. 6525 The Corners Parkway Suite 520 Peachtree Corners, GA 30092	Outsourced supply chain solutions provider to operators of distribution centers	First lien senior secured revolving loan		10/7/2019		(27)
Care Hospice, Inc 500 Faulconer Drive Suite 200 Charlottesville, VA 22903	Provider of hospice services	First lien senior secured revolving loan		4/12/2022		(28)

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Carlyle Global Market Strategies CLO 2015-3(5)(6) 190 Elgin Avenue George Town, Grand Cayman KY1-9005 Cayman Islands	Investment vehicle	Subordinated note	9.20%	7/28/2028		18.7
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	6.33% (Libor + 4.00%/Q)	7/23/2019		4.0(29)
		First lien senior secured loan	6.33% (Libor + 4.00%/Q)	7/23/2021		6.4
		Second lien senior secured loan	10.68% (Libor + 8.38%/Q)	7/23/2022		129.6
		Class A units			1.22%	0.9
Cent CLO 2014-22 Limited(5)(6) P.O. Box 1093 Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands	Investment vehicle	Subordinated note	11.83%	11/7/2026		25.3
Centurion CDO 8 Limited(5)(6) P.O. Box 1093 South Church Street GT Queensgate House George Town, Grand Cayman Cayman Islands	Investment vehicle	Subordinated note		3/8/2019		
CFW Co-Invest, L.P. and NCP Curves, L.P. 100 Ritchie Road Waco, TX 76712	Health club franchisor	Limited partnership interest			12.24%	8.5
		Limited partnership interest			7.41%	(5)
Champion Parent Corporation and Calera XVI, LLC(4) 9401 Waples Street Suite 150 San Diego, CA 92121	Endurance sports media and event operator	First lien senior secured loan		11/30/2018		
		First lien senior secured loan		11/30/2018		0.2
		Preferred shares			45.00%	
		Membership units			7.88%	
		Common shares			32.96%	
ChargePoint, Inc. 1692 Dell Avenue Campbell, CA 95008	Developer and operator of electric vehicle charging stations	Warrant		12/24/2024	3.70%	2.1(2)
Chariot Acquisition, LLC 3510 Port Jacksonville Pkwy Jacksonville, FL 32226	Manufacturer of aftermarket golf cart parts and accessories	First lien senior secured revolving loan		9/30/2021		(30)
		First lien senior secured loan	8.83% (Libor + 6.50%/Q)	9/30/2021		17.9
		First lien senior secured loan	8.83% (Libor + 6.50%/Q)	9/30/2021		9.1
Chesapeake Research Review, LLC and Schulman Associates Institutional Review	Provider of central institutional review boards	First lien senior secured revolving loan		11/7/2023		(31)

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Board, Inc. 6940 Columbia Gateway Drive Suite 110 Columbia, MD 21046	over clinical trials	First lien senior secured loan	8.08% (Libor + 5.75%/Q)	11/7/2023	16.3
CHG PPC Parent LLC 2201 Broadway San Antonio, TX 78215	Diversified food products manufacturer	Second lien senior secured loan	9.59% (Libor + 7.50%/M)	3/30/2026	59.9
CHL, LTD. 1023 State Street Schenectady, NY 12307	Repair and service solutions provider for cable, satellite and telecommunications based service providers	Warrant		5/2/2020	6.00% (2)
		Warrant		5/2/2020	6.00% (2)
		Warrant		5/2/2020	6.00% (2)
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 Equity interests	6.00%	9/14/2018	14.0(32) 100.00% 17.8
Cipriani USA Inc. 110 E 42nd Street New York City, NY 10017	Manager and operator of banquet facilities, restaurants, hotels and other leisure properties	First lien senior secured loan	9.84% (Libor + 7.75%/M)	5/30/2023	66.4
Clearwater Analytics, LLC 777 W. Main Street Suite 900 Boise, ID 83702	Provider of integrated cloud-based investment portfolio management, accounting, reporting and analytics software	First lien senior secured revolving loan	7.08% (Libor + 5.00%/M)	9/1/2022	0.3(33)
CMW Parent LLC (fka Black Arrow, Inc.) 65 North San Pedro San Jose, CA 95110	Multiplatform media firm	Series A units			0.00%
CoLTs 2005-1 Ltd.(4)(5)(6) P.O. Box 908 Mary Street GT Walker House George Town, Grand Cayman Cayman Islands	Investment vehicle	Preferred shares			

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CoLTs 2005-2 Ltd.(4)(5)(6) P.O. Box 908 Mary Street GT Walker House George Town, Grand Cayman Cayman Islands	Investment vehicle	Preferred shares				
Columbo Midco Limited, Columbo Bidco Limited and Columbo Topco Limited(4)(5) 25 Bedford Street London, WC2E 9ES United Kingdom	Compliance, accounting and tax consulting services provider	Preferred stock Preferred stock Preferred stock			95.52% 85.80% 100.00%	21.5 8.7 4.3
Command Alkon Incorporated  1800 International Park Drive Suite 400  Birmingham, AL 35243	Software solutions provider to the ready-mix concrete industry	First lien senior secured revolving loan First lien senior secured loan Second lien senior secured loan	9.00% (Base Rate + 4.00%/M)  6.98% (Libor + 5.00%/M)  10.98% (Libor + 9.00%/M)	9/1/2022  9/1/2023  3/1/2024		1.5(34)  20.5  33.8
Commercial Credit Group, Inc.  227 Waste trade Street  Suite 1450 Charlotte, NC 28202	Commercial equipment finance and leasing company	Senior subordinated loan	11.73% (Libor + 9.75%/M)	8/31/2022		28.0
Comprehensive EyeCare Partners, LLC 1256 Main Street Suite 256  South Lake, TX 76092	Vision care practice management company	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan	6.83% (Libor + 4.50%/Q)   6.83% (Libor + 4.50%/Q)	2/14/2024  2/14/2024  2/14/2024		(35)  (36)  5.4
Compusearch Software Systems, Inc. 21251 Ridgetop Circle  Suite 100  Dulles, VA 20166	Provider of enterprise software and services for organizations in the public sector	Second lien senior secured loan	11.09% (Libor + 8.75%/Q)	11/8/2021		51.0
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% 0.41% 0.41% 0.41% 0.41%	2.8 0.6 0.4
Connoisseur Media, LLC  126 Main Street  Suite 202	Owner and operator of radio stations	First lien senior secured loan First lien senior secured loan	8.71% (Libor + 6.38%/Q)  8.73% (Libor + 6.38%/Q)  8.73% (Libor + 6.38%/Q)	6/27/2019  6/27/2019  6/27/2019		19.8 34.6 14.8

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Westport, CT 06880		First lien senior secured loan				
Consumer Health Parent LLC	Developer and marketer of	Preferred units		0.94%	1.2	
8515 E. Anderson Dr.	over-the-counter cold	Series A units		0.94%	0.1	
Scottsdale, AZ 85255	remedy products					
Corepoint Health, LLC	Provider of data integration and health information exchange solutions to the	First lien senior secured revolving loan		2/17/2020		(37)
3010 Gaylord Parkway Suite 320	healthcare industry					
Frisco, TX 75034						
Correctional Medical Group Companies, Inc.	Correctional facility	First lien senior secured loan	10.47% (Libor + 8.14%/Q)	9/29/2021		48.8
2511 Garden Road	healthcare operator	First lien senior secured loan	10.71% (Libor + 8.38%/Q)	9/29/2021		3.1
Suite A160						
Monterey, CA 93940						
Cozzini Bros., Inc. and BH-Sharp Holdings LP	Provider of commercial knife sharpening and cutlery services in the restaurant industry	First lien senior secured revolving loan	7.59% (Libor + 5.50%/M)	3/10/2023		1.0(38)
350 Howard Avenue		First lien senior secured loan		3/10/2023		(39)
Des Plaines, IL 60018		First lien senior secured loan	7.59% (Libor + 5.50%/M)	3/10/2023		6.6
		First lien senior secured loan	7.59% (Libor + 5.50%/M)	3/10/2023		11.7
		Common units			3.24%	3.0
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan	6.00% Cash, 5.00% PIK	12/31/2020		43.3
c/o Competitive Power Ventures, Inc.		Warrant		8/8/2018	4.00%	(2)
8403 Colesville Road						
Suite 915						
Silver Spring, MD 20910						
CREST Exeter Street Solar	Investment vehicle	Preferred shares				
2004-1(5)(6)						
P.O. Box 908 Mary Street						
GT Walker House						
George Town, Grand Cayman						
Cayman Islands						

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Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC(3) 1501 North Guillemard Street Pensacola, FL 32501	Provider of outsourced healthcare linen management solutions	First lien senior secured	8.82% (Libor + 6.75%/M)	12/20/2021		0.3(40)
		revolving loan				
		First lien senior secured revolving loan	8.84% (Libor + 6.75%/M)	12/20/2021		3.7(40)
		First lien senior secured loan		12/20/2021		(41)
		First lien senior secured loan	8.84% (Libor + 6.75%/M)	12/20/2021		11.9
		First lien senior secured loan	8.80% (Libor + 6.75%/M)	12/20/2021		1.0
		First lien senior secured loan	8.84% (Libor + 6.75%/M)	12/20/2021		5.0
		First lien senior secured loan	8.84% (Libor + 6.75%/M)	12/20/2021		5.2
		Class A preferred units				10.59%
Class B common units				10.59%	2.3	
CSHM LLC(4) 618 Church Street Suite 520 Nashville, TN 37219	Dental services provider	Class A membership units			1.90%	
CST Buyer Company (d/b/a Intoxalock) 11035 Aurora Ave Des Moines, IA 50325	Provider of ignition interlock devices	First lien senior secured revolving loan		3/1/2023		(42)
D4C Dental Brands HoldCo, Inc. and Bambino Group Holdings, LLC 1350 Spring Street NW Suite 600 Atlanta, GA 30353	Dental services provider	First lien senior secured revolving loan	10.25% (Base Rate + 5.25%/Q)	12/21/2022		1.3(43)
		Class A preferred units				0.64%
Datix Bidco Limited(5) 11 Worple Road Wimbledon, London SW19 4JS United Kingdom	Global healthcare software company that provides software solutions for patient safety and risk management	First lien senior secured loan	7.02% (Libor + 4.50%/Q)	4/27/2025		5.8
DCA Investment Holding, LLC 6240 Lake osprey drive Sarasota, FL 34240	Multi-branded dental practice management	First lien senior secured		7/2/2021		(44)
		revolving loan				
DecoPac, Inc. 3500 Thurston Avenue Anoka, MN 55303	Supplier of cake decorating solutions and products to in-store bakeries	First lien senior secured	6.42% (Libor + 4.25%/B)	9/29/2023		0.2(45)
		revolving loan				
Dent Wizard International Corporation and DWH Equity Investors, L.P. 4710 Earth City Expressway Bridgeton, MO 63044	Automotive reconditioning services	First lien senior secured revolving loan	6.58% (Libor + 4.25%/B)	9/29/2023		0.6(45)
		Second lien senior secured loan	10.08% (Libor + 8.00%/M)	10/7/2020		50.0
		Class A common stock			0.44%	0.4
		Class B common stock			0.37%	0.9

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DFC Global Facility Borrower II LLC 74 E Swedesford Road Suite 150 Malvern, PA 19355	Non-bank provider of alternative financial services	First lien senior secured revolving loan	12.73% (Libor + 10.75%/M)	9/27/2022	82.7(46)
DFS Holding Company, Inc. 607 W Dempster Street Mount Prospect, IL 60056	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	First lien senior secured loan First lien senior secured loan First lien senior secured loan	7.09% (Libor + 5.00%/M) 7.59% (Libor + 5.50%/M) 7.59% (Libor + 5.50%/M)	2/17/2022 2/17/2022 2/17/2022	4.5 103.3 73.3
DGH Borrower LLC 358 North Shore Drive Suite 201 Pittsburgh, PA 15212	Developer, owner and operator of quick start, small-scale natural gas-fired power generation projects	First lien senior secured loan First lien senior secured loan	8.82% (Libor + 6.50%/Q)	6/8/2023 6/8/2023	(47) 43.2
Directworks, Inc. and Co-Exprise Holdings, Inc. 6021 Wallace Road Suite 300 Wexford, PA 15090	Provider of cloud-based software solutions for direct materials sourcing and supplier management for manufacturers	First lien senior secured loan Warrant		4/1/2018 12/19/2024	0.2 4.76% (2)
Dorner Holding Corp. 975 Cottonwood Avenue Hartland, WI 53029	Manufacturer of precision unit conveyors	First lien senior secured revolving loan	7.84% (Libor + 5.75%/M)	3/15/2022	0.2(48)
Doxim Inc.(5) 1380 Rodick Road Suite 102 Markham, ON L3R 4G5 Canada	Enterprise content management provider	First lien senior secured loan First lien senior secured loan	8.33% (Libor + 6.00%/Q)	2/28/2024 2/28/2024	(49) 10.1
DRB Holdings, LLC 3245 Pickle Road Akron, OH 44312	Provider of integrated technology solutions to car wash operators	First lien senior secured revolving loan First lien senior secured loan	7.59% (Libor + 5.50%/M)	10/6/2023 10/6/2023	(50) 24.0

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DTI Holdco, Inc. and OPE DTI Holdings, Inc. 2 Ravinia Drive  Suite 850 Atlanta, GA 30346	Provider of legal process outsourcing and managed services	First lien senior secured	6.56% (Libor + 4.50%/M)	9/30/2021		1.3(51)
		revolving loan				
		First lien senior secured revolving loan	6.56% (Libor + 4.50%/M)	9/30/2021		0.4(51)
		First lien senior secured revolving loan	6.60% (Libor + 4.50%/M)	9/30/2021		0.5(51)
		Class A common stock			0.86%	6.3
Class B common stock			0.86%			
Earthcolor Group, LLC  249 Pomeroy Road Parsippany, NJ 07054	Printing management services	Limited liability company interests			9.30%	
Eaton Vance CDO X plc(5)(6) 85 Merrion Square Dublin 2 Ireland	Investment vehicle	Subordinated note		2/22/2027		0.3
ECI Purchaser Company, LLC  890 Winter Street  Suite 130  Waltham, MA 02451	Manufacturer of equipment to safely control pressurized gases	First lien senior secured loan	7.75% (Libor + 5.25%/Q)	12/31/2018		21.8
		First lien senior secured loan	7.72% (Libor + 5.25%/Q)	12/31/2018		88.7
		First lien senior secured loan	7.72% (Libor + 5.25%/Q)	12/31/2018		74.8
		First lien senior secured loan	7.75% (Libor + 5.25%/Q)	12/31/2018		0.3
		First lien senior secured loan	7.75% (Libor + 5.25%/Q)	12/31/2018		0.2
Eckler Industries, Inc. and Eckler Purchaser LLC(4) 5200 S. Washington Ave  Titusville, FL 32780	Restoration parts and accessories provider for classic automobiles	First lien senior secured		5/25/2022		(52)
		revolving loan				
		First lien senior secured loan		5/25/2022		17.2
		Class A preferred units			67.97%	1.0
Class A common units			67.97%			
Edward Don & Company, LLC and VCP-EDC Co-Invest, LLC  9801 Adam Don Pkwy Woodridge, IL 60517	Distributor of foodservice equipment and supplies	First lien senior secured loan	12.50% (Base Rate + 7.50%/Q)	9/30/2022		47.4
		First lien senior secured loan	10.50% (Libor + 8.50%/M)	9/30/2022		17.6
		Membership units			2.02%	4.8
Emergency Communications Network, LLC 780 W Granada Blvd  Ormond Beach, FL 32174	Provider of mission critical emergency mass notification solutions	First lien senior secured		6/1/2022		(53)
		revolving loan				
		First lien senior secured loan	8.34% (Libor + 6.25%/M)	6/1/2023		25.0
		First lien senior secured loan	8.34% (Libor + 6.25%/M)	6/1/2023		19.7
Emerus Holdings, Inc. 82330 North Loop 1604 W San Antonio, TX 78249	Freestanding 24-hour emergency care micro-hospitals operator	First lien senior secured revolving loan	6.60% (Libor + 4.50%/M)	9/1/2020		1.3(54)
		First lien senior secured loan	6.60% (Libor + 4.50%/M)	9/1/2021		2.8
Empirix, Inc.	Provider of hardware and	First lien senior secured		11/1/2019		(55)



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600 Technology Park Drive Suite 100 Billerica, MA 01821	software solutions and services for communications network management	revolving loan			
EN Engineering, L.L.C. 28100 Torch Parkway Suite 400 Warrenville, IL 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  revolving loan		6/30/2021	(56)
Entertainment Partners, LLC and Entertainment Partners Canada Inc. 2835 North Naomi Street Burbank, CA 91504	Provider of entertainment workforce and production management solutions	First lien senior secured  revolving loan First lien senior secured loan First lien senior secured loan First lien senior secured loan First lien senior secured loan First lien senior secured loan First lien senior secured loan First lien senior secured loan First lien senior secured loan First lien senior secured loan		5/8/2023  5/8/2023 5/8/2022 5/8/2022 5/8/2022 5/8/2023 5/8/2023 5/8/2023 5/8/2023 5/8/2023 5/8/2023 5/8/2023 5/8/2023	(57)  (58) 2.7(5) 2.2(5) 2.7(5) 0.7 26.1 0.6 22.1 0.7 26.1
Episerver, Inc. (fka Ektron, Inc.) 2500 Sand Hill Road Suite 300 Menlo Park, CA 94025	Provider of web content management and eCommerce solutions	First lien senior secured  revolving loan		12/3/2019	(59)
ESCP PPG Holdings, LLC(3) 8330 State Road Philadelphia, PA 19136	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	Class A units		7.91%	2.5
ETG Holdings, Inc.(4) P.O. Box 487 Greenville, SC 29602	Manufacturer of industrial woven products	Common stock		30.00%	

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European Capital UK SME Debt LP(4)(5)(6) 25 Bedford Street London, WC2E 9ES United Kingdom	Investment partnership	Limited partnership interest			45.00%	34.5
Everspin Technologies, Inc.  1347 N Alma School Road Suite 220 Chandler, AZ 85224	Designer and manufacturer of computer memory solutions	Warrant			3.98%	(2)
Excelligence Holdings Corp.  2 Lower Ragsdale Drive #215 Monterey, CA 93940	Developer, manufacturer and retailer of educational products	First lien senior secured loan	8.09% (Libor + 6.00%/M)	4/18/2023		8.9
Extenet Systems, Inc.  3030 Warrenville Road DuPage  Suite 340 DuPage, IL 60532	Provider of antenna networks for use by wireless service providers, government agencies, healthcare organizations and other commercial enterprises	First lien senior secured revolving loan		11/13/2022		(60)
Fashion Holding Luxembourg SCA (Modacin/Camaeiu)(4)(5) 6 Rue Eugene Ruppert Luxembourg City, L-2453 Luxembourg	Retailer of women's clothing	Preferred stock			1.46%	
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC  110 Beasley Road Cartersville, GA 30120	Provider of branded archery and bowhunting accessories	Common units			3.20%	0.9
Ferraro Fine Foods Corp. and Italian Fine Foods Holdings L.P. 287 South Randolphville Road Piscataway, NJ 08854	Specialty Italian food distributor	First lien senior secured revolving loan	6.35% (Libor + 4.25%/M)	5/9/2023		0.3(61)
		First lien senior secured revolving loan	6.62% (Libor + 4.25%/M)	5/9/2023		1.3(61)
		First lien senior secured loan	6.62% (Libor + 4.25%/Q)	5/9/2024		9.3
		Class A common units			1.12%	2.7
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc.(3) 1967 Lakeside Parkway Suite 402 Tucker, GA 30084	Debt collection services provider	Common stock			18.00%	
First Insight, Inc.  1606 Carmody Court  Suite 106 Sewickley, PA 15143	Software company providing merchandising and pricing solutions to companies worldwide	Warrant		3/20/2024	0.88%	(2)

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Flinn Scientific, Inc. and WCI-Quantum Holdings, Inc. 770 N. Raddant Rd Batavia, IL 60510	Distributor of instructional products, services and resources	First lien senior secured loan	6.94% (Libor + 5.00%/Q)	10/24/2020	33.6
		First lien senior secured loan	7.45% (Libor + 5.00%/Q)	10/24/2020	27.9
		Series A preferred stock		1.27%	1.3
FM: Systems Group LLC 2301 Sugar Bush Road Suite 500 Raleigh, NC 27612	Provider of facilities and space management software solutions	First lien senior secured revolving loan		1/31/2022	(62)
Foundation Risk Partners, Corp. 4634 Gulfstarr Drive Destin, FL 32541	Full service independent insurance agency	First lien senior secured revolving loan		11/10/2023	(63)
		First lien senior secured loan	7.07% (Libor + 4.75%/Q)	11/10/2023	6.0
		First lien senior secured loan	7.08% (Libor + 4.75%/Q)	11/10/2023	1.8
		First lien senior secured loan	7.11% (Libor + 4.75%/Q)	11/10/2023	22.2
		First lien senior secured loan	6.84% (Libor + 4.75%/Q)	11/10/2023	0.1
		Second lien senior secured loan	10.86% (Libor + 8.50%/Q)	11/10/2024	27.2
FPI Holding Corporation(4) 38773 Road 48 Dinuba, CA 93618	Distributor of fruits	First lien senior secured loan		6/1/2018	(64)
		First lien senior secured loan		6/1/2018	
Frontline Technologies Group Holding LLC, Frontline Technologies Blocker Buyer, Inc., Frontline Technologies Holdings, LLC and Frontline Technologies Parent, LLC 1400 Atwater Drive Malvern, PA 19355	Provider of human capital management and SaaS-based software solutions to employees and administrators of K-12 school organizations	First lien senior secured loan		9/18/2023	(65)
		First lien senior secured loan	8.59% (Libor + 6.50%/M)	9/18/2023	19.3
		Class A preferred units		0.62%	3.6
		Class B common units		0.62%	

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FWR Holding Corporation	Restaurant owner, operator, and franchisor 8027 Cooper Creed Boulevard #103 University Park, FL 34201	First lien senior secured	7.96% (Libor + 6.00%/M)	8/21/2023		0.7(66)	
		revolving loan					
		First lien senior secured loan			8/21/2023		(67)
		First lien senior secured loan	7.63% (Libor + 6.00%/M)		8/21/2023		0.3
		First lien senior secured loan	8.44% (Libor + 6.00%/M)		8/21/2023		0.2
		First lien senior secured loan	7.84% (Libor + 6.00%/Q)	8/21/2023		2.0	
		First lien senior secured loan	8.44% (Libor + 6.00%/Q)	8/21/2023		2.0	
Garden Fresh Restaurant Corp. and GFRC Holdings LLC	Restaurant owner and operator 15822 Bernardo Center Drive Suite A San Diego, CA 92127	First lien senior secured		2/1/2022		(68)	
		revolving loan					
		First lien senior secured loan	10.07% (Libor + 8.00%/B)	2/1/2022		24.9	
Gastro Health Holdco, LLC	Healthcare services provider 9500 S. Dadeland Blvd Suite 802 Miami, FL 33156	First lien senior secured		6/28/2021		(69)	
		revolving loan					
Gehl Foods, LLC and GF Parent LLC	Producer of low-acid, aseptic food and beverage products 4757 Nexus Center Drive San Diego, CA 92121	Class A preferred units			2.58%	0.3	
		Class A common units				2.58%	
		Class B common units				2.58%	
Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products 100 Acorn Park Drive Cambridge Discovery Park 5th Floor Cambridge, MA 02140	Warrant		3/28/2023	0.70%	(2)	
Gentle Communications, LLC	Dental services provider 200 5th Avenue Suite 3 Waltham, MA 02451	First lien senior secured		5/27/2022		(70)	
		revolving loan					
GHX Ultimate Parent Corporation, Commerce Parent, Inc. and Commerce Topco, LLC	On-demand supply chain automation solutions provider to the healthcare industry 1315 W Century Drive Suite 100 Louisville, CO 80027	Second lien senior secured loan	10.33% (Libor + 8.00%/Q)	6/30/2025		34.4	
		Second lien senior secured loan	12.00% (Base Rate + 7.00%/Q)	6/30/2025		54.8	
		Series A preferred stock	13.08% PIK (Libor + 10.75%/Q)			64.15%	125.3
		Class A units				1.34%	19.6
Global Franchise Group, LLC	Worldwide franchisor of quick service restaurants 1346 Oakbrook Drive Suite 170	First lien senior secured		12/18/2019		(71)	
		revolving loan					
			7.84% (Libor + 5.75%/M)	12/18/2019		8.1	

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First lien senior secured  
loan

Norcross, GA 30093

Goldentree Loan Opportunities VII, Limited(5)(6) P.O. Box 1093 Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands	Investment vehicle	Subordinated note		4/25/2025	6.9
Graphpad Software, LLC 7825 Fay Avenue #230 La Jolla, CA 92037	Provider of data analysis, statistics, and visualization software solutions for scientific research applications	First lien senior secured revolving loan		12/21/2023	(72)
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC 12 Paoli Pike Suite 5 Paoli, PA 19301	Gas turbine power generation facilities operator	First lien senior secured loan Senior subordinated loan Senior subordinated loan	7.83% (Libor + 5.50%/Q) 8.00% Cash, 5.25% PIK 8.00% Cash, 5.25% PIK	11/13/2021 12/31/2021 12/31/2021	24.7 20.5 95.6
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	Limited partnership interest		99.90%	2.6
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%	0.7
GTCR-Ultra Acquisition, Inc. and GTCR-Ultra Holdings, LLC 30 East Randolph Street 7th Floor Chicago, IL 60601	Provider of payment processing and merchant acquiring solutions	First lien senior secured revolving loan Class A-2 units Class B units		8/1/2022	(73) 0.83% 0.82%

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Issuer	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 6/30/2018	Fair Value
HAI Acquisition Corporation and Aloha Topco, LLC	Professional employer organization offering human	First lien senior secured revolving loan	8.36% (Libor + 6.00%/Q)	11/1/2023		4.7(74)
6600 Kalaniana'ole Hwy Suite 200 Honolulu, HI 96825	resources, compliance and risk management services	First lien senior secured loan	8.36% (Libor + 6.00%/Q)	11/1/2024		16.7
		First lien senior secured loan	8.36% (Libor + 6.00%/Q)	11/1/2024		49.4
		Class A units			0.82%	1.7
Halcyon Loan Advisors Funding 2015-2 Ltd.(5)(6) P.O. Box 1093 Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands	Investment vehicle	Subordinated note	15.90%	7/25/2027		10.6
Halex Holdings, Inc.(4) 4200 Santa Ana Street	Manufacturer of flooring installation products	First lien senior secured revolving loan		12/31/2018		(75)