

ARES CAPITAL CORP  
Form N-2  
March 18, 2019

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As filed with the Securities and Exchange Commission on March 15, 2019

Registration No. 333-

## U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

### FORM N-2

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

o PRE-EFFECTIVE AMENDMENT NO.

o POST-EFFECTIVE AMENDMENT NO.

### ARES CAPITAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

245 Park Avenue, 44<sup>th</sup> Floor  
New York, New York 10167

(Address of Principal Executive Offices)

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

Joshua M. Bloomstein  
General Counsel  
Ares Capital Corporation  
245 Park Avenue, 44<sup>th</sup> Floor  
New York, New York 10167  
(212) 750-7300

(Name and Address of Agent for Service)

Copies of information to:

Monica J. Shilling  
Kirkland & Ellis LLP  
2029 Century Park East, Suite 1400N  
Los Angeles, California 90067  
(310) 552-4200

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

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

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

when declared effective pursuant to section 8(c).

### CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, \$0.001 par value per share(2)(3)				
Preferred Stock, \$0.001 par value per share(2)				
Subscription Rights(2)				
Warrants(4)				
Debt Securities(5)				
Units(6)				
<b>Total</b>			\$3,000,000,000(7)	\$363,600

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

(2) Subject to Note 7 below, there is being registered hereunder an indeterminate number of shares of common stock or preferred stock, or subscription rights to purchase shares of common stock as may be sold, from time to time separately or as units in combination with other securities registered hereunder.

(3) Includes such indeterminate number of shares of common stock as may, from time to time, be issued upon conversion or exchange of other securities registered hereunder, to the extent any such securities are, by their terms, convertible or exchangeable for common stock.

(4) Subject to Note 7 below, there is being registered hereunder an indeterminate number of warrants as may be sold, from time to time separately or as units in combination with other securities registered hereunder, representing rights to purchase common stock, preferred stock or debt securities.

(5) Subject to Note 7 below, there is being registered hereunder an indeterminate principal amount of debt securities as may be sold, from time to time separately or as units in combination with other securities registered hereunder. If any debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount as shall result in an aggregate price to investors not to exceed \$3,000,000,000.

(6) Subject to Note 7 below, there is being registered hereunder an indeterminate number of units. Each unit may consist of a combination of any one or more of the securities being registered hereunder and may also include securities issued by third parties, including the U.S. Treasury.

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

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

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion, dated March 15, 2019**

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 Corporation, a publicly traded, leading global asset manager. Ares Operations LLC, a subsidiary of Ares Management Corporation, 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 March 14, 2019 the last reported sales price of our common stock on The NASDAQ Global Select Market was \$17.09 per share. The net asset value per share of our common stock at December 31, 2018 (the last date prior to the date of this prospectus on which we determined net asset value) was \$17.12.

**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

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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.**

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The date of this prospectus is \_\_\_\_\_, 2019.

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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 Corporation (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 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



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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 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." 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.

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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 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 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 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. 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). 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.

**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.

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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 or sell 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. Additionally, our size and scale provide the opportunity to source attractive investments in some of our existing portfolio companies. Collectively, we believe these advantages allow for enhanced asset selectivity as we believe 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 leadership of the investment process and making commitments in excess of our final investment, (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

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prospective portfolio company investments. The Ares Credit Group works closely with Ares' other investment professionals. As of December 31, 2018, Ares oversaw a portfolio of investments in approximately 1,700 companies, approximately 500 structured assets and approximately 160 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."



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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 (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" 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 October 2018, we entered into certain amendments for our Revolving Credit Facility (as defined below) and Revolving Funding Facility (as defined below) to reduce the asset coverage requirements specified therein to 150%. 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 December 31, 2018, our asset coverage was 236%.

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 December 31, 2018, we had approximately \$5.3 billion in aggregate principal amount of total outstanding indebtedness, approximately \$3.5 billion aggregate principal amount of which was unsecured indebtedness of Ares Capital and approximately \$1.8 billion 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."

**RECENT DEVELOPMENTS**

In March 2019, we issued \$350 million aggregate principal amount of unsecured convertible notes that mature on March 1, 2024 (the "2024 Convertible Notes"). The 2024 Convertible Notes bear interest at a rate of 4.625% per year, payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2019. We may not redeem the 2024 Convertible Notes at our option prior to maturity. In certain circumstances, the 2024 Convertible 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 an initial conversion rate of 50.2930 shares of common stock per \$1,000 principal amount of the 2024 Convertible Notes, which was equivalent to an initial conversion price of approximately \$19.88 per share of our common stock, subject to adjustment in some events but not adjusted for any accrued or unpaid interest.

**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"



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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.

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.

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

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.

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.

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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**

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	2.59%(6)
Income based fees and capital gains incentive fees (excluding the Fee Waiver (as defined below))	2.79%(7)
Interest payments on borrowed funds	3.33%(8)
Other expenses	0.83%(9)
Acquired fund fees and expenses	1.55%(10)
Total annual expenses	11.09%(11)
Fee Waiver	(0.42)%(12)
Total annual expenses after the Fee Waiver	10.67%(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 year ended December 31, 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 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 "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.

(7)

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 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 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.



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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, 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 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." 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

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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."

- (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 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 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.
- (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 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

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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 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	\$ 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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**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 this 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 or the accompanying prospectus supplement.

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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 January 3, 2017	\$	\$ 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%	8.3%	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.

(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)

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Excludes \$2.5 billion of investments acquired as part of the American Capital Acquisition on January 3, 2017.

(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

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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 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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**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, continued uncertainty surrounding the referendum by British voters to exit the European Union ("Brexit") in June 2016 and uncertainty between the United States and other countries with respect to trade policies, treaties, and tariffs, among other factors, have caused disruption in the global markets, including the markets in which we participate. There can be no assurance these market conditions will not continue or worsen in the future.

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

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

**Uncertainty about the financial stability of the United States, China and several countries in 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 nine times during the period between December 2015 and December 2018, and has announced its intention to continue to raise the federal

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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 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.

**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 or increase the amount available to us under 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 December 31, 2018, our asset coverage calculated in accordance with the Investment Company Act was 236%. 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 December 31, 2018, we had approximately \$1.8 billion of outstanding borrowings under the Facilities, approximately \$688 million in aggregate principal amount of the Convertible Unsecured Notes (as defined below) and approximately \$2.8 billion in aggregate principal amount outstanding of the Unsecured Notes (as defined below). In order for us to cover our annual interest payments on our outstanding indebtedness at December 31, 2018, we must achieve annual returns on our December 31, 2018 total assets of at least 1.7%. The weighted average stated interest rate charged on our principal amount of outstanding indebtedness as of December 31, 2018 was 4.1%. 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

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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 interest expense 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 4.1% as of December 31, 2018, together with (a) our total value of net assets as of December 31, 2018; (b) approximately \$5.3 billion in aggregate principal amount of indebtedness outstanding as of December 31, 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)	29.53%	20.69%	11.85%	3.00%	5.84%	14.69%	23.53%

- (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 December 31, 2018. As a result, it has not been updated to take into account any changes in assets or leverage since December 31, 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 December 31, 2018 to obtain an assumed return to us. From this amount, the interest expense (calculated by multiplying the weighted average stated interest rate of 4.1% by the approximately \$5.3 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 December 31, 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.

**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.

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



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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 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

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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 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 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

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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.

**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.

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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. 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 tend to fluctuate more for fixed-rate securities that have longer maturities. 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. Trading prices for debt that pays a fixed rate of return tend to fall as interest rates rise. This means that we are subject to greater risk (other things being equal) than a fund invested solely in shorter-term securities. A decline in the prices of the debt we own could adversely affect the trading price of our common stock. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

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

A large percentage of our portfolio investments are not publicly traded. The fair value of investments that are not publicly traded may not be readily determinable. We value these investments quarterly at fair value as determined in good faith by our board of directors based on, among other things, the input of our management and audit committee and independent valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions). The valuation process is conducted at the end of each fiscal quarter, with a 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

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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 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 business, financial condition and operating results, and the magnitude of such effect could be more significant than if we had further diversified our portfolio.

**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.

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

**Cybersecurity risks and cyber incidents may adversely affect our business 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 business, liability to investors, regulatory intervention or reputational damage.

**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.

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**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 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.

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. The Treasury released a fourth report on July 31, 2018 describing recommendations relating to non-bank financial institutions, financial technology and innovation. Subsequent reports are expected to address retail and institutional investment products and vehicles.

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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 no further action was taken, although it may be reintroduced in the future. At this time it is not possible to determine the potential impact of these new laws and proposals on us.

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 a BDC 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 such 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 in our portfolio 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



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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 the LIBOR-indexed, floating-rate debt securities in our portfolio, 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 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

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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 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 and/or unrealized losses, which could have a material adverse effect on our business, financial condition or results of operations.

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

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

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its assets representing collateral for its obligations, which could trigger cross defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt investments 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 such 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 and may, as a result, incur significant costs and expenses in connection with such litigation;

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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.

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.

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

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

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

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

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

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

We may invest, to the extent permitted by law, in the equity securities of investment funds that are operating pursuant to certain exceptions to the Investment Company Act and in advisers to similar investment funds and, to the extent we so invest, will bear our ratable share of any such company's expenses, including management and performance fees. We will also remain obligated to pay the base management fee, income based fee and capital gains incentive fee to our investment adviser with respect to the assets invested in the securities and instruments of such companies. With respect to each of these investments, each of our common stockholders will bear his or her share of the base management fee, income based fee and capital gains incentive fee due to our investment adviser as well as indirectly bearing the management and performance fees and other expenses of any such investment funds or advisers.

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

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

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

Our portfolio companies may have, or may be permitted to incur, other debt, or issue other equity securities, that rank equally with, or senior to, our investments. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which we are entitled to receive payments in respect of our investments. These debt instruments would usually prohibit the portfolio companies from paying interest on or repaying our investments in the event and during the continuance of a default under such debt. Also, in the

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event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to our investment in that portfolio company typically are entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such holders, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of securities ranking equally with our investments, we would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

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

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

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The income based fees are 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. Additionally, the Fee Waiver is scheduled to end following the third quarter of 2019. Once the Fee Waiver has expired, the income based fees we pay to our investment adviser will effectively be higher.

**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

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fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price.

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

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

We may initially invest a portion of the net proceeds of offerings pursuant to this prospectus primarily in cash, cash equivalents, U.S. government securities and other high-quality short-term investments. These securities generally earn yields substantially lower than the income that we anticipate receiving once we are fully invested in accordance with our investment objective. As a result, we may not, for a time, be able to achieve our investment objective and/or we may need to, for a time, decrease the amount of any dividend that we may pay to our stockholders to a level that is substantially lower than the level that we expect to pay when the net proceeds of offerings are fully invested in accordance with our investment objective. If we do not realize yields in excess of our expenses, we may incur operating losses and the market price of our shares may decline.

**RISKS RELATING TO OFFERINGS PURSUANT TO THIS PROSPECTUS**

**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



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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 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 (the "MGCL"), 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 may 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.

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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 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.

**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;

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the inclusion or exclusion of our common stock from certain indices;

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;

changes in our earnings or variations in our operating results;

changes in the value of our portfolio of investments;

any shortfall in investment income or net investment 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;

uncertainty between the U.S. and other countries with respect to trade policies, treaties, and tariffs;

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 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 when we issue new shares, 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.**

As of December 31, 2018, the 2019 Convertible Notes were convertible into shares of our common stock and the 2022 Convertible Notes are convertible into shares of our common stock beginning on August 1, 2021 or, under certain circumstances, earlier. The 2024 Convertible Notes are convertible into shares of our common stock beginning on December 1, 2023 or, under certain circumstances, earlier. Upon conversion of the 2022 Convertible Notes or the 2024 Convertible 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 December 31, 2018, the conversion price of the 2019 Convertible Notes was effectively \$19.96 per share and the conversion price of the 2022 Convertible Notes was effectively \$19.37 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. The initial conversion price of the 2024 Convertible Notes is approximately \$19.88 per share. 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;

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;

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

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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;

the adequacy of our cash resources and working capital;

the timing, form and amount of any dividend distributions;

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

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

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

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We have based the forward-looking statements included in this prospectus on information available to us on the date of this prospectus, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

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

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 \$5.3 billion aggregate principal amount outstanding as of December 31, 2018) under (a) the Revolving Credit Facility (\$1.1 billion outstanding as of December 31, 2018), (b) the Revolving Funding Facility (\$520 million outstanding as of December 31, 2018), (c) the SMBC Funding Facility (\$245 million outstanding as of December 31, 2018), (d) the 2019 Convertible Notes (approximately \$300 million in aggregate principal amount outstanding as of December 31, 2018), (e) the 2022 Convertible Notes (approximately \$388 million aggregate principal amount outstanding as of December 31, 2018), (f) the 2020 Notes (as defined below) (approximately \$600 million aggregate principal amount outstanding as of December 31, 2018), (g) the 2022 Notes (as defined below) (approximately \$600 million aggregate principal amount outstanding as of December 31, 2018), (h) the 2023 Notes (as defined below) (approximately \$750 million aggregate principal amount outstanding as of December 31, 2018), (i) the 2025 Notes (as defined below) (approximately \$600 million aggregate principal amount outstanding as of December 31, 2018) and (j) the 2047 Notes (as defined below) (approximately \$230 million aggregate principal amount outstanding as of December 31, 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 December 31, 2018, the one, two, three and six month LIBOR was 2.50%, 2.61%, 2.81% and 2.88%, 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 December 31, 2018, 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 of the Revolving Credit Facility, 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).

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) 3.875% in the case of the 2020 Notes, (d) 3.625% in the case of the 2022 Notes, (e) 3.500% in the case of the 2023 Notes, (f) 4.250% in the case of the 2025 Notes and (g) 6.875% in the case of the 2047 Notes. The 2019 Convertible Notes and the 2022 Convertible Notes matured on January 15, 2019 and mature on February 1, 2022, respectively. The 2020 Notes, the 2022 Notes, the 2023 Notes, the 2025 Notes and the 2047 Notes mature on 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 quarter of the year ended December 31, 2019 and each fiscal quarter for the fiscal years ended December 31, 2018, 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 March 14, 2019, the last reported closing sales price of our common stock on The NASDAQ Global Select Market was \$17.09 per share, which represented a discount of approximately 0.2% to the net asset value per share reported by us as of December 31, 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 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	\$ 17.16	\$ 17.51	\$ 16.45	2.04%	(4.14)%	\$ 0.39
Fourth Quarter	\$ 17.12	\$ 17.58	\$ 14.71	2.69%	(14.08)%	\$ 0.42
<b>Year ending December 31, 2019</b>						
First Quarter (through March 14, 2019)	*	\$ 17.48	\$ 15.28	*	*	*

- (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, 2017, 2018 and 2019:

<b>Date Declared</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Amount</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
October 31, 2018	December 14, 2018	December 28, 2018	\$ 0.39
<b>Total declared and payable for 2018</b>			<b>\$ 1.54</b>

February 12, 2019	March 15, 2019	March 28, 2019	\$ 0.40
February 12, 2019	March 15, 2019	March 28, 2019	\$ 0.02(1)
February 12, 2019	June 14, 2019	June 28, 2019	\$ 0.02(1)
February 12, 2019	September 16, 2019	September 30, 2019	\$ 0.02(1)
February 12, 2019	December 16, 2019	December 27, 2019	\$ 0.02(1)
<b>Total declared and payable for 2019</b>			<b>\$ 0.48</b>

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(1) Represents an additional dividend.

Of the \$1.54 per share in dividends declared and payable for the year ended December 31, 2018, \$1.54 per share was comprised of ordinary income and no amounts were comprised of long-term capital gains. 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.

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 years ended December 31, 2018 and 2017, we recorded a net excise tax expense of \$14 million and \$12 million, respectively. The net expense for the year ended December 31, 2017 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. 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."





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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. Further, the financial information and other data set forth below subsequent to the completion of the American Capital Acquisition 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 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 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).

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

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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 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 a definitive agreement (the "Merger Agreement") to acquire American Capital, a Delaware corporation, in a cash and stock transaction valued at approximately \$4.2 billion. At January 3, 2017, 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. 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.

Table of Contents**PORTFOLIO AND INVESTMENT ACTIVITY**

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 January 3, 2017:</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 January 3, 2017:</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 January 3, 2017. 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 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 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 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%
Total	\$ 12,417	100.0%	344	100.0%	\$ 11,841	100.0%	314	100.0%

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 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 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 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

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Interest expense	116	63
Other expenses	12	8
<b>Total expenses</b>	<b>128</b>	<b>71</b>
Net investment income	104	64
<b>Net realized and unrealized losses on investments</b>	<b>(21)</b>	<b>(11)</b>
Net increase in members' capital resulting from operations	\$ 83	\$ 53

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*SDLP Loan Portfolio as of December 31, 2018*

(dollar amounts in millions)		Maturity	Stated	Principal	Fair
Portfolio Company	Business Description	Date	Interest Rate(1)	Amount	Value(2)
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)

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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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*SDLP Loan Portfolio as of December 31, 2017*

<b>(dollar amounts in millions)</b> <b>Portfolio Company</b>	<b>Business Description</b>	<b>Maturity Date</b>	<b>Stated Interest Rate(1)</b>	<b>Principal Amount</b>	<b>Fair Value(2)</b>
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

(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 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 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 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, 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.

### **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)
Total net realized gains on investments	\$ 406(4)	\$ 44(4)	\$ 110

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(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

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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:

<b>(in millions)</b>	<b>Net Realized</b>	
<b>Portfolio Company</b>	<b>Gains (Losses)</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>\$</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)

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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.

The changes in net unrealized appreciation and depreciation on investments during the year ended December 31, 2018 consisted of the following:

(in millions)	Net Unrealized Appreciation (Depreciation)
<b>Portfolio Company</b>	
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.

### **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.



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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 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). 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 January 3, 2017, 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 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. 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.

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.

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**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)
<b>Total</b>	<b>\$ 7,001</b>	<b>\$ 5,297</b>	<b>\$ 5,214</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.

(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 of December 31, 2018, the total unamortized debt issuance costs and the unaccreted discount for the 2019 Convertible Notes and the 2022 Convertible Notes were \$0 million and \$16 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.

(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 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, 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, less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2023 Notes. As of

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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, 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 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 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

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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.

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

	<b>2019 Convertible Notes</b>	<b>2022 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)	\$19.96	\$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.

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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.

See "Prospectus Summary The Company Recent Developments" for a subsequent event regarding the 2024 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 "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.



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*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.

Table of Contents**CONTRACTUAL OBLIGATIONS**

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(3)
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

(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	December 31, 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 our discretion	(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 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	\$ 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.

See "Prospectus Summary The Company Recent Developments" for a subsequent event regarding the 2024 Convertible Notes.

**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. 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

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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 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.

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**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 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

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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 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 report of our independent registered public accounting firm, KPMG LLP, on the senior securities table as of December 31, 2018, is attached as an exhibit to the registration statement of which this prospectus 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	\$ 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

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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
<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

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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	\$ 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
<b>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

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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.
- (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 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 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, 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,

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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 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. 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 "Management's Discussion and Analysis Of Financial Condition and Results of Operations Overview American Capital Acquisition" and Notes 3 and 16 to our consolidated financial statements for the year ended December 31, 2018 for additional information regarding the American Capital Acquisition.

**Ares Management Corporation**

Ares is a publicly traded, leading global alternative asset manager. As of December 31, 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

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and Real Estate is a market leader based on investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole.

**Ares Capital Management LLC**

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 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.

**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 or sell 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. Additionally, our size and scale provide the opportunity to source attractive investments in some of our existing portfolio companies. Collectively, we believe these advantages allow for enhanced asset selectivity as we believe 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 leadership of the investment process and making commitments in excess of our final investment, (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



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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 December 31, 2018, Ares oversaw a portfolio of investments in approximately 1,700 companies, approximately 500 structured assets and approximately 160 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.

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**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 and management agreement we have agreed to pay 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 October 2018, we entered into certain amendments for our Revolving Credit Facility and Revolving Funding Facility to reduce the asset coverage requirements specified therein to 150%. 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 December 31, 2018, our asset coverage was 236%.

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

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

**INVESTMENTS**

**Ares Capital Corporation Portfolio**

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

Our debt investments in corporate borrowers generally range between \$30 million and \$500 million each 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 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 portfolio company 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 or sell 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.

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

While our primary focus is to generate current income and capital appreciation through investments in first and second lien senior secured loans and mezzanine debt and, to a lesser extent, equity securities of eligible portfolio companies, we also may invest up to 30% of our portfolio in non-qualifying assets, as permitted by the Investment Company Act. See "Regulation." 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 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.

**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. 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

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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.

**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 may invest:

Aerospace and Defense

Automotive Services

Business Services

Consumer Products

Containers and Packaging

Education

Financial Services

Food and Beverage

Healthcare Services

Investment Funds and Vehicles

Manufacturing

Oil and Gas

Other Services

Power Generation

Restaurant and Food Services

Telecommunications

Wholesale Distributions

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 December 31, 2018 and December 31, 2017 were as follows:

Industry	As of	
	December 31, 2018	December 31, 2017
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>

- 
- (1) Includes our investment in the SDLP, which had made first lien senior secured loans to 21 and 19 different borrowers as of December 31, 2018 and December 31, 2017, respectively. The portfolio companies in the SDLP are in industries similar to the companies in our portfolio.

Geographic Region	As of	
	December 31, 2018	December 31, 2017
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 our 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 December 31, 2017, respectively.

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.

Since our 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



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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 December 31, 2018, our realized gains exceeded our realized losses by approximately \$1.0 billion (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 1.2% (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;

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.

**Intensive Due Diligence**

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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

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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**

Once we have determined that a prospective portfolio company is suitable for investment, we work with the management and/or sponsor of that company and its other capital providers, including senior, junior and equity capital providers, if any, to finalize the structure of the investment. Approximately 3-5% of the investments initially reviewed by us eventually result in the issuance of formal commitments and the closing of such transactions.



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**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.

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

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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.

We believe that our focus on generating proprietary deal flow and lead investing gives us greater control over the capital structures and investment terms described above and enables us to actively manage our investments. Moreover, by leading the investment process, we are often able to secure controlling positions in loan tranches, thereby providing additional control in investment outcomes.

**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 December 31, 2018, of our 344 portfolio companies, we were entitled to board seats or board observation rights on 23% of these companies and these companies represented approximately 38% of our portfolio at fair value.

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We seek to exert significant influence post-investment, in addition to covenants and other contractual rights and through board participation, when appropriate, by actively working with management on strategic initiatives. We often introduce managers of companies in which we have invested to other portfolio companies to capitalize on complementary business activities and best practices.

We believe that our focus on generating proprietary deal flow gives us greater control over capital structure and investment terms and lead investing enhances our ability to closely monitor each investment we make and to exert significant influence post-investment.

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

As of December 31, 2018, the weighted average grade of our portfolio at fair value was 3.0. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity."

**MANAGERIAL ASSISTANCE**

As a BDC, we must offer, and must provide upon request, significant managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. Ares Operations may provide all or a portion of this assistance pursuant to our administration agreement, the costs of which will be reimbursed by us. We may receive fees for these services.

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**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 100 U.S.-based investment professionals as of December 31, 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, pursuant to which Ares Management LLC, the sole member of Ares Capital Management, subleased the full amount of such leases from us.

**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



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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, (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 March 29, 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 we 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 (the "Court of Appeals"); thereafter, American Capital and its former portfolio company filed a notice of cross appeal, including cross claims. 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 million, of which the American Capital share would be approximately \$53 million. On February 20, 2019, the plaintiffs-appellants filed a petition for rehearing and rehearing *en banc*, which was denied on March 7, 2019. American Capital also intends to petition the District Court for recovery of its reasonable legal fees and costs in connection with the litigation.

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**PORTFOLIO COMPANIES**

The following table describes each of the businesses included in our portfolio and reflects data as of December 31, 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 December 31, 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 12/31/2018</b>	<b>Fair Value</b>
1A Smart Start, LLC 500 E Dallas Road Suite 100 Grapevine, TX 76051	Provider of ignition interlock devices	First lien senior secured revolving loan		8/21/2020		(7)
42 North Dental, LLC (fka Gentle Communications, LLC) 200 5th Avenue Suite 3 Waltham, MA 02451	Dental services provider	First lien senior secured revolving loan		5/27/2022		(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 First lien senior secured loan	7.06% (Libor + 4.50%/M)	6/5/2023 6/5/2023		(9) 7.0
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 First lien senior secured loan Class A preferred units Class A common units		1/5/2022 1/5/2022	8.46% 8.46%	11.8 3.1
ACAS Equity Holdings Corporation(4)(6) 2000 Avenue of the Stars 12th Floor Los Angeles, CA 90067	Investment company	Common stock			100.00%	0.4
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%	2.0
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 First lien senior secured loan Class A common units	7.62% (Libor + 5.00%/Q)	5/11/2023 5/11/2024		(10) 12.5 6.4
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	First lien senior secured revolving loan	6.56% (Libor + 4.00%/M)	10/11/2023 10/13/2025		(11) 16.7

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	automation platform provider for brokers	First lien senior secured loan First lien senior secured loan	6.56% (Libor + 4.00%/M)	10/13/2025		21.3
ADCS Billings Intermediate Holdings, LLC 151 South Lane Suite 300 Maitland, FL 32751	Dermatology practice	First lien senior secured revolving loan	10.25% (Base Rate + 4.75%/Q)	5/18/2022		1.2(12)
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	20.32% PIK (Libor + 18.00%/Q)	12/18/2018		4.3
		First lien senior secured loan		12/18/2018		1.2
		Promissory note Warrant		12/18/2023 12/18/2023	1.86% 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	7.27% (Libor + 4.75%/Q)	9/28/2022		3.0(13)
		First lien senior secured revolving loan	9.25% (Base Rate + 3.75%/M)	9/28/2022		7.8(13)
		Second lien senior secured loan	11.88% (Libor + 9.00%/Q)	3/28/2024		77.0
		Membership units			0.92%	1.0
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	8.35% (Libor + 6.00%/S)	8/31/2021		0.1
		First lien senior secured loan	8.51% (Libor + 6.00%/S)	8/31/2021		26.8
		Common stock			1.17%	2.7
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	10.38% (Libor + 7.88%/M)	3/13/2026		182.7
		Warrant			0.08%	1.6(2)

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Alcami Corporation and ACM Holdings I, LLC 2320 Scientific Park Drive Wilmington, NC 28405	Outsourced drug development services provider	First lien senior secured	6.26% (Libor + 3.75%/M)	7/12/2023		1.8(14)
		revolving loan				
		First lien senior secured revolving loan	6.21% (Libor + 3.75%/M)	7/12/2023		1.7(14)
		First lien senior secured loan	6.71% (Libor + 4.25%/M)	7/14/2025		29.8
		Second lien senior secured loan	10.51% (Libor + 8.00%/M)	7/13/2026		76.0
		Common units			9.20%	26.1
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 Warrant		12/12/2023	0.19% 0.88%	(2)
Alteon Health, LLC 350 Motor Parkway Suite 309 Hauppauge, NY 11788	Provider of physician management services	First lien senior secured loan	9.02% (Libor + 6.50%/M)	9/1/2022		2.5
AMCP Clean Intermediate, LLC 150 East 42nd Street New York, NY 10017	Provider of janitorial and facilities management services	First lien senior secured revolving loan		10/1/2024		(15)
		First lien senior secured loan	8.30% (Libor + 5.50%/Q)	10/1/2024		7.5
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	9.05% (Libor + 6.25%/Q)	12/15/2022		0.9(16)
		revolving loan				
		First lien senior secured loan	9.05% (Libor + 6.25%/Q)	12/15/2022		85.8
		First lien senior secured loan	9.05% (Libor + 6.25%/Q)	12/15/2022		92.4
		Senior subordinated loan	16.33% (Libor + 8.00% Cash, 6.00% PIK/Q)	6/15/2023		79.9
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	10.52% (Libor + 8.00%/M)	12/31/2022		66.3
		Second lien senior secured loan	10.47% (Libor + 8.00%/M)	12/31/2022		3.7
American Seafoods Group LLC and American Seafoods Partners LLC 2025 First Avenue Suite 900 Seattle, WA 98121	Harvester and processor of seafood	Class A units			0.24%	0.2
		Warrant		8/19/2035	3.36%	15.6(2)
Amynta Agency Borrower Inc. and Amynta Warranty Borrower Inc. 60 Broad Street New York, NY 10004	Insurance service provider	First lien senior secured loan	6.52% (Libor + 4.00%/M)	2/28/2025		26.9
AMZ Holding Corp. 4800 State Road 60 East Mulberry, FL 33860	Specialty chemicals manufacturer	First lien senior secured revolving loan		6/27/2022		(17)
		First lien senior secured loan	7.52% (Libor + 5.00%/M)	6/27/2022		12.0

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Apex Clean Energy Holdings, LLC 310 4th Street, N.E Suite 200 Charlottesville, VA 22902	Developer, builder and owner of utility-scale wind and solar power facilities	First lien senior secured revolving loan		9/12/2019	(18)
		First lien senior secured loan	9.55% (Libor + 6.75%/Q)	9/24/2022	94.5
Ares IIR/IVR CLO Ltd.(5)(6) P.O. Box 1093 South Church Street GT Queensgate House George Town, Grand Cayman Cayman Islands	Investment vehicle	Subordinated notes		4/16/2021	0.1
Athletic Club Holdings, Inc. 5201 East Tudor Road Anchorage, AL 99507	Premier health club operator	First lien senior secured loan	10.84% (Libor + 8.50%/Q)	10/31/2020	3.2
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	(19)
Badger Sportswear Acquisition, Inc. 111 Badger Lane Statesville, NC 28625	Provider of team uniforms and athletic wear	Second lien senior secured loan	11.51% (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	7.93% (Libor + 5.50%/M)	12/21/2023	0.3(20)
		First lien senior secured loan	8.02% (Libor + 5.50%/M)	10/17/2023	2.5
		First lien senior secured loan	8.02% (Libor + 5.50%/M)	12/21/2024	30.9
Blue Campaigns Intermediate Holding Corp. and Elevate Parent, Inc. (dba EveryAction) 1445 New York Avenue, NW Suite 200 Washington DC, DC 20005	Provider of fundraising and organizing efforts and digital services to non-profits and political campaigns	First lien senior secured revolving loan		8/18/2023	(21)
		First lien senior secured loan	9.40% (Libor + 6.75%/Q)	8/18/2023	27.4
		Series A preferred stock	1.60%		1.5

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Blue Wolf Capital Fund II, L.P.(3)(5)(6) 48 Wall Street 31st Floor New York, NY 10005	Investment partnership	Limited partnership interest			8.50%	2.5
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%	  0.2
Cadence Aerospace, LLC 2600 94th Street SW Suite 150 Everett, WA 98204	Aerospace precision components manufacturer	First lien senior secured revolving loan  First lien senior secured loan  First lien senior secured loan		11/14/2022  11/14/2023  11/14/2023		(22)  32.2  10.0
CallMiner, Inc. 200 West Street Waltham, MA 02452	Provider of cloud-based conversational analytics solutions	Warrant		7/23/2024	1.83%	(2)
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	9.00% (Base Rate + 3.50%/Q)	4/7/2021		0.2(23)
Care Hospice, Inc. 500 Faulconer Drive Suite 200 Charlottesville, VA 22903	Provider of hospice services	First lien senior secured revolving loan	7.22% (Libor + 4.75%/Q)	4/12/2022		0.3(24)
Carlyle Global Market Strategies CLO 2015-3(5)(6) 190 Elgin Avenue George Town, Grand Cayman KY1-9005 Cayman Islands	Investment vehicle	Subordinated notes	13.70%	7/28/2028		17.1
CB Trestles OpCo, LLC 5935 Darwin Ct Carlsbad, CA 92008	Apparel retailer	First lien senior secured revolving loan  First lien senior secured loan		10/26/2024  10/26/2024		(25)  26.3
CCS-CMGC Holdings, Inc. 1283 Murfreesboro Rd Suite 500 Nashville, TN 37217	Correctional facility healthcare operator	First lien senior secured revolving loan  First lien senior secured loan	8.02% (Libor + 5.50%/M)  8.02% (Libor + 5.50%/M)	10/2/2023  10/1/2025		1.8(26)  34.8
Center for Autism and Related Disorders, LLC 21600 Oxnard Street Suite 1800 Woodland Hills, CA 91367	Autism treatment and services provider specializing in applied behavior analysis therapy	First lien senior secured revolving loan		11/21/2023		(27)
				4/29/2023		(28)

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Centric Brands Inc. (fka Differential Brands Group)	Designer, marketer and distributor of licensed and owned apparel	First lien senior secured revolving loan				
1231 South Gerhart Avenue, commerce Los Angeles, CA 90022		First lien senior secured loan	8.51% (Libor + 6.00%/Q)	10/29/2023		58.2
		Common stock			4.33%	24.6
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 notes		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%	10.7
		Limited partnership interest			7.41%	
ChargePoint, Inc. 1692 Dell Avenue Campbell, CA 95008	Developer and operator of electric vehicle charging stations	Warrant		12/24/2024	3.70%	2.8(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		(29)
		First lien senior secured loan	9.30% (Libor + 6.50%/Q)	9/30/2021		18.0
		First lien senior secured loan	9.30% (Libor + 6.50%/Q)	9/30/2021		9.2
Chesapeake Research Review, LLC and Schulman Associates Institutional Review Board, Inc. 6940 Columbia Gateway Drive Suite 110 Columbia, MD 21046	Provider of central institutional review boards over clinical trials	First lien senior secured revolving loan		11/7/2023		(30)
		First lien senior secured loan	8.55% (Libor + 5.75%/Q)	11/7/2023		15.8
CHG PPC Parent LLC 2201 Broadway San Antonio, TX 78215	Diversified food products manufacturer	Second lien senior secured loan	10.02% (Libor + 7.50%/M)	3/30/2026		59.9



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CHL, LTD.	Repair and service solutions	Warrant		5/2/2020	6.00%	(2)
1023 State Street	provider for cable, satellite	Warrant		5/2/2020	6.00%	(2)
Schenectady, NY 12307	and telecommunications based service providers	Warrant		5/2/2020	6.00%	(2)
Cipriani USA, Inc.	Manager and operator of banquet facilities, restaurants, hotels and other leisure properties	First lien senior secured loan	10.34% (Libor + 8.00%/M)	5/30/2023		3.0
110 E 42nd Street		First lien senior secured loan	10.35% (Libor + 8.00%/M)	5/30/2023		11.9
New York, NY		First lien senior secured loan	10.38% (Libor + 8.00%/M)	5/30/2023		3.0
		First lien senior secured loan	10.34% (Libor + 8.00%/M)	5/30/2023		67.1
Clearwater Analytics, LLC	Provider of integrated cloud-based investment portfolio management, accounting, reporting and analytics software	First lien senior secured revolving loan		9/1/2022		(31)
777 W. Main Street						
Suite 900						
Boise, ID 83702						
CMW Parent LLC (fka Black Arrow, Inc.)	Multiplatform media firm	Series A units			0.00%	
65 North San Pedro						
San Jose, CA 95110						
CoLTs 2005-1 Ltd.(4)(5)(6)	Investment vehicle	Preferred shares				
P.O. Box 908 Mary Street						
GT Walker House						
George Town, Grand Cayman						
Cayman Islands						
CoLTs 2005-2 Ltd.(4)(5)(6)	Investment vehicle	Preferred shares				
P.O. Box 908 Mary Street						
GT Walker House						
George Town, Grand Cayman						
Cayman Islands						
Command Alkon Incorporated	Software solutions provider to the ready-mix concrete industry	First lien senior secured revolving loan	9.50% (Base Rate + 4.00%/M)	9/1/2022		2.9(32)
1800 International Park Drive		First lien senior secured loan	7.35% (Libor + 5.00%/M)	9/1/2023		20.2
Suite 400		Second lien senior secured loan	11.35% (Libor + 9.00%/M)	3/1/2024		33.1
Birmingham, AL 35243						
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan	12.10% (Libor + 9.75%/M)	8/31/2022		28.0
227 Waste trade Street						
Suite 1450						
Charlotte, NC 28202						
Comprehensive EyeCare Partners, LLC	Vision care practice management company	First lien senior secured revolving loan	7.31% (Libor + 4.50%/Q)	2/14/2024		(33)
1256 Main Street		First lien senior secured revolving loan	9.00% (Base Rate + 3.50%/Q)	2/14/2024		0.1(33)
Suite 256		First lien senior secured loan	7.30% (Libor + 4.50%/Q)	2/14/2024		2.4
South Lake, TX 76092						

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		First lien senior secured loan	7.30% (Libor + 4.50%/Q)	2/14/2024	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	11.36% (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% 2.6 0.41% 0.5 0.41% 0.3  0.41% 0.41% 0.41%
Connoisseur Media, LLC 126 Main Street Suite 202 Westport, CT 06880	Owner and operator of radio stations	First lien senior secured loan First lien senior secured loan First lien senior secured loan	8.80% (Libor + 6.38%/Q) 8.90% (Libor + 6.38%/Q) 8.90% (Libor + 6.38%/Q)	6/27/2019 6/27/2019 6/27/2019	13.5 23.6 10.1
Consumer Health Parent LLC 8515 E. Anderson Dr. Scottsdale, AZ 85255	Developer and marketer of over-the-counter cold remedy products	Preferred units Series A units			0.94% 0.9 0.94%
Corepoint Health, LLC 3010 Gaylord Parkway Suite 320 Frisco, TX 75034	Provider of data integration and health information exchange solutions to the healthcare industry	First lien senior secured revolving loan		2/17/2020	(34)
Cozzini Bros., Inc. and BH-Sharp Holdings LP 350 Howard Avenue Des Plaines, IL 60018	Provider of commercial knife sharpening and cutlery services in the restaurant industry	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Common units	8.02% (Libor + 5.50%/M) 8.02% (Libor + 5.50%/M) 8.02% (Libor + 5.50%/M)	3/10/2023 3/10/2023 3/10/2023	1.5(35) 6.6 11.6 3.24% 3.4

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CPV Maryland Holding Company II, LLC c/o Competitive Power Ventures, Inc. 8403 Colesville Road Suite 915 Silver Spring, MD 20910	Gas turbine power generation facilities operator	Senior subordinated loan	6.00% Cash, 5.00% PIK	12/31/2020		46.8
CREST Exeter Street Solar 2004-1(5)(6) P.O. Box 908 Mary Street GT Walker House George Town, Grand Cayman Cayman Islands	Investment vehicle	Preferred shares				
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 revolving loan		12/20/2021		(36)
		First lien senior secured loan	9.27% (Libor + 6.75%/M)	12/20/2021		11.9
		First lien senior secured loan	9.27% (Libor + 6.75%/M)	12/20/2021		12.0
		First lien senior secured loan	9.27% (Libor + 6.75%/M)	12/20/2021		10.1
		Class A preferred units			11.92%	2.9
		Class B common units			11.92%	2.2
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		(37)
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	10.75% (Base Rate + 5.25%/Q)	12/21/2022		3.3(38)
		Class A preferred units			0.64%	1.3
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	7.28% (Libor + 4.50%/S)	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 revolving loan	9.75% (Base Rate + 4.25%/Q)	7/2/2021		0.4(39)
		First lien senior secured loan	8.05% (Libor + 5.25%/Q)	7/2/2021		18.5
DecoPac, Inc. 3500 Thurston Avenue Anoka, MN 55303	Supplier of cake decorating solutions and products to in-store bakeries	First lien senior secured revolving loan		9/29/2023		(40)

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Dent Wizard International Corporation and DWH Equity Investors, L.P. 4710 Earth City Expressway Bridgeton, MO 63044	Automotive reconditioning services	Second lien senior secured loan Class A common stock Class B common stock	10.51% (Libor + 8.00%/M)	10/7/2020	50.0 0.44% 0.37%	0.6 1.3
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	13.10% (Libor + 10.75%/M)	9/27/2022		94.6(41)
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	8.27% (Libor + 5.75%/M) 8.27% (Libor + 5.75%/M) 8.27% (Libor + 5.75%/M)	2/17/2022 2/17/2022 2/17/2022		4.5 83.2 90.7
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	9.30% (Libor + 6.50%/Q)	6/8/2023		47.2
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	4.76%	0.2 (2)
Dorner Holding Corp. 975 Cottonwood Avenue Hartland, WI 53029	Manufacturer of precision unit conveyors	First lien senior secured revolving loan	10.25% (Base Rate + 4.75%/Q)	3/15/2022		0.2(42)
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	8.79% (Libor + 6.00%/Q) 8.80% (Libor + 6.00%/Q)	2/28/2024 2/28/2024		3.6 10.2

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DRB Holdings, LLC 3245 Pickle Road Akron, OH 44312	Provider of integrated technology solutions to car wash operators	First lien senior secured revolving loan	8.78% (Libor + 6.00%/Q)	10/6/2023		3.3(43)
		First lien senior secured loan	8.80% (Libor + 5.75%/Q)	10/6/2023		23.7
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 revolving loan	6.93% (Libor + 4.50%/M)	9/30/2021		0.9(44)
		First lien senior secured revolving loan	6.97% (Libor + 4.50%/M)	9/30/2021		1.3(44)
		Class A common stock			0.86%	7.4
		Class B common stock			0.86%	
Eaton Vance CDO X plc(5)(6) 85 Merrion Square Dublin 2 Ireland	Investment vehicle	Subordinated notes		2/22/2027		0.1
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	9.13% (Libor + 6.25%/Q)	12/31/2019		21.5
		First lien senior secured loan	8.15% (Libor + 5.25%/Q)	12/31/2019		87.8
		First lien senior secured loan	8.15% (Libor + 5.25%/Q)	12/31/2019		74.0
		First lien senior secured loan	9.13% (Libor + 6.25%/Q)	12/31/2019		0.3
		First lien senior secured loan	9.13% (Libor + 6.25%/Q)	12/31/2019		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 revolving loan	12.00%	5/25/2022		1.3(45)
		First lien senior secured loan	12.00%	5/25/2022		18.3
		Class A preferred units				3.2
		Class A common units				
Edward Don & Company, LLC and VCP-EDC Co-Invest, LLC 9801 Adam Don Pkwy Woodridge, IL 60517	Distributor of foodservice equipment and supplies	Membership units			2.02%	4.2
Emergency Communications Network, LLC 780 W Granada Blvd Ormond Beach, FL 32174	Provider of mission critical emergency mass notification solutions	First lien senior secured revolving loan		6/1/2022		(46)
		First lien senior secured loan	8.77% (Libor + 6.25%/M)	6/1/2023		24.4
		First lien senior secured loan	8.77% (Libor + 6.25%/M)	6/1/2023		19.2
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	7.31% (Libor + 4.50%/Q)	9/1/2020		2.9(47)
		First lien senior secured loan	7.31% (Libor + 4.50%/Q)	9/1/2021		3.1
EN Engineering, L.L.C. 28100 Torch Parkway Suite 400	National utility services firm providing engineering and	First lien senior secured revolving loan		6/30/2021		(48)
			7.02% (Libor + 4.50%/M)	6/30/2021		0.3

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Warrenville, IL 60555	consulting services to natural gas, electric power and other energy and industrial end markets	First lien senior secured loan First lien senior secured loan	7.02% (Libor + 4.50%/M)	6/30/2021	6.8
Entertainment Partners, LLC and Entertainment Partners Canada Inc.	Provider of entertainment workforce and production management solutions	First lien senior secured revolving loan		5/8/2023	(49)
2835 North Naomi Street		First lien senior secured loan	7.77% (CIBOR + 5.50%/M)	5/8/2022	1.4
Burbank, CA 91504		First lien senior secured loan	7.71% (Libor + 5.50%/M)	5/8/2022	2.6
		First lien senior secured loan	7.85% (Libor + 5.50%/M)	5/8/2022	2.6
		First lien senior secured loan	8.34% (Libor + 5.75%/Q)	5/8/2023	0.3
		First lien senior secured loan	8.34% (Libor + 5.75%/Q)	5/8/2023	26.4
		First lien senior secured loan	8.55% (Libor + 5.75%/Q)	5/8/2023	0.3
		First lien senior secured loan	8.55% (Libor + 5.75%/Q)	5/8/2023	22.0
		First lien senior secured loan	8.59% (Libor + 5.75%/Q)	5/8/2023	0.3
		First lien senior secured loan	8.59% (Libor + 5.75%/Q)	5/8/2023	26.4
Episerver Inc. and Goldcup 17308 AB(5) 542A Amherst Street Route 101A Nashua, NH 03063	Provider of web content management and digital commerce solutions	First lien senior secured revolving loan		12/3/2019	(50)
		First lien senior secured revolving loan		10/9/2024	(51)
		First lien senior secured loan	8.27% (Libor + 5.75%/M)	10/9/2024	27.4
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%		2.4
ETG Holdings, Inc.(4) P.O. Box 487 Greenville, SC 29602	Manufacturer of industrial woven products	Common stock	30.00%		
European Capital UK SME Debt LP(3)(5)(6) 25 Bedford Street London, WC2E 9ES United Kingdom	Investment partnership	Limited partnership interest	45.00%		39.5
Everspin Technologies, Inc. 1347 N Alma School Road Suite 220 Chandler, AZ 85224	Designer and manufacturer of computer memory solutions	Warrant		10/7/2026	3.98% (2)

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Excelligence Holdings Corp. 2 Lower Ragsdale Drive #215 Monterey, CA 93940	Developer, manufacturer and retailer of educational products	First lien senior secured loan	8.52% (Libor + 6.00%/M)	4/18/2023		8.0
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		(52)
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC 110 Beasley Road Cartersville, GA 30120	Provider of branded archery and bowhunting accessories	Common units			3.20%	0.2
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	6.85% (Libor + 4.25%/Q)	5/9/2023		1.3(53)
		First lien senior secured loan	7.02% (Libor + 4.25%/Q)	5/9/2024		0.7
		First lien senior secured loan	6.85% (Libor + 4.25%/Q)	5/9/2024		9.4
		Class A common units			1.12%	3.1
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)
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 revolving loan		8/31/2023		(54)
		First lien senior secured loan	7.55% (Libor + 4.75%/Q)	8/31/2023		20.9
		First lien senior secured loan	7.53% (Libor + 4.75%/Q)	8/31/2023		25.4
		First lien senior secured loan	9.25% (Base Rate + 3.75%/Q)	8/31/2023		0.1
		First lien senior secured loan	7.58% (Libor + 4.75%/Q)	8/31/2023		11.2
		Series A preferred stock			1.27%	1.0
Flow Control Solutions, Inc. 7869 Route 98 Arcade, NY 14009	Distributor and manufacturer of flow control systems components	First lien senior secured revolving loan	8.05% (Libor + 5.25%/Q)	11/21/2024		0.4(55)
		First lien senior secured loan	8.05% (Libor + 5.25%/Q)	11/21/2024		13.6
FM: Systems Group LLC	Provider of facilities and	First lien senior secured		1/31/2022		(56)

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2301 Sugar Bush Road Suite 500 Raleigh, NC 27612	space management software solutions	revolving loan				
Foundation Risk Partners, Corp. 4634 Gulfstar Drive Destin, FL 32541	Full service independent insurance agency	First lien senior secured loan		11/10/2023		(57)
		revolving loan				
		First lien senior secured loan	7.10% (Libor + 4.75%/M)	11/10/2023		7.8
		First lien senior secured loan	7.17% (Libor + 4.75%/Q)	11/10/2023		1.0
		First lien senior secured loan	7.34% (Libor + 4.75%/Q)	11/10/2023		3.4
		First lien senior secured loan	7.21% (Libor + 4.75%/Q)	11/10/2023		5.2
		First lien senior secured loan	7.10% (Libor + 4.75%/Q)	11/10/2023		22.3
		Second lien senior secured loan	10.92% (Libor + 8.50%/Q)	11/10/2024		3.0
		Second lien senior secured loan	11.09% (Libor + 8.50%/Q)	11/10/2024		12.4
		Second lien senior secured loan	10.96% (Libor + 8.50%/Q)	11/10/2024		19.1
		Second lien senior secured loan	10.85% (Libor + 8.50%/Q)	11/10/2024		27.5
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 ("HCM") and SaaS-based software solutions to employees and administrators of K-12 school organizations	First lien senior secured loan	9.02% (Libor + 6.50%/M)	9/18/2023		19.4
		Class A preferred units			0.62%	5.6
		Class B common units			0.62%	0.8
FWR Holding Corporation 8027 Cooper Creed Boulevard #103 University Park, FL 34201	Restaurant owner, operator, and franchisor	First lien senior secured loan	10.25% (Base Rate + 4.75%/Q)	8/21/2023		0.8(58)
		revolving loan				
		First lien senior secured loan	8.26% (Libor + 5.75%/Q)	8/21/2023		0.5
		First lien senior secured loan	8.26% (Libor + 5.75%/Q)	8/21/2023		0.8
		First lien senior secured loan	8.26% (Libor + 5.75%/Q)	8/21/2023		4.0
Garden Fresh Restaurant Corp. and GFRC Holdings LLC 15822 Bernardo Center Drive Suite A San Diego, CA 92127	Restaurant owner and operator	First lien senior secured loan		2/1/2022		(59)
		revolving loan				
		First lien senior secured loan	10.39% (Libor + 8.00%/S)	2/1/2022		23.9



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GB Auto Service Holdings, LLC 2910 North Swan Road Suite 110 Tucson, AZ 85712	Automotive parts and repair services retailer	First lien senior secured		10/19/2024		(60)
		revolving loan				
		First lien senior secured loan	8.47% (Libor + 6.00%/M)	10/19/2024		22.2
		Common units			92.50%	4.6
Gehl Foods, LLC and GF Parent LLC 4757 Nexus Center Drive San Diego, CA 92121	Producer of low-acid, aseptic food and beverage products	GF Parent LLC\Class A			2.58%	
		Preferred units				
		Class A common units			2.58%	
		Class B common units			2.58%	
Genesis Acquisition Co. and Genesis Holding Co. 1 West Main Street Ste 201 Medford, OR 97501	Child care management software and services provider	First lien senior secured		7/31/2024		(61)
		revolving loan				
		First lien senior secured loan	6.52% (Libor + 4.00%/M)	7/31/2024		5.4
		Second lien senior secured loan	10.02% (Libor + 7.50%/M)	7/31/2025		25.4
		Class A common stock			7.99%	0.8
Genomatica, Inc. 100 Acorn Park Drive Cambridge Discovery Park 5th Floor Cambridge, MA 02140	Developer of a biotechnology platform for the production of chemical products	Warrant		3/28/2023	0.70%	(2)
GHX Ultimate Parent Corporation, Commerce Parent, Inc. and Commerce Topco, LLC 1315 W Century Drive Suite 100 Louisville, CO 80027	On-demand supply chain automation solutions provider to the healthcare industry	Second lien senior secured loan	10.81% (Libor + 8.00%/Q)	6/30/2025		34.5
		Series A preferred stock	13.55% PIK (Libor + 10.75%/Q)		64.15%	133.5
		Class A units			1.34%	16.9
Gordian Group, LLC 950 Third Avenue 17th Floor New York, NY 10022	Provider of products, services and software to organizations pursuing efficient and effective procurement and information solutions	Common stock			5.00%	
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		12/21/2023		(62)
		revolving loan				
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC 12 Paoli Pike Suite 5	Gas turbine power generation facilities operator	First lien senior secured loan	8.30% (Libor + 5.50%/Q)	11/13/2021		24.2
		Senior subordinated loan	8.00% Cash, 5.25% PIK	12/31/2021		20.4
		Senior subordinated loan	8.00% Cash, 5.25% PIK	12/31/2021		95.3

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Paoli, PA 19301

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		12/29/2024	99.90%	3.0
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%	1.0
GTCR-Ultra Holdings III, LLC and GTCR-Ultra Holdings LLC  12120 Sunset Hills Road  500 Reston, VA 20190	Provider of payment processing and merchant acquiring solutions	First lien senior secured revolving loan First lien senior secured loan Class A-2 units Class B units	7.77% (Libor + 5.25%/M)	8/1/2022  8/1/2024		(63)  6.5 1.3 0.83% 0.82%
H-Food Holdings, LLC and Matterhorn Parent, LLC  3500 Lacey Road Suite 300 Downers Grove, IL 60515	Food contract manufacturer	First lien senior secured loan Second lien senior secured loan Common units	6.52% (Libor + 4.00%/M) 9.51% (Libor + 7.00%/M)	5/23/2025 3/2/2026		30.0 71.6 0.43% 5.8
HAI Acquisition Corporation and Aloha Topco, LLC  6600 Kalaniana'ole Hwy Suite 200 Honolulu, HI 96825	Professional employer organization offering human resources, compliance and risk management services	First lien senior secured revolving loan First lien senior secured loan Class A units	8.59% (Libor + 6.00%/Q)	11/1/2023  11/1/2024		(64)  65.6 1.8
Halex Holdings, Inc.(4)  4200 Santa Ana Street Ontario, CA 91761	Manufacturer of flooring installation products	First lien senior secured revolving loan Common stock		12/31/2018		(65)  100.00%
Harvey Tool Company, LLC  428 Newburyport Turnpike Rowley, MA 01969	Manufacturer of cutting tools to the metalworking industry	First lien senior secured loan revolving loan First lien senior secured loan First lien senior secured loan Second lien senior secured loan	7.01% (Libor + 4.50%/M)  7.55% (Libor + 4.75%/Q) 7.55% (Libor + 4.75%/Q) 10.93% (Libor + 8.50%/Q)	10/12/2023  10/12/2024 10/12/2024 10/12/2025		0.7(66)  20.5 19.8 43.7

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HCI Equity, LLC(4)(5)(6) 2000 Avenue of the Stars 12th Floor Los Angeles, CA 90067	Investment company	Member interest			100.00%	0.1
Help/Systems Holdings, Inc. 6455 City West ParkWay Eden Prairie, MN 55344	Provider of IT operations management and cybersecurity software	First lien senior secured revolving loan	6.27% (Libor + 3.75%/M)	3/29/2023		1.0(67)
Herbert Park B.V.(5)(6) 238 Herikerbergweg Luna Arena, 1101 CM Amsterdam, Zuidoost The Netherlands	Investment vehicle	Subordinated notes		10/20/2026		
Heritage Food Service Group, Inc. and WCI-HFG Holdings, LLC 5130 Executive Boulevard Fort Wayne, IN 46808	Distributor of repair and replacement parts for commercial kitchen equipment	Second lien senior secured loan Preferred units	11.00% (Libor + 8.50%/S)	10/20/2022	2.50%	31.6 4.5
Hometown Food Company 500 W Madison street Chicago, IL 60661	Food distributor	First lien senior secured revolving loan First lien senior secured loan	7.78% (Libor + 5.25%/M)	8/31/2023 8/31/2023		(68) 9.2
Hygiena Borrower LLC 941 Avenida Acaso Carmarillo, CA 93012	Adenosine triphosphate testing technology provider	First lien senior secured revolving loan First lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan	6.80% (Libor + 4.00%/Q) 10.55% (Libor + 7.75%/Q) 10.55% (Libor + 7.75%/Q) 10.55% (Libor + 7.75%/Q) 10.55% (Libor + 7.75%/Q)	8/26/2022 8/26/2022 8/26/2023 8/26/2023 8/26/2023		(69) 9.4 11.0 0.6 9.9 10.6
IfByPhone Inc. 300 W. Adams Street Suite 900 Chicago, IL 60606	Voice-based marketing automation software provider	Warrant		10/15/2022	5.00%	0.1(2)
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation(4) 2750 Crestwood Blvd Birmingham, AL 35210	Provider of high-speed intelligent document scanning hardware and software	Senior subordinated loan Senior subordinated loan Series A preferred stock Class A common stock Class B common stock	14.00% 14.00%	6/15/2022 6/15/2022	85.81% 8.19% 8.19%	8.3 8.3 8.0
IMIA Holdings, Inc. 7884 Spanish Fort Blvd Spanish Fort, AL 36527	Marine preservation maintenance company	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan	7.30% (Libor + 4.50%/Q) 7.30% (Libor + 4.50%/Q)	10/26/2024 10/26/2024 10/26/2024		(70) 2.8 17.9
		First lien senior secured		12/13/2023		5.5(71)

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Implementation Management Assistance, LLC 3 Dickinson Drive Suite 200 Chadds Ford, PA 19317	Revenue cycle consulting firm to the healthcare industry	revolving loan First lien senior secured loan	9.00% (Base Rate + 3.50%/Q) 7.30% (Libor + 4.50%/Q)	12/13/2023	16.8
Implus Footcare, LLC 2001 T.W. Alexander Drive Box 13925 Durham, NC 27709-3925	Provider of footwear and other accessories	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	9.55% (Libor + 6.75%/Q) 9.55% (Libor + 6.75%/Q) 9.55% (Libor + 6.75%/Q) 9.55% (Libor + 6.75%/Q) 9.55% (Libor + 6.75%/Q)	4/30/2021 4/30/2021 4/30/2021 4/30/2021 4/30/2021	14.2 5.0 76.4 19.3 0.2
Indra Holdings Corp. 9655 International Blvd Cincinnati, OH 45246	Designer, marketer, and distributor of rain and cold weather products	First lien senior secured loan Second lien senior secured loan	6.77% (Libor + 4.25%/M)	5/1/2021 11/1/2021	6.2 19.9
Infilaw Holding, LLC 1100 5th Avenue South Suite 301 Naples, FL 34102	Operator of for-profit law schools	First lien senior secured revolving loan		9/30/2022	(72)
Infinite Electronics, Inc. 17802 Fitch Irvine, CA 92614	Manufacturer and distributor of radio frequency and microwave electronic components	First lien senior secured revolving loan First lien senior secured loan	6.52% (Libor + 4.00%/M)	7/3/2023 7/2/2025	(73) 10.2
Infogix, Inc. and Infogix Parent Corporation 1240 E. Diehl Rd Suite 400 Naperville, IL 60563	Enterprise data analytics and integrity software solutions provider	First lien senior secured revolving loan Series A preferred stock Common stock		4/30/2024	(74) 1.47% 1.47%
Inmar, Inc. 2601 Pilgrim Court Winston-Salem, NC 27106	Technology-driven solutions provider for retailers, wholesalers and manufacturers	Second lien senior secured loan	10.52% (Libor + 8.00%/M)	5/1/2025	28.3

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Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc. 1660 Calle Santa Ana Santurce, PR 00909	Private school operator	First lien senior secured loan		2/28/2019		12.3	
		Series B preferred stock			5.00%		
		Series C preferred stock				3.98%	
		Series B preferred stock					
		Series C preferred stock					
		Senior preferred series A-1 shares			83.50%	18.2	
		Common stock			4.02%		
InterVision Systems, LLC and InterVision Holdings, LLC 2270 Martin Avenue Santa Clara, CA 95050	Provider of cloud based IT solutions, infrastructure and services	First lien senior secured loan	10.55% (Libor + 8.08%/M)	5/31/2022		15.9	
		First lien senior secured loan	10.24% (Libor + 7.72%/M)	5/31/2022		24.0	
		First lien senior secured loan	10.24% (Libor + 7.72%/M)	5/31/2022		9.7	
		Class A membership units				2.50%	0.6
Ioxus, Inc.(3) 18 Stadium Circle Oneonta, NY 13820	Energy storage devices	First lien senior secured loan		12/30/2019		1.3	
		First lien senior secured loan	7.00% Cash, 5.00% PIK	12/30/2019		5.7	
		Series CC preferred stock				7.00%	
		Warrant		1/27/2026		97.10%	(2)
		Warrant		8/24/2026		61.80%	(2)
		Warrant		1/27/2027		12.60%	(2)
iParadigms Holdings, LLC 1111 Broadway 3rd Floor Oakland, CA 94607	Anti-plagiarism software provider to the education market	Second lien senior secured loan	10.05% (Libor + 7.25%/Q)	7/29/2022		32.5	
iPipeline, Inc., Internet Pipeline, Inc., iPipeline Limited and iPipeline Holdings, Inc. 222 Valley Creek Blvd Suite 300 Exton, PA 19341	Provider of SaaS-based software solutions to the insurance and financial services industry	First lien senior secured revolving loan		8/4/2021		(75)	
		First lien senior secured loan	7.28% (Libor + 4.75%/M)	8/4/2022		11.2	
		First lien senior secured loan	7.28% (Libor + 4.75%/M)	8/4/2022		7.4	
		First lien senior secured loan	7.28% (Libor + 4.75%/M)	8/4/2022		9.0	
		First lien senior secured loan	7.28% (Libor + 4.75%/M)	8/4/2022		16.2	
		First lien senior secured loan	7.28% (Libor + 4.75%/M)	8/4/2022		14.5	
		Preferred stock				0.73%	4.3
		Common stock			0.64%		
IQMS 2231 Wisteria Lane Paso Robles, CA 93446	Provider of enterprise resource planning and manufacturing execution software for small and mid-sized manufacturers	First lien senior secured loan	12.75% (Base Rate + 7.25%/Q)	3/28/2022		22.5	
		First lien senior secured loan	12.75% (Base Rate + 7.25%/Q)	3/28/2022		14.9	
			7.02% (Libor + 4.50%/M)	11/30/2025		77.4	

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IRI Holdings, Inc., IRI Group Holdings, Inc. and IRI Parent, L.P. 150 North Clinton Street Chicago, IL 60661	Market research company focused on the consumer packaged goods industry	First lien senior secured loan				
		Second lien senior secured loan	10.52% (Libor + 8.00%/M)	11/30/2026	85.1	
		Series A-1 preferred shares	13.39% PIK (Libor + 10.50%/S)		23.45%	46.9
		Class A-1 common units			1.26%	9.1
Ivy Hill Asset Management, L.P.(4)(6) 245 Park Avenue 44th Floor New York, NY 10167	Asset management services	Member interest			100.00%	517.9
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC(6) 1414 Harney Street Suite 440 Omaha, NE 68102	Asset-backed financial services company	First lien senior secured loan		6/24/2017		10.1
JDC Healthcare Management, LLC 3030 Lyndon B Johnson Fwy #1400 Dallas, TX 75231	Dental services provider	First lien senior secured revolving loan	12.25% (Base Rate + 6.75%/Q)	4/11/2022		0.8(76)
		First lien senior secured loan	10.01% (Libor + 7.75%/A)	4/10/2023		4.1
		First lien senior secured loan	10.27% (Libor + 7.75%/Q)	4/10/2023		9.7
		First lien senior secured loan	10.27% (Libor + 7.75%/Q)	4/10/2023		19.3
Jim N Nicks Management, LLC 3755 Corporate Woods Drive Birmingham, AL 35242	Restaurant owner and operator	First lien senior secured revolving loan	8.05% (Libor + 5.25%/Q)	7/10/2023		2.7(77)
		First lien senior secured loan	8.05% (Libor + 5.25%/Q)	7/10/2023		1.1
		First lien senior secured loan	8.05% (Libor + 5.25%/Q)	7/10/2023		13.5
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation 18 Crosby Drive Bedford, MA 01730	Renewable fuel and chemical production developer	First lien senior secured loan		10/1/2018		
		Warrant		7/25/2023	0.99%	(2)
Joyce Lane Capital LLC and Joyce Lane Financing SPV LLC (fka Ciena Capital LLC)(4)(6) 1633 Broadway 39th Floor New York, NY 10019	Specialty finance company	First lien senior secured loan	6.81% (Libor + 4.00%/Q)	12/27/2022		0.8
		Equity interests			49.00%	3.1

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JWC/KI Holdings, LLC 1701 Crossroads Drive Odenton, MD 21113	Foodservice sales and marketing agency	Membership units			5.13%	5.3
Kaufman, Hall & Associates, LLC 5202 Old Orchard Rd 700 Skokie, IL 60077	Provider of specialty advisory services and software solutions to the healthcare market	First lien senior secured revolving loan First lien senior secured loan	7.64% (Libor + 5.25%/M)	11/9/2023 5/9/2025		(78) 24.8
KBHS Acquisition, LLC (d/b/a Alita Care, LLC) 160 Chubb Avenue Suite 206 Lyndhurst, NJ 07071	Provider of behavioral health services	First lien senior secured revolving loan	7.38% (Libor + 5.00%/M)	3/17/2022		0.2(79)
		First lien senior secured revolving loan	7.42% (Libor + 5.00%/M)	3/17/2022		0.3(79)
		First lien senior secured revolving loan	7.46% (Libor + 5.00%/M)	3/17/2022		0.8(79)
		First lien senior secured revolving loan	7.47% (Libor + 5.00%/M)	3/17/2022		0.6(79)
		First lien senior secured revolving loan	7.50% (Libor + 5.00%/M)	3/17/2022		0.3(79)
		First lien senior secured revolving loan	7.43% (Libor + 5.00%/M)	3/17/2022		0.3(79)
		First lien senior secured revolving loan	7.52% (Libor + 5.00%/M)	3/17/2022		2.0(79)
		KC Culinarte Intermediate, LLC 330 Lynnway Lynn, MA 01901	Manufacturer of fresh refrigerated and frozen food products	Second lien senior secured loan	10.26% (Libor + 7.75%/M)	8/24/2026
Key Surgical LLC 8101 Wallas Road Minneapolis, MN 55344	Provider of sterile processing, operating room and instrument care supplies for hospitals	First lien senior secured revolving loan		6/1/2022		(80)
		First lien senior secured loan	5.75% (EURIBOR + 4.75%/Q)	6/1/2023		17.0
		First lien senior secured loan	7.28% (Libor + 4.75%/Q)	6/1/2023		9.3
KHC Holdings, Inc. and Kele Holdco, Inc. 3300 Brother Blvd Bartlett, TN 38133	Catalog-based distribution services provider for building automation systems	First lien senior secured revolving loan	6.76% (Libor + 4.25%/M)	10/30/2020		0.7(81)
		First lien senior secured loan	8.80% (Libor + 6.00%/Q)	10/31/2022		66.0
		Common stock			2.71%	3.3
KPS Global LLC and Cool Group LLC 4201 N Beach Street Fort Worth, TX 76137	Walk-in cooler and freezer systems	First lien senior secured loan	5.09% (Libor + 2.63%/M)	4/5/2022		1.6
		First lien senior secured loan	9.65% (Libor + 7.19%/M)	4/5/2022		4.4
		First lien senior secured loan	9.61% (Libor + 7.14%/M)	4/5/2022		10.5
		First lien senior secured loan	9.61% (Libor + 7.14%/M)	4/5/2022		5.2
		Class A units			1.60%	1.4
Labstat International Inc.(5) 262 Manitou Drive Kitchener, ON N2C 1L3	Lab testing services for nicotine containing products	First lien senior secured revolving loan		6/25/2024 6/25/2024		(82) 5.0

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		First lien senior secured loan	8.55% (CIBOR + 6.25%/Q)		
		First lien senior secured loan	8.55% (CIBOR + 6.25%/Q)	6/25/2024	19.2
LBP Intermediate Holdings LLC 1325 S Cicero Ave Cicero, IL 60804	Manufacturer of paper and corrugated foodservice packaging	First lien senior secured revolving loan		7/10/2020	(83)
		First lien senior secured loan	8.12% (Libor + 5.50%/Q)	7/10/2020	11.3
		First lien senior secured loan	8.30% (Libor + 5.50%/Q)	7/10/2020	11.7
		First lien senior secured loan	8.30% (Libor + 5.50%/Q)	7/10/2020	4.9
Liaison Acquisition, LLC 311 Arsenal Street Watertown, MA 02472	Provider of centralized applications services to educational associations	First lien senior secured revolving loan		2/8/2022	(84)
		Second lien senior secured loan	11.72% (Libor + 9.25%/M)	8/8/2023	5.3
LLSC Holdings Corporation (dba Lawrence Merchandising Services)(4) 3500 Holly Lane North Suite 10 Plymouth, MN 55447	Marketing services provider	Series A preferred stock		100.00%	0.4
		Common stock		100.00%	
Lone Wolf Real Estate Technologies Inc.(5) 231 Shearson Crescent Suite 310 Cambridge, ON N1T 1J5 Canada	Provider of accounting and front-office solutions for real estate brokers and agents	First lien senior secured revolving loan		7/5/2021	(85)
LS DE LLC and LM LSQ Investors LLC(6) 2600 Lucien Way Suite 100 Maitland, FL 32751	Asset based lender	Senior subordinated loan	10.50%	6/25/2021	3.0
		Senior subordinated loan	10.50%	3/13/2024	37.0
		Membership units		2.12%	4.0
LTG Acquisition, Inc. 900 Klein Road Plano, TX 75074	Designer and manufacturer of display, lighting and passenger communication systems for mass transportation markets	Class A membership units		5.08%	4.1



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Issuer	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 12/31/2018	Fair Value
Mac Lean-Fogg Company and MacLean-Fogg Holdings, L.L.C. 1000 Allanson Road Mundelein, IL 60060	Manufacturer and supplier for the power utility and automotive markets worldwide	First lien senior secured		12/21/2023		(86)
		revolving loan				
		First lien senior secured loan	7.55% (Libor + 4.75%/Q)	12/22/2025		204.0
		Preferred units	4.50% Cash, 9.25% PIK		93.58%	79.2
Magento, Inc. 54 N. Central Ave. Suite 200 Campbell, CA 95008	eCommerce platform provider for the retail industry	First lien senior secured revolving loan		11/2/2020		(87)
Masergy Holdings, Inc. 2740 North Dallas Parkway Plano, TX 75093	Provider of software-defined solutions for enterprise global networks, cyber security, and cloud communications	First lien senior secured revolving loan	6.02% (Libor + 3.50%/M)	12/15/2021		0.1(88)
Massage Envy, LLC and ME Equity LLC 14350 N 87th Street Suite 200, 205 and 230 Scottsdale, AZ 85260	Franchisor in the massage industry	First lien senior secured revolving loan		9/26/2020		(89)
		First lien senior secured loan	9.40% (Libor + 6.75%/M)	12/31/2024		1.0
		First lien senior secured loan	9.49% (Libor + 6.75%/M)	12/31/2024		0.5
		First lien senior secured loan	9.52% (Libor + 6.75%/Q)	12/31/2024		0.3
		First lien senior secured loan	9.53% (Libor + 6.75%/Q)	12/31/2024		1.7
		First lien senior secured loan	9.46% (Libor + 6.75%/Q)	12/31/2024		0.4
		First lien senior secured loan	9.44% (Libor + 6.75%/Q)	12/31/2024		0.7
		First lien senior secured loan	9.55% (Libor + 6.75%/Q)	12/31/2024		0.7
		First lien senior secured loan	9.53% (Libor + 6.75%/Q)	7/19/2020		0.4
		First lien senior secured loan	9.49% (Libor + 6.75%/Q)	9/28/2020		0.6
		First lien senior secured loan	9.49% (Libor + 6.75%/Q)	9/28/2020		0.5
		First lien senior secured loan	9.44% (Libor + 6.75%/Q)	9/26/2020		0.3
		First lien senior secured loan	9.49% (Libor + 6.75%/Q)	9/28/2020		0.3
		First lien senior secured loan	9.55% (Libor + 6.75%/Q)	9/28/2020		0.1
		First lien senior secured loan	9.50% (Libor + 6.75%/Q)	9/28/2020		1.0
		First lien senior secured loan	9.46% (Libor + 6.75%/Q)	9/26/2020		38.1
		First lien senior secured loan	9.46% (Libor + 6.75%/Q)	9/26/2020		18.5
		Common stock			1.62%	6.2
Mavis Tire Express Services Corp. and Mavis Tire Express Services TopCo, L.P. 385 Saw Mill River Road Suite 17	Auto parts retailer	Second lien senior secured loan	9.97% (Libor + 7.50%/M)	3/20/2026		1.4
		Second lien senior secured loan	9.97% (Libor + 7.50%/M)	3/20/2026		152.4
		Class A units			0.91%	13.0

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Millwood, NY 10546						
MB Aerospace Holdings II Corp. 39 Bradley Park Road East Granby, CT 06026	Aerospace engine components manufacturer	Second lien senior secured loan	11.30% (Libor + 8.50%/Q)	1/22/2026		68.4
MB2 Dental Solutions, LLC 2403 Lacy Lane Carrollton, TX 75006	Dental services provider	First lien senior secured revolving loan	9.25% (Base Rate + 3.75%/Q)	9/29/2023		2.7(90)
		First lien senior secured loan	7.57% (Libor + 4.75%/Q)	9/29/2023		5.8
MCH Holdings, Inc. and MC Acquisition Holdings I, LLC 825 East Gate Blvd. Garden City, NY 11530	Healthcare professional provider	First lien senior secured loan	7.96% (Libor + 5.50%/M)	1/17/2020		25.7
		First lien senior secured loan	8.02% (Libor + 5.50%/M)	1/17/2020		26.2
		First lien senior secured loan	7.96% (Libor + 5.50%/M)	1/17/2020		39.6
		First lien senior secured loan	8.02% (Libor + 5.50%/M)	1/17/2020		40.5
		First lien senior secured loan	7.96% (Libor + 5.50%/M)	1/17/2020		9.0
		First lien senior secured loan	8.02% (Libor + 5.50%/M)	1/17/2020		9.2
		Class A units			0.56%	1.2
Mckenzie Sports Products, LLC 1910 Saint Luke's Church Road Salisbury, NC 28146	Designer, manufacturer and distributor of hunting-related supplies	First lien senior secured revolving loan	6.27% (Libor + 3.75%/M)	9/18/2020		2.3(91)
		First lien senior secured revolving loan	8.25% (Base Rate + 2.75%/M)	9/18/2020		0.7(91)
		First lien senior secured loan	8.27% (Libor + 5.75%/M)	9/18/2020		5.5
		First lien senior secured loan	9.61% (Libor + 7.09%/M)	9/18/2020		84.5
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation 5299 DTC Blvd Suite 510 Greenwood Village, CO 80111	Keg management solutions provider	Second lien senior secured loan	10.02% (Libor + 7.50%/M)	7/31/2019		57.5
		Second lien senior secured loan	10.02% (Libor + 7.50%/M)	7/31/2019		75.0
		Second lien senior secured loan	10.02% (Libor + 7.50%/M)	7/31/2019		10.0
		Common stock			3.47%	8.2

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Ministry Brands, LLC and MB Parent HoldCo, L.P. (dba Community Brands) 14488 Old Stage Rd Lenoir City, TN 37772	Software and payment services provider to faith-based institutions	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Second lien senior secured loan Class A units	6.52% (Libor + 4.00%/M) 6.52% (Libor + 4.00%/M) 6.52% (Libor + 4.00%/M) 11.77% (Libor + 9.25%/M) 11.77% (Libor + 9.25%/M) 11.77% (Libor + 9.25%/M) 10.52% (Libor + 8.00%/M) 11.77% (Libor + 9.25%/M) 10.52% (Libor + 8.00%/M) 11.77% (Libor + 9.25%/M) 10.52% (Libor + 8.00%/M) 11.77% (Libor + 9.25%/M) 11.77% (Libor + 9.25%/M)	12/2/2022 12/2/2022 12/2/2022 6/2/2023 6/2/2023 6/2/2023 6/2/2023 6/2/2023 6/2/2023 6/2/2023 6/2/2023 6/2/2023 6/2/2023 6/2/2023	(92) 4.9 10.5 14.5 16.6 17.9 4.7 7.0 9.2 38.6 75.0 15.0	6.8
Montgomery Lane, LLC and Montgomery Lane, Ltd.(4)(5)(6) 245 Park Avenue 43rd Floor New York, NY 10167	Investment company	Common stock Common stock			100.00% 100.00%	
Movati Athletic (Group) Inc.(5) 33 University Avenue Windsor, ON N9A 5N8 Canada	Premier health club operator	First lien senior secured loan First lien senior secured loan	6.50% (CIBOR + 4.50%/Q) 6.50% (CIBOR + 4.50%/Q)	10/5/2022 10/5/2022		0.5 2.8
Moxie Patriot LLC 4100 Spring Valley Road Suite 1001 Dallas, TX 75244	Gas turbine power generation facilities operator	First lien senior secured loan	8.55% (Libor + 5.75%/Q)	12/21/2020		31.9
MPH Energy Holdings, LP 225 S. Main Street Rutland, VT 05701	Operator of municipal recycling facilities	Limited partnership interest			3.13%	
MSHC, Inc. 214 N Tryon Street Suite 2425 Charlotte, NC 28202	Heating, ventilation and air conditioning services provider	First lien senior secured revolving loan First lien senior secured loan Second lien senior secured loan Second lien senior secured loan	8.75% (Base Rate + 3.25%/Q) 6.89% (Libor + 4.25%/Q) 10.78% (Libor + 8.25%/Q) 10.96% (Libor + 8.25%/Q)	7/29/2022 7/31/2023 7/31/2024 7/31/2024		1.6(93) 1.0 7.9 9.8

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		Second lien senior secured loan	11.05% (Libor + 8.25%/Q)	7/31/2024	4.8
		Second lien senior secured loan	11.05% (Libor + 8.25%/Q)	7/31/2024	46.0
Murchison Oil and Gas, LLC and Murchison Holdings, LLC	Exploration and production company	First lien senior secured loan	10.80% (Libor + 8.00%/Q)	10/26/2023	5.0
		First lien senior secured loan	10.80% (Libor + 8.00%/Q)	10/26/2023	21.5
7250 Legacy Tower One, Dallas Parkway Suite 1400 Plano, TX 75024		Preferred units			33.33% 21.7
MVL Group, Inc.(4)	Marketing research provider	Common stock			56.10%
1061 E. Indiantown Road Suite 300 Jupiter, FL 33477					
MW Dental Holding Corp.	Dental services provider	First lien senior secured revolving loan	9.27% (Libor + 6.75%/Q)	4/12/2021	7.0(94)
680 Hehli Way PO Box 69 Mondovi, WI 54755		First lien senior secured loan	9.27% (Libor + 6.75%/Q)	4/12/2021	16.9
		First lien senior secured loan	9.27% (Libor + 6.75%/Q)	4/12/2021	104.5
		First lien senior secured loan	9.27% (Libor + 6.75%/Q)	4/12/2021	19.1
My Health Direct, Inc. 4322 Harding Pike Nashville, TN 37205	Healthcare scheduling exchange software solution provider	Warrant		9/18/2024	4.85% (2)
NAS, LLC, Nationwide Marketing Group, LLC and Nationwide Administrative Services, Inc. 110 Oakwood Drive Suite 200 Winston-Salem, NC 27103	Buying and marketing services organization for appliance, furniture and consumer electronics dealers	Second lien senior secured loan	11.15% (Libor + 8.75%/Q)	12/1/2021	24.1
		Second lien senior secured loan	11.14% (Libor + 8.75%/Q)	12/1/2021	7.0
National Intergovernmental Purchasing Alliance Company 840 Crescent Centre Dr #600 Franklin, TN 37067	Leading group purchasing organization ("GPO") for public agencies and educational institutions in the U.S	First lien senior secured revolving loan		5/23/2023	(95)
Navisun LLC and Navisun Holdings LLC(4) 39 Grace Street New Canaan, CT 06840	Owner and operator of commercial and industrial solar projects	First lien senior secured loan	8.00% PIK	11/15/2023	25.0
		Series A preferred units	10.50% PIK		100.00% 2.9
		Class A units			55.00%

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NECCO Holdings, Inc. and New England Confectionery Company, Inc.(4) 135 American Legion Revere, MA 02151	Producer and supplier of candy	First lien senior secured revolving loan		1/31/2018		2.9(96)
		First lien senior secured loan		8/31/2018		
		First lien senior secured loan		1/31/2018		1.6
		First lien senior secured loan		11/9/2018		0.1
		Common stock			100.00%	
NECCO Realty Investments LLC(4) 135 American Legion Highway Revere, MA 02151	Real estate holding company	Membership units			100.00%	
New Trident Holdcorp, Inc. and Trident Holding Company, LLC 505 Hamilton Ave Suite 200 Palo Alto, CA 94301	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan		7/31/2022		5.0
		Second lien senior secured loan		7/31/2020		
		Senior subordinated loan		7/31/2020		
NM GRC HOLDCO, LLC 1370 Broadway 12th Floor New York, NY 10018	Regulatory compliance services provider to financial institutions	First lien senior secured loan	8.80% (Libor + 6.00%/Q)	2/9/2024		19.3
		First lien senior secured loan	8.80% (Libor + 6.00%/Q)	2/9/2024		60.6
NMC Skincare Intermediate Holdings II, LLC 5200 New Horizons Blvd Amityville, NY 11701	Developer, manufacturer and marketer of skincare products	First lien senior secured revolving loan		10/31/2024		(97)
		First lien senior secured loan	7.27% (Libor + 4.75%/M)	10/31/2024		24.6
NMN Holdings III Corp. and NMN Holdings LP 155 Franklin Road Brentwood, TN 37027	Provider of complex rehab technology solutions for patients with mobility loss	First lien senior secured revolving loan		11/13/2023		(98)
		Partnership units			0.76%	2.9
NMSC Holdings, Inc. and ASP NAPA Holdings, LLC 68 South Service Road Suite 350 Melville, NY 11747	Anesthesia management services provider	Second lien senior secured loan	12.59% (Libor + 10.00%/Q)	10/19/2023		71.3
		Class A units			0.68%	1.2
Nodality, Inc. 170 Harbor Way Suite 200 San Francisco, CA 94080	Biotechnology company	First lien senior secured loan		8/12/2016		
		First lien senior secured loan		8/25/2016		
		Warrant		3/15/2026	51.00%	(2)
Nordco Inc. 245 West Forest Hill Avenue	Manufacturer of railroad maintenance-of-way	First lien senior secured revolving loan	11.00% (Base Rate + 5.50%/M)	8/26/2020		1.2(99)

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Oak Creek, WI 53154	machinery				
Novetta Solutions, LLC	Provider of advanced	First lien senior secured	7.53% (Libor + 5.00%/M)	10/16/2022	8.4
7921 Jones Branch Drive	analytics solutions for	Second lien senior	11.03%	10/16/2023	28.5
5th Floor	the	secured loan	(Libor + 8.50%/M)		
McLean, VA 22102	government, defense and commercial industries				
NSI Holdings, Inc.(3)	Manufacturer of plastic	Series A preferred stock			6.29%
1415 Orchard Drive	containers for the				
Chambersburg, PA 17201	wholesale nursery industry				
NSM Insurance Group, LLC	Insurance program	First lien senior secured	7.30% (Libor + 4.50%/Q)	5/11/2024	6.7
555 North Lane	administrator	First lien senior secured	7.30% (Libor + 4.50%/Q)	5/11/2024	10.2
Suite 6060		loan			
Conshohocken, PA 19428		First lien senior secured	7.30% (Libor + 4.50%/Q)	5/11/2024	13.1
		loan			
NSM Sub Holdings Corp.	Provider of customized	First lien senior secured		10/3/2022	(100)
320 Premier Court	mobility, rehab and	revolving loan			
Suite 220	adaptive seating systems	First lien senior secured	6.66% (Libor + 4.25%/Q)	10/3/2022	0.2
Franklin, TN 37067		loan			
		First lien senior secured	6.73% (Libor + 4.25%/Q)	10/3/2022	0.4
		loan			
		First lien senior secured	7.05% (Libor + 4.25%/Q)	10/3/2022	4.9
		loan			
nThrive, Inc. (fka Precyse Acquisition Corp.)	Provider of healthcare	Second lien senior	12.27%	4/20/2023	9.8
100 North Point Center East	information	secured loan	(Libor + 9.75%/M)		
Suite 200	management				
Alpharetta, GA 30022	technology and services				
NueHealth Performance, LLC	Developer, builder and	First lien senior secured		9/27/2023	(101)
11221 Roe Ave	manager of specialty	revolving loan			
Suite 300	surgical	First lien senior secured	9.02% (Libor + 6.50%/M)	9/27/2023	1.5
Leawood, KS 66211	hospitals and ambulatory surgery centers	loan			
		First lien senior secured	9.02% (Libor + 6.50%/M)	9/27/2023	10.0
		loan			
OHA Credit Partners XI(5)(6)	Investment vehicle	Subordinated notes	13.50%	1/20/2032	13.6
190 Elgin Avenue					
George Town, Grand Cayman KY1-9005					
Cayman Islands					

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OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC 15950 Dallas Parkway Suite 350 Dallas, TX 75248	Provider of technology-enabled solutions to pharmacies	Limited liability company membership interest			1.57%	0.8
Orion Foods, LLC(4) 2930 W. Maple Street Sioux Falls, SD 57118	Convenience food service retailer	First lien senior secured loan Second lien senior secured loan Preferred units Class A common units Class B common units		9/1/2015 9/1/2015	93.53% 100.00% 25.00%	0.5
Osmose Utilities Services, Inc. 635 Highway 74 S Peachtree City, GA 30269	Provider of structural integrity management services to transmission and distribution infrastructure	First lien senior secured revolving loan Second lien senior secured loan Second lien senior secured loan	10.50% (Base Rate + 5.00%/Q) 10.55% (Libor + 7.75%/Q) 10.55% (Libor + 7.75%/Q)	8/21/2020 8/21/2023 8/21/2023		1.5(102) 51.4 34.0
OTG Management, LLC 352 Park Avenue South New York, NY 10010	Airport restaurant operator	First lien senior secured revolving loan 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 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 Senior subordinated loan Class A preferred units Common units Warrant	9.65% (Libor + 7.00%/Q) 9.41% (Libor + 7.00%/Q) 9.61% (Libor + 7.00%/Q) 9.60% (Libor + 7.00%/Q) 9.71% (Libor + 7.00%/Q) 9.51% (Libor + 7.00%/Q) 9.54% (Libor + 7.00%/Q) 9.41% (Libor + 7.00%/Q) 9.78% (Libor + 7.00%/Q) 9.43% (Libor + 7.00%/Q) 9.41% (Libor + 7.00%/Q) 9.61% (Libor + 7.00%/Q) 9.78% (Libor + 7.00%/Q) 9.40% (Libor + 7.00%/Q) 9.54% (Libor + 7.00%/Q) 15.00% PIK	8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 8/26/2021 2/26/2022 6/19/2018	1.6(103) 8.4(103) 4.7 2.2 2.2 6.1 4.9 0.7 1.8 1.0 1.9 0.7 0.7 48.9 48.9 20.00% 3.79% 8.33%	30.1 39.5 9.2 20.3(2)
Panda Liberty LLC (fka Moxie Liberty LLC)	Gas turbine power generation	First lien senior secured loan	9.30% (Libor + 6.50%/Q)	8/21/2020		44.7

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4100 Spring Valley Road Suite 1001 Dallas, TX 75244	facilities operator	First lien senior secured loan	9.30% (Libor + 6.50%/Q)	8/21/2020	30.6
Panda Temple Power, LLC and T1 Power Holdings LLC(3) 2892 Panda Drive Temple, TX 76501	Gas turbine power generation facilities operator	Second lien senior secured loan Class A Common units	10.46% (Libor + 8.00%/M)	2/7/2023	9.0 6.16% 13.0
Paper Source, Inc. and Pine Holdings, Inc. 410 N Milwaukee Chicago, IL 60654	Retailer of fine and artisanal paper products	First lien senior secured revolving loan First lien senior secured loan Class A common stock	10.50% (Base Rate + 5.00%/Q) 9.05% (Libor + 6.25%/Q)	9/23/2019 9/23/2019	1.9(104) 9.2 3.64% 2.2
Park Place Technologies, LLC 5910 Landerbrook Drive Mayfield Heights, OH 44124	Provides hardware maintenance and support services for IT data centers	First lien senior secured revolving loan		3/29/2023	(105)
Partnership Capital Growth Fund I, L.P.(3)(6) 1 Embarcadero Center Suite 3810 San Francisco, CA 94111	Investment partnership	Limited partnership interest			25.00% 0.1
Partnership Capital Growth Investors III, L.P.(6) 1 Embarcadero Center Suite 3810 San Francisco, CA 94111	Investment partnership	Limited partnership interest			2.50% 4.2
Pathway Vet Alliance LLC 3930 Bee Cave Road Suite 9 Austin, TX 78746	Operator of freestanding veterinary hospitals	First lien senior secured revolving loan First lien senior secured loan Second lien senior secured loan Preferred subscription units	6.98% (Libor + 4.50%/M) 10.98% (Libor + 8.50%/Q)	12/21/2023 12/20/2024 12/19/2025	(106) 261.8 173.4 0.84% 4.9
Patterson Medical Supply, Inc. 28100 Torch Parkway Suite 700 Warrenville, IL 60555	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan	11.03% (Libor + 8.50%/Q)	8/28/2023	67.9
Payment Alliance International, Inc. 6060 Dutchmans Lane Louisville, KY 40205	Reseller of ATM process services through 3rd party processing networks	First lien senior secured revolving loan First lien senior secured revolving loan	8.49% (Libor + 6.05%/M) 10.30% (Base Rate + 5.05%/M)	9/15/2021 9/15/2021	1.3(107) 2.1(107)



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PayNearMe, Inc. 292 Gibraltar Drive Suite 104 Sunnyvale, IL 60555	Electronic cash payment system provider	Warrant		3/11/2023	1.11%	(2)
PCG-Ares Sidecar Investment II, L.P.(3)(6) 1 Embarcadero Center Suite 3810 San Francisco, CA 94111	Investment partnership	Limited partnership interest			100.00%	17.4
PCG-Ares Sidecar Investment, L.P.(3)(6) 1 Embarcadero Center Suite 3810 San Francisco, CA 94111	Investment partnership	Limited partnership interest			100.00%	4.4
PCM Bmark, Inc. and BakeMark Holdings, Inc. 7351 7351 Crider Avenue Pico Rivera, CA 90660	Manufacturer and distributor of specialty bakery ingredients	First lien senior secured loan	7.77% (Libor + 5.25%/M)	8/14/2023		0.6
PDI TA Holdings, Inc. 3407 S 31st Street Temple, TX 76502	Provider of enterprise management software for the convenience retail and petroleum wholesale markets	First lien senior secured revolving loan		8/25/2023		(108)
		First lien senior secured loan	6.90% (Libor + 4.50%/Q)	10/24/2024		5.0
		First lien senior secured loan	7.21% (Libor + 4.50%/Q)	10/24/2024		0.4
		First lien senior secured loan	6.92% (Libor + 4.50%/Q)	10/24/2024		5.1
		First lien senior secured loan	7.04% (Libor + 4.50%/Q)	10/24/2024		2.7
		First lien senior secured loan	7.30% (Libor + 4.50%/Q)	8/25/2023		23.4
		First lien senior secured loan	6.11% (Libor + 4.50%/Q)	10/24/2024		4.3
		First lien senior secured loan	7.23% (Libor + 4.75%/Q)	10/24/2024		45.0
		Second lien senior secured loan	11.04% (Libor + 8.50%/Q)	8/25/2024		8.2
		Second lien senior secured loan	10.91% (Libor + 8.50%/Q)	8/25/2024		6.5
		Second lien senior secured loan	10.98% (Libor + 8.50%/Q)	8/25/2024		1.9
		Second lien senior secured loan	11.00% (Libor + 8.50%/Q)	8/25/2024		23.2
		Second lien senior secured loan	11.11% (Libor + 8.50%/Q)	10/24/2025		6.4
		Second lien senior secured loan	10.99% (Libor + 8.50%/Q)	10/24/2025		52.9
		Second lien senior secured loan	11.17% (Libor + 8.75%/Q)	10/24/2025		16.7
		Second lien senior secured loan	11.21% (Libor + 8.50%/Q)	8/25/2024		66.8
Pegasus Intermediate Holdings, LLC 1101 Haynes Street #218 Raleigh, NC 27604	Plant maintenance and scheduling process software provider	First lien senior secured revolving loan		11/7/2022		(109)

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Pelican Products, Inc. 23215 Early Avenue Torrance, CA 90505	Manufacturer of flashlights	Second lien senior secured loan	10.13% (Libor + 7.75%/M)	5/1/2026	27.1
Penn Virginia Holding Corp. 14701 St. Mary's Lane Suite 275 Houston, TX 77079	Exploration and production company	Second lien senior secured loan	9.53% (Libor + 7.00%/M)	9/29/2022	90.1
PERC Holdings 1 LLC 2215 So. York Road Suite 202 Oak Brook, IL 60523	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units		18.94%	34.7
PetIQ, LLC 500 East Shore Drive Suite 120 Eagle, ID 83616	Distributor and manufacturer of pet prescription medications and health products	First lien senior secured revolving loan	7.60% (Libor + 5.25%/M)	1/17/2023	17.9
Petroflow Energy Corporation and TexOak Petro Holdings LLC(3) 525 S. Main Suite 1120 Tulsa, OK 74103	Oil and gas exploration and production company	First lien senior secured loan Second lien senior secured loan Common units		6/29/2019 12/29/2019 20.20%	8.3
PHL Investors, Inc., and PHL Holding Co.(4) 50 Weston Street Hartford, CT 06120	Mortgage services	Class A common stock		100.00%	
PHNTM Holdings, Inc. and Planview Parent, Inc. 12301 Research Blvd, Research Park Plaza V Suite 101 Austin, TX 78759	Provider of project and portfolio management software	First lien senior secured loan Second lien senior secured loan Class A common shares Class B common shares	7.77% (Libor + 5.25%/M) 12.27% (Libor + 9.75%/M)	1/27/2023 7/27/2023	1.4 62.0 0.19% 0.2
Phylogeny, LLC (fka WSHP FC Acquisition LLC) 1476 Manning Parkway Powell, OH 43065	Provider of biospecimen products	First lien senior secured revolving loan First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan	9.30% (Libor + 6.50%/Q) 9.32% (Libor + 6.50%/Q) 9.32% (Libor + 6.50%/Q) 9.30% (Libor + 6.50%/Q)	3/30/2024 3/30/2024 3/30/2024 3/30/2024	2.5(110) 0.8(110) 6.0 28.5

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Issuer	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 12/31/2018	Fair Value
PhyMED Management LLC 110 29th Avenue North Suite 301 Nashville, TN 37203	Provider of anesthesia services	Second lien senior secured loan	11.46% (Libor + 8.75%/Q)	5/18/2021		47.2
PIH Corporation and Primrose Holding Corporation(3) 3660 Cedarcrest Road Acworth, GA 30101	Franchisor of education-based early childhood centers	First lien senior secured revolving loan First lien senior secured loan Common stock	7.88% (Libor + 5.50%/M) 7.85% (Libor + 5.50%/M)	12/15/2020 12/15/2020		1.0(111) 1.6 23.0
Piper Jaffray Merchant Banking Fund I, L.P.(6) 800 Nicollet Mall Suite 800 Minneapolis, MN 55402	Investment partnership	Limited partnership interest			2.00%	1.4
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc. 202 South Washington Street Norton, MA 02766	Provider of branded lawn and garden products	Second lien senior secured loan Second lien senior secured loan Common stock	9.92% (Libor + 7.39%/Q) 9.92% (Libor + 7.39%/Q)	6/23/2021 6/23/2021		56.0 10.0 6.2
Plaskolite PPC Intermediate II LLC and Plaskolite PPC Blocker LLC 400 W Nationwide Blvd Suite 400 Columbus, OH 43215	Manufacturer of specialized acrylic and polycarbonate sheets	First lien senior secured loan Second lien senior secured loan Co-Invest units	6.69% (Libor + 4.25%/Q) 10.19% (Libor + 7.75%/Q)	12/15/2025 12/14/2026		24.5 54.6 0.6
Poplicus Incorporated 1061 Market Street Floor 6 San Francisco, CA 94103	Business intelligence and market analytics platform for companies that sell to the public sector	Warrant		6/25/2025	3.23%	(2)
Practice Insight, LLC 1 Greenway Plaza Suite 350 Houston, TX 77046	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured revolving loan First lien senior secured loan		8/23/2022 8/23/2022		(112) 12.4
Premise Health Holding Corp. and OMERS Bluejay Investment Holdings LP 5500 Maryland Way 400 Brentwood, TN 37027	Provider of employer-sponsored onsite health and wellness clinics and pharmacies	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Second lien senior secured loan Class A units	6.09% (Libor + 3.50%/S) 6.55% (Libor + 3.75%/Q) 6.55% (Libor + 3.75%/Q) 10.30% (Libor + 7.50%/Q)	7/10/2023 7/10/2025 7/10/2025 7/10/2026		5.9(113) 0.8 19.8 66.1 9.8

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Production Resource Group, L.L.C. 200 Business Parl Dr. Suite 109 Armonk, NY 10504	Provider of rental equipment, labor, production management, scenery, and other products to various entertainment end-markets	First lien senior secured loan	9.65% (Libor + 7.00%/Q)	8/21/2024	20.6
		First lien senior secured loan	9.65% (Libor + 7.00%/Q)	8/21/2024	78.4
Project Alpha Intermediate Holding, Inc. and Qlik Parent, Inc. 150 N. Radnor Chester Road Suite E220 Radnor, PA 19087	Provider of data visualization software for data analytics	Class A common shares			0.42% 9.6
		Class B common shares			0.42% 0.1
ProVation Medical, Inc. 800 Washington Avenue North Suite 400 Minneapolis, MN 55401	Provider of documentation and coding software for GI physicians	First lien senior secured loan	9.42% (Libor + 7.00%/Q)	3/8/2024	13.0
Pyramid Management Advisors, LLC and Pyramid Investors, LLC 1 Post Office Square Suite 1900 Boston, MA 02109	Hotel operator	First lien senior secured revolving loan	9.21% (Libor + 6.75%/M)	7/15/2021	1.7(114)
		First lien senior secured revolving loan	9.27% (Libor + 6.75%/M)	7/15/2021	0.1(114)
		First lien senior secured loan	9.27% (Libor + 6.75%/M)	7/15/2021	1.5
		First lien senior secured loan	9.27% (Libor + 6.75%/M)	7/15/2021	17.0
		Preferred membership units			1.40%
QC Supply, LLC 574 Road 11 Schuyler, NE 68661	Specialty distributor and solutions provider to the swine and poultry markets	First lien senior secured revolving loan	8.52% (Libor + 6.00%/M)	12/29/2021	8.5(115)
		First lien senior secured loan	8.52% (Libor + 6.00%/M)	12/29/2022	8.2
		First lien senior secured loan	8.52% (Libor + 6.00%/M)	12/29/2022	10.5
		First lien senior secured loan	8.52% (Libor + 6.00%/M)	12/29/2022	13.9
R1 RCM Inc. 401 North Michigan Avenue Suite 2700 Chicago, IL 60611	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured revolving loan		5/8/2023	(116)
R2 Acquisition Corp. 207 NW Park Ave Portland, OR 97209	Marketing services	Common stock			0.32% 0.2

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R3 Education Inc., Equinox EIC Partners LLC and Sierra Education Finance Corp. 1750 W Broadway Street #222 Oviedo, FL 32765	Medical school operator	Common membership interest Warrant		11/10/2019	15.76% 10.00%	15.8 7.5(2)
Ranpak Corp. 7990 Auburn Road P.O. Box 8004 Concord Township, OH 44077	Manufacturer and marketer of paper-based protective packaging systems and materials	Second lien senior secured loan	9.71% (Libor + 7.25%/M)	10/3/2022		8.0
Raptor Technologies, LLC and Rocket Parent, LLC 631 West 22nd St Houston, TX 77270	Provider of SaaS-based safety and security software to the K-12 school market	First lien senior secured revolving loan First lien senior secured loan Class A common units	8.46% (Libor + 6.00%/M)	12/17/2023 12/17/2024		(117) 15.9 2.3
RE Community Holdings GP, LLC and RE Community Holdings, LP 809 West Hill Street Charlotte, NC 28208	Operator of municipal recycling facilities	Limited partnership interest Limited partnership interest			2.86% 2.49%	
RecoveryDirect Acquisition, L.L.C. 2803 Greystone Commercial Boulevard Suite 18 Birmingham, AL 35242	Outpatient physical therapy provider	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan First lien senior secured loan	6.77% (Libor + 4.25%/M) 6.77% (Libor + 4.25%/M) 6.77% (Libor + 4.25%/M)	1/3/2023 1/3/2024 1/3/2024 1/3/2024		(118) 6.9 14.8 19.8
Regent Education, Inc. 340 E. Patrick Street Suite 201 Frederick, MD 21701	Provider of software solutions designed to optimize the financial aid and enrollment processes	Warrant Warrant		12/23/2026 12/28/2026	0.27% 8.00%	(2) (2)
Respicardia, Inc. 12400 Whitewater Drive Suite 150 Minnetonka, MN 55343	Developer of implantable therapies to improve cardiovascular health	Warrant		6/28/2022	0.19%	(2)
Retriever Medical/Dental Payments LLC 115 E Stevens Ave Valhalla, NY 10595	Provider of payment processing services and software to healthcare providers	First lien senior secured revolving loan		2/3/2023		(119)
RF HP SCF Investor, LLC(6) 71 West 23rd Street	Branded specialty food company	Membership interest			10.08%	16.2

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New York, NY 10010

Rialto Management Group, LLC(6) 790 NW 107th Avenue Suite 400 Miami, FL 33172	Investment and asset management platform focused on real estate	First lien senior secured revolving loan First lien senior secured loan	7.02% (Libor + 4.50%/M)	12/2/2024 12/2/2024	(120) 1.0
Riverview Power LLC 2200 Atlantic Street Suite 800 Stamford, CT 06902	Operator of natural gas and oil fired power generation facilities	First lien senior secured loan	10.80% (Libor + 8.00%/Q)	12/29/2022	81.2
RMP Group, Inc 4135 South Stream Blvd Suite 400 Charlotte, NC 28217	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured revolving loan		3/2/2022	(121)
Roark-Money Mailer LLC 14271 Corporate Drive Garden Grove, CA 92843	Marketer, advertiser and distributor of coupons in the mail industry	Membership units			0.44%
RuffaloCODY, LLC 1025 Kirkwood Parkway SW Cedar Rapids, IA 52404	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan		5/29/2019	(122)
Rug Doctor, LLC and RD Holdco Inc.(4) 4701 Old Shepard Place Plano, TX 75093	Manufacturer and marketer of carpet cleaning machines	Second lien senior secured loan Common stock Warrant	12.33% (Libor + 9.75%/Q)	10/31/2019 12/23/2023	16.9 45.86% 46.98% (2)
S Toys Holdings LLC (fka The Step2 Company, LLC)(4) 10010 Aurora-Hudson Road Streetsboro, OH 44241	Toy manufacturer	Common units Class B common units Warrant			1.77% 100.00% 5.00% (2)
Salter Labs 100 Sycamore Rd. Arvin, CA 93203	Developer, manufacturer and supplier of consumable products for medical device customers	First lien senior secured revolving loan First lien senior secured revolving loan	6.76% (Libor + 4.25%/Q) 7.05% (Libor + 4.25%/Q)	3/11/2020 3/11/2020	0.6(123) 0.4(123)

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Sanders Industries Holdings, Inc. and SI Holdings, Inc. 3701 Conany Street Long Beach, CA 90809	Manufacturer of elastomeric parts, mid-sized composite structures, and composite tooling	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Common stock	8.90% (Libor + 6.50%/Q) 8.90% (Libor + 6.50%/Q)	5/30/2019 5/30/2020 5/30/2020		(124) 50.2 13.1 1.83% 1.8
Saw Mill PCG Partners LLC 8751 Old State Road 60 Sellersburg, IN 47172	Manufacturer of metal precision engineered components	Common units			66.67%	
SCI PH Parent, Inc. 1540 Greenwood Avenue Montebello, CA 90640	Industrial container manufacturer, reconditioner and servicer	Series B shares			1.03%	1.8
SCM Insurance Services Inc.(5) 5083 Windermere Boulevard SW #101 Edmonton, AB T6W 0J5 Canada	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 First lien senior secured loan Second lien senior secured loan	7.95% (Base Rate + 4.00%/Q) 7.28% (CIBOR + 5.00%/M) 11.28% (CIBOR + 9.00%/M)	8/29/2022 8/29/2024 3/1/2025		2.4(125) 18.9 52.3
SCSG EA Acquisition Company, Inc. 3100 West End Avenue Suite 800 Nashville, TN 37203	Provider of outsourced clinical services to hospitals and health systems	First lien senior secured revolving loan		9/1/2022		(126)
SecurAmerica, LLC, ERM LLC, ERM Of America, LLC, SecurAmerica Corporation, ERM Aviation LLC, American Security Programs, Inc., USI LLC and Argenbright Holdings IV, LLC 3399 Peachtree Rd NE Suite 1500 Atlanta, GA 30326	Provider of outsourced manned security guard services, outsourced facilities management and outsourced aviation services	First lien senior secured revolving loan First lien senior secured loan	5.35% (Libor + 3.00%/Q) 9.23% (Libor + 6.75%/M)	6/21/2023 12/21/2023		(127) 25.8
Securelink, Inc. 11402 Bee Cave Road Austin, TX 78738	Provider of a SaaS third-party remote access software platform	First lien senior secured revolving loan		8/15/2022		(128)
Senior Direct Lending Program, LLC(4)(6) 2000 Avenue of the Stars 12th Floor Los Angeles, CA 90067	Co-investment vehicle	Subordinated certificates Member interest	10.81% (Libor + 8.00%/Q)	12/31/2036		651.7 87.50%
Severin Acquisition, LLC	Provider of student	First lien senior secured	9.13% (Libor + 6.75%/M)	8/1/2023		(129)

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150 Parkshore Drive Folsom, CA 95630	information system software solutions to the K-12 education market	revolving loan Second lien senior secured loan			8/1/2026	77.6
SFE Intermediate Holdco LLC 9366 East Raintree Drive Suite 101 Scottsdale, AZ 85260	Provider of outsourced foodservice to K-12 school districts	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan		7.50% (Libor + 4.75%/Q) 7.28% (Libor + 4.75%/Q)	7/31/2023 7/31/2024 7/31/2024	(130) 10.8 6.7
Shift PPC LLC 348 East Maple Road Birmingham, MI 48009	Digital solutions provider	First lien senior secured revolving loan			12/22/2021	(131)
SHO Holding I Corporation 250 S. Australian Avenue West Palm Beach, FL 33401	Manufacturer and distributor of slip resistant footwear	Second lien senior secured loan	11.03% (Libor + 8.50%/Q)		4/27/2023	91.0
Shock Doctor, Inc. and Shock Doctor Holdings, LLC(3) 110 Cheshire Lane Suite 120 Minnetonka, MN 55305	Developer, marketer and distributor of sports protection equipment and accessories	Second lien senior secured loan Class A preferred units Class C preferred units	13.49% (Libor + 11.00%/Q)		10/22/2021	79.6 3.74% 1.0 12.20% 1.0
Simpson Performance Products, Inc. 328 FM 306 New Braunfels, TX 78130	Provider of motorsports safety equipment	First lien senior secured loan	10.28% (Libor + 7.48%/Q)		2/20/2020	28.3
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP(4) 1224 Heil Quaker Boulevard La Vergne, TN 37086	Manufacturer of consumer sewing machines	First lien senior secured revolving loan First lien senior secured revolving loan First lien senior secured loan Class A common units	11.39% (Libor + 9.00%/Q) 11.38% (Libor + 9.00%/Q) 5.00% (Libor + 2.61%/Q)		3/16/2023 3/16/2023 3/16/2023	72.6(132) 4.0(132) 159.1 65.00%



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SiroMed Physician Services, Inc. and SiroMed Equity Holdings, LLC 1000 Winter Street Suite 4300 Waltham, MA 02451	Outsourced anesthesia provider	First lien senior secured revolving loan		3/26/2024			(133)
		First lien senior secured loan	7.55% (Libor + 4.75%/Q)	3/26/2024		17.1	
		Common units			4.81%	3.2	
Siteworx Holdings, LLC & Siteworx LLC 11480 Commerce Park Dr Suite 300 Reston, VA 20191	Provider of design, web content management, eCommerce solutions and system integration	First lien senior secured revolving loan	6.75% (Base Rate + 1.25%/Q)	1/2/2020		1.5	(134)
		First lien senior secured loan	8.31% (Libor + 5.50%/Q)	1/2/2020		1.2	
		First lien senior secured loan	8.31% (Libor + 5.50%/Q)	1/2/2020		1.2	
SK SPV IV, LLC 600 N Central Expressway Suite #4000 Richardson, TX 75080	Collision repair site operator	Series A common stock			76.92%	2.5	
		Series B common stock			76.92%	2.5	
SM Wellness Holdings, Inc. and SM Holdco, Inc. 15601 Dallas Parkway Suite 500 Addison, TX 75001	Breast cancer screening provider	First lien senior secured revolving loan		8/1/2024			(135)
		First lien senior secured loan	8.02% (Libor + 5.50%/M)	8/1/2024		0.7	
		First lien senior secured loan	8.02% (Libor + 5.50%/M)	8/1/2024		7.1	
		Series A preferred stock	13.05% (Libor + 10.25%/Q)		99.94%	47.4	
		Series A units			2.28%	0.1	
		Series B units			2.28%	7.4	
SocialFlow, Inc. 52 Vanderbilt Avenue 12th Floor New York, NY 10017	Social media optimization platform provider	Warrant		1/29/2026	0.30%		(2)
Soil Safe, Inc. and Soil Safe Acquisition Corp.(4) 6700 Alexander Bell Drive Suite 300 Columbia, MD 21046	Provider of soil treatment, recycling and placement services	First lien senior secured revolving loan		1/1/2020			(136)
		First lien senior secured loan	8.77% (Libor + 6.25%/M)	1/1/2020		18.0	
		Second lien senior secured loan	10.75% (Libor + 7.75%/M)	6/30/2020		12.7	
		Senior subordinated loan	16.50% PIK	12/31/2020		43.4	
		Senior subordinated loan	14.50% PIK	12/31/2020		36.5	
		Senior subordinated loan		12/31/2020		10.2	
		Common stock			90.00%		
Sonny's Enterprises, LLC 5605 Hiatus Road Tamarac, FL 33321	Manufacturer and supplier of car wash equipment, parts and supplies to the conveyORIZED car wash market	First lien senior secured revolving loan	6.77% (Libor + 4.25%/M)	12/1/2022		0.2	(137)
SoundCloud Limited(5) 76/77 Rheinsberger Str Berlin, 10115	Platform for receiving, sending, and distributing music	Common stock			0.23%	0.7	

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Germany					
Sovos Brands Intermediate, Inc. 1901 Fourth St #200 Berkeley, CA 94710	Food and beverage platform	First lien senior secured revolving loan		11/20/2023	(138)
		First lien senior secured loan	7.64% (Libor + 5.00%/S)	11/20/2025	16.7
SpareFoot, LLC 3300 Interstate Hwy 35 Suite 200 Austin, TX 78705	PMS solutions and web services for the self-storage industry.	First lien senior secured revolving loan	6.77% (Libor + 4.25%/M)	4/13/2023	0.3(139)
		First lien senior secured loan	6.77% (Libor + 4.25%/M)	4/13/2024	1.2
		First lien senior secured loan	6.77% (Libor + 4.25%/M)	4/13/2024	4.7
		Second lien senior secured loan	10.77% (Libor + 8.25%/M)	4/13/2025	4.2
		Second lien senior secured loan	10.77% (Libor + 8.25%/M)	4/13/2025	6.1
Sparta Systems, Inc., Project Silverback Holdings Corp. and Silverback Holdings, Inc. 2000 Waterview Drive Suite 300 Hamilton, NJ 08691	Quality management software provider	First lien senior secured revolving loan		8/22/2022	(140)
		Second lien senior secured loan	10.76% (Libor + 8.25%/M)	8/21/2025	17.4
		Series B preferred shares			0.32% 0.5
Spectra Finance, LLC 3601 S. Broad Street Philadelphia, PA 19148	Venue management and food and beverage provider	First lien senior secured revolving loan	6.39% (Libor + 4.00%/M)	4/3/2023	5.4(141)
		First lien senior secured loan	7.05% (Libor + 4.25%/Q)	4/2/2024	19.0
Spin HoldCo Inc. 303 Sunnyside Blvd Suite 70 Plainview, NY 11803	Laundry service and equipment provider	Second lien senior secured loan	10.19% (Libor + 7.50%/Q)	5/14/2023	152.6
St. Croix Hospice Acquisition Corp. 7200 Hudson Boulevard North Suites 230 and 100 Oakdale, MN 55128	Provider of hospice services	First lien senior secured revolving loan		9/29/2022	(142)
Startec Equity, LLC(4) 2000 Avenue of the Stars 12th Floor Los Angeles, CA 90067	Communication services	Member interest			100.00%

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Storm UK Holdco Limited and Storm US Holdco Inc.(5) Jacobs Well West Street Newbury, Berkshire RG14 1BD United Kingdom	Provider of water infrastructure software solutions for municipalities / utilities and engineering consulting firms	First lien senior secured revolving loan		5/5/2022		(143)
Sundance Energy, Inc. 633 17th Street Suite 1950 Denver, CO 80202	Oil and gas producer	Second lien senior secured loan	10.81% (Libor + 8.00%/Q)	4/23/2023		60.7
Sunk Rock Foundry Partners LP, Hatteras Electrical Manufacturing Holding Company and Sigma Electric Manufacturing Corporation 120 Sigma Drive Garner, NC 27529	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 First lien senior secured loan First lien senior secured loan	7.55% (Libor + 4.75%/Q) 7.55% (Libor + 4.75%/Q) 7.55% (Libor + 4.75%/Q)	10/31/2022 10/31/2023 10/31/2023		2.4(144) 11.3 12.4
Sunshine Sub, LLC 4776 New Broad Street Suite 195 Orlando, FL 32814	Premier health club operator	First lien senior secured revolving loan First lien senior secured loan	7.27% (Libor + 4.75%/M)	5/27/2024 5/27/2024		(145) 9.7
Symmetry Surgical, Inc 3034 Owen Drive Antioch, TN 37013	Marketer and distributor of medical devices focused on the general surgery market	First lien senior secured revolving loan		7/1/2021		(146)
Synergy HomeCare Franchising, LLC and NP/Synergy Holdings, LLC 500 North Roosevelt Chandler, AZ 85226	Franchisor of private-pay home care for the elderly	First lien senior secured revolving loan First lien senior secured loan Common units	8.55% (Libor + 5.75%/Q)	4/2/2024 4/2/2024		(147) 16.0 1.61% 0.7
Syntax USA Acquisition Corporation(5) 8000 Decarie Blvd Suite 300 Montreal, QC H4P 2S4 Canada	Provider of cloud ERP hosting and consulting services for Oracle users	First lien senior secured revolving loan	6.67% (Libor + 4.25%/S)	4/16/2021		1.7(148)
Taymax Group Acquisition, LLC and TCP Fit Parent, L.P. 5 Industrial Way Unit 3B Salem, NH 03079	Planet Fitness franchisee	First lien senior secured revolving loan First lien senior secured revolving loan First lien senior secured loan	7.10% (Libor + 4.75%/M) 6.89% (Libor + 4.75%/M) 7.55% (Libor + 4.75%/Q)	7/31/2024 7/31/2024 7/31/2025		0.1(149) 0.1(149) 4.2

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		Class A units			1.53%	3.3
TDG Group Holding Company and TDG Co-Invest, LP 524 W. Waco Drive Waco, TX 76701	Operator of multiple franchise concepts primarily related to home maintenance or repairs	First lien senior secured revolving loan	8.02% (Libor + 5.50%/M)	5/31/2024		(150)
		First lien senior secured loan	8.30% (Libor + 5.50%/Q)	5/31/2024		3.2
		First lien senior secured loan	8.30% (Libor + 5.50%/Q)	5/31/2024		9.2
		Preferred units			10.00%	2.9
		Common units			10.00%	
Teasdale Foods, Inc. P.O. Box 814 901 Packers Street Atwater, CA 95301	Provider of beans, sauces and hominy to the retail, foodservice and wholesale channels	First lien senior secured revolving loan	7.72% (Libor + 5.25%/M)	10/28/2020		0.5(151)
		First lien senior secured revolving loan	9.75% (Base Rate + 4.25%/M)	10/28/2020		0.1(151)
		First lien senior secured loan	7.65% (Libor + 5.25%/Q)	10/28/2020		0.6
		Second lien senior secured loan	11.28% (Libor + 8.75%/Q)	10/28/2021		28.9
		Second lien senior secured loan	11.28% (Libor + 8.75%/Q)	10/28/2021		27.1
		Second lien senior secured loan	11.24% (Libor + 8.75%/Q)	10/28/2021		18.3
Telestream Holdings Corporation 848 Gold Flat Road Nevada City, CA 95959	Provider of digital video tools and workflow solutions to the media and entertainment industries	First lien senior secured revolving loan	10.95% (Base Rate + 5.45%/Q)	3/24/2022		0.5(152)
Teligent, Inc. 105 Lincoln Avenue Buena, NJ 08310	Pharmaceutical company that develops, manufactures and markets injectable pharmaceutical products	First lien senior secured revolving loan	6.53% (Libor + 3.75%/Q)	12/13/2023		(153)
		Second lien senior secured loan	13.25% (Base Rate + 7.75%/Q)	6/13/2024		18.1
		Second lien senior secured loan	11.53% (Libor + 8.75%/Q)	6/13/2024		45.0
TerSera Therapeutics LLC 150 N. Two Conway Park Suite 195 Lake Forest, IL 60045	Acquirer and developer of specialty therapeutic pharmaceutical products	First lien senior secured loan	8.06% (Libor + 5.25%/Q)	3/30/2024		2.2
		First lien senior secured loan	8.05% (Libor + 5.25%/Q)	3/30/2024		2.2
		First lien senior secured loan	8.05% (Libor + 5.25%/Q)	3/30/2023		2.1
		First lien senior secured loan	8.05% (Libor + 5.25%/Q)	3/30/2023		5.2
The Teaching Company Holdings, Inc. 4151 Lafayette Center Drive #100 Chantilly, VA 20151	Education publications provider	Preferred stock			1.77%	
		Common stock			3.64%	

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Issuer	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 12/31/2018	Fair Value
Tidi Products, LLC 570 Enterprise Drive Neenah, WI 54956	Manufacturer and supplier of single-use infection prevention products in the medical, dental, and food service markets	First lien senior secured revolving loan		7/1/2020		(154)
Total Community Options, Inc. 8950 East Lowry Boulevard Denver, CO 80230	Service provider for the elderly and other disabled individuals in need of care and support	First lien senior secured revolving loan		5/13/2021		(155)
Touchstone Acquisition, Inc. and Touchstone Holding, L.P. 5949 Commerce Blvd Morristown, TN 37814	Manufacturer of consumable products in the dental, medical, cosmetic and CPG/industrial end-markets	First lien senior secured revolving loan First lien senior secured loan Class A preferred units	7.27% (Libor + 4.75%/M)	11/15/2023 11/17/2025	1.81%	(156) 53.2 2.1
TowerCo IV Finance LLC 5000 Valleystone Drive Cary Suite 200 Cary, NC 27519	Owner and operator of cellular telecommunications towers	First lien senior secured revolving loan First lien senior secured revolving loan	6.01% (Libor + 3.50%/M) 5.85% (Libor + 3.50%/M)	10/12/2021 10/12/2021		7.1(157) 1.2(157)
TPTM Merger Corp. 116 American Road Morris Plains, NJ 07950	Manufacturer of time temperature indicator products	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan	9.02% (Libor + 6.50%/Q) 9.02% (Libor + 6.50%/Q)	9/12/2020 9/12/2020 9/12/2020		(158) 13.3 9.9
TU BidCo, Inc. 3221 Donald Douglas Loop S Santa Monica, CA 90405	Provider of outsourced customer service management solutions and back-office support services to e-commerce, software and tech-enabled services industries	First lien senior secured revolving loan First lien senior secured loan	6.80% (Libor + 4.00%/Q)	10/1/2023 10/1/2023		(159) 18.0
Tyden Group Holding Corp.(5) P.O. Box 908 Mary Street GT Walker House George Town, Grand Cayman Cayman Islands	Producer and marketer of global cargo security, product identification and traceability products and utility meter products	Preferred stock Common stock			3.84% 3.84%	0.4 5.6
U.S. Acute Care Solutions, LLC 4535 Dressler Road Canton, OH 44718	Provider of physician management services	First lien senior secured revolving loan		1/1/2022		(160)
U.S. Anesthesia Partners, Inc. 2411 Fountain View Drive	Anesthesiology service provider	Second lien senior secured loan	9.77% (Libor + 7.25%/M)	6/23/2025		70.4

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Suite 200 Houston, TX 77057					
UL Holding Co., LLC(3)	Provider of collection and	Senior subordinated loan	10.00% PIK	5/2/2020	3.2
2824 N Ohio	landfill avoidance solutions	Senior subordinated loan		5/2/2020	0.4
Wichita, KS 67201	for food waste and unsold food products	Senior subordinated loan	10.00% PIK	5/2/2020	6.8
		Senior subordinated loan		5/2/2020	0.5
		Senior subordinated loan	10.00% PIK	5/2/2020	27.1
		Senior subordinated loan		5/2/2020	3.8
		Class C common units		8.77%	
		Class A common units		8.85%	0.3
		Class B-5 common units		40.50%	0.2
		Warrant		10.44%	(2)
		Warrant		10.44%	(2)
		Warrant		10.44%	(2)
		Warrant		10.44%	(2)
		Warrant		10.44%	(2)
		Warrant		10.44%	(2)
		Warrant		10.44%	(2)
United Digestive MSO Parent, LLC 550 Peachtree Street N.E Suite 1600 Atlanta, GA 30308	Gastroenterology physician group	First lien senior secured revolving loan		12/14/2023	(161)
		First lien senior secured loan	7.02% (Libor + 4.50%/M)	12/16/2024	12.5
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC 935 Shotwell Road Suite 108 Clayton, NC 27520	Operator of urgent care clinics	First lien senior secured revolving loan		2/15/2022	(162)
		Preferred units		6/11/2022	20.00%
		Series A common units			1.12%
		Series C common units			20.00%
Urology Management Associates, LLC and JWC/UMA Holdings, L.P. 1515 Broad Street Suite 120 Bloomfield, NJ 07003	Urology private practice	First lien senior secured loan	7.52% (Libor + 5.00%/M)	8/31/2024	9.8
		Limited partnership interests			3.64%
					4.8

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Issuer	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 12/31/2018	Fair Value
Utility Pipeline, Ltd. 140 Broadway New York, NY 10005	Natural gas distribution management company	First lien senior secured revolving loan	6.69% (Libor + 4.00%/Q)	4/18/2022		0.1(163)
Varsity Brands Holding Co., Inc. and BCPE Hercules Holdings, LP 6745 Lenox Center Court Memphis, TN 38115	Leading manufacturer and distributor of textiles, apparel & luxury goods	Second lien senior secured loan	10.77% (Libor + 8.25%/M)	12/15/2025		21.1
		Second lien senior secured loan	10.77% (Libor + 8.25%/M)	12/15/2025		47.7
		Second lien senior secured loan	10.77% (Libor + 8.25%/M)	12/15/2025		75.0
		Class A units			0.17%	1.5
Vela Trading Technologies, LLC 211 East 43rd Street 5th Floor New York, NY 10017	Provider of market data software and content to global financial services clients	First lien senior secured revolving loan	7.65% (Libor + 5.00%/Q)	6/30/2022		0.5(164)
		First lien senior secured loan	7.45% (Libor + 5.00%/Q)	6/30/2022		4.8
Velocity Holdings Corp. 13432 Wards Rd Lynchburg, VA 24501	Hosted enterprise resource planning application management services provider	Common units			2.00%	3.6
Verscend Holding Corp. 201 Jones Road 4th Floor Waltham, MA 02451	Healthcare analytics solutions provider	First lien senior secured revolving loan		8/28/2023		(165)
		First lien senior secured loan	7.02% (Libor + 4.50%/M)	8/27/2025		97.8
Veson Nautical LLC 500 Boylston Street Boston Suite 400 Boston, MA 02116	Provider of maritime operations and data collaboration software	First lien senior secured revolving loan		1/31/2022		(166)
VistaPharm, Inc. and Vertice Pharma UK Parent Limited(5) 630 Central Avenue New Providence, NJ 07974	Manufacturer and distributor of generic pharmaceutical products	Preferred shares			0.35%	0.6
Visual Edge Technology, Inc. 3874 Highland Park North Canton, OH 44720	Provider of outsourced office solutions with a focus on printer and copier equipment and other parts and supplies	First lien senior secured loan	8.27% (Libor + 5.75%/M)	8/31/2022		15.7
		First lien senior secured loan	8.27% (Libor + 5.75%/M)	8/31/2022		16.7
		Senior subordinated loan	12.50% PIK	9/2/2024		56.0
		Warrant		8/31/2027	4.64%	0.8(2)
		Warrant		8/31/2027	4.64%	3.9(2)
Vitesse CLO, Ltd.(5)(6) P.O. Box 1093 Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands	Investment vehicle	Preferred shares				
VLS Recovery Services, LLC 17020 Premium Drive	Provider of commercial and	First lien senior secured revolving loan	8.46% (Libor + 6.00%/M)	10/17/2023		0.5(167)

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Hockley, TX 77447	industrial waste processing and disposal services	First lien senior secured revolving loan	8.47% (Libor + 6.00%/M)	10/17/2023	1.1(167)
		First lien senior secured revolving loan	8.38% (Libor + 6.00%/M)	10/17/2023	1.1(167)
		First lien senior secured revolving loan	8.40% (Libor + 6.00%/M)	10/17/2023	0.5(167)
		First lien senior secured loan	8.47% (Libor + 6.00%/M)	10/17/2023	5.1
		First lien senior secured loan	8.46% (Libor + 6.00%/M)	10/17/2023	6.8
Voya CLO 2014-4 Ltd.(5)(6) P.O. Box 1093 Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands	Investment vehicle	Subordinated notes	15.60%	7/14/2031	13.8
VPROP Operating, LLC and Vista Proppants and Logistics, LLC 4413 Carey Street Fort Worth, TX 76119	Sand-based proppant producer and distributor to the oil and natural gas industry	First lien senior secured loan	12.24% (Libor + 8.50% Cash, 1.00% PIK/Q)	8/1/2021	28.5
		First lien senior secured loan	12.24% (Libor + 8.50% Cash, 1.00% PIK/Q)	8/1/2021	35.6
		First lien senior secured loan	12.24% (Libor + 8.50% Cash, 1.00% PIK/Q)	8/1/2021	15.3
		First lien senior secured loan	12.24% (Libor + 8.50% Cash, 1.00% PIK/Q)	8/1/2021	76.3
		Common units			8.22%
VRC Companies, LLC 5400 Meltech Blvd Memphis, TN 38118	Provider of records and information management services	First lien senior secured revolving loan	9.02% (Libor + 6.50%/M)	3/31/2022	0.6(168)
		First lien senior secured revolving loan	11.00% (Base Rate + 5.50%/M)	3/31/2022	0.2(168)
		First lien senior secured loan	9.02% (Libor + 6.50%/M)	3/31/2023	2.3
		First lien senior secured loan	9.11% (Libor + 6.50%/S)	3/31/2023	0.2
		First lien senior secured loan	9.02% (Libor + 6.50%/S)	3/31/2023	5.0
VSC Investors LLC(6) 401 Vance Street Los Angeles, CA 90272	Investment company	Membership interest			1.95% 1.1



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Issuer	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 12/31/2018	Fair Value
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc. 3690 Redondo Beach Ave Redondo Beach, CA 90278	Laundry service and equipment provider	Second lien senior secured loan	9.52% (Libor + 7.00%/M)	5/15/2023		3.6
		Second lien senior secured loan	9.52% (Libor + 7.00%/M)	5/15/2023		20.6
Watchfire Enterprises, Inc. 1015 Maple Street Danville, IL 61832	Manufacturer of LED electronic message centers and digital billboards	First lien senior secured revolving loan		4/2/2020		(169)
West Dermatology, LLC 680 Newport Center Drive Suite 150 Newport Beach, CA 92660	Dermatology practice platform	First lien senior secured revolving loan	7.93% (Libor + 5.50%/Q)	4/28/2022		0.7(170)
		First lien senior secured revolving loan	8.21% (Libor + 5.50%/Q)	4/28/2022		0.6(170)
		First lien senior secured revolving loan	8.31% (Libor + 5.50%/Q)	4/28/2022		3.7(170)
		First lien senior secured loan	7.90% (Libor + 5.50%/Q)	4/28/2023		1.4
		First lien senior secured loan	7.91% (Libor + 5.50%/Q)	4/28/2023		0.3
		First lien senior secured loan	7.94% (Libor + 5.50%/Q)	4/28/2023		0.9
		First lien senior secured loan	8.11% (Libor + 5.50%/Q)	4/28/2023		0.1
		First lien senior secured loan	8.21% (Libor + 5.50%/Q)	4/28/2023		1.3
		First lien senior secured loan	8.26% (Libor + 5.50%/Q)	4/28/2023		0.8
		First lien senior secured loan	8.31% (Libor + 5.50%/Q)	4/28/2023		4.1
		First lien senior secured loan	8.21% (Libor + 5.50%/Q)	4/28/2023		1.3
		First lien senior secured loan	8.31% (Libor + 5.50%/Q)	4/28/2023		7.7
		WIRB Copernicus Group, Inc. 202 Carnegie Center Suite 107 Princeton, NJ 08540	Provider of regulatory, ethical, and safety review services for clinical research involving human subjects	First lien senior secured revolving loan		8/15/2022
Woodstream Group, Inc. and Woodstream Corporation 69 N Locust Street Lititz, PA 17543	Pet products manufacturer	First lien senior secured loan	8.72% (Libor + 6.25%/Q)	5/29/2022		1.5
		First lien senior secured loan	8.90% (Libor + 6.25%/Q)	5/29/2022		0.9
		First lien senior secured loan	9.04% (Libor + 6.25%/Q)	5/29/2022		1.5
		First lien senior secured loan	8.72% (Libor + 6.25%/Q)	5/29/2022		3.1
		First lien senior secured loan	8.90% (Libor + 6.25%/Q)	5/29/2022		1.8
		First lien senior secured loan	9.04% (Libor + 6.25%/Q)	5/29/2022		3.1
WorldPay Group PLC(5) 25 Walbrook London, EC4N 8AF United Kingdom	Payment processing company	C2 shares			0.13%	

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Worldwide Facilities, LLC 725 S. Figueroa Street 19th Floor Los Angeles, CA 90017	Specialty insurance wholesale broker	First lien senior secured revolving loan First lien senior secured loan	6.77% (Libor + 4.25%/M) 7.05% (Libor + 4.25%/Q) 7.05% (Libor + 4.25%/Q)	4/26/2024 4/26/2024 4/26/2024	0.4(172) 1.2 1.6
XIFIN, Inc. 12225 El Camino Real Suite 300 San Diego, CA 92130	Revenue cycle management provider to labs	First lien senior secured revolving loan		11/20/2020	(173)
Zemax Software Holdings, LLC 10230 NE Points Drive Suite 540 Kirkland, WA 98033	Provider of optical illumination design software to design engineers	First lien senior secured revolving loan First lien senior secured loan	8.55% (Libor + 5.75%/Q)	6/25/2024 6/25/2024	(174) 16.9
Zywave, Inc. 10100 W Innovation Drive Suite 300 Milwaukee, WI 53226	Provider of software and technology-enabled content and analytical solutions to insurance brokers	First lien senior secured revolving loan Second lien senior secured loan	7.52% (Libor + 5.00%/Q) 11.65% (Libor + 9.00%/Q)	11/17/2022 11/17/2023	6.2(175) 26.5

- (1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate loans to our portfolio companies bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which resets daily (D), monthly (M), bimonthly (B), quarterly (Q) or semiannually (S). For each such loan, we have provided the current interest rate in effect as of December 31, 2018.
- (2) Percentages shown for warrants or convertible preferred stock held represents the percentages of common stock we may own on a fully diluted basis, assuming we exercise our warrants or convert our preferred stock to common stock.
- (3) As defined in the Investment Company Act, we are an "Affiliate" of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities.
- (4) As defined in the Investment Company Act, we are an "Affiliate" of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). In addition, as defined in the Investment Company Act, we "Control" this portfolio company because we own more than 25% of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement).
- (5) 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.
- (6) 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.

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- (7) \$3.4 of total commitment of \$3.5 remains undrawn as of December 31, 2018
- (8) Total commitment of \$5.0 remains undrawn as of December 31, 2018
- (9) Total commitment of \$1.2 remains undrawn as of December 31, 2018
- (10) Total commitment of \$4.1 remains undrawn as of December 31, 2018
- (11) Total commitment of \$10.5 remains undrawn as of December 31, 2018
- (12) \$3.8 of total commitment of \$5.0 remains undrawn as of December 31, 2018
- (13) \$2.5 of total commitment of \$13.7 remains undrawn as of December 31, 2018
- (14) \$25.5 of total commitment of \$29.0 remains undrawn as of December 31, 2018
- (15) \$3.5 of total commitment of \$4.7 remains undrawn as of December 31, 2018
- (16) \$6.1 of total commitment of \$7.0 remains undrawn as of December 31, 2018
- (17) Total commitment of \$3.4 remains undrawn as of December 31, 2018
- (18) \$0.0 of total commitment of \$5.0 remains undrawn as of December 31, 2018
- (19) Total commitment of \$4.2 remains undrawn as of December 31, 2018
- (20) \$9.3 of total commitment of \$9.6 remains undrawn as of December 31, 2018
- (21) Total commitment of \$3.0 remains undrawn as of December 31, 2018
- (22) \$13.8 of total commitment of \$14.3 remains undrawn as of December 31, 2018
- (23) \$1.1 of total commitment of \$2.0 remains undrawn as of December 31, 2018
- (24) \$2.0 of total commitment of \$2.3 remains undrawn as of December 31, 2018
- (25) Total commitment of \$32.2 remains undrawn as of December 31, 2018
- (26) \$4.2 of total commitment of \$12.0 remains undrawn as of December 31, 2018
- (27) \$8.1 of total commitment of \$8.5 remains undrawn as of December 31, 2018
- (28) Total commitment of \$0.0 remains undrawn as of December 31, 2018
- (29)

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- Total commitment of \$1.0 remains undrawn as of December 31, 2018
- (30) Total commitment of \$5.8 remains undrawn as of December 31, 2018
- (31) Total commitment of \$5.0 remains undrawn as of December 31, 2018
- (32) \$3.3 of total commitment of \$6.3 remains undrawn as of December 31, 2018
- (33) \$1.8 of total commitment of \$1.9 remains undrawn as of December 31, 2018
- (34) Total commitment of \$4.3 remains undrawn as of December 31, 2018
- (35) \$13.5 of total commitment of \$15.0 remains undrawn as of December 31, 2018
- (36) \$6.6 of total commitment of \$7.5 remains undrawn as of December 31, 2018
- (37) Total commitment of \$4.2 remains undrawn as of December 31, 2018
- (38) \$1.7 of total commitment of \$5.0 remains undrawn as of December 31, 2018
- (39) \$5.4 of total commitment of \$5.8 remains undrawn as of December 31, 2018
- (40) Total commitment of \$8.1 remains undrawn as of December 31, 2018
- (41) \$20.4 of total commitment of \$115.0 remains undrawn as of December 31, 2018
- (42) \$3.2 of total commitment of \$3.3 remains undrawn as of December 31, 2018
- (43) \$6.6 of total commitment of \$9.9 remains undrawn as of December 31, 2018
- (44) \$6.6 of total commitment of \$8.8 remains undrawn as of December 31, 2018
- (45) \$0.8 of total commitment of \$2.0 remains undrawn as of December 31, 2018
- (46) Total commitment of \$6.5 remains undrawn as of December 31, 2018
- (47) \$1.5 of total commitment of \$4.5 remains undrawn as of December 31, 2018
- (48) Total commitment of \$5.0 remains undrawn as of December 31, 2018
- (49) Total commitment of \$8.0 remains undrawn as of December 31, 2018
- (50) Total commitment of \$0.8 remains undrawn as of December 31, 2018
- (51) Total commitment of \$9.5 remains undrawn as of December 31, 2018
- (52)

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\$2.0 of total commitment of \$2.0 remains undrawn as of December 31, 2018

(53)

\$8.5 of total commitment of \$9.8 remains undrawn as of December 31, 2018

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- (54) Total commitment of \$10.0 remains undrawn as of December 31, 2018
- (55) \$5.6 of total commitment of \$6.0 remains undrawn as of December 31, 2018
- (56) Total commitment of \$1.5 remains undrawn as of December 31, 2018
- (57) Total commitment of \$15.8 remains undrawn as of December 31, 2018
- (58) \$1.3 of total commitment of \$2.1 remains undrawn as of December 31, 2018
- (59) \$4.0 of total commitment of \$7.5 remains undrawn as of December 31, 2018
- (60) Total commitment of \$3.8 remains undrawn as of December 31, 2018
- (61) Total commitment of \$1.5 remains undrawn as of December 31, 2018
- (62) Total commitment of \$1.1 remains undrawn as of December 31, 2018
- (63) Total commitment of \$2.0 remains undrawn as of December 31, 2018
- (64) Total commitment of \$19.0 remains undrawn as of December 31, 2018
- (65) \$0.1 of total commitment of \$2.0 remains undrawn as of December 31, 2018
- (66) \$16.0 of total commitment of \$16.8 remains undrawn as of December 31, 2018
- (67) \$4.0 of total commitment of \$5.0 remains undrawn as of December 31, 2018
- (68) \$3.9 of total commitment of \$3.9 remains undrawn as of December 31, 2018
- (69) \$7.2 of total commitment of \$7.4 remains undrawn as of December 31, 2018
- (70) \$9.5 of total commitment of \$9.9 remains undrawn as of December 31, 2018
- (71) \$6.6 of total commitment of \$12.1 remains undrawn as of December 31, 2018
- (72) \$0.0 of total commitment of \$6.2 remains undrawn as of December 31, 2018
- (73) \$3.0 of total commitment of \$3.0 remains undrawn as of December 31, 2018
- (74) Total commitment of \$5.3 remains undrawn as of December 31, 2018
- (75) Total commitment of \$4.0 remains undrawn as of December 31, 2018
- (76)

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- \$5.0 of total commitment of \$5.8 remains undrawn as of December 31, 2018
- (77) \$3.3 of total commitment of \$6.1 remains undrawn as of December 31, 2018
- (78) Total commitment of \$8.0 remains undrawn as of December 31, 2018
- (79) \$0.4 of total commitment of \$5.0 remains undrawn as of December 31, 2018
- (80) Total commitment of \$2.8 remains undrawn as of December 31, 2018
- (81) \$6.2 of total commitment of \$6.9 remains undrawn as of December 31, 2018
- (82) Total commitment of \$3.8 remains undrawn as of December 31, 2018
- (83) \$0.8 of total commitment of \$0.9 remains undrawn as of December 31, 2018
- (84) Total commitment of \$3.9 remains undrawn as of December 31, 2018
- (85) Total commitment of \$3.0 remains undrawn as of December 31, 2018
- (86) \$0.0 of total commitment of \$0.0 remains undrawn as of December 31, 2018
- (87) \$7.3 of total commitment of \$7.5 remains undrawn as of December 31, 2018
- (88) \$2.3 of total commitment of \$2.5 remains undrawn as of December 31, 2018
- (89) Total commitment of \$5.0 remains undrawn as of December 31, 2018
- (90) \$0.8 of total commitment of \$3.5 remains undrawn as of December 31, 2018
- (91) \$1.6 of total commitment of \$4.5 remains undrawn as of December 31, 2018
- (92) Total commitment of \$10.9 remains undrawn as of December 31, 2018
- (93) \$1.0 of total commitment of \$2.6 remains undrawn as of December 31, 2018
- (94) \$3.1 of total commitment of \$10.0 remains undrawn as of December 31, 2018
- (95) Total commitment of \$9.0 remains undrawn as of December 31, 2018
- (96) \$5.1 of total commitment of \$25.0 remains undrawn as of December 31, 2018
- (97) Total commitment of \$9.1 remains undrawn as of December 31, 2018
- (98) Total commitment of \$12.5 remains undrawn as of December 31, 2018
- (99)

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\$11.2 of total commitment of \$12.5 remains undrawn as of December 31, 2018

(100)

Total commitment of \$5.0 remains undrawn as of December 31, 2018

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(101)	Total commitment of \$3.3 remains undrawn as of December 31, 2018
(102)	\$3.5 of total commitment of \$6.0 remains undrawn as of December 31, 2018
(103)	\$0.0 of total commitment of \$10.0 remains undrawn as of December 31, 2018
(104)	\$0.6 of total commitment of \$2.5 remains undrawn as of December 31, 2018
(105)	Total commitment of \$5.4 remains undrawn as of December 31, 2018
(106)	Total commitment of \$13.4 remains undrawn as of December 31, 2018
(107)	\$0.8 of total commitment of \$4.2 remains undrawn as of December 31, 2018
(108)	Total commitment of \$15.4 remains undrawn as of December 31, 2018
(109)	Total commitment of \$5.0 remains undrawn as of December 31, 2018
(110)	\$2.5 of total commitment of \$5.8 remains undrawn as of December 31, 2018
(111)	\$2.3 of total commitment of \$3.3 remains undrawn as of December 31, 2018
(112)	Total commitment of \$2.9 remains undrawn as of December 31, 2018
(113)	\$30.0 of total commitment of \$36.0 remains undrawn as of December 31, 2018
(114)	\$3.6 of total commitment of \$5.5 remains undrawn as of December 31, 2018
(115)	\$1.0 of total commitment of \$10.0 remains undrawn as of December 31, 2018
(116)	Total commitment of \$10.0 remains undrawn as of December 31, 2018
(117)	Total commitment of \$1.6 remains undrawn as of December 31, 2018
(118)	\$8.0 of total commitment of \$8.0 remains undrawn as of December 31, 2018
(119)	Total commitment of \$3.5 remains undrawn as of December 31, 2018
(120)	Total commitment of \$1.0 remains undrawn as of December 31, 2018
(121)	Total commitment of \$1.8 remains undrawn as of December 31, 2018
(122)	\$7.5 of total commitment of \$7.7 remains undrawn as of December 31, 2018
(123)	

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- \$0.7 of total commitment of \$1.7 remains undrawn as of December 31, 2018
- (124) Total commitment of \$10.0 remains undrawn as of December 31, 2018
- (125) \$1.5 of total commitment of \$4.0 remains undrawn as of December 31, 2018
- (126) \$3.7 of total commitment of \$4.0 remains undrawn as of December 31, 2018
- (127) \$0.0 of total commitment of \$0.0 remains undrawn as of December 31, 2018
- (128) Total commitment of \$3.0 remains undrawn as of December 31, 2018
- (129) Total commitment of \$9.0 remains undrawn as of December 31, 2018
- (130) Total commitment of \$10.2 remains undrawn as of December 31, 2018
- (131) Total commitment of \$4.4 remains undrawn as of December 31, 2018
- (132) \$12.1 of total commitment of \$90.0 remains undrawn as of December 31, 2018
- (133) \$7.1 of total commitment of \$7.1 remains undrawn as of December 31, 2018
- (134) \$0.0 of total commitment of \$1.5 remains undrawn as of December 31, 2018
- (135) \$9.1 of total commitment of \$9.1 remains undrawn as of December 31, 2018
- (136) \$6.9 of total commitment of \$10.5 remains undrawn as of December 31, 2018
- (137) \$3.4 of total commitment of \$3.6 remains undrawn as of December 31, 2018
- (138) Total commitment of \$4.3 remains undrawn as of December 31, 2018
- (139) \$1.1 of total commitment of \$1.4 remains undrawn as of December 31, 2018
- (140) Total commitment of \$6.5 remains undrawn as of December 31, 2018
- (141) \$18.7 of total commitment of \$24.1 remains undrawn as of December 31, 2018
- (142) Total commitment of \$2.0 remains undrawn as of December 31, 2018
- (143) Total commitment of \$1.1 remains undrawn as of December 31, 2018
- (144) \$7.4 of total commitment of \$10.0 remains undrawn as of December 31, 2018
- (145) Total commitment of \$3.8 remains undrawn as of December 31, 2018
- (146)

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Total commitment of \$3.1 remains undrawn as of December 31, 2018

(147)

Total commitment of \$4.2 remains undrawn as of December 31, 2018

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(148)	\$1.5 of total commitment of \$3.3 remains undrawn as of December 31, 2018
(149)	\$1.4 of total commitment of \$1.6 remains undrawn as of December 31, 2018
(150)	\$0.2 of total commitment of \$0.3 remains undrawn as of December 31, 2018
(151)	\$0.1 of total commitment of \$0.8 remains undrawn as of December 31, 2018
(152)	\$1.7 of total commitment of \$2.3 remains undrawn as of December 31, 2018
(153)	\$0.0 of total commitment of \$0.0 remains undrawn as of December 31, 2018
(154)	Total commitment of \$2.3 remains undrawn as of December 31, 2018
(155)	Total commitment of \$4.2 remains undrawn as of December 31, 2018
(156)	\$0.0 of total commitment of \$0.0 remains undrawn as of December 31, 2018
(157)	\$8.6 of total commitment of \$17.0 remains undrawn as of December 31, 2018
(158)	Total commitment of \$4.3 remains undrawn as of December 31, 2018
(159)	Total commitment of \$15.3 remains undrawn as of December 31, 2018
(160)	\$1.7 of total commitment of \$1.7 remains undrawn as of December 31, 2018
(161)	Total commitment of \$8.4 remains undrawn as of December 31, 2018
(162)	Total commitment of \$10.0 remains undrawn as of December 31, 2018
(163)	\$2.9 of total commitment of \$3.0 remains undrawn as of December 31, 2018
(164)	\$3.0 of total commitment of \$3.5 remains undrawn as of December 31, 2018
(165)	Total commitment of \$22.5 remains undrawn as of December 31, 2018
(166)	Total commitment of \$2.5 remains undrawn as of December 31, 2018
(167)	\$8.6 of total commitment of \$12.1 remains undrawn as of December 31, 2018
(168)	\$0.7 of total commitment of \$1.5 remains undrawn as of December 31, 2018
(169)	Total commitment of \$2.0 remains undrawn as of December 31, 2018
(170)	

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\$2.0 of total commitment of \$7.0 remains undrawn as of December 31, 2018

(171)

\$3.0 of total commitment of \$3.0 remains undrawn as of December 31, 2018

(172)

\$0.9 of total commitment of \$1.3 remains undrawn as of December 31, 2018

(173)

\$4.5 of total commitment of \$4.6 remains undrawn as of December 31, 2018

(174)

Total commitment of \$4.1 remains undrawn as of December 31, 2018

(175)

\$5.2 of total commitment of \$11.5 remains undrawn as of December 31, 2018

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Our business and affairs are managed under the direction of our board of directors. The responsibilities of the board of directors include, among other things, the quarterly valuation of our investments. The size of our board of directors is set at nine members and currently consists of four directors who are "interested persons" of Ares Capital as defined in Section 2(a)(19) of the Investment Company Act and five directors who are not such "interested persons." We refer to the directors who are non-interested persons as our "independent directors." We refer to our directors who are "interested persons" as our "interested directors." Our board of directors elects our officers, who serve at the discretion of the board of directors. The board of directors maintains an audit committee and nominating and governance committee, and may establish additional committees from time to time as necessary.

Under our charter and bylaws, our directors are divided into three classes. Directors are elected for staggered terms of three years each, with the term of office of only one of these three classes of directors expiring each year. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualifies.

**BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN OTHER OFFICERS**

<b>Name, Address and Age(1)</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years</b>
<i>Independent Directors</i>					
Steve Bartlett, 71	Director	Class II Director since 2012 (re-election in 2021)	Since 2012, Mr. Bartlett has been providing strategic independent consulting services to several U.S. corporations. From 1999 to 2012, Mr. Bartlett served as President and Chief Executive Officer of the Financial Services Roundtable.	One(2)	Intersections Inc.
Ann Torre Bates, 60	Director	Class I Director since 2010 (re-election in 2020)	Ms. Bates currently dedicates her time serving on boards of directors of several companies in the financial sector. From 1997 to 2012, Ms. Bates was a strategic and financial consultant, principally with respect to corporate finance matters.	One(2)	Navient Corporation, SLM Corporation, United Natural Foods, Inc., 19 investment companies in the Franklin Templeton Group of Mutual Funds
Daniel G. Kelly, Jr., 67	Director	Class III Director since 2016 (re-election in 2019)	Since 2016, Mr. Kelly has been retired. From 1999 to 2015, Mr. Kelly was a Partner of the law firm of Davis Polk & Wardwell LLP.	One(2)	American Shared Hospital Services
Steven B. McKeever, 58	Director	Class I Director since 2012 (re-election in 2020)	Since 1997, Mr. McKeever has been Chief Executive Officer of Hidden Beach Recordings, an independent record label based in Los Angeles, California.	One(2)	
Eric B. Siegel, 61	Director	Class III Director since 2004 (re-election in 2019)	Since 2005, Mr. Siegel has served as Special Advisor to the Chairman of the Milwaukee Brewers Baseball Club and a member of the Club's Board of Advisors. Mr. Siegel is a director and Chairman of the Executive Committee and Nominating and Governance Committee and member of the Audit Committee and Security Committee of El Paso Electric Company, a NYSE publicly traded utility company.	One(2)	El Paso Electric Company

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Name, Address and Age(1) <i>Interested Directors</i>	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
Michael J Arougheti, 46(3)	Co-Chairman and Director; Executive Vice President	Class I Director since February 2009 (re-election in 2020); Executive Vice President since October 2014 (indefinite term)	Since October 2014, Mr. Arougheti has served as an Executive Vice President of the Company, since July 2014, he has served as Co-Chairman of the Board and since February 2009, he has served as a director of the Company. Mr. Arougheti previously served as Chief Executive Officer of the Company from May 2013 to July 2014 and President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder and the Chief Executive Officer and President, as well as a Director, of Ares. He is also a member of the Ares Executive Management Committee and the Management Committee of Ares. Mr. Arougheti is a member of the Investment Committee of the Ares Credit Group's U.S. Direct Lending Investment Committee and the Ares Equity Income Opportunity Strategy Portfolio Review Committee.	One(2)	Ares Management Corporation, Ares Commercial Real Estate Corporation
R. Kipp deVeer, 46(6)	Director and Chief Executive Officer	Class III Director since 2015 (re-election in 2019); Chief Executive Officer since July 2014 (indefinite term)	Since July 2014, Mr. deVeer has served as Chief Executive Officer of the Company. Mr. deVeer previously served as President of the Company from May 2013 to July 2014. Mr. deVeer joined Ares in May 2004 and currently serves as a Partner of Ares and a member of the Ares Executive Management Committee. He is a Partner in and Head of the Ares Credit Group and also a member of the Management Committee of Ares. Mr. deVeer is a member of the Investment Committees of our investment adviser and the Ares Credit Group's U.S. Direct Lending and European Direct Lending Investment Committees and other select Ares Credit Group investment committees. Mr. deVeer is also a director of Ares Management Limited, a subsidiary of Ares overseeing the European activities of Ares.	One(2)	
Robert L. Rosen, 72(4)	Director	Class II Director since 2004 (re-election in 2021)	Since August 2005, Mr. Rosen has served as the managing partner of RLR Capital Partners, which invests principally in the securities of publicly traded North American companies. From 1987 to the present, Mr. Rosen has been Chief Executive Officer of RLR Partners, LLC, a private investment firm with interests in financial services, healthcare, media and multi-industry companies. From 2013 to 2016, Mr. Rosen was an Operating Advisor to the Ares Management Private Equity Group. From February 2016 to February 2018, Mr. Rosen was a Partner of Ares. Since February 2018, Mr. Rosen has been party to a strategic advisory agreement with Ares.	One(2)	Ares Commercial Real Estate Corporation, Sapient Corporation
Bennett Rosenthal, 55(5)	Co-Chairman and Director	Class II Director since 2004 (re-election in 2021)	Since July 2014, Mr. Rosenthal has served as Co-Chairman of the Board, and previously as Chairman of the Board since 2004. Mr. Rosenthal is a Co-Founder of Ares and a Director and Partner of Ares and a member of the Ares Executive Management Committee. He is Co-Head of and a Partner in the Ares Private Equity Group and also serves as a member of the Management Committee of Ares. Mr. Rosenthal is also a member of the Investment Committees of certain funds managed by	One(2)	Ares Management Corporation, Nortek, Inc.





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Name, Address and Age(1)	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
<b>Executive Officers and Certain Other Officers Who Are Not Directors</b>					
Joshua M. Bloomstein, 45	General Counsel, Vice President and Secretary	General Counsel since January 2010; Secretary since December 2010; Vice President since November 2006 (indefinite terms)	Since January 2010, Mr. Bloomstein has served as General Counsel of the Company, since December 2010, Mr. Bloomstein has served as Secretary of the Company, and since November 2006, Mr. Bloomstein has served as Vice President of the Company. Additionally, he is Vice President and Assistant Secretary of CION Ares Diversified Credit Fund and Vice President and Assistant Secretary of Ares Commercial Real Estate Corporation. He joined Ares in November 2006 and currently serves as a Partner and Co-General Counsel (Credit) and Deputy General Counsel (Corporate) of Ares Management.		
Mitchell Goldstein, 52	Co-President	Since July 2014 (indefinite term)	Since July 2014, Mr. Goldstein has served as a Co-President of the Company. Mr. Goldstein previously served as an Executive Vice President of the Company from May 2013 to July 2014. He joined Ares in May 2005 and currently serves as a Partner and Co-Head of the Ares Credit Group, and Vice President of CION Ares Diversified Credit Fund. He is a member of the Management Committee of Ares. Mr. Goldstein is a member of the Investment Committees of our investment adviser, the Board of Managers of Ivy Hill Asset Management GP, LLC, the General Partner of Ivy Hill Asset Management, L.P., select Ares Credit Group U.S. Direct Lending investment committees, the Ivy Hill Asset Management Investment Committee and the Ares Commercial Finance Investment Committee.		
Miriam Krieger, 42	Chief Compliance Officer	Since July 2011 (indefinite term)	Since July 2011, Ms. Krieger has served as Chief Compliance Officer of the Company. She joined Ares in 2010 and is a Partner and Global Chief Compliance Officer of Ares and is a member of the Management Committee of Ares. She also serves as Chief Compliance Officer of Ivy Hill Asset Management, L.P.		
Scott C. Lem, 41	Chief Accounting Officer, Vice President and Treasurer	Chief Accounting Officer since December 2013; Vice President and Treasurer since May 2013 (indefinite terms)	Since December 2013, Mr. Lem has served as Chief Accounting Officer of the Company and since May 2013, Mr. Lem has served as Vice President and Treasurer of the Company. Mr. Lem previously served as Assistant Treasurer of the Company from May 2009 to May 2013. He also serves as Chief Financial Officer of Ares Dynamic Credit Allocation Fund, Inc. and Chief Financial Officer of CION Ares Diversified Credit Fund. Additionally, he is a Partner and Chief Accounting Officer, Credit (Direct Lending) in the Ares Finance Department.		
Penni F. Roll, 53	Chief Financial Officer	Since December 2010 (indefinite term)	Since December 2010, Ms. Roll has served as Chief Financial Officer of the Company. Ms. Roll serves as the Treasurer of CION Ares Diversified Credit Fund and Chief Financial Officer, Vice President and Treasurer of Ivy Hill Asset Management, L.P. and Treasurer of Ares Dynamic Credit Allocation Fund, Inc. She joined Ares in 2010 and now serves as a Partner and Chief Financial Officer of the Ares		

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Credit Group and is a member of the Management  
Committee of Ares.  
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Name, Address and Age(1)	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
Michael L. Smith, 47	Co-President	Since July 2014 (indefinite term)	Since July 2014, Mr. Smith has served as a Co-President of the Company. Mr. Smith previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Smith joined Ares in May 2004 and currently serves as a Partner and Co-Head of the Ares Credit Group and a member of the Management Committee of Ares. Mr. Smith is a member of the Investment Committees of Ares Capital Management, Ares Credit Group's U.S. Direct Lending and Commercial Finance Investment Committees, the Ares Private Equity Group's Special Opportunities Investment Committee, the Infrastructure and Power Group Funds Investment Committee and the Ivy Hill Asset Management Investment Committee.		
Michael D. Weiner, 66	Vice President	Since September 2006 (indefinite term)	Since September 2006, Mr. Weiner has been Vice President of the Company. He is Executive Vice President and Chief Legal Officer of Ares Management Corporation, a Partner and Co-General Counsel in the Ares Legal Group and a member of the Management Committee of Ares. Mr. Weiner has also served as Vice President and General Counsel of Ares Commercial Real Estate Corporation since 2012, Vice President and Assistant Secretary of Ares Dynamic Credit Allocation Fund, Inc. and Vice President and Assistant Secretary of CION Ares Diversified Credit Fund. He additionally is a member of the Ares Enterprise Risk Committee.		

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- (1) The business address of Messrs. Arougheti, Bloomstein, deVeer, Goldstein, Rosen and Smith and Ms. Roll is c/o Ares Capital Corporation, 245 Park Avenue, 44th Floor, New York, New York 10167. The business address of Ms. Krieger is c/o Ares Capital Corporation, 1001 19th Street, North Suite 1200, Arlington, Virginia 22209. The business address of each other director, executive officer and listed officer is c/o Ares Capital Corporation, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.
- (2) Including the Company.
- (3) Mr. Arougheti is an interested director because he is an Executive Vice President of the Company, is a Co-Founder and the Chief Executive Officer and President of Ares, is a member of the Ares Executive Management Committee, is on the Investment Committee of our investment adviser and serves on the Board of Directors and the Management Committee of Ares.
- (4) Mr. Rosen is an interested director because RLR Capital Partners and Mr. Rosen are parties to a strategic advisory agreement with Ares and Mr. Rosen owns certain equity interests in Ares and its affiliates.
- (5) Mr. Rosenthal is an interested director because he is a Co-Founder of Ares, a Partner of Ares Management Corporation and a member of the Ares Executive Management Committee and serves on the Board of Directors and the Management Committee of Ares.
- (6) Mr. deVeer is an interested director because he is the Chief Executive Officer of the Company, is on the Investment Committee of our investment adviser, is a Partner of Ares Management Corporation and is a member of the Ares Executive Management Committee and serves on the Management Committee of Ares.

### **Biographical Information and Discussion of Experience and Qualifications, etc.**

*Directors*

As described below under "Committees of the Board of Directors Nominating and Governance Committee," the board of directors has identified certain desired attributes for director nominees. Each of our directors has demonstrated high character and integrity, superior credentials and recognition in his or her respective field and the relevant expertise and experience upon which to be able to offer advice and guidance to our management. Each of our directors also has sufficient time available to devote to the affairs of the Company, is able to work with the other members of the board of directors and contribute to the success of the Company and can represent the long-term interests of the Company's stockholders as a whole. Our directors have been selected such that the board of directors represents a range of backgrounds and experience. Set forth below is biographical information of each director, including a discussion of such director's particular experience, qualifications, attributes or skills that lead us and our board of directors to conclude, as of the date of this prospectus, that such individual should serve as a director, in light of the Company's business and structure.

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**Independent Directors**

**Steve Bartlett**, 71, has served as a director of the Company since 2012 and currently serves on the audit committee. Mr. Bartlett has been a consultant since 2012, providing strategic independent consulting services to several U.S. corporations. From 1999 to 2012, Mr. Bartlett served as President and Chief Executive Officer of the Financial Services Roundtable. In 2001, Mr. Bartlett served on the President's Commission on Excellence in Special Education. Mr. Bartlett previously served as the Mayor of Dallas, Texas from 1991 to 1995, a member of the United States Congress from 1983 to 1991, and a member of the Dallas City Council from 1977 to 1981. Mr. Bartlett also founded Meridian Products Corporation, a manufacturer of injection molded plastics in 1976. Mr. Bartlett previously served on the Board of Governors of the National YMCA, the board of directors of BIPAC and Easter Seals of Greater Washington, D.C., and the board of directors for the following companies: Centene Corporation (NYSE), IMCO Recycling, Inc. (NYSE), KB Home Corporation (NYSE), Sun Coast Industries (NYSE), Intersections Inc. (NASDAQ), Dallas Can! and Grace Presbyterian Village. Mr. Bartlett also served as co-chair of Character Counts of Dallas and chair of the Trinity Trails. Mr. Bartlett also served on the Dallas Fort Worth International Airport Board. Mr. Bartlett graduated from the University of Texas at Austin in 1971, later serving as a guest lecturer at the Lyndon B. Johnson School of Public Affairs. We believe that Mr. Bartlett's experience serving as President and Chief Executive Officer of the Financial Services Roundtable, his experience in politics (including serving as the Mayor of Dallas, Texas, a member of the United States Congress and a member of the Dallas City Council) and his service as a director of public and private companies provides the board of directors with key experience and insight to the Company, especially with respect to issues specific to boards of directors of public companies and companies in the financial services industry.

**Ann Torre Bates**, 60, has served as a director of the Company since 2010 and is currently the chairperson of the audit committee. Ms. Bates currently dedicates her time serving on the boards of directors of several companies primarily in the financial sector. From 1997 to 2012, Ms. Bates was a strategic and financial consultant, principally with respect to corporate finance matters. From 1995 to 1997, Ms. Bates served as Executive Vice President, Chief Financial Officer and Treasurer of NHP, Inc., a national real estate services firm. From 1991 to 1995, Ms. Bates was Vice President and Treasurer of US Airways, and held various finance positions from 1988 to 1991. She currently serves on the board of directors of United Natural Foods, Inc. and is a director or trustee of 19 investment companies in the Franklin Templeton Group of Mutual Funds. She previously served as a director of Allied Capital Corporation from 2003 to 2010, SLM Corporation from 1997 to 2014 and Navient Corporation from 2014 to 2016. Ms. Bates holds a B.B.A in Accountancy from the University of Notre Dame and an M.B.A. in Finance and Economics from Cornell University. We believe that Ms. Bates' experience serving as a director of other public companies in the financial sector, as well as her past experience as a chief financial officer, provides the board of directors and, specifically, the audit committee of the board of directors with valuable knowledge and insight in the financial services sector as well as experience in financial and accounting matters.

**Daniel G. Kelly, Jr.**, 67, has served as a director of the Company since May 2016 and currently serves on the nominating and governance committee. Mr. Kelly was a Partner of Davis Polk & Wardwell LLP, an international law firm, from 1999 to 2015, co-founding its Silicon Valley office in 1999. During his time at Davis Polk, Mr. Kelly had an extensive corporate practice representing companies, private equity funds and financial institutions in a broad array of complex transactions, and also acted as a senior advisor to boards and special committees on numerous sensitive matters. He currently serves on the board of directors of American Shared Hospital Services, which is a publicly traded healthcare company, and as a Trustee of Choate Rosemary Hall and on the board of directors of Equality Now, a global organization dedicated to creating a world in which women and girls have the same legal rights as men and boys. Prior to joining Davis Polk, Mr. Kelly was a senior officer of a major investment banking firm, the chief legal officer of a New York Stock Exchange ("NYSE") listed

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corporation and a partner involved in management of two other law firms. Mr. Kelly graduated magna cum laude with a B.A. in History from Yale University and received his J.D. from Columbia University School of Law where he served as Notes and Comments Editor of the Columbia Law Review. We believe that Mr. Kelly's experience practicing as a corporate lawyer, including his substantial experience in providing advice and counsel on corporate governance and securities law matters to numerous public company clients in a wide variety of industries, provides the board of directors with unique insight on its duties and responsibilities.

**Steven B. McKeever**, 58, has served as a director of the Company since 2012 and is currently the chairperson of the nominating and governance committee. Mr. McKeever is the CEO of Hidden Beach Recordings, an independent record label based in Los Angeles, California, which Mr. McKeever founded in 1997. From 1991 to 1995, Mr. McKeever was with Motown Records, where he served as Executive Vice President of Talent and Creative Affairs from 1993 to 1995 and Senior Vice President of Artists and Repertoire from 1991 to 1993. In 1992, Mr. McKeever created MoJAZZ Records, a subsidiary of Motown Records and served as its President. In 1993, he was instrumental in the sale of Motown Records to PolyGram Records. Mr. McKeever eventually left Motown Records in 1995 to work on his own entrepreneurial projects. Mr. McKeever began his career at the law firm of Irell & Manella LLP in Los Angeles as an entertainment lawyer. In 2011, Mr. McKeever served as the Executive Producer of Entertainment for the dedication of the Martin Luther King, Jr. Memorial in Washington, D.C. Mr. McKeever currently serves as a director of several organizations, including College Bound (Chairman), African Ancestry.com and The Pacific Institute Spirit Board. He served as a Governor of the Los Angeles Chapter of The National Academy of Recording Arts and Sciences (a/k/a The GRAMMYs) from 2001 to 2003 and 2008 to 2010 and gives generous time to various charitable organizations such as The City of Hope. Mr. McKeever received his B.S. from the University of Illinois at Urbana Champaign and received his J.D. from Harvard Law School. We believe that Mr. McKeever's diversity of experiences, in particular his small business and entrepreneurial experience, provides the board of directors with unique insight and expertise into the management of small and middle-market companies.

**Eric B. Siegel**, 61, has served as a director of the Company since 2004 and has been the lead independent director of the board of directors since 2010. Mr. Siegel currently serves on the audit committee and the nominating and governance committee. Since 2005, Mr. Siegel has served as Special Advisor to the Chairman of the Milwaukee Brewers Baseball Club and a member of the Club's Board of Advisors. Mr. Siegel is a director and Chairman of the Executive Committee and Nominating and Governance Committee and member of the Audit Committee and Security Committee of El Paso Electric Company, a NYSE publicly traded utility company. Mr. Siegel is also a past member of the boards of directors of a number of public and private companies, including Kerzner International Ltd. Mr. Siegel is a retired limited partner of Apollo Advisors, L.P. and Lion Advisors, L.P., private investment management firms. Mr. Siegel is a member of the board of directors of the Friends of the Los Angeles Saban Free Clinic and a past member of the Board of Trustees of the Marlborough School. Mr. Siegel holds his B.A. summa cum laude and Phi Beta Kappa and J.D. Order of the Coif from the University of California at Los Angeles. We believe that Mr. Siegel's experience practicing as a corporate lawyer provides valuable insight to the board of directors on regulatory and risk management issues and his experience as a partner in investment firms and over 25 years of experience serving as a director for both public and private companies provide industry specific knowledge and expertise to the board of directors.

*Interested Directors*

**Michael J Arougheti**, 46, has served as Co-Chairman of the board of directors since July 2014, as a director of the Company since 2009 and as an Executive Vice President of the Company since October 2014. Mr. Arougheti previously served as Chief Executive Officer of the Company from May

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2013 to July 2014, and President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder and the Chief Executive Officer and President, as well as a Director of Ares. He is a member of the Ares Executive Management Committee, the seven-member governing body which controls Ares and the Management Committee of Ares. In addition, Mr. Arougheti is a member of the Investment Committee of the investment adviser, the Ares Credit Group's U.S. Direct Lending Investment Committee, the Ares Equity Income Opportunity Strategy Portfolio Review Committee and the Management Committee of Ares. Mr. Arougheti may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From 2001 to 2004, Mr. Arougheti was employed by Royal Bank of Canada, where he was a Managing Partner of the Principal Finance Group of RBC Capital Partners and a member of the firm's Mezzanine Investment Committee. At RBC Capital Partners, Mr. Arougheti oversaw an investment team that originated, managed and monitored a diverse portfolio of middle-market leveraged loans, senior and junior subordinated debt, preferred equity and common stock and warrants on behalf of RBC and other third party institutional investors. Mr. Arougheti joined Royal Bank of Canada in October 2001 from Indosuez Capital, where he was a Principal, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. Mr. Arougheti also sat on the firm's Investment Committee. Prior to joining Indosuez in 1994, Mr. Arougheti worked at Kidder, Peabody & Co., where he was a member of the firm's Mergers and Acquisitions Group. In addition to serving as chairman of the board of directors of Ares Commercial Real Estate Corporation, Mr. Arougheti also serves on the board of directors of Investor Group Services, Riverspace Arts and Operation HOPE. Mr. Arougheti received a B.A. in Ethics, Politics and Economics, cum laude, from Yale University. We believe that Mr. Arougheti's depth of experience in investment management, leveraged finance and financial services, as well as his intimate knowledge of the Company's business and operations, not only gives the board of directors valuable industry-specific knowledge and expertise on these and other matters but also position him well to continue to serve as Co-Chairman of the board of directors. Mr. Arougheti is an interested director because he is an Executive Vice President of the Company, is a Co-Founder and the Chief Executive Officer and President of Ares, is a member of the Ares Executive Management Committee and serves on the Board of Directors and the Management Committee of Ares.

**R. Kipp deVeer**, 46, has served as a director of the Company since 2015 and currently serves as Chief Executive Officer of the Company. Mr. deVeer previously served as President of the Company from May 2013 to July 2014. He joined Ares in May 2004 and currently serves as a Partner of Ares Management Corporation. He is a member of the Ares Executive Management Committee, the seven-member governing body which controls Ares. He is also a Partner in and Head of the Ares Credit Group and a member of the Management Committee of Ares. Mr. deVeer may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. deVeer is a member of the Investment Committee of our investment adviser, the Ares Credit Group's U.S. and European Direct Lending Investment Committees and other select Ares Credit Group investment committees. Mr. deVeer is also a director of Ares Management Limited, a subsidiary of Ares Management overseeing the European activities of Ares. Prior to joining Ares, Mr. deVeer was a partner at RBC Capital Partners, a division of Royal Bank of Canada, which led the firm's middle market financing and principal investment business. Mr. deVeer joined RBC in October 2001 from Indosuez Capital, where he was Vice President in the Merchant Banking Group. Previously, Mr. deVeer worked at J.P. Morgan and Co., both in the Special Investment Group of J.P. Morgan Investment Management, Inc. and the Investment Banking Division of J.P. Morgan Securities Inc. Mr. deVeer received a B.A. from Yale University and an M.B.A. from Stanford University's Graduate School of Business. We believe that Mr. deVeer's depth of experience in investment management, leveraged finance and financial services, as well as his intimate knowledge of our business and operations, gives the board of directors valuable industry specific knowledge and expertise on these and other matters. Mr. deVeer is an interested director because he is

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the Chief Executive Officer of the Company, a Partner of Ares Management Corporation, an officer of and on the Investment Committee of our investment adviser and a member of the Ares Executive Management Committee and serves on the Management Committee of Ares.

**Robert L. Rosen**, 72, has served as a director of the Company since 2004 and was a Partner in the Ares Real Estate Group until 2018. Since February 2018, Mr. Rosen has been party to a strategic advisory agreement with Ares. Mr. Rosen is the Managing Partner of RLR Capital Partners, which invests principally in the securities of publicly traded North American companies. From 2016 to 2018, Mr. Rosen was a Partner of Ares, from 2013 to 2016, Mr. Rosen was an Operating Advisor to the Ares Management Private Equity Group and, from 2010 to 2013, Mr. Rosen was party to a strategic advisory agreement with Ares. From 2005 to 2008, Mr. Rosen was a Managing Partner of RLR Focus Fund LP, an "active value" hedge fund. From 1995 to 2001, Mr. Rosen served as an exclusive consultant to Apollo Management, L.P. In 1998, Mr. Rosen founded National Financial Partners (NYSE: NFP), an independent provider of financial services to high net worth individuals and small to medium sized corporations. He served as NFP's CEO from 1998 to 2000 and as its Chairman until January 2002. From 1987 to 1993, Mr. Rosen was a Managing Partner of Ballantrae Partners, L.P., an investment partnership. From 1989 to 1993, Mr. Rosen was Chairman and CEO of Damon Corporation, a leading healthcare and laboratory testing company that was ultimately sold to Quest Diagnostics. From 1983 to 1987, Mr. Rosen was Vice Chairman of Maxxam Group. Prior to that, Mr. Rosen spent 12 years at Shearson American Express in positions in research, investment banking and senior management, and for two years was Assistant to Sanford Weill, the then Chairman and CEO of Shearson. Mr. Rosen previously served on the board of directors of Ares Commercial Real Estate Corporation and Sapien Corporation. Mr. Rosen is a member of the Council on Foreign Relations. Mr. Rosen holds a B.A. from the City University of New York in Economics and an M.B.A. from the New York University Leonard N. Stern School of Business in Finance. We believe that Mr. Rosen's over 35 years of experience as a senior executive of financial services, healthcare services and private equity funds brings broad financial industry and specific investment management insight and experience to the board of directors and that his expertise in finance provides valuable knowledge to the board of directors. Mr. Rosen is an interested director because RLR Capital Partners and Mr. Rosen are parties to a strategic advisory agreement with Ares and Mr. Rosen owns certain equity interests in Ares and its affiliates.

**Bennett Rosenthal**, 55, has served as Co-Chairman of our board of directors since 2014, and previously as Chairman of our board of directors since 2004. Mr. Rosenthal is a Co-Founder of Ares and a Director and Partner of Ares Management Corporation. He is a member of the Ares Executive Management Committee, the seven-member governing body which controls Ares. He is Co-Head and a Partner in the Ares Private Equity Group and serves as a member of the Board of Directors and Management Committee of Ares. Mr. Rosenthal also is a member of the Investment Committees of certain funds managed by the Ares Private Equity Group. Mr. Rosenthal may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Rosenthal joined Ares in 1998 from Merrill Lynch & Co., where he served as a Managing Director in the Global Leveraged Finance Group. Mr. Rosenthal currently serves on the Board of Directors of City Ventures, LLC, Jacuzzi Brands Corporation, and the parent entities of CHG Healthcare Holdings L.P., CPG International Inc., Dawn Holdings, Inc., DuPage Medical Group, National Veterinary Associates, Inc., Aspen Dental Management, Inc. and several other private companies. Mr. Rosenthal's previous board of directors experience includes Maidenform Brands, Inc., Hanger, Inc. and Nortek, Inc. Mr. Rosenthal also serves on the Board of Trustees of the Windward School in Los Angeles, and on the Graduate Executive Board of the Wharton School of Business. Mr. Rosenthal graduated summa cum laude with a B.S. in Economics from the University of Pennsylvania's Wharton School of Business where he also received his M.B.A. with distinction. We believe that Mr. Rosenthal's intimate knowledge of the business and operations of Ares, extensive experience in the financial industry as well as the management of private



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equity and debt investments in particular and experience as a director of other public and private companies not only give the board of directors valuable insight but also position him well to continue to serve as Co-Chairman of the board of directors. Mr. Rosenthal is an interested director because he is a Co-Founder of Ares, Partner of Ares Management Corporation and a member of the Ares Executive Management Committee and serves on the Board of Directors and the Management Committee of Ares.

**Executive Officers and Certain Other Officers Who Are Not Directors**

**Joshua M. Bloomstein**, 45, serves as the General Counsel, Vice President and Secretary of the Company. He joined Ares in November 2006 and currently serves as a Partner and Co General Counsel (Credit) and Deputy General Counsel (Corporate) of Ares Management, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Bloomstein also currently serves as Vice President and Assistant Secretary of CION Ares Diversified Credit Fund and Vice President and Assistant Secretary of Ares Commercial Real Estate Corporation. Mr. Bloomstein also serves on the Advisory Board of the Naomi Berrie Diabetes Center at Columbia University. Prior to joining Ares, Mr. Bloomstein was an attorney with Latham & Watkins LLP specializing in leveraged buyouts and private equity investments as well as general partnership and corporate matters. Mr. Bloomstein graduated magna cum laude with a B.A. in Political Science from the State University of New York at Albany and received a J.D. degree, magna cum laude, from the University of Miami, where he was elected to the Order of the Coif.

**Mitchell Goldstein**, 52, serves as a Co-President of the Company. Mr. Goldstein previously served as an Executive Vice President of the Company from May 2013 to July 2014. He joined Ares in May 2005 and currently serves as a Partner in and Co-Head of the Ares Credit Group, and Vice President of CION Ares Diversified Credit Fund. He is a member of the Management Committee of Ares, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Goldstein is a member of the Investment Committees of the investment adviser, select Ares Credit Group U.S. Direct Lending investment committees and the Ivy Hill Asset Management Investment Committee and the Ares Commercial Finance Investment Committee. Prior to joining Ares, Mr. Goldstein worked at Credit Suisse First Boston ("CSFB"), where he was a Managing Director in the Financial Sponsors Group. At CSFB, Mr. Goldstein was responsible for providing investment banking services to private equity funds and hedge funds with a focus on M&A and restructurings as well as capital raisings, including high yield, bank debt, mezzanine debt, and IPOs. Mr. Goldstein joined CSFB in 2000 at the completion of the merger with Donaldson, Lufkin & Jenrette. From 1998 to 2000, Mr. Goldstein was at Indosuez Capital, where he was a member of the Investment Committee and a Principal, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. From 1993 to 1998, Mr. Goldstein worked at Bankers Trust. He also serves on the Board of Managers of Ivy Hill Asset Management GP, LLC, the general partner of Ivy Hill Asset Management L.P. Mr. Goldstein graduated summa cum laude from the State University of New York at Binghamton with a B.S. in Accounting, received an M.B.A. from Columbia University's Graduate School of Business and is a Certified Public Accountant.

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**Miriam Krieger**, 42, serves as Chief Compliance Officer of the Company. She joined Ares in April 2010 and is a Partner and Global Chief Compliance Officer of Ares, as well as Ares' Global Anti-Money Laundering Officer and Global Anti-Corruption Officer and is a member of the Ares Operations Management Group and the Management Committee of Ares. She also serves as the Chief Compliance Officer of Ivy Hill Asset Management, L.P. She may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From March 2008 until joining Ares, Ms. Krieger was Chief Compliance Officer and Corporate Secretary of Allied Capital Corporation, where she also served as Executive Vice President from August 2008 until April 2010 and as Senior Vice President from March 2008 to August 2008. Ms. Krieger also served as Senior Vice President and Chief Compliance Officer at MCG Capital Corporation, a publicly traded business development company, from 2006 to 2008 and Vice President and Assistant General Counsel from 2004 to 2006. From 2001 to 2004, Ms. Krieger was an associate in the Financial Services Group of the law firm of Sutherland Asbill & Brennan LLP. Ms. Krieger graduated with a B.A. in Economics and Political Science from Wellesley College and received a J.D. and an M.A. in Economics from Duke University.

**Scott C. Lem**, 41, serves as Chief Accounting Officer, Vice President and Treasurer of the Company. Mr. Lem previously served as Assistant Treasurer of the Company from May 2009 to May 2013. Mr. Lem also currently serves as Chief Financial Officer of Ares Dynamic Credit Allocation Fund, Inc. (NYSE:ARDC) and Chief Financial Officer of CION Ares Diversified Credit Fund. He is a Partner and Chief Accounting Officer, Credit (Direct Lending) in the Ares Finance Department. He may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From July 2003 to December 2008, Mr. Lem served as Controller of Ares Management. Prior to joining Ares in July 2003, Mr. Lem was with Ernst & Young LLP and Arthur Andersen LLP, most recently as a Senior Associate conducting audits for clients across several industries including entertainment, hospitality and real estate. Mr. Lem graduated summa cum laude with a B.S. in Accounting from the University of Southern California's Leventhal School of Accounting and summa cum laude with a B.S. in Business Administration from the University of Southern California's Marshall School of Business. Mr. Lem has also received an M.B.A. in Finance from UCLA's Anderson School of Management. Mr. Lem is a Certified Public Accountant (Inactive).

**Penni F. Roll**, 53, serves as the Chief Financial Officer of the Company. She joined Ares Management in 2010 and now serves as a Partner and Chief Financial Officer of the Ares Credit Group, and is a member of the Management Committee of Ares. She also serves as the Treasurer of Ares Dynamic Credit Allocation Fund (NYSE:ARDC) and CION Ares Diversified Credit Fund. Ms. Roll is also Chief Financial Officer, Vice President and Treasurer of IHAM and Chief Financial Officer of Ivy Hill Asset Management GP, LLC, IHAM's General Partner, where she also serves on the Board of Managers. She may additionally from time to time serve as an officer, director or principal of other entities affiliated with Ares Management or of other investment funds managed by Ares Management and its affiliates. Ms. Roll also serves as a member of the Ares Inclusion and Diversity Council. Prior to joining Ares Management, Ms. Roll served as Chief Financial Officer of Allied Capital Corporation from 1998 until April 2010. Ms. Roll joined Allied Capital Corporation in 1995 as its Controller after serving as a Manager in KPMG LLP's financial services practice. Ms. Roll graduated magna cum laude with a B.S.B.A. in Accounting from West Virginia University.

**Michael L. Smith**, 47, serves as a Co-President of the Company. Mr. Smith previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Smith joined Ares in May 2004 and currently serves as a Partner in and Co-Head of the Ares Credit Group and a member of the Management Committee of Ares. From time to time, he may serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Smith is a member of the Investment Committees of our investment

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adviser, select Ares Credit Group U.S. Direct Lending investment committees and Commercial Finance Investment Committee, the Ares Private Equity Group's Special Opportunities Investment Committee, the Infrastructure and Power Group Funds Investment Committee, the Ivy Hill Asset Management Investment Committee and other select Ares Credit Group Investment Committees. Prior to joining Ares, Mr. Smith was a Partner at RBC Capital Partners, a division of Royal Bank of Canada, which led the firm's middle market financing and principal investment business. Mr. Smith joined RBC in October 2001 from Indosuez Capital, where he was a Vice President in the Merchant Banking Group. Previously, Mr. Smith worked at Kenter, Glasstris & Company, and at Salomon Brothers Inc., in their Debt Capital Markets Group and Financial Institutions Group. Mr. Smith received a B.S. in Business Administration, cum laude, from the University of Notre Dame and a Masters in Management from Northwestern University's Kellogg Graduate School of Management.

**Michael D. Weiner**, 66, serves as a Vice President of the Company. Mr. Weiner serves as Executive Vice President and Chief Legal Officer of Ares Management Corporation, a Partner and Co-General Counsel in the Ares Legal Group and Global Privacy Officer and a member of the Management Committee of Ares. He may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Weiner has also served as Vice President and General Counsel of Ares Commercial Real Estate Corporation since 2012, Vice President and Assistant Secretary of Ares Dynamic Credit Allocation Fund, Inc. and Vice President and Assistant Secretary of CION Ares Diversified Credit Fund. From September 2006 to January 2010, Mr. Weiner served as General Counsel of the Company. He additionally is a member of the Ares Operations Management Group and the Ares Enterprise Risk Committee. Mr. Weiner joined Ares in September 2006. Previously, Mr. Weiner served as General Counsel to Apollo Management, L.P. and had been an officer of the corporate general partners of Apollo since 1992. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius specializing in corporate and alternative financing transactions, securities law as well as general partnership, corporate and regulatory matters. Mr. Weiner has served on the boards of directors of several corporations. Mr. Weiner currently serves on the Board of Governors of the Cedars Sinai Medical Center in Los Angeles. Mr. Weiner graduated with a B.S. in Business and Finance from the University of California at Berkeley and a J.D. from the University of Santa Clara.

**BOARD LEADERSHIP STRUCTURE**

Our board of directors monitors and performs an oversight role with respect to the business and affairs of the Company, including with respect to investment practices and performance, compliance with regulatory requirements and the services, expenses and performance of service providers to the Company. Among other things, our board of directors approves the appointment of our investment adviser, administrator and officers, reviews and monitors the services and activities performed by our investment adviser, administrator and officers and approves the engagement, and reviews the performance of, our independent registered public accounting firm.

Under the Company's bylaws, our board of directors may designate a chairman to preside over the meetings of the board of directors and meetings of the stockholders and to perform such other duties as may be assigned to him by the board of directors. We do not have a fixed policy as to whether the chairman of the board of directors should be an independent director and believe that our flexibility to select our chairman and reorganize our leadership structure from time to time is in the best interests of the Company and its stockholders.

Presently, Mr. Arougheti and Mr. Rosenthal serve as co-chairs of our board of directors. Mr. Arougheti is an interested director because he is an Executive Vice President of the Company, is a Co-Founder and the Chief Executive Officer and President of Ares, is a member of the Ares Executive Management Committee and serves on the Board of Directors and the Management Committee of Ares. The Company believes that Mr. Arougheti's depth of experience in investment management,

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leveraged finance and financial services, as well as his intimate knowledge of the Company's business and operations, gives our board of directors valuable industry-specific knowledge and expertise on these and other matters. Mr. Rosenthal is an interested director because he is a Co-Founder of Ares, Partner of Ares and a member of the Ares Executive Management Committee and serves on the Board of Directors and the Management Committee of Ares. The Company believes that Mr. Rosenthal's history with the Company, familiarity with the Ares investment platform and extensive experience in the management of private equity and debt investments qualifies him to serve as co-chairman of our board of directors. Moreover, we believe that we are best served through our existing leadership structure with Mr. Arougheti and Mr. Rosenthal as co-chairs of our board of directors, as Mr. Arougheti and Mr. Rosenthal's relationships with our investment adviser provide an effective bridge between our board of directors and our investment adviser, thus ensuring an open dialogue between our board of directors and our investment adviser and that both groups act with a common purpose.

The independent directors have designated a lead independent director whose duties include, among other things, chairing executive sessions of the independent directors, acting as a liaison between the independent directors and the co-chairs of the board of directors and between the independent directors and officers of the Company and our investment adviser, facilitating communication among the independent directors and the Company's counsel, reviewing and commenting on board of director and committee meeting agendas and calling additional meetings of the independent directors as appropriate. In August 2010, the board of directors designated and appointed Mr. Siegel as the lead independent director and Mr. Siegel has served as lead independent director since that time.

We believe that board leadership structures must be evaluated on a case-by-case basis and that our existing board leadership structure is appropriate. However, we continually re-examine our corporate governance policies on an ongoing basis to ensure that they continue to meet the Company's needs.

**BOARD'S ROLE IN RISK OVERSIGHT**

Our board of directors performs its risk oversight function and fulfills its risk oversight responsibilities primarily (1) through its three standing committees, which report to the entire board of directors and are comprised solely of independent directors and (2) by working with our Chief Compliance Officer to monitor risk in accordance with our compliance policies and procedures.

As described below in more detail under "Committees of the Board of Directors," the audit committee and the nominating and governance committee assist the board of directors in performing its risk oversight function and fulfilling its risk oversight responsibilities. The audit committee's risk oversight responsibilities include overseeing the Company's accounting and financial reporting processes, assisting the board of directors in fulfilling its oversight responsibilities relating to the Company's systems of internal controls over financial reporting, audits of the Company's financial statements and disclosure controls and procedures, assisting the board of directors in determining the fair value of securities that are not publicly traded or for which current market values are not readily available, and discussing with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The nominating and governance committee's risk oversight responsibilities include developing, reviewing and updating certain policies regarding the nomination of directors, identifying, evaluating and nominating directors to fill vacancies on the board of directors or to stand for election by our stockholders, reviewing the Company's policies relating to corporate governance, and overseeing the evaluation of our board of directors and its committees.

Our board of directors also performs its risk oversight function and fulfills its risk oversight responsibilities by working with our Chief Compliance Officer to monitor risk in accordance with the

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Company's policies and procedures. Our Chief Compliance Officer prepares a written report annually discussing the adequacy and effectiveness of the compliance policies and procedures of the Company and certain of its service providers. Our Chief Compliance Officer's report, which is reviewed by and discussed with our board of directors, addresses at a minimum (1) the operation of the compliance policies and procedures of the Company and certain of its service providers since the last report; (2) any material changes to such policies and procedures since the last report; (3) any recommendations for material changes to such policies and procedures as a result of our Chief Compliance Officer's annual review; and (4) any compliance matter that has occurred since the date of the last report about which our board of directors would reasonably need to know to oversee the Company's compliance activities and risks. In addition, our Chief Compliance Officer reports to our board of directors on a quarterly basis with respect to material compliance matters and meets separately in executive session with the independent directors periodically, but in no event less than once each year.

We believe that our board of directors' role in risk oversight is effective and appropriate given the extensive regulation to which we are already subject as a BDC. Specifically, as a BDC we must comply with certain regulatory requirements and restrictions that control the levels of risk in our business and operations. For example, our ability to incur indebtedness is currently limited such that our asset coverage must equal at least 200% immediately after each time we incur indebtedness (though 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)), we generally have to invest at least 70% of our total assets in "qualifying assets" and, subject to certain exceptions, we are subject to restrictions on our ability to engage in transactions with Ares and its affiliates. See "Regulation." In addition, we have elected to be treated as a RIC under the Code. As a RIC we must, among other things, meet certain source of income and asset diversification requirements. See "Certain Material U.S. Federal Income Tax Considerations."

We believe that the extent of our board of directors' (and its committees') role in risk oversight complements our board of directors' leadership structure because it allows our independent directors, through the three fully independent board committees, a lead independent director, executive sessions with each of our Chief Compliance Officer, our independent registered public accounting firm and independent valuation providers and otherwise, to exercise oversight of risk without any conflict that might discourage critical review.

We believe that our board of directors' role in risk oversight must be evaluated on a case-by-case basis and that our board of directors' existing role in risk oversight is appropriate. However, our board of directors re-examines the manner in which it administers its risk oversight function on an ongoing basis to ensure that it continues to meet the Company's needs.

**COMMITTEES OF THE BOARD OF DIRECTORS**

Our board of directors has established an audit committee, a nominating and governance committee and a co-investment committee. We do not have a compensation committee because our executive officers do not receive any direct compensation from us. During 2018, the board of directors held 14 formal meetings, the audit committee held five formal meetings, the nominating and governance committee held three formal meetings, and the co-investment committee held 24 formal meetings. We encourage, but do not require, the directors to attend our annual meeting of stockholders in person.

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**Audit Committee**

The members of the audit committee are Ms. Bates and Messrs. Bartlett and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market's corporate governance regulations. Ms. Bates currently serves as chairperson of the audit committee.

The role of the audit committee is to assist our board of directors in fulfilling its oversight responsibilities by: (1) overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements and internal control over financial reporting and (2) reviewing the financial reports and other financial information provided by the Company to the public. The audit committee is also responsible for approving our independent registered public accounting firm and recommending them to our board of directors (including a majority of the independent directors) for approval and submission to our stockholders for ratification, reviewing with our independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by our independent registered public accounting firm, reviewing the independence of our independent registered public accounting firm and reviewing the adequacy of our internal controls and procedures.

The audit committee also assists our board of directors in determining the fair value of debt and equity securities that are not publicly traded or for which current market values are not readily available, and in connection therewith recommends valuation policies to the board of directors, considers valuation issues with respect to liquid securities and reviews valuations of illiquid securities proposed by the investment adviser. The audit committee also receives input from independent valuation firms that have been engaged at the direction of the board of directors to value certain portfolio investments. In addition, the audit committee is responsible for discussing with the Company's officers and management of our investment adviser the Company's major financial risk exposures and the steps that the Company has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The audit committee also reviews and approves all transactions with related persons of the Company that are brought to the audit committee's attention, including each annual renewal of our investment advisory and management agreement and our administration agreement.

This description of the audit committee's role and responsibilities is summary in nature, is not exhaustive and is qualified in its entirety by reference to the charter of the audit committee, which can be accessed via the Company's website at [www.arescapitalcorp.com](http://www.arescapitalcorp.com). The contents of the Company's website are not incorporated by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

Our board of directors has determined that Ms. Bates is an "audit committee financial expert" within the meaning of the rules of the SEC.

**Nominating and Governance Committee**

The members of the nominating and governance committee are Messrs. Kelly, McKeever and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market's corporate governance regulations. Mr. McKeever currently serves as chairman of the nominating and governance committee. The nominating and governance committee is responsible for (1) developing, reviewing and, as appropriate, updating certain policies regarding the nomination of directors and recommending such policies or any changes in such policies to the board of directors for approval, (2) identifying individuals qualified to become directors, (3) evaluating and recommending to the board of directors nominees to fill vacancies on the board of directors or committees thereof or to stand for election by the stockholders of the Company, (4) reviewing the

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Company's policies relating to corporate governance and recommending any changes in such policies to the board of directors, and (5) overseeing the evaluation of the board of directors (including its leadership structure) and its committees.

In considering possible candidates for election as a director, the nominating and governance committee takes into account, in addition to such other factors as it deems relevant, the desirability of selecting directors who:

are of high character and integrity;

are accomplished in their respective fields, with superior credentials and recognition;

have relevant expertise and experience upon which to be able to offer advice and guidance to the Company's officers and management of the investment adviser and the administrator;

have sufficient time available to devote to the affairs of the Company;

are able to work with the other members of the board of directors and contribute to the success of the Company;

can represent the long-term interests of the Company's stockholders as a whole; and

are selected such that the board of directors represents a range of backgrounds and experience.

The nominating and governance committee also considers all applicable legal and regulatory requirements that govern the composition of the board of directors.

The nominating and governance committee may consider recommendations for nomination of directors from our stockholders. Nominations made by stockholders must be delivered to or mailed (setting forth the information required by our bylaws) and received at our principal executive offices not earlier than the 150th day and not later than 5:00 p.m., New York time, on the 120th day prior to the first anniversary of the date on which we first mailed our proxy materials for the previous year's annual meeting of stockholders; *provided, however*, that if the date of the annual meeting has changed by more than 30 days from the first anniversary of the date of the prior year's annual meeting, the nomination must be received not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., New York time, on the later of (1) the 120th day prior to the date of such annual meeting, as originally convened, or (2) the 10th day following the day on which public announcement of such meeting date is first made.

This description of the nominating and governance committee's role and responsibilities is summary in nature, is not exhaustive and is qualified in its entirety by reference to the charter of the nominating and governance committee, which can be accessed via the Company's website at [www.arescapitalcorp.com](http://www.arescapitalcorp.com). The contents of the Company's website are not intended to be incorporated by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

**Compensation Committee**

The role of the compensation committee is performed by the audit committee, which is comprised entirely of independent directors for purposes of the NASDAQ corporate governance requirements and rules and regulations of the SEC, including the compensation committee requirements of NASDAQ Marketplace Rule 5605(d) and Rule 5605(a)(2). The Company's executive officers do not receive any direct compensation from us. The audit committee charter contains all of the provisions that a compensation committee charter would be required to include under the NASDAQ corporate governance listing requirements and the rules and regulations of the SEC. In

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addition, pursuant to the audit committee charter, the amounts payable to our investment adviser and our administrator pursuant to our investment advisory and management agreement and administration agreement, respectively, are separately approved by the audit committee. The compensation payable to our investment adviser pursuant to the investment advisory and management agreement is also separately approved by a majority of our independent directors in accordance with Section 15(c) of the Investment Company Act.

The specific responsibilities of the audit committee, including those related to compensation, are set forth in the charter of the audit committee, which can be accessed via the Company's website at *www.arescapitalcorp.com*. The contents of the Company's website are not intended to be incorporated by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

**Co-Investment Committee**

The members of the co-investment committee are Ms. Bates and Messrs. Bartlett, Kelly, McKeever and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market's corporate governance regulations. The co-investment committee is primarily responsible for reviewing and making certain findings in respect of co-investment transactions pursuant to the Co-investment Exemptive Order the Company received from the Commission on January 18, 2017.

**BENEFICIAL OWNERSHIP OF OUR DIRECTORS**

The following table sets forth the dollar range of our equity securities based on the closing price of our common stock on , 2019 and the number of shares beneficially owned by each of our directors as of December 31, 2018. We are not part of a "family of investment companies," as that term is defined in the Investment Company Act.

Name of Director	Dollar Range of Equity Securities in the Company(1)(2)
<b>Independent Directors(3)</b>	
Steve Bartlett(4)	Over \$100,000
Ann Torre Bates	Over \$100,000
Daniel G. Kelly, Jr.	Over \$100,000
Steven B. McKeever	Over \$100,000
Eric B. Siegel	Over \$100,000
<b>Interested Directors</b>	
Michael J Arougheti	Over \$100,000
R. Kipp deVeer(5)	Over \$100,000
Robert L. Rosen	Over \$100,000
Bennett Rosenthal	Over \$100,000

(1) The dollar ranges are as follows: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000 or over \$100,000.

(2) Beneficial ownership determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.

(3) As of December 31, 2018, to the best of our knowledge, except as listed above, none of the independent directors, nor any of their immediate family members, had any interest in us, our investment adviser or any person or entity directly or indirectly controlling, controlled by or under common control with us or our investment adviser.



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- (4) The shares of our common stock held by Mr. Bartlett have been pledged as security in connection with a line of credit with a third party financial institution unaffiliated with the Company.
- (5) The shares of the Company's common stock held by Mr. deVeer have been pledged as security in connection with a line of credit with a third party financial institution unaffiliated with the Company.

**COMPENSATION TABLE**

The following table shows information regarding the compensation earned or actually received by our directors, none of whom is our employee, for services as a director for the fiscal year ended December 31, 2018. No compensation is paid by us to interested directors. No information has been provided with respect to our executive officers who are not directors since our executive officers do not receive any direct compensation from us.

Name	Fees Earned or Paid in Cash(1)	Total
<b>Independent Directors</b>		
Steve Bartlett	\$ 221,000	\$ 221,000
Ann Torre Bates	\$ 231,500	\$ 231,500
Daniel G. Kelly, Jr.	\$ 221,000	\$ 221,000
Steven B. McKeever	\$ 223,000	\$ 223,000
Eric B. Siegel	\$ 242,000	\$ 242,000
<b>Interested Directors</b>		
Michael J Arougheti(2)	None	None
R. Kipp deVeer(2)	None	None
Robert L. Rosen(3)	None	None
Bennett Rosenthal(2)	None	None

- (1) For a discussion of the independent directors' compensation, see below.
- (2) Each of Messrs. Arougheti, deVeer and Rosenthal is compensated by Ares Management and its affiliates in connection with his services as an officer, partner, director and/or principal of Ares Management, entities affiliated with Ares Management and of investment funds managed by Ares Management and its affiliates. Such director's compensation arrangement with Ares Management and its affiliates existed prior to his service as a director of the Company.
- (3) Mr. Rosen was compensated by Ares Management and its affiliates in connection with his services as an officer, director and/or principal of entities affiliated with Ares Management and of investment funds managed by Ares Management and its affiliates for the fiscal year ended December 31, 2018. However, under such compensation arrangement, Mr. Rosen did not receive any compensation or other payment from Ares Management or any of its affiliates in connection with his service as a director of the Company.

For the fiscal year ended December 31, 2018, the independent directors received an annual fee of \$160,000. They also received \$2,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and received \$1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each committee meeting. In addition, the chairperson of the audit committee received an additional annual fee of \$10,000, the lead independent director received an additional annual fee of \$15,000, and each chairperson of any other committee received an additional annual fee of \$2,000 for his or her additional services in these capacities. In addition, we purchased directors' and officers' liability insurance on behalf of our directors and officers.

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In October 2018, while evaluating our Board compensation program for 2019, the nominating and governance committee engaged Meridian Compensation Partners, LLC ("Meridian"), a nationally recognized compensation consulting firm, to undertake a review of our Board compensation program. In February 2019, Meridian met with the nominating and governance committee to provide recommendations regarding our Board compensation program for 2019. Following a recommendation from the nominating and governance committee, the Board approved an increase in the annual fees payable to our independent directors for service as members of the Board, effective as of January 1, 2019, taking into account Meridian's recommendations. As a result of this increase effective as of January 1, 2019, our independent directors receive an annual fee of \$200,000, the chairperson of the audit committee receives an additional annual fee of \$25,000, the chairperson of the nominating and governance committee receives an additional annual fee of \$10,000 and the lead independent director receives an additional annual fee of \$35,000. Our directors also receive \$2,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and receive \$1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each committee meeting.

**PORTFOLIO MANAGERS**

We consider the members of the Investment Committee of Ares Capital Management to be our portfolio managers. The following individuals function as portfolio managers primarily responsible for the day-to-day management of our portfolio.

Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
Mark Affolter	Partner and Portfolio Manager of the Ares Credit Group	11	Mr. Affolter is a Partner and Portfolio Manager in the Ares Credit Group, Central Region Head for U.S. Direct Lending and a member of the Management Committee of Ares. Additionally, Mr. Affolter serves as a member of the Ares Credit Group's U.S. Direct Lending Investment Committee.

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Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
Michael J Arougheti	Co-Chairman of the board of directors of the Company; Executive Vice President of the Company	15	Since October 2014, Mr. Arougheti has served as an Executive Vice President of the Company, since July 2014, he has served as Co-Chairman of the Company's board of directors and since February 2009, he has served as a director of the Company. Mr. Arougheti previously served as Chief Executive Officer of the Company from May 2013 to July 2014 and President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder and the Chief Executive Officer and President of Ares and is a member of the Ares Executive Management Committee. He is also a member of the Board of Directors and Management Committee of Ares. Mr. Arougheti is a member of the Investment Committee of the Ares Credit Group's U.S. Direct Lending Investment Committees, the Ares Equity Income Opportunity Strategy Portfolio Review Committee and the Ares Operations Management Group.
R. Kipp deVeer	Chief Executive Officer of the Company; Partner in and Head of the Ares Credit Group	15	Since July 2014, Mr. deVeer has served as Chief Executive Officer of the Company. Mr. deVeer previously served as President of the Company from May 2013 to July 2014. Mr. deVeer joined Ares in May 2004 and currently serves as a Partner of Ares Management Corporation and is a member of the Ares Executive Management Committee. He is a Partner in and Head of the Ares Credit Group and also a member of the Management Committee of Ares. Mr. deVeer is a member of the Investment Committees of Ares Capital Management and the Ares Credit Group's U.S. and European Direct Lending Investment Committees. Mr. deVeer is also a director of Ares Management Limited, a subsidiary of Ares overseeing the European activities of Ares.

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<b>Name</b>	<b>Position</b>	<b>Length of Service with Ares (years)</b>	<b>Principal Occupation(s) During Past 5 Years</b>
Mitchell Goldstein	Co-President of the Company; Partner in and Co-Head of the Ares Credit Group	15	Since July 2014, Mr. Goldstein has served as a Co-President of the Company. Mr. Goldstein previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Goldstein has served as an officer of Ares Capital Management since 2005. Mr. Goldstein joined Ares in May 2005 and currently serves as a Partner of the Ares Credit Group. Mr. Goldstein also serves as a Vice President of CION Ares Diversified Credit Fund. Mr. Goldstein is a member of the Investment Committees of Ares Capital Management, the Ares Credit Group's U.S. Direct Lending and Commercial Finance Investment Committees and the Ivy Hill Asset Management Investment Committee, and is a member of the Management Committee of Ares.
Jim Miller	Partner and Portfolio Manager of the Ares Credit Group	13	Mr. Miller is a Partner and Portfolio Manager in the Ares Credit Group, as well as the East Region Co-Head for U.S. Direct Lending and a member of the Management Committee of Ares. Additionally, Mr. Miller serves on the Ares Credit Group's U.S. Direct Lending and Commercial Finance Investment Committees.
Kort Schnabel	Partner and Portfolio Manager of the Ares Credit Group	18	Mr. Schnabel is a Partner and Portfolio Manager in the Ares Credit Group, as well as the West Region Head for U.S. Direct Lending and a member of the Management Committee of Ares. Additionally, Mr. Schnabel serves on Ares Credit Group's U.S. Direct Lending Investment Committee.
David Schwartz	Partner and Portfolio Manager of the Ares Credit Group	15	Mr. Schwartz is a Partner and Portfolio Manager in the Ares Credit Group, East Region Co-Head for U.S. Direct Lending and a member of the Management Committee of Ares. Additionally, Mr. Schwartz serves as a member of the Ares Credit Group's U.S. Direct Lending Investment Committee.

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Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
Michael L. Smith	Co-President of the Company; Partner in and Co-Head of the Ares Credit Group	15	Since July 2014, Mr. Smith has served as a Co-President of the Company. Mr. Smith previously served as an Executive Vice President of the Company from May 2013 to July 2014. Mr. Smith has served as an officer of Ares Capital Management since 2004. Mr. Smith joined Ares in May 2004 and currently serves as a Partner of the Ares Credit Group. Mr. Smith is a member of the Investment Committees of Ares Capital Management, the Ares Credit Group's U.S. Direct Lending Investment Committee, the Ivy Hill Asset Management Investment Committee, the Ares Commercial Finance Investment Committee and the Management Committee of Ares.

None of the individuals listed above is primarily responsible for the day-to-day management of the portfolio of any other account, except that Messrs. Affolter, deVeer, Goldstein, Miller, Schnabel, Schwartz and Smith are each Partners of the Ares Credit Group. All such individuals have responsibilities with respect to certain funds and managed accounts, which as of December 31, 2018 had approximately \$95.9 billion (including the Company) of assets under management, a portion of which is used to calculate Ares' advisory fees related to such funds and managed accounts. See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns."

Each of Messrs. Affolter, Arougheti, deVeer, Goldstein, Miller, Schnabel, Schwartz and Smith is responsible for deal origination, execution and portfolio management. In addition to their deal origination, execution and portfolio management responsibilities, (1) Mr. Arougheti also spends a portion of his time on corporate and administrative activities in his capacity as Chief Executive Officer and President of Ares Management, (2) Mr. deVeer also spends a portion of his time on corporate and administrative activities in his capacity as the Company's Chief Executive Officer and as a Partner in and Head of the Ares Credit Group, (3) Messrs. Goldstein and Smith also spend portions of their time on corporate and administrative activities in their capacities as Co-Presidents of the Company and as Partners of the Ares Credit Group and (4) Messrs. Affolter, Miller, Schnabel and Schwartz are each a Partner in the Ares Credit Group. Each of Messrs. Affolter, Arougheti, deVeer, Goldstein, Miller, Schnabel, Schwartz and Smith receives a compensation package that includes some combination of fixed draw and variable incentive compensation based on our performance. None of the portfolio managers receives any direct compensation from us.

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The following table sets forth the dollar range of our equity securities based on the closing price of our common stock on \_\_\_\_\_, 2019 and the number of shares beneficially owned by each of the portfolio managers described above as of December 31, 2018 unless otherwise indicated below.

<b>Name</b>	<b>Aggregate Dollar Range of Equity Securities in Ares Capital(1)</b>
Mark Affolter	None
Michael J Arougheti	Over \$1,000,000
R. Kipp deVeer	Over \$1,000,000
Mitchell Goldstein	Over \$1,000,000
Jim Miller	\$100,001-\$500,000
Kort Schnabel	None
David Schwartz	\$10,001-\$50,000
Michael L. Smith	Over \$1,000,000

(1) Dollar ranges are as follows: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, \$100,001-\$500,000, \$500,001-\$1,000,000 or over \$1,000,000.

### **INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT**

#### **Management Services**

Ares Capital Management serves as our investment adviser and is registered as an investment adviser under the Advisers Act. Subject to the overall supervision of our board of directors, our investment adviser manages the day-to-day operations of, and provides investment advisory and management services to, Ares Capital. Under the terms of the investment advisory and management agreement, our investment adviser:

determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;

identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies);

closes and monitors the investments we make;

determines the investments and other assets that we purchase, retain or sell; and

provides us with such other investment advisory and research and related services as we may from time to time reasonably require.

Ares Capital Management's services to us under the investment advisory and management agreement are not exclusive, and it is free to furnish similar services to other entities. Similarly, our investment adviser or its affiliates may directly or indirectly manage funds or other investment vehicles with investment objectives similar to ours. Accordingly, we may compete with these Ares funds or other investment vehicles managed by our investment adviser and its affiliates for capital and investment opportunities. Ares Capital Management endeavors to allocate investment opportunities in a fair and equitable manner, and in any event consistent with any fiduciary duties owed to Ares Capital. Nevertheless, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds or other investment vehicles managed by our investment adviser or its affiliates. See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns."



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**Base Management Fee**

Pursuant to the investment advisory and management agreement and subject to the overall supervision of our board of directors, our investment adviser provides investment advisory and management services to us. For providing these services, our investment adviser receives fees from us consisting of a base management fee, an income based fee and a capital gains incentive fee.

The base management fee is calculated at an annual rate of 1.5% based on the average value of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) at the end of the two most recently completed calendar quarters. The base management fee is payable quarterly in arrears. 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. See Note 5 to our consolidated financial statements for the year ended December 31, 2018 for additional information.

**Income Based Fee**

The income based fee is calculated and payable quarterly in arrears based on our net investment income excluding income based fees and capital gains incentive fees ("pre-incentive fee net investment income") for the quarter. Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the administration agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the income based fee and capital gains incentive fee accrued under GAAP). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash. Our investment adviser is not under any obligation to reimburse us for any part of the income based fees it received that were based on accrued interest that we never actually received. See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns" and "Risk Factors Risks Relating to Our Business We may be obligated to pay our investment adviser certain fees even if we incur a loss."

Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses, unrealized capital appreciation, unrealized capital depreciation or income tax expense related to realized gains and losses. Because of the structure of the income based fee, it is possible that we may pay such fees in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate for a quarter, we will pay the applicable income based fee even if we have incurred a loss in that quarter due to realized and/or unrealized capital losses.

Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of 1.75% per quarter. If market credit spreads rise, we may be able to invest our funds in debt instruments that provide for a higher return, which may increase our pre-incentive fee net investment income and make it easier for our investment adviser to surpass the fixed hurdle rate and receive an income based fee based on such net investment income.



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To the extent we have retained pre-incentive fee net investment income that has been used to calculate the income based fee, it is also included in the amount of our total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) used to calculate the 1.5% base management fee.

We pay our investment adviser an income based fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

No income based fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate;

100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter. We refer to this portion of our pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.1875%) as the "catch-up" provision. The "catch-up" is meant to provide our investment adviser with 20% of the pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeded 2.1875% in any calendar quarter; and 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

The following is a graphical representation of the calculation of the income based fee:

**Quarterly Income Based Fee Based on Net Investment Income**

**Pre-incentive fee net investment income return  
(expressed as a percentage of the value of net assets)**

**Percentage of pre-incentive fee net investment income  
allocated to income based fee**

These calculations are adjusted for any share issuances or repurchases during the quarter.

In connection with the American Capital Acquisition, our investment adviser has agreed to waive, for each of the first ten calendar quarters beginning with the second calendar quarter of 2017 and ending with the third calendar quarter of 2019, the lesser of (1) \$10 million of income based fees and (2) 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 the investment advisory and management agreement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Overview" and Note 16 to our consolidated financial statements for the year ended December 31, 2018 for information regarding a transaction support agreement entered into between us and Ares Capital Management in connection with the American Capital Acquisition.

**Capital Gains Incentive Fee**

The capital gains incentive fee is determined and payable in arrears as of the end of each calendar year (or, upon termination of our investment advisory and management agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (1) the sum of our

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cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (2) our cumulative aggregate realized capital gains, in each case calculated from October 8, 2004 (the date we completed our IPO). 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 net 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 (1) the net sales price of each investment in our portfolio when sold and (2) 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 (1) the net sales price of each investment in our portfolio when sold is less than (2) 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 (1) the valuation of each investment in our portfolio as of the applicable capital gains incentive fee calculation date and (2) the accreted or amortized cost basis of such investment.

Notwithstanding the foregoing, as a result of an amendment to the capital gains incentive fee under the investment advisory and management agreement that was adopted on June 6, 2011, if we are required by GAAP to record an investment at its fair value as of the time of acquisition instead of at the actual amount paid for such investment by us (including, for example, as a result of the application of the 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) (A) the actual amount paid by us for such investment plus (B) any amounts recorded in our financial statements as required by GAAP that are attributable to the accretion of such investment plus (C) any other adjustments made to the cost basis included in our financial statements, including PIK interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in our financial statements as required by GAAP that are attributable to the amortization of such investment, whether such calculated Contractual Cost Basis is higher or lower than the fair value of such investment (as determined in accordance with GAAP) at the time of acquisition.

We defer cash payment of any income based fee and the capital gains incentive fee otherwise earned by our investment adviser if during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made the sum of (1) the aggregate distributions to our stockholders and (2) 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 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 our investment advisory and management agreement.

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**Examples of Fee Calculation**

**Example 1 Income Based Fee(1):**

*Assumptions*

Hurdle rate(2) = 1.75%  
 Management fee(3) = 0.375%  
 Other expenses (legal,  
 accounting, custodian, transfer  
 agent, etc.)(4) = 0.20%  
 All assets financed using  
 leverage equal to or under 1.0x  
 debt to equity.

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- (1) The hypothetical amount of pre-incentive fee net investment income shown is based on a percentage of total net assets. In addition, the example assumes that during the most recent four full calendar quarter period ending on or prior to the date the payment set forth in the example is to be made, the sum of (1) our aggregate distributions to our stockholders and (2) our change in net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period) is at least 7% of our net assets (defined as total assets less indebtedness) at the beginning of such period (as adjusted for any share issuances or repurchases).
- (2) Represents a quarter of the 7.0% annualized hurdle rate.
- (3) Represents a quarter of the 1.5% annualized management fee.
- (4) Excludes offering expenses.

**Alternative 1**

*Additional Assumptions*

Investment income (including  
 interest, dividends, fees, etc.) =  
 1.25%  
 Pre-incentive fee net  
 investment income  
 (investment income  
 (management fee + other  
 expenses)) = 0.675%  
 Pre-incentive fee net investment  
 income does not exceed the  
 hurdle rate,  
 therefore there is no income  
 based fee.

**Alternative 2**

*Additional Assumptions*

Investment income (including interest, dividends, fees, etc.) = 2.70%  
 Pre-incentive fee net investment income  
 (investment income (management fee + other expenses)) = 2.125%

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Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an income based fee.

$$\begin{aligned} \text{Income Based Fee} &= 100\% \times \text{"Catch-Up"} + \text{the greater of } 0\% \text{ AND } (20\% \times (\text{pre-incentive fee net investment} \\ &\quad \text{income } 2.1875\%)) \\ &= (100\% \times (2.125\% - 1.75\%)) + 0\% \\ &= 100\% \times 0.375\% \\ &= 0.375\% \end{aligned}$$

### Alternative 3

#### *Additional Assumptions*

Investment income (including interest, dividends, fees, etc.) = 3.50%

Pre-incentive fee net investment income

(investment income - (management fee + other expenses)) = 2.925%

Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an income based fee.

$$\begin{aligned} \text{Income Based Fee} &= 100\% \times \text{"Catch-Up"} + \text{the greater of } 0\% \text{ AND } (20\% \times (\text{pre-incentive fee net investment} \\ &\quad \text{income } 2.1875\%)) \\ &= (100\% \times (2.1875\% - 1.75\%)) + (20\% \times (2.925\% - 2.1875\%)) \\ &= 0.4375\% + (20\% \times 0.7375\%) \\ &= 0.4375\% + 0.1475\% \\ &= 0.585\% \end{aligned}$$

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**Example 2 Capital Gains Incentive Fee:**

**Alternative 1:**

*Assumptions*

Year 1: \$20 million investment made in Company A ("Investment A"), and \$30 million investment made in Company B ("Investment B")

Year 2: Investment A is sold for \$50 million and fair value ("FV") of Investment B determined to be \$32 million

Year 3: FV of Investment B determined to be \$25 million

Year 4: Investment B sold for \$31 million

The capital gains incentive fee, if any, would be:

Year 1: None (No sales transactions)

Year 2: \$6 million (20% multiplied by \$30 million realized capital gains on sale of Investment A)

Year 3: None; \$5 million (20% multiplied by (\$30 million realized cumulative capital gains less \$5 million cumulative capital depreciation)) less \$6 million (previous capital gains incentive fee paid in Year 2)

Year 4: \$200,000; \$6.2 million (20% multiplied by \$31 million cumulative realized capital gains) less \$6 million (capital gains incentive fee paid in Year 2)

**Alternative 2**

*Assumptions*

Year 1: \$20 million investment made in Company A ("Investment A"), \$30 million investment made in Company B ("Investment B") and \$25 million investment made in Company C ("Investment C")

Year 2: Investment A sold for \$50 million, FV of Investment B determined to be \$25 million and FV of Investment C determined to be \$25 million

Year 3: FV of Investment B determined to be \$27 million and Investment C sold for \$30 million

Year 4: FV of Investment B determined to be \$35 million

Year 5: Investment B sold for \$20 million

The capital gains incentive fee, if any, would be:

Year 1: None (No sales transactions)

Year 2: \$5 million (20% multiplied by \$25 million (\$30 million realized capital gains on Investment A less \$5 million unrealized capital depreciation on Investment B))

Year 3: \$1.4 million (\$6.4 million (20% multiplied by \$32 million (\$35 million cumulative realized capital gains less \$3 million unrealized capital depreciation)) less \$5 million (capital gains incentive fee paid in Year 2))

Year 4: None (No sales transactions)

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Year 5: None (\$5 million (20% multiplied by \$25 million (cumulative realized capital gains of \$35 million less realized capital losses of \$10 million)) less \$6.4 million (cumulative capital gains incentive fee paid in Year 2 and Year 3))

For the year ended December 31, 2018, we incurred \$180 million in base management fees and \$129 million in income based fees. The income based fees for year ended December 31, 2018 were net of the Fee Waiver of \$40 million. The capital gains incentive fee payable to our investment adviser as calculated under the investment advisory and management agreement for the year ended December 31, 2018 was \$50 million. In accordance with GAAP, the Company had cumulatively accrued a capital gains incentive fee of \$112 million as of December 31, 2018, \$62 million of which was not due under the investment advisory and management agreement.

For the year ended December 31, 2017, we incurred \$171 million in base management fees, and \$134 million in income based fees. The income based fees for the year ended December 31, 2017 were net of the Fee Waiver of \$30 million. There was no capital gains incentive fee earned by our

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investment adviser as calculated under the investment advisory and management agreement for the year ended December 31, 2017. However, in accordance with GAAP, the Company has cumulatively accrued a capital gains incentive fee of \$79 million as of December 31, 2017, all of which was not due under the investment advisory and management agreement.

For the year ended December 31, 2016, we incurred \$137 million in base management fees, and \$123 million in income based fees. There was no capital gains incentive fee earned by our investment adviser as calculated under the investment advisory and management agreement for the year ended December 31, 2016. However, in accordance with GAAP, the Company has cumulatively accrued a capital gains incentive fee of \$38 million as of December 31, 2016, all of which was not 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 actually payable under the investment advisory and management agreement 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 million, excluding the \$50 million 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.

**Payment of Our Expenses**

The services of all investment professionals and staff of our investment adviser, when and to the extent engaged in providing investment advisory and management services to us and routine overhead expenses of such personnel allocable to such services, are provided and paid for by our investment adviser. Under the investment advisory and management agreement, we bear all other costs and expenses of our operations and transactions, including, but not limited to, those relating to: organization; calculation of our net asset value (including, but not limited to, the cost and expenses of any independent valuation firm); expenses incurred by our investment adviser payable to third parties, including agents, consultants or other advisers, in monitoring our financial and legal affairs and in monitoring our investments (including the cost of consultants hired to develop information technology systems designed to monitor our investments) and performing due diligence on our prospective portfolio companies; interest payable on indebtedness, if any, incurred to finance our investments (including payments to third party vendors for financial information services); offerings of our 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

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costs; to the extent we are covered by any joint insurance policies, our 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 us or our administrator in connection with administering our business as described in more detail under " Administration Agreement" below.

**Duration, Termination and Amendment**

At an in-person meeting of our board of directors on March 16, 2011, the form of our current investment advisory and management agreement, including two proposed amendments to our then existing investment advisory and management agreement, was approved by our board of directors with the recommendation that our stockholders vote to approve the proposed amendments. On June 6, 2011, our stockholders approved the proposed amendments, and we entered into a restated investment advisory and management agreement, reflecting such amendments on June 6, 2011. At an in-person meeting of our board of directors on April 25, 2018, our board of directors, including a majority of the directors who are not "interested persons" of the Company as defined in the Investment Company Act, voted to approve the continuation of the investment advisory and management agreement to June 6, 2019. A discussion regarding the basis for our board of directors' approval of the 2011 adoption of the form of our current investment advisory and management agreement is available in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Unless terminated earlier, the investment advisory and management agreement will automatically renew for successive annual periods if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, approval by a majority of our directors who are not "interested persons" of the Company (as defined in the Investment Company Act). The investment advisory and management agreement will automatically terminate in the event of its assignment (as defined in the Investment Company Act). The investment advisory and management agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

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 amount of the base management fee, the income based fee, the capital gains incentive fee or other compensation terms. Material amendments to our investment advisory and management agreement must be approved by the affirmative vote of the holders of a majority of our outstanding voting securities and by a majority of our independent directors, and we may from time to time decide it is appropriate to seek the requisite approval to change the terms of the agreement.

In connection with our board of directors approving the modified asset coverage requirements 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.

**Indemnification**

The investment advisory and management agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, our investment adviser, its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our investment adviser's services under the investment advisory and management agreement or otherwise as our investment adviser.



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**Organization of our Investment Adviser**

Our investment adviser is a Delaware limited liability company that is registered as an investment adviser under the Advisers Act. The principal executive offices of Ares Capital Management are located at 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

**ADMINISTRATION AGREEMENT**

We are also party to an administration agreement with Ares Operations, an affiliate of our investment adviser and a subsidiary of Ares Management. Our board of directors approved the continuation of our administration agreement on April 25, 2018, which extended the term of the agreement until June 1, 2019. Pursuant to the administration agreement, Ares Operations furnishes us with office equipment and clerical, bookkeeping and record keeping services at our office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, our required administrative services, which include, among other things, providing assistance in accounting, legal, compliance, operations, investor relations and technology, being responsible for the financial records that we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, Ares Operations assists us in determining and publishing our net asset value, assists us in providing managerial assistance to our portfolio companies, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. Payments under the administration agreement are equal to an amount based upon our 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 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. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

For each of the years ended December 31, 2018, 2017 and 2016, we incurred \$13 million, \$12 million and \$14 million, respectively, in administrative fees. As of December 31, 2018 and 2017, \$3 million and \$4 million of the administrative fees were unpaid and included in "accounts payable and other liabilities" in the accompanying December 31, 2018 and 2017 consolidated balance sheets, respectively. In addition, for the year ended December 31, 2017, we incurred an additional \$8 million 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.

**Indemnification**

The administration agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, Ares Operations, its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons or entities affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Ares Operations' services under the administration agreement or otherwise as our administrator.

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

We have procedures in place for the review, approval and monitoring of transactions involving us and certain persons related to us. For example, we have a code of conduct that generally prohibits any of our officers or directors from engaging in any transaction where there is a conflict between such individual's personal interest and our interests. Waivers to the code of conduct can generally only be obtained from the Chief Compliance Officer, the co-chairs of the board of directors or the chairperson of the audit committee and are publicly disclosed as required by applicable law and regulations. In addition, the audit committee is required to review and approve all related-party transactions (as defined in Item 404 of Regulation S-K, as promulgated under the Securities Act).

As a BDC, we are also subject to certain regulatory requirements that restrict our ability to engage in certain related-party transactions. We have separate policies and procedures that have been adopted to ensure that we do not enter into any such prohibited transactions without seeking necessary approvals.

We are party to an investment advisory and management agreement with Ares Capital Management, a subsidiary of Ares Management, an entity in which certain of our directors and officers and members of the investment committee of our investment adviser may have indirect ownership and pecuniary interests. Certain of our directors and officers and members of the investment committee of our investment adviser also serve as officers or principals of other investment managers affiliated with Ares Management that currently, and may in the future, manage investment funds with investment objectives similar to our investment objective. In addition, certain of our directors and officers and members of the investment committee of our investment adviser serve or may serve as officers, directors or principals of entities that operate in the same or related line of business as we do or of investment funds managed by our affiliates. Accordingly, we may not be made aware of and/or be given the opportunity to participate in certain investments made by investment funds managed by advisers affiliated with Ares Management. However, our investment adviser intends to allocate investment opportunities in a fair and equitable manner in accordance with our investment adviser's investment allocation policy. See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns."

In connection with the American Capital Acquisition, our investment adviser has agreed to waive, for each of the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, the lesser of (i) \$10 million of income based fees and (ii) 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 the investment advisory and management agreement.

Pursuant to the terms of the administration agreement between Ares Operations and us, Ares Operations, a subsidiary of Ares Management, currently provides us with certain administrative and other services necessary to conduct our day-to-day operations, and we reimburse Ares Operations, at cost, for our allocable portion of overhead and other expenses (including travel expenses) incurred by Ares Operations 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 with Ares Operations, pursuant to which 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 its allocable portion of the compensation, rent

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and other expenses of its overhead and the cost of Ares Operations' officers and respective staff in performing its obligations under the IHAM administration agreement.

We are party to office leases pursuant to which we are leasing office facilities from third parties. For certain of these office leases, we had also entered into separate subleases with Ares Management LLC, the sole member of the investment adviser, and IHAM, pursuant to which Ares Management LLC and IHAM subleased office space from us. In October 2018, we terminated all of our existing office space subleases with Ares Management LLC and IHAM. We then entered into a new sublease solely with Ares Management LLC, whereby Ares Management LLC subleased the full amount of certain of our office leases.

Prior to April 1, 2018, Ares Management LLC was also a party to separate subleases with us, pursuant to which we subleased certain office leases from Ares Management LLC. These subleases are no longer in place.

We have entered into agreements with Ares Management LLC and IHAM, pursuant to which Ares Management LLC and IHAM are entitled to use our proprietary portfolio management software. For the fiscal year ended December 31, 2018, amounts payable by Ares Management LLC and IHAM to us under these agreements totaled \$0 million.

We have also entered into a license agreement with Ares Management LLC pursuant to which Ares Management LLC has granted us a non-exclusive, royalty-free license to use the name "Ares." Under this agreement, we will have a right to use the Ares name for so long as Ares Capital Management remains our investment adviser. Other than with respect to this limited license, we have no legal right to the "Ares" name.

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To our knowledge, as of \_\_\_\_\_, 2019, there were no persons that owned 25% or more of our outstanding voting securities and no person would be deemed to control us, as such term is defined in the Investment Company Act.

The following table sets forth, as of \_\_\_\_\_, 2019 (unless otherwise noted), the number of shares of our common stock beneficially owned by each of our current directors and named executive officers, all directors, executive officers and certain other officers as a group and certain beneficial owners, according to information furnished to us by such persons or publicly available filings.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Ownership information for those persons who beneficially own 5% or more of the outstanding shares of our common stock is based upon Schedule 13D, Schedule 13G, Form 13F or other filings by such persons with the SEC and other information obtained from such persons. To our knowledge, as of \_\_\_\_\_, 2019, there were no persons that owned 5% or more of the outstanding shares of our common stock. Except as otherwise noted below, each person named in the following table has sole voting and investment power with respect to all shares of our common stock that he or she beneficially owns.

The address for Messrs. Arougheti, Bloomstein, deVeer, Goldstein, Rosen and Smith, Ms. Roll and certain other officers is c/o Ares Capital Corporation, 245 Park Avenue, 44th Floor, New York, New York 10167. The address for Ms. Krieger is 1001 19th Street North, Suite 1200, Arlington, Virginia 22209. The address for each of the other directors, executive officers and certain other officers is c/o Ares Capital Corporation, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
<i>Directors and Named Executive Officers:</i>		
<b>Interested Directors</b>		
Michael J Arougheti	1,080,365	*
R. Kipp deVeer	225,000(2)	*
Robert L. Rosen	38,006	*
Bennett Rosenthal	255,138(3)	*
<b>Independent Directors</b>		
Steve Bartlett	11,000(4)	*
Ann Torre Bates	22,275(5)	*
Daniel G. Kelly, Jr.	18,085	*
Steven B. McKeever	13,730	*
Eric B. Siegel	46,868(6)	*
<b>Named Executive Officers Who Are Not Directors</b>		
Mitchell Goldstein	238,184(7)	*
Michael L. Smith	151,012	*
Penni F. Roll	67,452(8)	*
All Directors, Executive Officers and Certain Other Officers as a Group (16 persons)	2,167,115(9)	*

\* Represents less than 1%.

(1) Based on 426,298,200 shares of common stock outstanding as of \_\_\_\_\_, 2019.

(2) The shares of our common stock held by Mr. deVeer have been pledged as security in connection with a line of credit with a third party financial institution unaffiliated with us.

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- (3) Consists of 255,138 shares of common stock indirectly beneficially owned by Mr. Rosenthal through BAR Holdings, LLC of which Mr. Rosenthal is the manager.
- (4) The shares of our common stock held by Mr. Bartlett have been pledged as security in connection with a line of credit with a third party financial institution unaffiliated with us.
- (5) Consists of (i) 20,000 shares of common stock owned directly; and (ii) 2,275 shares of common stock indirectly beneficially owned by Ms. Bates through her spouse.
- (6) Consists of (i) 36,630 shares of common stock owned directly; (ii) 8,166 shares of common stock indirectly beneficially owned by Mr. Siegel through his spouse; and (iii) 2,072 shares of common stock indirectly beneficially owned by Mr. Siegel as a custodian for the account of one of his children. Mr. Siegel has shared voting and investment authority with respect to shares held by his spouse. Mr. Siegel disclaims beneficial ownership of the 2,072 shares of common stock indirectly beneficially owned by Mr. Siegel as a custodian for the account of one of his children, except to the extent of his pecuniary interest therein.
- (7) 139,869 shares of our common stock held by Mr. Goldstein have been pledged as security in connection with margin trading accounts.
- (8) Consists of (i) 11,147 shares of common stock owned directly; and (ii) 56,305 shares of common stock indirectly beneficially owned by Ms. Roll through a trust for the benefit of Ms. Roll, her spouse and her children.
- (9) Includes shares owned by our officers that are not "Named Executive Officers," as defined in Item 402 of Regulation S-K, as promulgated under the Securities Act.

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**DETERMINATION OF NET ASSET VALUE**

The net asset value per share of our outstanding shares of common stock is determined quarterly by dividing the value of total assets minus liabilities by the total number of shares outstanding.

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. We follow ASC 820-10, which expands the application of fair value accounting for investments (see Note 8 to the consolidated financial statements for the year ended December 31, 2018). 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. 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 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 may realize significantly less than the value at which we have previously 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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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 the 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.

The 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.

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**DIVIDEND REINVESTMENT PLAN**

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 provided below. 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 dividends.

No action is required on the part of a registered stockholder to have their cash dividend reinvested in shares of our common stock. A registered stockholder may elect to receive an entire cash dividend in cash by notifying Computershare Trust Company, N.A. ("Computershare"), the plan administrator and our transfer agent and registrar, in writing so that such notice is received by the plan administrator no later than the record date fixed by the board of directors for dividends to stockholders. The plan administrator will set up an account for shares acquired through the dividend reinvestment plan for each stockholder who has not elected to receive dividends in cash and hold such shares in non-certificated form. Upon request by a stockholder participating in the dividend reinvestment plan, received in writing no later than 10 days prior to the record date, the plan administrator will, instead of crediting fractional shares to the participant's account, issue a check for any fractional share.

Those stockholders whose shares are held by a broker or other financial intermediary may receive dividends in cash by notifying their broker or another financial intermediary of their election.

To implement the dividend reinvestment plan, we may use newly issued shares or we may purchase shares in the open market, in each case to the extent permitted under applicable law, whether our shares are trading at, above or below net asset value. If newly issued shares are used to implement the dividend reinvestment plan, the number of shares to be issued to a stockholder shall be determined by dividing the total dollar amount of the dividend payable to such stockholder by the market price per share of our common stock at the close of regular trading on The NASDAQ Global Select Market on the dividend payment date. Market price per share on that date shall be the closing price for such shares on The NASDAQ Global Select Market or, if no sale is reported for such day, at the average of their reported bid and asked prices. If shares are purchased in the open market to implement the dividend reinvestment plan, the number of shares to be issued to a stockholder shall be determined by dividing the dollar amount of the cash dividend payable to such stockholder by the weighted average price per share for all shares purchased by the plan administrator in the open market in connection with the dividend. The number of shares of our common stock to be outstanding after giving effect to payment of the dividend cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

There are no brokerage charges or other charges to stockholders who participate in the dividend reinvestment plan. 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.

Stockholders whose cash dividends are reinvested in shares of our common stock are subject to the same U.S. federal, state and local tax consequences as are stockholders who elect to receive their dividends in cash. A stockholder's initial basis for determining gain or loss upon the sale of stock received in a dividend from us will be equal to the total dollar amount of the dividend payable to the stockholder. Any stock received on reinvestment of a cash dividend will have a new holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account. See "Certain Material U.S. Federal Income Tax Considerations."



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Participants may terminate their accounts under the dividend reinvestment plan by notifying the plan administrator via its website at [www.computershare.com/investor](http://www.computershare.com/investor), by filling out the transaction request form located at bottom of their statement and sending it to the plan administrator at P.O. Box 505000, Louisville, KY 40233-5000 or by calling the plan administrator's hotline at 1-866-365-2497.

The dividend reinvestment plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the dividend reinvestment plan should be directed to the plan administrator via the Internet at [www.computershare.com/investor](http://www.computershare.com/investor), by mail at P.O. Box 505000, Louisville, KY 40233-5000 or by telephone at 1-866-365- 2497.

Additional information about the dividend reinvestment plan may be obtained by contacting the plan administrator via the Internet at [www.computershare.com/investor](http://www.computershare.com/investor), by mail at P.O. Box 505000, Louisville, KY 40233-5000 or by telephone at 1-866-365- 2497.

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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, and disposition of shares of our preferred stock or common stock and our qualification and taxation as a RIC for U.S. federal income tax purposes. 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 stockholders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, stockholders 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 in our preferred stock or common stock as part of a straddle or a hedging or conversion transaction, real estate investment trusts ("REITs"), RICs, U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar, non-U.S. stockholders (as defined below) engaged in a trade or business in the United States, persons who have ceased to be U.S. citizens or to be taxed as residents of the United States, "controlled foreign corporations," and passive foreign investment companies ("PFICs"). This summary is limited to stockholders that hold our preferred stock or common stock as capital assets (within the meaning of the Code), and does not address owners of a stockholder. 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 prospectus 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 offerings pursuant to this prospectus or pursuant to the accompanying prospectus supplement unless expressly stated therein. 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. It also does not discuss the tax aspects of common or preferred stock sold in units with the other securities being registered.

If we issue preferred stock that may be convertible into or exercisable or exchangeable for securities or other property or preferred stock with other terms that may have different U.S. federal income tax consequences than those described in this summary, the U.S. federal income tax consequences of that preferred stock will be described in the relevant prospectus supplement. This summary does not discuss the consequences of an investment in our subscription rights, debt securities or warrants representing rights to purchase shares of our preferred stock, common stock, debt securities, or in units of more than one of our securities. The U.S. federal income tax consequences of such an investment will be discussed in the relevant prospectus supplement.

A "U.S. stockholder" is a beneficial owner of shares of our preferred stock or common stock that is for U.S. federal income tax purposes:

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

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

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

A "non-U.S. stockholder" is a beneficial owner of shares of our preferred stock or common stock that is not a U.S. stockholder or an entity that is treated as a partnership for U.S. federal income tax purposes.

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

**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"). 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."

**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.

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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.

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, or "OID" (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.

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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 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 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. The IRS and U.S. Treasury Department have issued proposed Treasury regulations that, if adopted, provide that the income inclusion from a QEF does not constitute qualifying income for purposes of the 90% Income Test unless we receive a distribution from such entity in the same year out of earnings and profits attributable to the included income. 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.

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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 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.

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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 stockholders 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. stockholders 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 shares of our preferred stock or common stock, and any remaining distributions would be treated as capital gains. See "Election to Be Taxed as a RIC" above and "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." The following discussion assumes that we qualify as a RIC.

**TAXATION OF U.S. STOCKHOLDERS**

The following summary generally describes certain material U.S. federal income tax consequences of an investment in shares of our preferred stock and common stock beneficially owned by U.S. stockholders (as defined above). If you are not a U.S. stockholder, this section does not apply to you.

Whether an investment in the shares of our preferred stock or common stock is appropriate for a U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares of our preferred stock or common stock by a U.S. stockholder may have adverse tax consequences. U.S. stockholders should consult their own tax advisors about the U.S. tax consequences of investing in shares of our preferred stock or common stock.

*Distributions on Our Preferred Stock and Common Stock*

Distributions by us generally are taxable as ordinary income or capital gain. To the extent such distributions we pay to non-corporate U.S. stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions ("qualified dividends") generally are taxable to U.S. stockholders at the preferential rates applicable to long-term capital gains. A portion of our ordinary dividends, but not capital gain dividends, paid to U.S. corporate stockholders may, if certain conditions are met, qualify for the dividends-received deduction to the extent that we have received dividends from certain corporations during the taxable year. However, it is anticipated that distributions paid by us generally will not be attributable to dividends and, therefore, generally will not qualify for the preferential rates applicable to qualified dividends or the dividends-received deduction available to corporations under the Code. A corporate U.S. stockholder may be required to reduce its basis in our preferred stock or 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. We first allocate our earnings and profits to distributions to our preferred stockholders and then to distributions to our common stockholders based on priority in our capital structure. Distributions of our investment company taxable income will be taxable as ordinary income to U.S. stockholders 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. stockholders 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. stockholder's holding period in our preferred stock or 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. stockholder's

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adjusted tax basis in such U.S. stockholder's preferred stock or common stock and, after the adjusted tax basis is reduced to zero, will constitute capital gain to such U.S. stockholder. 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. stockholder will need to consider the effect of our distributions on such U.S. stockholder's adjusted tax basis in our preferred stock or common stock in their individual 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. stockholder 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. stockholder 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. stockholder's adjusted tax basis in our preferred stock or 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. stockholder 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 stockholders 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. stockholders 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. stockholder 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 stockholders purchase shares of our preferred stock or 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. stockholder will be subject to tax on the distribution even though it economically represents a return of his, her or its investment.

Distributions out of our current and accumulated earnings and profits will not be eligible for the 20% pass-through deduction under Section 199A of the Code, although under recently proposed regulations (that have not yet been finalized) qualified REIT dividends earned by us may qualify for the 20% pass-through deduction under Section 199A deduction.

*Sale or Other Disposition of Our Preferred Stock or Common Stock*

A U.S. stockholder generally will recognize taxable gain or loss if the U.S. stockholder sells or otherwise disposes of such stockholder's shares of our preferred stock or common stock. The amount of gain or loss will be measured by the difference between a U.S. stockholder's adjusted tax basis in our preferred stock or 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. stockholder has held our preferred stock or common stock for more than one year. 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 preferred stock or common stock in which a U.S. stockholder 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



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recognized upon a disposition of shares of our preferred stock or 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.

In general, U.S. stockholders 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. stockholders 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. stockholders 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. stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate U.S. stockholders 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.

*Information Reporting and Backup Withholding*

We will send to each of our U.S. stockholders, 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. stockholder'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. stockholder's particular situation.

We may be required to withhold U.S. federal income tax ("backup withholding") from all taxable distributions to a U.S. stockholder (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 stockholder 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 the U.S. stockholder'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. stockholders generally are subject to a 3.8% Medicare surtax on their "net investment income," the calculation of which includes interest income and OID, any taxable gain from the disposition of our preferred stock or common stock and any distributions on our preferred stock or common stock (including the amount of any deemed distribution) to the extent such distribution is treated as a dividend or as capital gain (as described above under "Taxation of U.S. Stockholders Distributions on Our Preferred Stock or Common Stock"). Non-corporate U.S. stockholders should consult their own tax advisors on the effect of acquiring, holding and disposing of our preferred stock or 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. stockholder recognizes a loss with respect to either our preferred stock or common stock of \$2 million or more for a non-corporate U.S. stockholder or \$10 million or more for a corporate U.S. stockholder in any single taxable year, such stockholder must file with the IRS a disclosure statement on Form 8886. Direct stockholders 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.

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Significant monetary penalties apply to a failure to comply with this reporting requirement. States may also have a similar reporting requirement. U.S. stockholders should consult their own tax advisors to determine the applicability of these regulations in light of their individual circumstances.

**TAXATION OF NON-U.S. STOCKHOLDERS**

The following discussion applies only to persons that are non-U.S. stockholders. If you are not a non-U.S. stockholder, this discussion does not apply to you.

Whether an investment in our preferred stock or common stock is appropriate for a non-U.S. stockholder will depend upon that stockholder's particular circumstances. An investment in our preferred stock or common stock by a non-U.S. stockholder may have adverse tax consequences and, accordingly, may not be appropriate for a non-U.S. stockholder. Non-U.S. stockholders should consult their own tax advisors as to the tax consequences of acquiring, holding and disposing of our preferred stock or common stock before investing.

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

Distributions of our investment company taxable income to non-U.S. stockholders will be subject to U.S. withholding tax at a rate of 30% (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. stockholder, and gains recognized by a non-U.S. stockholder upon the sale of our preferred stock or 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. stockholder 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. stockholders of our preferred stock or 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. stockholders 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. stockholder, 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. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the non-U.S. stockholder'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. stockholder 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. stockholder 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. stockholders 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

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a circumstance, we may be required to withhold all or substantially all of the cash we would otherwise distribute to a non-U.S. stockholder.

*Information Reporting and Backup Withholding*

A non-U.S. stockholder 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. stockholder 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. stockholder or otherwise establishes an exemption from backup withholding.

**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 dividends paid on our preferred stock or common stock to: (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. account holders 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. stockholders 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. stockholders 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 of any amounts withheld.

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**DESCRIPTION OF SECURITIES**

This prospectus contains a summary of the common stock, preferred stock, subscription rights, debt securities, warrants and units. These summaries are not meant to be a complete description of each security. However, this prospectus and the accompanying prospectus supplement will contain the material terms and conditions for each security.

Table of Contents**DESCRIPTION OF OUR CAPITAL STOCK**

*The following description is based on relevant portions of the Maryland General Corporation Law and on our charter and bylaws. This summary is not necessarily complete, and we refer you to the Maryland General Corporation Law and our charter and bylaws for a more detailed description of the provisions summarized below.*

**STOCK**

Our authorized stock consists of 600,000,000 shares of stock, par value \$0.001 per share, all of which are currently designated as common stock. Our common stock trades on The NASDAQ Global Select Market under the symbol "ARCC." On March 14, 2019, the last reported sales price of our common stock on The NASDAQ Global Select Market was \$17.09 per share. There are no outstanding options or warrants to purchase our stock. No stock has been authorized for issuance under any equity compensation plans. Under Maryland law, our stockholders generally are not personally liable for our indebtedness or obligations.

Under our charter, our board of directors is authorized to classify any unissued shares of stock and reclassify any previously classified but unissued shares of stock into one or more classes or series of stock and authorize the issuance of shares of stock without obtaining stockholder approval. As permitted by the Maryland General Corporation Law, our charter provides that a majority of the entire 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.

**Common Stock**

All shares of our common stock have equal rights as to earnings, assets, dividends and voting and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of funds legally available therefor. Shares of our common stock have no preemptive, exchange, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract.

In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay off all indebtedness and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time.

Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of our directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors.

The following are our outstanding classes of capital stock as of \_\_\_\_\_, 2019:

(1) Title of Class	(2) Amount Authorized	(3) Amount Held by Registrant or for its Account	(4) Amount Outstanding Exclusive of Amount Shown Under Column (3)
Common Stock	600,000,000		426,298,200

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**Preferred Stock**

Our charter authorizes our board of directors to classify any unissued shares of stock and reclassify any previously classified but unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the board of directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, our board of directors could authorize the issuance of shares of our preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest.

You should note, however, that any issuance of preferred stock must comply with the requirements of the Investment Company Act. The Investment Company Act requires, among other things, that (a) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before any purchase of common stock is made, such preferred stock together with all other indebtedness and senior securities must not exceed an amount equal to 50% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be and (b) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two years or more. Certain matters under the Investment Company Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. We believe that the availability for issuance of preferred stock may provide us with increased flexibility in structuring future financings and acquisitions.

**LIMITATION ON LIABILITY OF DIRECTORS AND OFFICERS; INDEMNIFICATION AND ADVANCE OF EXPENSES**

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final adjudication as being material to the cause of action. Our charter contains such a provision, which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the Investment Company Act.

Our charter authorizes us to obligate ourselves, and our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the Investment Company Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in that capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the Investment Company Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

In addition to the indemnification provided for in our bylaws, we have entered into indemnification agreements with each of our current directors and certain of our officers and with

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members of our investment adviser's investment committee and we intend to enter into indemnification agreements with each of our future directors, members of our investment committee and certain of our officers. The indemnification agreements attempt to provide these directors, officers and other persons the maximum indemnification permitted under Maryland law and the Investment Company Act. The agreements provide, among other things, for the advancement of expenses and indemnification for liabilities that such person may incur by reason of his or her status as a present or former director or officer or member of our investment adviser's investment committee in any action or proceeding arising out of the performance of such person's services as a present or former director or officer or member of our investment adviser's investment committee.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or are threatened to be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (x) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (y) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

**PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS**

The Maryland General Corporation Law and our charter and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

**Classified Board of Directors**

Our board of directors is divided into three classes of directors serving staggered three-year terms, with the term of office of only one of the three classes expiring each year. A classified board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified board of directors helps to ensure the continuity and stability of our management and policies.

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**Election of Directors**

Our bylaws provide that the affirmative vote of the majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect each director; provided, that if the number of nominees for director exceeds the number of directors to be elected, directors will be elected by a plurality of votes cast. Pursuant to the charter, our board of directors may amend the bylaws to alter the vote required to elect directors.

**Number of Directors; Vacancies; Removal**

Our charter provides that the number of directors will be set only by the board of directors in accordance with our bylaws. Our bylaws provide that a majority of our entire board of directors may at any time increase or decrease the number of directors. However, unless our bylaws are amended, the number of directors may never be less than four or more than eleven. Our charter sets forth our election, subject to certain requirements, to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the board of directors. Accordingly, except as may be provided by the board of directors in setting the terms of any class or series of preferred stock, any and all vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the Investment Company Act.

Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors.

**Action by Stockholders**

Under the Maryland General Corporation Law and our charter, stockholder action can be taken only at an annual or special meeting of stockholders or by unanimous written or electronically transmitted consent instead of a meeting. These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

**Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals**

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders may be made only (a) pursuant to our notice of the meeting, (b) by or at the direction of the board of directors or (c) by a stockholder who is a stockholder of record at the record date set by our board of directors for the purpose of determining stockholders entitled to vote at the meeting, at the time of giving the advance notice required by the bylaws and at the time of the meeting (and any adjournment or postponement thereof), is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to the board of directors at a special meeting may be made only (a) by or at the direction of the board of directors or (b) provided that the special meeting has been called in accordance with the bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record at the time of giving the advance notice required by the bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions of the bylaws.



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The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our board of directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our board of directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

**Calling of Special Meetings of Stockholders**

Our bylaws provide that special meetings of stockholders may be called by our board of directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders must be called by the secretary of the corporation to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on such matter at such meeting.

**Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws**

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, convert, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus 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." However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that certain charter amendments and any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company or any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 80 percent of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least two-thirds of our continuing directors (as defined below) (in addition to approval by our board of directors), such amendment or proposal may be approved by a majority of the votes entitled to be cast on such a matter. The "continuing directors" are defined in our charter as our current directors as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the board of directors.

Our charter and bylaws provide that the board of directors will have the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

**No Appraisal Rights**

Except with respect to appraisal rights arising in connection with the Control Share Acquisition Act discussed below, as permitted by the Maryland General Corporation Law, our charter provides that

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stockholders will not be entitled to exercise appraisal rights unless a majority of our board of directors determines that such rights will apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which stockholders would otherwise be entitled to exercise appraisal rights.

**Control Share Acquisitions**

The Control Share Acquisition Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of at least two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

one-tenth or more but less than one-third;

one-third or more but less than a majority; or

a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations, including, as provided in our bylaws, compliance with the Investment Company Act, which will prohibit any such redemption other than in limited circumstances. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of the shares are considered and not approved or, if no such meeting is held, as of the date of the last control share acquisition by the acquiror. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The Control Share Acquisition Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions by any person of our shares of stock and, as a result, any control shares of the Company

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will have the same voting rights as all of the other shares of the Company's common stock. Such provision could be amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Acquisition Act only if the board of directors determines that it would be in our best interests and we determine (after consultation with the SEC staff) that our being subject to the Control Share Acquisition Act does not conflict with the Investment Company Act.

**Business Combinations**

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

any person who, directly or indirectly, beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock; or

an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which such person otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our board of directors has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the Business Combination Act, provided that the business combination is first approved by the board of directors, including a majority of the independent directors. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or the board of directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

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**Conflict with the Investment Company Act**

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, including the Control Share Acquisition Act (if we amend our bylaws to be subject to such act) and the Business Combination Act, or any provision of our charter or bylaws conflicts with any provision of the Investment Company Act, the applicable provision of the Investment Company Act will control.

**Exclusive Forum**

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 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.

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**DESCRIPTION OF OUR PREFERRED STOCK**

In addition to shares of common stock, our charter authorizes the issuance of preferred stock. If we offer preferred stock under this prospectus, we will issue an appropriate prospectus supplement. We may issue preferred stock from time to time in one or more classes or series, without stockholder approval. Prior to issuance of shares of each class or series, our board of directors is required by Maryland law and by our charter to set, subject to the express terms of any of our then outstanding classes or series of stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Any such an issuance must adhere to the requirements of the Investment Company Act, Maryland law and any other limitations imposed by law.

The Investment Company Act currently requires, among other things, that (a) immediately after issuance and before any distribution is made with respect to common stock, the liquidation preference of the preferred stock, together with all other senior securities, must not exceed an amount equal to 50% of our total assets (taking into account such distribution), (b) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on the preferred stock are in arrears by two years or more and (c) such class of stock have complete priority over any other class of stock as to distribution of assets and payment of dividends, which dividends shall be cumulative.

For any class or series of preferred stock that we may issue, our board of directors will determine and the articles supplementary and the prospectus supplement relating to such class or series will describe:

the designation and number of shares of such class or series;

the rate and time at which, and the preferences and conditions under which, any dividends will be paid on shares of such class or series, as well as whether such dividends are participating or non-participating;

any provisions relating to convertibility or exchangeability of the shares of such class or series, including adjustments to the conversion price of such class or series;

the rights and preferences, if any, of holders of shares of such class or series upon our liquidation, dissolution or winding up of our affairs;

the voting powers, if any, of the holders of shares of such class or series;

any provisions relating to the redemption of the shares of such class or series;

any limitations on our ability to pay dividends or make distributions on, or acquire or redeem, other securities while shares of such class or series are outstanding;

any conditions or restrictions on our ability to issue additional shares of such class or series or other securities;

if applicable, a discussion of certain U.S. federal income tax considerations; and

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any other relative powers, preferences and participating, optional or special rights of shares of such class or series, and the qualifications, limitations or restrictions thereof.

All shares of preferred stock that we may issue will be identical and of equal rank except as to the particular terms thereof that may be fixed by our board of directors, and all shares of each class or series of preferred stock will be identical and of equal rank except as to the dates from which dividends, if any, thereon will be cumulative.

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**DESCRIPTION OF OUR SUBSCRIPTION RIGHTS**

**GENERAL**

We may issue subscription rights to our stockholders to purchase common stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering.

The applicable prospectus supplement would describe the following terms of subscription rights in respect of which this prospectus is being delivered:

the period of time the offering would remain open (which shall be open a minimum number of days such that all record holders would be eligible to participate in the offering and shall not be open longer than 120 days);

the title of such subscription rights;

the exercise price for such subscription rights (or method of calculation thereof);

the ratio of the offering (which, in the case of transferable rights, will require a minimum of three shares to be held of record before a person is entitled to purchase an additional share);

the number of such subscription rights issued to each stockholder;

the extent to which such subscription rights are transferable and the market on which they may be traded if they are transferable;

if applicable, a discussion of certain U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;

the date on which the right to exercise such subscription rights shall commence, and the date on which such right shall expire (subject to any extension);

the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities and the terms of such over-subscription privilege;

any termination right we may have in connection with such subscription rights offering; and

any other terms of such subscription rights, including exercise, settlement and other procedures and limitations relating to the transfer and exercise of such subscription rights.

We will not offer any subscription rights to purchase shares of our common stock under this prospectus or an accompanying prospectus supplement without first filing a new post-effective amendment to the registration statement.

**EXERCISE OF SUBSCRIPTION RIGHTS**

Each subscription right would entitle the holder of the subscription right to purchase for cash such amount of shares of common stock at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby. Subscription rights may be exercised at any time up to the close of business on the expiration date for such subscription rights set forth in the prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights would become void.



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Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement we will forward, as soon as practicable, the shares of common stock purchasable upon such exercise. To the extent permissible under applicable law, we may determine to offer any unsubscribed offered securities directly to persons other than stockholders, to or through agents, underwriters or dealers or through a combination of such methods, as set forth in the applicable prospectus supplement.

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**DESCRIPTION OF OUR WARRANTS**

The following is a general description of the terms of the warrants we may issue from time to time. Particular terms of any warrants we offer will be described in the prospectus supplement relating to such warrants.

We may issue warrants to purchase shares of our common stock, preferred stock or debt securities. Such warrants may be issued independently or together with shares of common stock, preferred stock or debt securities and may be attached or separate from such securities. We will issue each series of warrants under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency for or with holders or beneficial owners of warrants.

A prospectus supplement will describe the particular terms of any series of warrants we may issue, including the following:

the title of such warrants;

the aggregate number of such warrants;

the price or prices at which such warrants will be issued;

the currency or currencies, including composite currencies, in which the price of such warrants may be payable;

if applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each such security or each principal amount of such security;

in the case of warrants to purchase debt securities, the principal amount of debt securities purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which this principal amount of debt securities may be purchased upon such exercise;

in the case of warrants to purchase common stock or preferred stock, the number of shares of common stock or preferred stock, as the case may be, purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which these shares may be purchased upon such exercise;

the date on which the right to exercise such warrants shall commence and the date on which such right will expire;

whether such warrants will be issued in registered form or bearer form;

if applicable, the minimum or maximum amount of such warrants that may be exercised at any one time;

if applicable, the date on and after which such warrants and the related securities will be separately transferable;

information with respect to book-entry procedures, if any;

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the terms of the securities issuable upon exercise of the warrants;

if applicable, a discussion of certain U.S. federal income tax considerations; and

any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

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We and the warrant agent may amend or supplement the warrant agreement for a series of warrants without the consent of the holders of the warrants issued thereunder to effect changes that are not inconsistent with the provisions of the warrants and that do not materially and adversely affect the interests of the holders of the warrants.

Prior to exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including, in the case of warrants to purchase debt securities, the right to receive principal, premium, if any, or interest payments, on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture or, in the case of warrants to purchase common stock or preferred stock, the right to receive dividends, if any, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.

Under the Investment Company Act, we may generally only offer warrants provided that (a) the warrants expire by their terms within ten years, (b) the exercise or conversion price is not less than the current market value at the date of issuance, (c) our stockholders authorize the proposal to issue such warrants, and our board of directors approves such issuance on the basis that the issuance is in the best interests of Ares Capital and its stockholders and (d) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants and the securities accompanying them has been publicly distributed. The Investment Company Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants, as well as options and rights, at the time of issuance may not exceed 25% of our outstanding voting securities.

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**DESCRIPTION OF OUR DEBT SECURITIES**

We may issue debt securities in one or more series. The specific terms of each series of debt securities will be described in the particular prospectus supplement relating to that series. The prospectus supplement may or may not modify the general terms found in this prospectus and will be filed with the SEC. For a complete description of the terms of a particular series of debt securities, you should read both this prospectus and the prospectus supplement relating to that particular series.

As required by federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called an "indenture." An indenture is a contract between us and U.S. Bank National Association, a financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described in the second paragraph under "Events of Default Remedies if an Event of Default Occurs." Second, the trustee performs certain administrative duties for us.

Because this section is a summary, it does not describe every aspect of the debt securities and the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of debt securities. For example, in this section, we use capitalized words to signify terms that are specifically defined in the indenture. Some of the definitions are repeated in this prospectus, but for the rest you will need to read the indenture. We have filed the form of the indenture with the SEC. See "Available Information" for information on how to obtain a copy of the indenture.

The prospectus supplement, which will accompany this prospectus, will describe the particular series of debt securities being offered, including, among other things:

the designation or title of the series of debt securities;

the total principal amount of the series of debt securities;

the percentage of the principal amount at which the series of debt securities will be offered;

the date or dates on which principal will be payable;

the rate or rates (which may be either fixed or variable) and/or the method of determining such rate or rates of interest, if any;

the date or dates from which any interest will accrue, or the method of determining such date or dates, and the date or dates on which any interest will be payable;

the terms for redemption, extension or early repayment, if any;

the currencies in which the series of debt securities are issued and payable;

whether the amount of payments of principal, premium or interest, if any, on a series of debt securities will be determined with reference to an index, formula or other method (which could be based on one or more currencies, commodities, equity indices or other indices) and how these amounts will be determined;

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the place or places, if any, other than or in addition to the City of New York, of payment, transfer, conversion and/or exchange of the debt securities;

the denominations in which the offered debt securities will be issued;

the provision for any sinking fund;

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any restrictive covenants;

any Events of Default;

whether the series of debt securities is issuable in certificated form;

any provisions for defeasance or covenant defeasance;

if applicable, U.S. federal income tax considerations relating to original issue discount;

whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);

any provisions for convertibility or exchangeability of the debt securities into or for any other securities;

whether the debt securities are subject to subordination and the terms of such subordination;

the listing, if any, on a securities exchange; and

any other terms.

The debt securities may be secured or unsecured obligations. Unless the prospectus supplement states otherwise, principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds.

We are currently permitted, under specified conditions, to issue multiple classes of indebtedness if our asset coverage, calculated pursuant to the Investment Company Act, is at least equal to 200% immediately after each such 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). In addition, while any indebtedness and senior securities remain outstanding, we must make provisions to prohibit the distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. Specifically, prior to June 21, 2019 (or such earlier date), we may be precluded from declaring dividends or repurchasing shares of our common stock unless our asset coverage is at least 200% (and at least 150% on and after June 21, 2019 (or on or after such earlier date)). We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see "Risk Factors Risks Relating to Our Business Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital."

### **GENERAL**

The indenture provides that any debt securities proposed to be sold under this prospectus and the accompanying prospectus supplement ("offered debt securities") and any debt securities issuable upon the exercise of warrants or upon conversion or exchange of other offered securities ("underlying debt securities") may be issued under the indenture in one or more series.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on debt securities will include additional amounts if required by the terms of the debt securities.





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The indenture does not limit the amount of debt securities that may be issued thereunder from time to time. Debt securities issued under the indenture, when a single trustee is acting for all debt securities issued under the indenture, are called the "indenture securities." The indenture also provides that there may be more than one trustee thereunder, each with respect to one or more different series of indenture securities. See "Resignation of Trustee" below. At a time when two or more trustees are acting under the indenture, each with respect to only certain series, the term "indenture securities" means the one or more series of debt securities with respect to which each respective trustee is acting. In the event that there is more than one trustee under the indenture, the powers and trust obligations of each trustee described in this prospectus will extend only to the one or more series of indenture securities for which it is trustee. If two or more trustees are acting under the indenture, then the indenture securities for which each trustee is acting would be treated as if issued under separate indentures.

The indenture does not contain any provisions that give you protection in the event we issue a large amount of debt or we are acquired by another entity.

We refer you to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability to issue indenture securities with terms different from those of indenture securities previously issued and, without the consent of the holders thereof, to reopen a previous issue of a series of indenture securities and issue additional indenture securities of that series unless the reopening was restricted when that series was created.

We expect that we will usually issue debt securities in book entry only form represented by global securities.

**CONVERSION AND EXCHANGE**

If any debt securities are convertible into or exchangeable for other securities, the prospectus supplement will explain the terms and conditions of the conversion or exchange, including the conversion price or exchange ratio (or the calculation method), the conversion or exchange period (or how the period will be determined), if conversion or exchange will be mandatory or at the option of the holder or us, provisions for adjusting the conversion price or the exchange ratio and provisions affecting conversion or exchange in the event of the redemption of the underlying debt securities. These terms may also include provisions under which the number or amount of other securities to be received by the holders of the debt securities upon conversion or exchange would be calculated according to the market price of the other securities as of a time stated in the prospectus supplement.

**PAYMENT AND PAYING AGENTS**

We will pay interest to the person listed in the applicable trustee's records as the owner of the debt security at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the debt security on the interest due date. That day, usually about two weeks in advance of the interest due date, is called the "record date." Because we will pay all the interest for an interest period to the holders on the record date, holders buying and selling debt securities must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the debt securities to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period. This prorated interest amount is called "accrued interest."

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**Payments on Global Securities**

We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will make payments directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants.

**Payments on Certificated Securities**

We will make payments on a certificated debt security as follows. We will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all payments of principal and premium, if any, by check at the office of the applicable trustee in New York, NY and/or at other offices that may be specified in the prospectus supplement or in a notice to holders against surrender of the debt security.

Alternatively, if the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request payment by wire, the holder must give the applicable trustee or other paying agent appropriate transfer instructions at least 15 business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

**Payment When Offices Are Closed**

If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date, except as otherwise indicated in the accompanying prospectus supplement. Such payment will not result in a default under any debt security or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

**Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.**

**EVENTS OF DEFAULT**

You will have rights if an Event of Default occurs in respect of the debt securities of your series and is not cured, as described later in this subsection.

The term "Event of Default" in respect of the debt securities of your series means any of the following (unless the prospectus supplement relating to such debt securities states otherwise):

We do not pay the principal of, or any premium on, a debt security of the series on its due date, and do not cure this default within 5 days.

We do not pay interest on a debt security of the series when due, and such default is not cured within 30 days.

We do not deposit any sinking fund payment in respect of debt securities of the series on its due date, and do not cure this default within 5 days.

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We remain in breach of a covenant in respect of debt securities of the series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the trustee or holders of at least 25% of the principal amount of debt securities of the series.

We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 60 days.

On the last business day of each of twenty-four consecutive calendar months, we have an asset coverage of less than 100%.

Any other Event of Default in respect of debt securities of the series described in the applicable prospectus supplement occurs.

An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of debt securities of any default, except in the payment of principal, premium or interest, if it considers the withholding of notice to be in the best interests of the holders.

**Remedies if an Event of Default Occurs**

If an Event of Default has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the debt securities of the affected series.

The trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability (called an "indemnity") (Section 315 of the Trust Indenture Act of 1939). If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass your trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

You must give your trustee written notice that an Event of Default has occurred and remains uncured.

The holders of at least 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action.

The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity.

The holders of a majority in principal amount of the debt securities must not have given the trustee a direction inconsistent with the above notice during that 60 day period.

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However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after the due date.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than:

the payment of principal, any premium or interest; or

in respect of a covenant that cannot be modified or amended without the consent of each holder.

**Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.**

Each year, we will furnish to each trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the debt securities, or else specifying any default.

**MERGER OR CONSOLIDATION**

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, unless the prospectus supplement relating to certain debt securities states otherwise, we may not take any of these actions unless all the following conditions are met:

Where we merge out of existence or sell our assets, the resulting entity must agree to be legally responsible for our obligations under the debt securities.

Immediately after giving effect to such transaction, no Default or Event of Default shall have happened and be continuing.

Under the indenture, no merger or sale of assets may be made if as a result any of our property or assets or any property or assets of one of our subsidiaries, if any, would become subject to any mortgage, lien or other encumbrance unless either (a) the mortgage, lien or other encumbrance could be created pursuant to the limitation on liens covenant in the indenture without equally and ratably securing the indenture securities or (b) the indenture securities are secured equally and ratably with or prior to the debt secured by the mortgage, lien or other encumbrance.

We must deliver certain certificates and documents to the trustee.

We must satisfy any other requirements specified in the prospectus supplement relating to a particular series of debt securities.

**MODIFICATION OR WAIVER**

There are three types of changes we can make to the indenture and the debt securities issued thereunder.

**Changes Requiring Your Approval**

First, there are changes that we cannot make to your debt securities without your specific approval. The following is a list of those types of changes:

change the stated maturity of the principal of or interest on a debt security;

reduce any amounts due on a debt security;

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reduce the amount of principal payable upon acceleration of the maturity of a security following a default;

adversely affect any right of repayment at the holder's option;

change the place (except as otherwise described in the prospectus or prospectus supplement) or currency of payment on a debt security;

impair your right to sue for payment;

adversely affect any right to convert or exchange a debt security in accordance with its terms;

modify the subordination provisions in the indenture in a manner that is adverse to holders of the debt securities;

reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;

reduce the percentage of holders of debt securities whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults;

modify any other aspect of the provisions of the indenture dealing with supplemental indentures, modification and waiver of past defaults, changes to the quorum or voting requirements or the waiver of certain covenants; and

change any obligation we have to pay additional amounts.

**Changes Not Requiring Approval**

The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. We also do not need any approval to make any change that affects only debt securities to be issued under the indenture after the change takes effect.

**Changes Requiring Majority Approval**

Any other change to the indenture and the debt securities would require the following approval:

If the change affects only one series of debt securities, it must be approved by the holders of a majority in principal amount of that series.

If the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

The holders of a majority in principal amount of all of the series of debt securities issued under an indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants in that indenture. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under " Changes Requiring Your Approval."



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**Further Details Concerning Voting**

When taking a vote, we will use the following rules to decide how much principal to attribute to a debt security:

For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of these debt securities were accelerated to that date because of a default.

For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule for that debt security described in the prospectus supplement.

For debt securities denominated in one or more foreign currencies, we will use the U.S. dollar equivalent.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "Defeasance Full Defeasance."

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding indenture securities that are entitled to vote or take other action under the indenture. If we set a record date for a vote or other action to be taken by holders of one or more series, that vote or action may be taken only by persons who are holders of outstanding indenture securities of those series on the record date and must be taken within eleven months following the record date.

**Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.**

**DEFEASANCE**

The following provisions will be applicable to each series of debt securities unless we state in the applicable prospectus supplement that the provisions of covenant defeasance and full defeasance will not be applicable to that series.

**Covenant Defeasance**

If certain conditions are satisfied, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the particular series was issued. This is called "covenant defeasance." In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your debt securities. If applicable, you also would be released from the subordination provisions described under "Indenture Provisions Subordination" below. In order to achieve covenant defeasance, we must do the following:

If the debt securities of the particular series are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of such debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates.

We must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you



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to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity.

We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the Investment Company Act and a legal opinion and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. For example, if one of the remaining Events of Default occurred (such as our bankruptcy) and the debt securities became immediately due and payable, there might be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

**Full Defeasance**

If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities of a particular series (called "full defeasance") if we put in place the following other arrangements for you to be repaid:

If the debt securities of the particular series are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of such debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates.

We must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an IRS ruling that allows us to make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity. Under current U.S. federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds were deposited in trust in exchange for your debt securities and you would recognize gain or loss on the debt securities at the time of the deposit.

We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the Investment Company Act and a legal opinion and officers' certificate stating that all conditions precedent to defeasance have been complied with.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent. If applicable, you would also be released from the subordination provisions described later under "Indenture Provisions Subordination."

**FORM, EXCHANGE AND TRANSFER OF CERTIFICATED REGISTERED SECURITIES**

Holders may exchange their certificated securities, if any, for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their certificated securities, if any, at the office of their trustee. We have appointed the trustee to act as our agent for registering debt securities in the names

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of holders transferring debt securities. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their certificated securities, if any, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and we redeem less than all the debt securities of that series, we may block the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any certificated securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

**RESIGNATION OF TRUSTEE**

Each trustee may resign or be removed with respect to one or more series of indenture securities provided that a successor trustee is appointed to act with respect to these series. In the event that two or more persons are acting as trustee with respect to different series of indenture securities under the indenture, each of the trustees will be a trustee of a trust separate and apart from the trust administered by any other trustee.

**INDENTURE PROVISIONS SUBORDINATION**

Upon any distribution of our assets upon our dissolution, winding up, liquidation or reorganization, the payment of the principal of (and premium, if any) and interest, if any, on any indenture securities denominated as subordinated debt securities is to be subordinated to the extent provided in the indenture in right of payment to the prior payment in full of all Senior Indebtedness (as defined below), but our obligation to you to make payment of the principal of (and premium, if any) and interest, if any, on such subordinated debt securities will not otherwise be affected. In addition, no payment on account of principal (or premium, if any), sinking fund or interest, if any, may be made on such subordinated debt securities at any time unless full payment of all amounts due in respect of the principal (and premium, if any), sinking fund and interest on Senior Indebtedness has been made or duly provided for in money or money's worth.

In the event that, notwithstanding the foregoing, any payment by us is received by the trustee in respect of subordinated debt securities or by the holders of any of such subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution must be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution by us, the holders of such subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of such subordinated debt securities.

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By reason of this subordination, in the event of a distribution of our assets upon our insolvency, certain of our senior creditors may recover more, ratably, than holders of any subordinated debt securities. The indenture provides that these subordination provisions will not apply to money and securities held in trust under the defeasance provisions of the indenture. "Senior Indebtedness" is defined in the indenture as the principal of (and premium, if any) and unpaid interest on:

our indebtedness (including indebtedness of others guaranteed by us), whenever created, incurred, assumed or guaranteed, for money borrowed (other than indenture securities issued under the indenture and denominated as subordinated debt securities), unless in the instrument creating or evidencing the same or under which the same is outstanding it is provided that this indebtedness is not senior or prior in right of payment to the subordinated debt securities, and

renewals, extensions, modifications and refinancings of any of this indebtedness.

If this prospectus is being delivered in connection with the offering of a series of indenture securities denominated as subordinated debt securities, the accompanying prospectus supplement will set forth the approximate amount of our Senior Indebtedness outstanding as of a recent date.

**THE TRUSTEE UNDER THE INDENTURE**

U.S. Bank National Association will serve as the trustee under the indenture.

**CERTAIN CONSIDERATIONS RELATING TO FOREIGN CURRENCIES**

Debt securities denominated or payable in foreign currencies may entail significant risks. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable prospectus supplement.

**BOOK-ENTRY DEBT SECURITIES**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the debt securities. The debt securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for the debt securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks,

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trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of debt securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of debt securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the debt securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such debt securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the debt securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the debt securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the debt securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the debt securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the

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accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the trustee, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the trustee, but disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the debt securities at any time by giving reasonable notice to us or the trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered. We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

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**DESCRIPTION OF OUR UNITS**

The following is a general description of the terms of the units we may issue from time to time. Particular terms of any units we offer will be described in the prospectus supplement relating to such units. For a complete description of the terms of particular units, you should read both this prospectus and the prospectus supplement relating to those particular units.

We may issue units comprised of one or more of the other securities described in this prospectus in any combination. Each unit may also include debt obligations of third parties, such as U.S. Treasury securities. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security.

A prospectus supplement will describe the particular terms of any series of units we may issue, including the following:

the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units may be held or transferred separately;

a description of the terms of any unit agreement governing the units;

a description of the provisions for the payment, settlement, transfer or exchange of the units; and

whether the units will be issued in fully registered or global form.

We will not offer any units under this prospectus or an accompanying prospectus supplement without first filing a new post-effective amendment to the registration statement.

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**SALES OF COMMON STOCK 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.

In order to sell shares of common stock pursuant to this authorization, no additional authorization from our stockholders has to be solicited, but a majority of our directors who have no financial interest in the sale and a majority of our independent directors must (a) find that the sale is in our best interests and in the best interests of our stockholders and (b) in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares of common stock, or immediately prior to the issuance of such common stock, that the price at which such shares of common stock are to be sold is not less than a price that closely approximates the market value of those shares of common stock, less any distributing commission or discount.

In making a determination that an offering of common stock below its net asset value per share is in our and our stockholders' best interests, our board of directors will consider a variety of factors including:

the effect that an offering below net asset value per share would have on our stockholders, including the potential dilution to the net asset value per share of our common stock our stockholders would experience as a result of the offering;

the amount per share by which the offering price per share and the net proceeds per share are less than our most recently determined net asset value per share;

the relationship of recent market prices of par common stock to net asset value per share and the potential impact of the offering on the market price per share of our common stock;

whether the estimated offering price would closely approximate the market value of shares of our common stock;

the potential market impact of being able to raise capital during the current financial market difficulties;

the nature of any new investors anticipated to acquire shares of our common stock in the offering;

the anticipated rate of return on and quality, type and availability of investments; and

the leverage available to us.

Our board of directors will also consider the fact that sales of shares of common stock at a discount will benefit our investment adviser as our investment adviser will earn additional investment management fees on the proceeds of such offerings, as it would from the offering of any other of our securities or from the offering of common stock at premium to net asset value per share.

We will not sell shares of our common stock pursuant to stockholder approval (or any rights, warrants or units to purchase shares of our common stock) under this prospectus or an accompanying prospectus supplement without first filing a new post-effective amendment to the registration statement if the cumulative dilution to our net asset value per share from offerings under the registration statement, as amended by such post-effective amendment, exceeds 15%. This would be measured separately for each offering pursuant to the registration statement, as amended by this post-effective amendment, by calculating the percentage dilution or accretion to aggregate net asset value from that





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offering and then summing the percentage from each offering. For example, if our most recently determined net asset value per share at the time of the first offering is \$15.00 and we have 30 million shares of common stock outstanding, the sale of 6 million shares of common stock at net proceeds to us of \$7.50 per share (a 50% discount) would produce dilution of 8.33%. If we subsequently determined that our net asset value per share increased to \$15.75 on the then 36 million shares of common stock outstanding and then made an additional offering, we could, for example, sell approximately an additional 7.2 million shares of common stock at net proceeds to us of \$9.45 per share, which would produce dilution of 6.67%, before we would reach the aggregate 15% limit.

Sales by us of our common stock at a discount from net asset value per share pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering. Any sale of common stock at a price below net asset value per share would result in an immediate dilution to existing common stockholders who do not participate in such sale on at least a pro rata basis. 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."

The following three headings and accompanying tables explain and provide hypothetical examples on the impact of an offering of our common stock at a price less than net asset value per share on three different types of investors:

existing stockholders who do not purchase any shares in the offering;

existing stockholders who purchase a relatively small amount of shares in the offering or a relatively large amount of shares in the offering; and

new investors who become stockholders by purchasing shares in the offering.

**Impact on Existing Stockholders Who Do Not Participate in the Offering**

Our existing stockholders who do not participate in an offering below net asset value per share or who do not buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate dilution in the net asset value of the shares of common stock they hold and their net asset value per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to such offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases. Further, if 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, their voting power will be diluted.

The following chart illustrates the level of net asset value dilution that would be experienced by a nonparticipating stockholder in three different hypothetical offerings of different sizes and levels of discount from net asset value per share. It is not possible to predict the level of market price decline that may occur.

The examples assume that the issuer has 30 million shares outstanding, \$600 million in total assets and \$150 million in total liabilities. The current net asset value and net asset value per share are thus \$450 million and \$15.00. The chart illustrates the dilutive effect on Stockholder A of (a) an offering of 1.5 million shares of common stock (5% of the outstanding shares) at \$14.25 per share after offering expenses and commissions (a 5% discount from net asset value), (b) an offering of 3 million

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shares of common stock (10% of the outstanding shares) at \$13.50 per share after offering expenses and commissions (a 10% discount from net asset value), (c) an offering of 6 million shares of common stock (20% of the outstanding shares) at \$12.00 per share after offering expenses and commissions (a 20% discount from net asset value) and (d) an offering of 7.5 million shares of common stock (25% of the outstanding shares) at \$11.25 per share after offering expenses and commissions (a 25% discount from net asset value). The prospectus supplement pursuant to which any discounted offering is made will include a chart based on the actual number of shares of common stock in such offering and the actual discount to the most recently determined net asset value. It is not possible to predict the level of market price decline that may occur.

	<b>Prior to Sale Below NAV</b>	<b>Example 1 5% Offering at 5% Discount</b>		<b>Example 2 10% Offering at 10% Discount</b>		<b>Example 3 20% Offering at 20% Discount</b>		<b>Example 4 25% Offering at 25% Discount</b>	
		<b>Following Sale</b>	<b>% Change</b>	<b>Following Sale</b>	<b>% Change</b>	<b>Following Sale</b>	<b>% Change</b>	<b>Following Sale</b>	<b>% Change</b>
<b>Offering Price</b>									
Price per Share to Public		\$ 15.00		\$ 14.21		\$ 12.63		\$ 11.84	
Net Proceeds per Share to Issuer		\$ 14.25		\$ 13.50		\$ 12.00		\$ 11.25	
<b>Decrease to Net Asset Value</b>									
Total Shares Outstanding	30,000,000	31,500,000	5.00%	33,000,000	10.00%	36,000,000	20.00%	37,500,000	25.00%
Net Asset Value per Share	\$ 15.00	\$ 14.96	(0.24)%	\$ 14.86	(0.91)%	\$ 14.50	(3.33)%	\$ 14.25	(5.00)%
<b>Dilution to Nonparticipating Stockholder</b>									
Shares Held by Stockholder A	30,000	30,000	0.00%	30,000	0.00%	30,000	0.00%	30,000	0.00%
Percentage Held by Stockholder A	0.10%	0.10%	(4.76)%	0.09%	(9.09)%	0.08%	(16.67)%	0.08%	(20.00)%
Total Net Asset Value Held by Stockholder A	\$ 450,000	\$ 448,929	(0.24)%	\$ 445,909	(0.91)%	\$ 435,000	(3.33)%	\$ 427,500	(5.00)%
Total Investment by Stockholder A (Assumed to Be \$15.00 per Share)	\$ 450,000	\$ 450,000		\$ 450,000		\$ 450,000		\$ 450,000	
Total Dilution to Stockholder A (Total Net Asset Value Less Total Investment)		\$ (1,071)		\$ (4,091)		\$ (15,000)		\$ (22,500)	
Investment per Share Held by Stockholder A (Assumed to be \$15.00 per Share on Shares Held Prior to Sale)	\$ 15.00	\$ 15.00	0.00%	\$ 15.00	0.00%	\$ 15.00	0.00%	\$ 15.00	0.00%
Net Asset Value per Share Held by Stockholder A		\$ 14.96		\$ 14.86		\$ 14.50		\$ 14.50	
Dilution per Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)		\$ (0.04)		\$ (0.14)		\$ (0.50)		\$ (0.75)	
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)			(0.24)%		(0.91)%		(3.33)%		(5.00)%
<b>Impact on Existing Stockholders Who Do Participate in the Offering</b>									

Our existing stockholders who participate in an offering below net asset value per share or who buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) will experience the same types of net asset value dilution as the nonparticipating stockholders, although at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in shares of our common stock immediately prior to the offering. The level of net asset value dilution will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than such percentage will experience net asset value dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience accretion in net asset value per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power

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and voting interests due to such offering. The level of accretion will increase as the excess number of shares such stockholder purchases increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience net asset value dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution and accretion in the hypothetical 20% discount offering from the prior chart (Example 3) for a stockholder that acquires shares equal to (a) 50% of its proportionate share of the offering (i.e., 3,000 shares, which is 0.05% of an offering of 6 million shares) rather than its 0.10% proportionate share and (b) 150% of such percentage (i.e., 9,000 shares, which is 0.15% of an offering of 6 million shares rather than its 0.10% proportionate share). The prospectus supplement pursuant to which any discounted offering is made will include a chart for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined net asset value per share. It is not possible to predict the level of market price decline that may occur.

	Prior to Sale Below NAV	50% Participation Following Sale	% Change	150% Participation Following Sale	% Change
<b>Offering Price</b>					
Price per Share to Public		\$ 12.63		\$ 12.63	
Net Proceeds per Share to Issuer		\$ 12.00		\$ 12.00	
<b>Decrease/Increase to Net Asset Value</b>					
Total Shares Outstanding	30,000,000	36,000,000	20%	36,000,000	20%
Net Asset Value per Share	\$ 15.00	\$ 14.50	(3.33)%	\$ 14.50	(3.33)%
<b>Dilution/Accretion to Participating Stockholder Shares Held by Stockholder A</b>					
	30,000	33,000	10%	39,000	30%
Percentage Held by Stockholder A	0.10%	0.09%	(8.33)%	0.11%	8.33%
Total Net Asset Value Held by Stockholder A	\$ 450,000	\$ 478,500	6.33%	\$ 565,500	25.67%
Total Investment by Stockholder A (Assumed to be \$15.00 per Share on Shares Held Prior to Sale)		\$ 487,895		\$ 563,684	
Total Dilution/Accretion to Stockholder A (Total Net Asset Value Less Total Investment)		\$ (9,395)		\$ 1,816	
Investment per Share Held by Stockholder A (Assumed to Be \$15.00 on Shares Held Prior to Sale)	\$ 15.00	\$ 14.78	(1.44)%	\$ 14.45	(3.64)%
Net Asset Value per Share Held by Stockholder A		\$ 14.50		\$ 14.50	
Dilution/Accretion per Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)		\$ (0.28)		\$ 0.05	0.40%
Percentage Dilution/Accretion to Stockholder A (Dilution per Share Divided by Investment per Share)			(1.96)%		0.32%
<b>Impact on New Investors</b>					

Investors who are not currently stockholders and who participate in an offering of shares of our common stock below net asset value, but whose investment per share is greater than the resulting net asset value per share due to selling compensation and expenses paid by us, will experience an immediate decrease, although small, in the net asset value of their shares and their net asset value per share compared to the price they pay for their shares. Investors who are not currently stockholders and who participate in an offering of shares of our common stock below net asset value per share and whose investment per share is also less than the resulting net asset value per share due to selling compensation and expenses paid by us being significantly less than the discount per share, will experience an immediate increase in the net asset value of their shares and their net asset value per share compared to the price they pay for their shares. These investors will experience a

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disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to such offering. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution or accretion for new investors that would be experienced by a new investor in the same hypothetical 5%, 10%, 20% and 25% discounted offerings as described in the first chart above. The illustration is for a new investor who purchases the same percentage (0.10%) of the shares in the offering as Stockholder A in the prior examples held immediately prior to the offering. The prospectus supplement pursuant to which any discounted offering is made will include a chart for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined net asset value per share. It is not possible to predict the level of market price decline that may occur.

	Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 20% Offering at 20% Discount		Example 4 25% Offering at 25% Discount	
		Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>									
Price per Share to Public		\$ 15.00		\$ 14.21		\$ 12.63		\$ 11.84	
Net Proceeds per Share to Issuer		\$ 14.25		\$ 13.50		\$ 12.00		\$ 11.25	
<b>Decrease/Increase to Net Asset Value</b>									
Total Shares Outstanding	30,000,000	31,500,000	5%	33,000,000	10%	36,000,000	20%	37,500,000	25.00%
Net Asset Value per Share	\$ 15.00	\$ 14.96	(0.24)%	\$ 14.86	(0.91)%	\$ 14.50	(3.33)%	\$ 14.25	(5.00)%
<b>Dilution/Accretion to New Investor A</b>									
Shares Held by Investor A	0	1,500		3,000		6,000		7,500	
Percentage Held by Investor A	0.00%	0.00%		0.01%		0.02%		0.02%	
Total Net Asset Value Held by Investor A	\$ 0	\$ 22,446		\$ 44,591		\$ 87,000		\$ 106,875	
Total Investment by Investor A (At Price to Public)		\$ 22,500		\$ 42,632		\$ 75,789		\$ 88,816	
Total Dilution/Accretion to Investor A (Total Net Asset Value Less Total Investment)		\$ (54)		\$ 1,959		\$ 11,211		\$ 18,059	
Investment per Share Held by Investor A	\$ 0	\$ 15.00		\$ 14.21		\$ 12.63		\$ 11.84	
Net Asset Value per Share Held by Investor A		\$ 14.96		\$ 14.86		\$ 14.50		\$ 14.25	
Dilution/Accretion per Share Held by Investor A (Net Asset Value per Share Less Investment per Share)		\$ (0.04)		\$ 0.65		\$ 1.87		\$ 2.41	
Percentage Dilution/Accretion to Investor A (Dilution per Share Divided by Investment per Share)			(0.24)%		4.60%		14.79%		20.33%

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**ISSUANCE OF WARRANTS OR SECURITIES TO SUBSCRIBE FOR  
OR CONVERTIBLE INTO SHARES OF OUR COMMON STOCK**

At our 2008 annual stockholders meeting, our stockholders approved our ability to sell or otherwise issue warrants or securities to subscribe for or convertible into shares of our common stock, not exceeding 25% of our then outstanding common stock, at an exercise or conversion price that, at the date of issuance, will not be less than the greater of the market value per share of our common stock and the net asset value per share of our common stock. The authorization granted to sell or otherwise issue warrants or securities to subscribe for or convertible into shares of our common stock has no expiration. Any exercise of warrants or securities to subscribe for or convertible into shares of our common stock at an exercise or conversion price that is below net asset value at the time of such exercise or conversion would result in an immediate dilution to existing common stockholders. This dilution would include reduction in net asset value 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 offering.

As a result of obtaining this authorization, in order to sell or otherwise issue such securities, (a) the exercise, conversion or subscription rights in such securities must expire by their terms within 10 years, (b) with respect to any warrants, options or rights to subscribe or convert to our common stock that are issued along with other securities, such warrants, options or rights must not be separately transferable, (c) the exercise or conversion price of such securities must not be less than the greater of the market value per share of our common stock and the net asset value per share of our common stock at the date of issuance of such securities, (d) the issuance of such securities must be approved by a majority of the board of directors who have no financial interest in the transaction and a majority of the independent directors on the basis that such issuance is in the best interests of the Company and its stockholders and (e) the number of shares of our common stock that would result from the exercise or conversion of such securities and all other securities convertible, exercisable or exchangeable into shares of our common stock outstanding at the time of issuance of such securities must not exceed 25% of our outstanding common stock at such time.

We could also sell shares of common stock below net asset value per share in certain other circumstances, including through subscription rights issued in rights offerings. See "Description of Our Subscription Rights" and "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus 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."

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**REGULATION**

We have elected to be regulated as a BDC under the Investment Company Act and have elected to be treated as a RIC under the Code. As with other companies regulated by the Investment Company Act, a BDC must adhere to certain substantive regulatory requirements. The Investment Company Act contains prohibitions and restrictions relating to certain transactions between BDCs and certain affiliates (including any investment advisers or sub-advisers), principal underwriters and certain affiliates of those affiliates or underwriters. Among other things, we generally cannot 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 business development companies 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 contained in the Co-investment Exemptive Order, 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.

The Investment Company Act contains certain restrictions on certain types of investments we may make. Specifically, we may only invest up to 30% of our portfolio 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.

The Investment Company Act also requires that a majority of our directors be persons other than "interested persons," as that term is defined in Section 2(a)(19) of the Investment Company Act, referred to herein as "independent directors." In addition, the Investment Company Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless that change is approved by holders of at least a majority of our outstanding voting securities. Under the Investment Company Act, the vote of holders of at least a "majority of outstanding voting securities" means the vote of the holders of the lesser of: (a) 67% or more of the outstanding shares of our common stock present at a meeting or represented by proxy if holders of more than 50% of the shares of our common stock are present or represented by proxy or (b) more than 50% of the outstanding shares of our common stock.

Under the Investment Company Act, 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. 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 invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies. We may enter into hedging transactions to manage the risks associated with interest rate and currency fluctuations. We may purchase or otherwise receive warrants or options to purchase the common stock of our portfolio companies in connection with acquisition financings or other investments. In connection with such an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to

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repurchase them under certain circumstances. We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the Investment Company Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any investment company (as defined in the Investment Company Act), invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of investment companies in the aggregate. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses.

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. 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).

**QUALIFYING ASSETS**

A BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) below. Thus, under the Investment Company Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the Investment Company Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our business are the following:

- (1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions):
  - (a) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the Investment Company Act as any issuer that:
    - (i) is organized under the laws of, and has its principal place of business in, the United States;
    - (ii) is not an investment company (other than a small business investment company wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the Investment Company Act; and
    - (iii) does not have any class of securities listed on a national securities exchange;

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- (b) is a company that meets the requirements of (a)(i) and (ii) above, but is not an eligible portfolio company because it has issued a class of securities on a national securities exchange, if:
  - (i) at the time of the purchase, we own at least 50% of the (x) greatest number of equity securities of such issuer and securities convertible into or exchangeable for such securities; and (y) the greatest amount of debt securities of such issuer, held by us at any point in time during the period when such issuer was an eligible portfolio company; and
  - (ii) we are one of the 20 largest holders of record of such issuer's outstanding voting securities; or
- (c) is a company that meets the requirements of (a)(i) and (ii) above, but is not an eligible portfolio company because it has issued a class of securities on a national securities exchange, if the aggregate market value of such company's outstanding voting and non-voting common equity is less than \$250 million.
- (2) Securities of any eligible portfolio company that we control.
- (3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- (4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- (5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.
- (6) Cash, cash items, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

**MANAGERIAL ASSISTANCE TO PORTFOLIO COMPANIES**

BDCs generally must offer to make available to the issuer of portfolio securities significant managerial assistance, by either offering, and providing if accepted, significant guidance and counsel concerning the management operations or business objectives of the portfolio company or by exercising a controlling influence over the management or policies of a portfolio company, except in circumstances where either (i) the BDC does not treat such issuer of securities as an eligible portfolio company, or (ii) the BDC purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance.

**TEMPORARY INVESTMENTS**

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash items, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as "temporary investments," so that 70% of our assets are qualifying assets. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. Government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to



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repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we may not meet the Diversification Tests in order to qualify as a RIC. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our investment adviser will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

**INDEBTEDNESS AND SENIOR SECURITIES**

We are currently permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, calculated pursuant to the Investment Company Act, is at least equal to 200% immediately after each such 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). In addition, while certain types of indebtedness and senior securities remain outstanding, we may be required to make provisions to prohibit distributions to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. Specifically, prior to June 21, 2019 (or such earlier date), we may be precluded from declaring dividends or repurchasing shares of our common stock unless our asset coverage is at least 200% (and at least 150% on and after June 21, 2019 (or on or after such earlier date)). We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see "Risk Factors Risks Relating to Our Business Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital."

**CODE OF ETHICS**

We and Ares Capital Management have each adopted a code of ethics pursuant to Rule 17j-1 under the Investment Company Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. Our code of ethics is filed as an exhibit to our registration statement of which this prospectus is a part. For information on how to obtain a copy of the code of ethics, see "Available Information."

**PROXY VOTING POLICIES AND PROCEDURES**

SEC-registered advisers that have the authority to vote (client) proxies (which authority may be implied from a general grant of investment discretion) are required to adopt policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interests of its clients. Registered advisers also must maintain certain records on proxy voting. In most cases, we invest in securities that do not generally entitle us to voting rights in our portfolio companies. When we do have voting rights, we delegate the exercise of such rights to Ares Capital Management. Ares Capital Management's proxy voting policies and procedures are summarized below:

In determining how to vote, officers of our investment adviser consult with each other and other investment professionals of Ares, taking into account our and our investors' interests as well as any potential conflicts of interest. Our investment adviser consults with legal counsel to identify potential conflicts of interest. Where a potential conflict of interest exists, our investment adviser may,

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if it so elects, resolve it by following the recommendation of a disinterested third party, by seeking the direction of our independent directors or, in extreme cases, by abstaining from voting. While our investment adviser may retain an outside service to provide voting recommendations and to assist in analyzing votes, our investment adviser will not delegate its voting authority to any third party.

An officer of Ares Capital Management keeps a written record of how all such proxies are voted. Our investment adviser retains records of (a) proxy voting policies and procedures, (b) all proxy statements received (or it may rely on proxy statements filed on the SEC's EDGAR system in lieu thereof), (c) all votes cast, (d) investor requests for voting information and (e) any specific documents prepared or received in connection with a decision on a proxy vote. If it uses an outside service, our investment adviser may rely on such service to maintain copies of proxy statements and records, so long as such service will provide a copy of such documents promptly upon request.

Our investment adviser's proxy voting policies are not exhaustive and are designed to be responsive to the wide range of issues that may be subject to a proxy vote. In general, our investment adviser votes our proxies in accordance with these guidelines unless: (a) it has determined otherwise due to the specific and unusual facts and circumstances with respect to a particular vote, (b) the subject matter of the vote is not covered by these guidelines, (c) a material conflict of interest is present or (d) our investment adviser finds it necessary to vote contrary to its general guidelines to maximize stockholder value or the best interests of Ares Capital. In reviewing proxy issues, our investment adviser generally uses the following guidelines:

**Elections of Directors:** In general, our investment adviser will vote proxies in favor of the management-proposed slate of directors. If there is a proxy fight for seats on a portfolio company's board of directors, or our investment adviser determines that there are other compelling reasons for withholding our vote, it will determine the appropriate vote on the matter. Our investment adviser may withhold votes for directors when it (a) believes a direct conflict of interest exists between the interests of the director and the stockholders, (b) concludes that the actions of the director are unlawful, unethical or negligent or (c) believes the board is entrenched in or dealing inadequately with performance problems, and/or acting with insufficient independence between the board and management. Finally, our investment adviser may withhold votes for directors of non-U.S. issuers where there is insufficient information about the nominees disclosed in the proxy statement.

**Appointment of Auditors:** We believe that a portfolio company remains in the best position to choose its independent auditors and our investment adviser will generally support management's recommendation in this regard.

**Changes in Capital Structure:** Changes in a portfolio company's charter or bylaws may be required by state or federal regulation. In general, our investment adviser will cast our votes in accordance with the management on such proposals. However, our investment adviser will consider carefully any proposal regarding a change in corporate structure that is not required by state or federal regulation.

**Corporate Restructurings, Mergers and Acquisitions:** We believe proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, our investment adviser will analyze such proposals on a case-by-case basis and vote in accordance with its perception of our interests.

**Proposals Affecting Stockholder Rights:** We will generally vote in favor of proposals that give stockholders a greater voice in the affairs of a portfolio company and oppose any measure that seeks to limit such rights. However, when analyzing such proposals, our investment adviser will balance the financial impact of the proposal against any impairment of stockholder rights as well as of our investment in the portfolio company.

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**Corporate Governance:** We recognize the importance of good corporate governance. Accordingly, our investment adviser will generally favor proposals that promote transparency and accountability within a portfolio company.

**Anti-Takeover Measures:** Our investment adviser will evaluate, on a case-by-case basis, any proposals regarding anti-takeover measures to determine the measure's likely effect on stockholder value dilution.

**Stock Splits:** Our investment adviser will generally vote with management on stock split matters.

**Limited Liability of Directors:** Our investment adviser will generally vote with management on matters that could adversely affect the limited liability of directors.

**Social and Corporate Responsibility:** Our investment adviser will review proposals related to social, political and environmental issues to determine whether they may adversely affect stockholder value. Our investment adviser may abstain from voting on such proposals where they do not have a readily determinable financial impact on stockholder value.

Stockholders may obtain information regarding how we voted proxies with respect to our portfolio securities during the twelve-month period ended December 31, 2018 free of charge by making a written request for proxy voting information to our Investor Relations Department at Ares Capital Corporation, 245 Park Avenue, 44th Floor, New York, New York 10167, by calling us at (888) 818-5298 or on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **PRIVACY PRINCIPLES**

We endeavor to maintain the privacy of our recordholders and to safeguard their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we will not receive any non-public personal information about recordholders of our common stock, although certain of our recordholders' non-public information may become available to us. The non-public personal information that we may receive falls into the following categories:

information we receive from recordholders, whether we receive it orally, in writing or electronically. This includes recordholders' communications to us concerning their investment;

information about recordholders' transactions and history with us; and

other general information that we may obtain about recordholders, such as demographic and contact information such as address.

We disclose non-public personal information about recordholders:

to our affiliates (such as our investment adviser and administrator) and their employees for everyday business purposes;

to our service providers (such as our accountants, attorneys, custodians, transfer agent, underwriters and proxy solicitors) and their employees as is necessary to service recordholder accounts or otherwise provide the applicable service;

to comply with court orders, subpoenas, lawful discovery requests, or other legal or regulatory requirements; or

as allowed or required by applicable law or regulation.



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When we share non-public recordholder personal information referred to above, the information is made available for limited business purposes and under controlled circumstances designed to protect our recordholders' privacy. The Company does not permit use of recordholder information for any non-business or marketing purpose, nor do we permit third parties to rent, sell, trade or otherwise release or disclose information to any other party.

The Company's service providers, such as its adviser, administrator, and transfer agent, are required to maintain physical, electronic, and procedural safeguards to protect recordholder non-public personal information; to prevent unauthorized access or use; and to dispose of such information when it is no longer required.

Personnel of affiliates may access recordholder information only for business purposes. The degree of access is based on the sensitivity of the information and on personnel need for the information to service a recordholder's account or comply with legal requirements.

If a recordholder ceases to be a recordholder, we will adhere to the privacy policies and practices as described above. We may choose to modify our privacy policies at any time. Before we do so, we will notify recordholders and provide a description of our privacy policy.

In the event of a corporate change in control resulting from, for example, a sale to, or merger with, another entity, or in the event of a sale of assets, we reserve the right to transfer non-public personal information of holders of our securities to the new party in control or the party acquiring assets.

**OTHER**

We have designated a chief compliance officer and established a compliance program pursuant to the requirements of the Investment Company Act. We are periodically examined by the SEC for compliance with the Investment Company Act.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

**Compliance with the Sarbanes-Oxley Act of 2002 and The NASDAQ Global Select Market Corporate Governance Regulations**

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") imposes a wide variety of regulatory requirements on publicly held companies and their insiders. Many of these requirements affect us. The Sarbanes-Oxley Act has required us to review our policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

In addition, The NASDAQ Global Select Market has adopted various corporate governance requirements as part of its listing standards. We believe we are in compliance with such corporate governance listing standards. We will continue to monitor our compliance with all future listing standards and will take actions necessary to ensure that we are in compliance therewith.

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**CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR**

Our securities are held under a custody agreement by U.S. Bank National Association. The address of the custodian is Corporate Trust Services, One Federal Street, 3rd Floor, Boston, MA 02110. Computershare acts as the transfer agent, dividend paying agent and registrar for our common stock. The principal business address of Computershare is 250 Royall Street, Canton, MA 02021.

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**BROKERAGE ALLOCATION AND OTHER PRACTICES**

Since we generally acquire and dispose of our investments in privately negotiated transactions, we infrequently use brokers in the normal course of business.

Subject to policies established by our board of directors, our investment adviser, Ares Capital Management, is primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. Our investment adviser does not expect to execute transactions through any particular broker or dealer, but seeks to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities.

While our investment adviser generally seeks reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, our investment adviser may select a broker based partly upon brokerage or research services provided to our investment adviser and us and any other clients. In return for such services, we may pay a higher commission than other brokers would charge if our investment adviser determines in good faith that such commission is reasonable in relation to the services provided.

We also pay brokerage commissions incurred in connection with open-market purchases pursuant to our dividend reinvestment plan.

The aggregate amount of brokerage commissions paid by us during the three most recent fiscal years is \$0.1 million.

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**PLAN OF DISTRIBUTION**

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 or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, or units comprised of any combination of the foregoing, in one or more underwritten public offerings, at-the-market offerings, negotiated transactions, block trades, best efforts or a combination of these methods. We may sell the securities through underwriters or dealers, directly to one or more purchasers, including existing stockholders in a rights offering, through agents or through a combination of any such methods of sale. In the case of a rights offering, the applicable prospectus supplement will set forth the number of shares of our common stock issuable upon the exercise of each right and the other terms of such rights offering. Any underwriter or agent involved in the offer and sale of the securities will be named in the applicable prospectus supplement. A prospectus supplement or supplements will also describe the terms of the offering of the securities, including: the purchase price of the securities and the proceeds we will receive from the sale; any over-allotment options under which underwriters may purchase additional securities from us; any agency fees or underwriting discounts and other items constituting agents' or underwriters' compensation; the public offering price; any discounts or concessions allowed or re-allowed or paid to dealers; and any securities exchange or market on which the securities may be listed. Only underwriters named in the prospectus supplement will be underwriters of the securities offered by the prospectus supplement.

The distribution of the securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, or at negotiated prices, provided, however, that the offering price per share of our common stock, less any underwriting commissions or discounts, must equal or exceed the net asset value per share of our common stock at the time of the offering except (a) in connection with a rights offering to our existing stockholders, (b) with the consent of the majority of our common stockholders or (c) under such circumstances as the SEC may permit. The price at which securities may be distributed may represent a discount from prevailing market prices.

In connection with the sale of the securities, underwriters or agents may receive compensation from us or from purchasers of the securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell the securities to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of the securities may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of the securities may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable prospectus supplement. The maximum aggregate commission or discount to be received by any member of FINRA or independent broker-dealer will not be greater than 8% of the gross proceeds of the sale of securities offered pursuant to this prospectus and any applicable prospectus supplement. We may also reimburse the underwriter or agent for certain fees and legal expenses incurred by it.

Any underwriter may engage in over-allotment, stabilizing transactions, short-covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves sales in excess of the offering size, which create a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum price. Syndicate-covering or other short-covering transactions involve purchases of the securities, either through exercise of the over-allotment option or in the open market after the distribution is completed, to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the securities originally sold by the dealer are



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purchased in a stabilizing or covering transaction to cover short positions. Those activities may cause the price of the securities to be higher than it would otherwise be. If commenced, the underwriters may discontinue any of the activities at any time.

Any underwriters that are qualified market makers on the NASDAQ Global Market may engage in passive market making transactions in our common stock on the NASDAQ Global Market in accordance with Regulation M under the Exchange Act, during the business day prior to the pricing of the offering, before the commencement of offers or sales of our common stock. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker's bid, however, the passive market maker's bid must then be lowered when certain purchase limits are exceeded. Passive market making may stabilize the market price of the securities at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

We may sell securities directly or through agents we designate from time to time. We will name any agent involved in the offering and sale of securities and we will describe any commissions we will pay the agent in the prospectus supplement. Unless the prospectus supplement states otherwise, our agent will act on a best-efforts basis for the period of its appointment.

Unless otherwise specified in the applicable prospectus supplement, each class or series of securities will be a new issue with no trading market, other than our common stock, which is traded on The NASDAQ Global Select Market. We may elect to list any other class or series of securities on any exchanges, but we are not obligated to do so. We cannot guarantee the liquidity of the trading markets for any securities.

Under agreements that we may enter, underwriters, dealers and agents who participate in the distribution of shares of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act, or contribution with respect to payments that the agents or underwriters may make with respect to these liabilities. Underwriters, dealers and agents may engage in transactions with, or perform services for, us in the ordinary course of business.

If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase our securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of our securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of such contracts.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

In order to comply with the securities laws of certain states, if applicable, our securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers.

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**LEGAL MATTERS**

The legality of the securities offered hereby will be passed upon for the Company by Kirkland & Ellis LLP, Los Angeles, California and Venable LLP, Baltimore, Maryland. Certain legal matters in connection with the offering will be passed upon for the underwriters, if any, by the counsel named in the prospectus supplement.

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**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

KPMG LLP, located at 550 South Hope Street, Suite 1500, Los Angeles, California 90071, is the independent registered public accounting firm of the Company.

The audited financial statements and the senior securities table of the Company included in this prospectus have been so included in reliance on the reports of KPMG LLP, an independent registered public accounting firm whose reports thereon are included elsewhere in this prospectus, given on the authority of said firm as experts in auditing and accounting.

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**AVAILABLE INFORMATION**

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the securities offered by this prospectus. The registration statement contains additional information about us and the securities being offered by this prospectus.

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. 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 document. You also may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, after paying a duplicating fee, by sending a request by e-mail to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the SEC's Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549.

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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.

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 (3) provide

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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.

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)**

	<b>For the Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<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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<b>Company(1)</b>	<b>Business Description</b>	<b>Investment</b>	<b>Interest(5)(10)</b>	<b>Acquisition Date</b>	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
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 revolv					