



Third Quarter 2016  
Earnings Presentation

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# Financial and Portfolio Highlights

## Financial Highlights

(all per share amounts, excluding net asset value per share, are basic and diluted)

	Q3-16	Q2-16	Q3-15
Core EPS <sup>*(1)</sup>	\$ 0.43	\$ 0.39	\$ 0.41
Net Investment Income Per Share	\$ 0.44	\$ 0.34	\$ 0.42
Net Realized Gains Per Share	\$ 0.06	\$ 0.10	\$ 0.15
Net Unrealized Gains (Losses) Per Share	\$ (0.15)	\$ 0.06	\$ (0.20)
GAAP Net Income Per Share	\$ 0.35	\$ 0.50	\$ 0.37
Net Asset Value Per Share	\$ 16.59	\$ 16.62	\$ 16.79

## Portfolio Highlights

(dollar amounts in millions)

	Q3-16	Q2-16	Q3-15
Gross Commitments	\$ 1,529.1	\$ 539.9	\$ 1,523.9
Exits of Commitments <sup>(2)</sup>	\$ 1,499.2	\$ 758.8	\$ 1,340.5
Total Fair Value of Investments	\$ 8,804.7	\$ 8,900.4	\$ 8,692.5
Weighted Average Yield of Debt & Other Income Producing Securities at Amortized Cost <sup>(3)</sup>	9.7%	9.8%	10.3%
Weighted Average Yield on Total Investments at Amortized Cost <sup>(4)</sup>	8.7%	8.9%	9.4%

\*See page 22 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

Note: Endnotes begin on page 23.

# Selected Historical Financial Information

	As of and for the Three Months Ended				
	(unaudited)				
	(Dollar amounts in 000s, except per share data and stock prices)				
	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
Core EPS – Basic and Diluted <sup>(1)</sup>	\$ 0.43	\$ 0.39	\$ 0.37	\$ 0.40	\$ 0.41
Net Investment Income Per Share – Basic and Diluted	\$ 0.44	\$ 0.34	\$ 0.36	\$ 0.47	\$ 0.42
Net Realized and Unrealized Gains (Losses) Per Share – Basic and Diluted	\$ (0.09)	\$ 0.16	\$ 0.06	\$ (0.42)	\$ (0.05)
GAAP EPS – Basic and Diluted	\$ 0.35	\$ 0.50	\$ 0.42	\$ 0.05	\$ 0.37
Dividend Declared and Payable Per Share	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Stockholders' Equity	\$ 5,208,979	\$ 5,218,041	\$ 5,179,944	\$ 5,173,332	\$ 5,279,802
Net Asset Value Per Share	\$ 16.59	\$ 16.62	\$ 16.50	\$ 16.46	\$ 16.79
Principal Debt/Book Equity Ratio	.73x	.74x	.78x	.81x	.70x
Principal Debt/Book Equity Ratio, Net of Available Cash <sup>(5)</sup>	.71x	.72x	.77x	.77x	.66x
Unsecured Principal Debt to Total Principal Debt	81.4%	64.6%	67.1%	78.6%	94.2%
Weighted Average Stated Interest on Debt <sup>(6)</sup>	4.2%	3.9%	4.0%	4.4%	5.0%
Net Interest and Dividend Margin <sup>(7)</sup>	7.8%	7.8%	7.7%	7.7%	7.6%
Ratio of Earnings to Fixed Charges <sup>(8)</sup>	4.1	3.6	3.4	3.4	3.3
Market Capitalization					
Principal Debt	\$ 3,800,557	\$ 3,859,557	\$ 4,062,557	\$ 4,196,557	\$ 3,715,557
Equity	4,866,287	4,458,147	4,659,077	4,479,445	4,553,507
Total Market Capitalization	<u>\$ 8,666,844</u>	<u>\$ 8,317,704</u>	<u>\$ 8,721,634</u>	<u>\$ 8,676,002</u>	<u>\$ 8,269,064</u>
Common Stock Data:					
High Price during the period	\$ 16.40	\$ 15.38	\$ 14.84	\$ 15.87	\$ 16.58
Low Price during the period	\$ 13.96	\$ 13.87	\$ 12.54	\$ 13.97	\$ 14.06
Closing Price	\$ 15.50	\$ 14.20	\$ 14.84	\$ 14.25	\$ 14.48

\*See page 22 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure

# Selected Historical Financial Information (cont'd)

As of and for the Three Months Ended

(unaudited)

(Dollar amounts in 000s)

	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
Investments at Fair Value	\$ 8,804,651	\$ 8,900,377	\$ 9,072,101	\$ 9,055,496	\$ 8,692,480
Number of Portfolio Companies <sup>(9)</sup>	215	214	220	218	216
Asset Class (at fair value):					
First Lien Senior Secured Loans	25%	29%	29%	29%	31%
Second Lien Senior Secured Loans	32%	31%	31%	32%	30%
Senior Direct Lending Program <sup>(10)</sup>	2%	—%	—%	—%	—%
Senior Secured Loan Program <sup>(11)</sup>	22%	21%	21%	21%	23%
Senior Subordinated Debt	8%	8%	8%	7%	7%
Preferred Equity	4%	4%	4%	4%	2%
Other Equity and Other	7%	7%	7%	7%	7%
Interest Rate Type (at fair value):					
% Floating Rate <sup>(12)</sup>	80%	81%	80%	80%	81%
% Fixed Rate	10%	10%	10%	9%	9%
% Equity and Other Non-Interest Earning	10%	10%	10%	11%	10%
Yields:					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost <sup>(3)</sup>	9.7%	9.8%	10.1%	10.1%	10.3%
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value <sup>(3)</sup>	9.8%	9.9%	10.3%	10.3%	10.4%
Weighted Average Yield on Total Investments at Amortized Cost <sup>(4)</sup>	8.7%	8.9%	9.2%	9.1%	9.4%
Weighted Average Yield on Total Investments at Fair Value <sup>(4)</sup>	8.8%	9.0%	9.3%	9.2%	9.3%
Commitments:					
Gross Commitments	\$ 1,529,115	\$ 539,883	\$ 470,645	\$ 972,208	\$ 1,523,886
Exits of Commitments <sup>(2)</sup>	(1,499,179)	(758,829)	(484,343)	(569,095)	(1,340,485)
Net Commitments <sup>(13)</sup>	\$ 29,936	\$ (218,946)	\$ (13,698)	\$ 403,113	\$ 183,401
Gross Commitments Information:					
Number of Transactions	28	11	19	24	23
Weighted Average Commitment Term in Months	94	64	59	58	66
Average Commitment in Period	\$ 54,611	\$ 49,080	\$ 24,771	\$ 40,509	\$ 66,256
Fundings:					
Gross Fundings	\$ 1,384,822	\$ 517,665	\$ 498,261	\$ 1,023	\$ 1,486,544
Net Fundings <sup>(13)</sup>	\$ (68,253)	\$ (202,303)	\$ 14,849	\$ 510	\$ 179,126
Portfolio Turnover	0.16	0.06	0.05	0.06	0.15

# Quarterly Operating Results

For the Three Months Ended

(unaudited)

(Amounts in 000s, except per share data)

	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
Investment income	\$ 258,670	\$ 245,262	\$ 248,050	\$ 261,676	\$ 260,948
Expenses	117,404	135,992	130,124	103,846	129,587
Net investment income before income taxes	141,266	109,270	117,926	157,830	131,361
Income tax expense, including excise tax	3,570	4,006	5,196	10,727	884
Net investment income	137,696	105,264	112,730	147,103	130,477
Net realized and unrealized gains (losses)	(27,455)	52,136	18,811	(132,390)	(13,618)
Net Income	\$ 110,241	\$ 157,400	\$ 131,541	\$ 14,713	\$ 116,859
Per Share:					
Core EPS - Basic and Diluted <sup>*(1)</sup>	\$ 0.43	\$ 0.39	\$ 0.37	\$ 0.40	\$ 0.41
Net Income - Basic and Diluted	\$ 0.35	\$ 0.50	\$ 0.42	\$ 0.05	\$ 0.37
Dividends Declared and Payable	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Weighted average shares of common stock outstanding - Basic and Diluted	313,954	313,954	314,293	314,450	314,469
Common shares outstanding at end of period	313,954	313,954	313,954	314,347	314,469

For the Nine Months Ended

(unaudited)

(Amounts in 000s, except per share data)

	9/30/16	9/30/15
Investment income	\$ 751,982	\$ 763,674
Expenses	383,520	395,992
Net investment income before taxes	368,462	367,682
Income tax expense, including excise tax	12,772	7,025
Net investment income	355,690	360,657
Net realized and unrealized gains (losses)	43,492	3,300
Net Income	\$ 399,182	\$ 363,957
Per Share:		
Core EPS - Basic and Diluted <sup>*(1)</sup>	\$ 1.19	\$ 1.15
Net Income - Basic and Diluted	\$ 1.27	\$ 1.16
Dividends Declared and Payable	\$ 1.14	\$ 1.19
Weighted average shares of common stock outstanding - Basic and Diluted	314,067	314,350
Common shares outstanding at end of period	313,954	314,469

\*See page 22 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

# Quarterly Operating Results Detail

	For the Three Months Ended				
	(unaudited)				
	(Amounts in 000s)				
	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
<b>Net Investment Income Before Income Taxes:</b>					
Investment Income:					
Interest income from investments	\$ 199,834	\$ 204,023	\$ 207,122	\$ 209,487	\$ 207,937
Capital structuring service fees	35,035	12,170	15,660	21,523	29,768
Dividend income	16,226	20,735	16,544	20,038	14,083
Management and other fees	3,879	4,605	5,022	5,485	6,148
Other income	3,696	3,729	3,702	5,143	3,012
	<u>258,670</u>	<u>245,262</u>	<u>248,050</u>	<u>261,676</u>	<u>260,948</u>
Expenses:					
Interest and credit facility fees	43,300	45,334	50,243	55,353	56,618
Base management fees	33,923	34,444	34,759	34,125	33,284
Income based fees	33,052	28,923	29,122	31,234	31,842
Capital gains incentive fees*	(5,491)	10,427	3,762	(27,555)	(2,628)
Administrative fees	3,433	3,342	3,423	3,729	3,545
Professional fees and other costs related to the American Capital Acquisition <sup>(14)</sup>	2,699	6,546	1,465	—	—
Other general and administrative	6,488	6,976	7,350	6,960	6,926
	<u>117,404</u>	<u>135,992</u>	<u>130,124</u>	<u>103,846</u>	<u>129,587</u>
Net investment income before income taxes	141,266	109,270	117,926	157,830	131,361
Income tax expense, including excise tax	3,570	4,006	5,196	10,727	884
<b>Net investment income</b>	<u>\$ 137,696</u>	<u>\$ 105,264</u>	<u>\$ 112,730</u>	<u>\$ 147,103</u>	<u>\$ 130,477</u>

\*As required by GAAP. As of September 30, 2016, Ares Capital had accrued \$51.0 million of incentive fees payable related to capital gains under GAAP; however, such amount is not actually payable under Ares Capital's investment advisory and management agreement with its investment adviser, Ares Capital Management (the "Investment Advisory and Management Agreement").

# Quarterly Gain/Loss Detail

	For the Three Months Ended				
	(unaudited)				
	(Amounts in 000s)				
	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
<b>Net Realized and Unrealized Gains (Losses):</b>					
Realized gains (losses) on investments:					
Gains	\$ 29,848	\$ 34,263	\$ 25,544	\$ 24,968	\$ 45,357
Losses	(8,976)	(1,090)	—	(1,096)	(82)
Net realized gains on investments	20,872	33,173	25,544	23,872	45,275
Unrealized gains (losses) on investments:					
Unrealized appreciation	60,212	114,221	72,503	62,629	39,535
Unrealized depreciation	(105,755)	(72,321)	(60,181)	(204,224)	(61,460)
Net unrealized gains (losses) on investments	(45,543)	41,900	12,322	(141,595)	(21,925)
Net unrealized appreciation (depreciation) reversed related to net realized gains or losses on investments	1,522	(23,515)	(17,712)	(11,909)	(39,176)
Total net unrealized gains (losses) on investments	(44,021)	18,385	(5,390)	(153,504)	(61,101)
Net realized and unrealized gains (losses) on foreign currency and other transactions	(4,306)	578	(1,343)	3,814	2,208
Realized losses on extinguishment of debt	—	—	—	(6,572)	—
<b>Net realized and unrealized gains (losses)</b>	<b>\$ (27,455)</b>	<b>\$ 52,136</b>	<b>\$ 18,811</b>	<b>\$ (132,390)</b>	<b>\$ (13,618)</b>

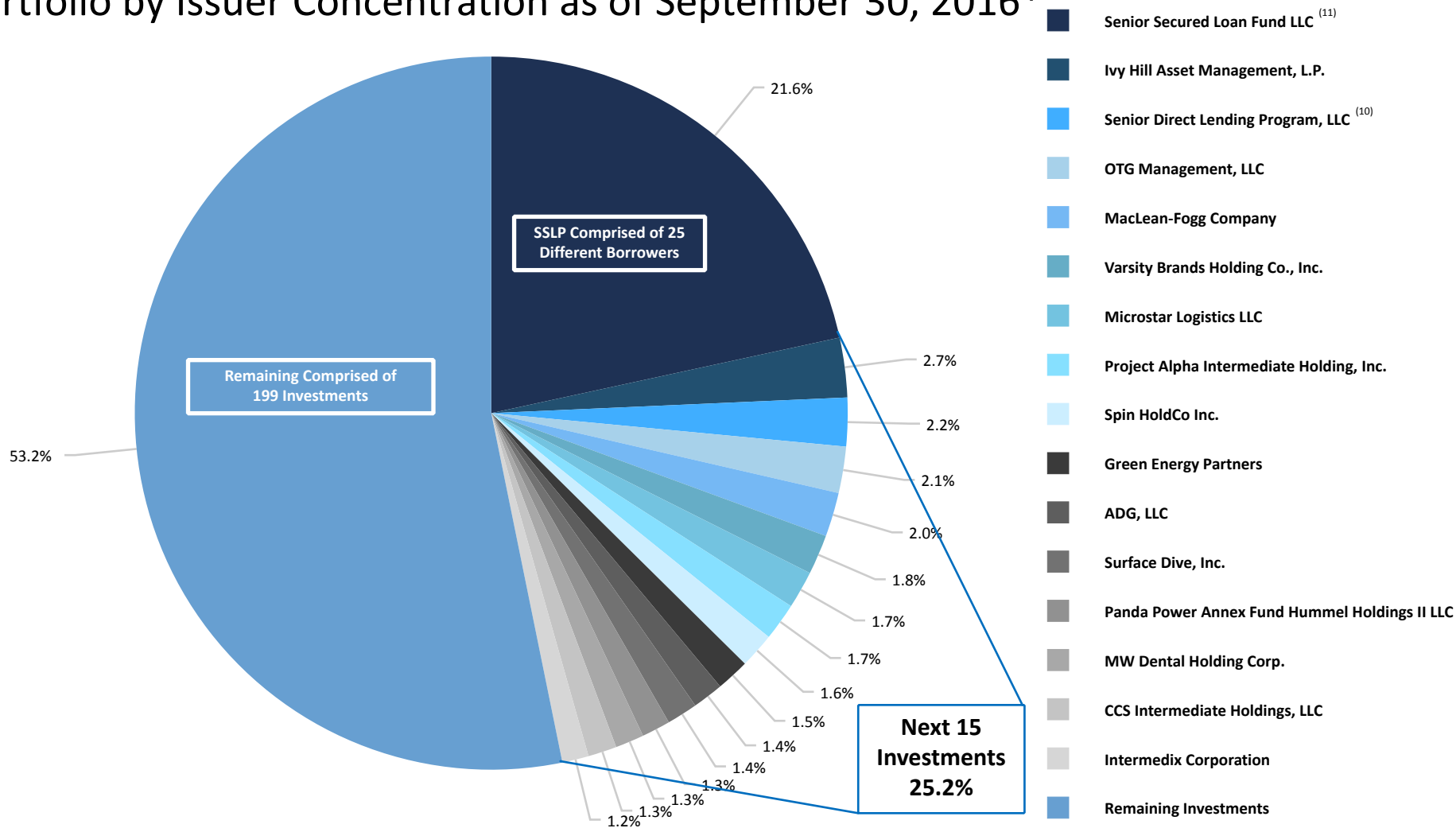


# Quarterly Balance Sheets

	As of				
	(unaudited, except for 12/31/15)				
	(Amounts in 000s, except per share data)				
	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
<b>ASSETS</b>					
Investments at fair value	\$ 8,804,651	\$ 8,900,377	\$ 9,072,101	\$ 9,055,496	\$ 8,692,480
Cash and cash equivalents	125,089	125,926	77,169	257,056	247,123
Interest receivable	120,665	124,592	144,072	137,968	135,365
Receivable for open trades	21,664	1,258	17,948	—	—
Other assets	63,789	55,490	54,246	56,292	64,172
<b>Total assets</b>	<b>\$ 9,135,858</b>	<b>\$ 9,207,643</b>	<b>\$ 9,365,536</b>	<b>\$ 9,506,812</b>	<b>\$ 9,139,140</b>
<b>LIABILITIES</b>					
Debt	\$ 3,720,916	\$ 3,785,354	\$ 3,984,812	\$ 4,113,935	\$ 3,619,473
Base management fees payable	33,923	34,444	34,759	34,125	33,284
Income based fees payable	33,052	28,923	29,122	31,234	31,842
Capital gains incentive fees payable*	50,963	56,454	46,027	42,265	69,820
Accounts payable and other liabilities	51,730	45,988	55,139	60,587	61,395
Interest and facility fees payable	32,170	37,082	35,733	51,007	43,114
Payable for open trades	4,125	1,357	—	327	410
<b>Total liabilities</b>	<b>3,926,879</b>	<b>3,989,602</b>	<b>4,185,592</b>	<b>4,333,480</b>	<b>3,859,338</b>
<b>STOCKHOLDERS' EQUITY</b>					
Common stock	314	314	314	314	314
Capital in excess of par value	5,312,800	5,312,800	5,312,800	5,318,277	5,334,249
Accumulated (overdistributed) underdistributed net investment income and net realized gains/losses on investments, foreign currency transactions, extinguishment of debt and other assets	22,261	(16,694)	(33,281)	(53,907)	(113,019)
Net unrealized gains (losses) on investments, foreign currency and other transactions	(126,396)	(78,379)	(99,889)	(91,352)	58,258
<b>Total stockholders' equity</b>	<b>5,208,979</b>	<b>5,218,041</b>	<b>5,179,944</b>	<b>5,173,332</b>	<b>5,279,802</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 9,135,858</b>	<b>\$ 9,207,643</b>	<b>\$ 9,365,536</b>	<b>\$ 9,506,812</b>	<b>\$ 9,139,140</b>
<b>NET ASSETS PER SHARE</b>	<b>\$ 16.59</b>	<b>\$ 16.62</b>	<b>\$ 16.50</b>	<b>\$ 16.46</b>	<b>\$ 16.79</b>

\*Accrued in accordance with GAAP. No capital gains incentive fees were actually payable under the Investment Advisory and Management Agreement for any periods presented.

# Portfolio by Issuer Concentration as of September 30, 2016\*

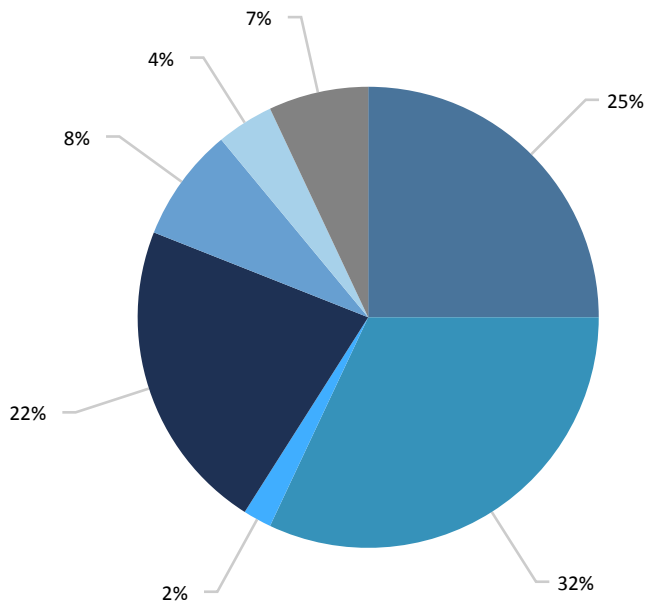


**Diversified \$8.8 billion portfolio with over 200 investments**

\* At fair value.

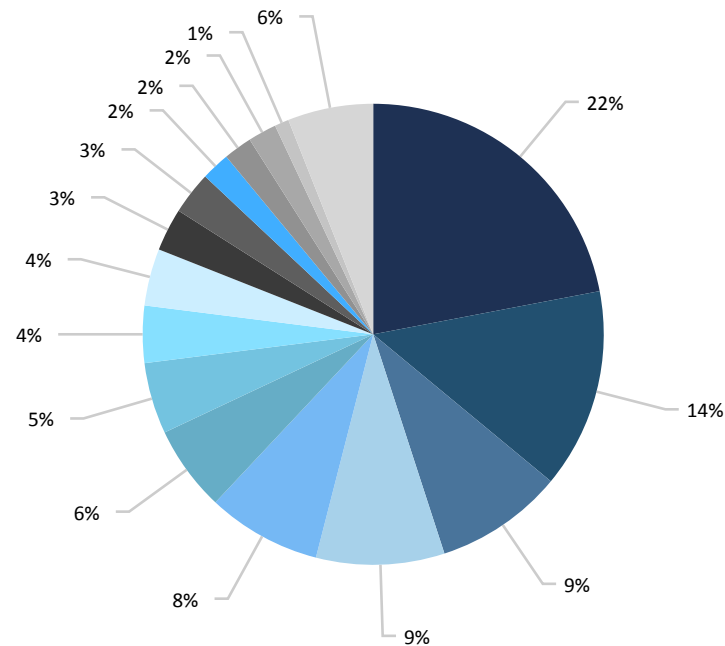
# Investment Portfolio as of September 30, 2016\*

**Asset Class**



- First Lien Senior Secured Loans
- Second Lien Senior Secured Loans
- Senior Direct Lending Program<sup>(10)</sup>
- Senior Secured Loan Program<sup>(11)</sup>
- Senior Subordinated Debt
- Preferred Equity
- Other Equity

**Industry**



- Senior Secured Loan Program<sup>(11)</sup>
- Healthcare Services
- Other Services
- Business Services
- Consumer Products
- Power Generation
- Restaurants and Food Services
- Financial Services
- Manufacturing
- Education
- Containers and Packaging
- Senior Direct Lending Program<sup>(10)</sup>
- Food and Beverage
- Automotive Services
- Oil and Gas
- Other

\* At fair value.

# Debt Summary

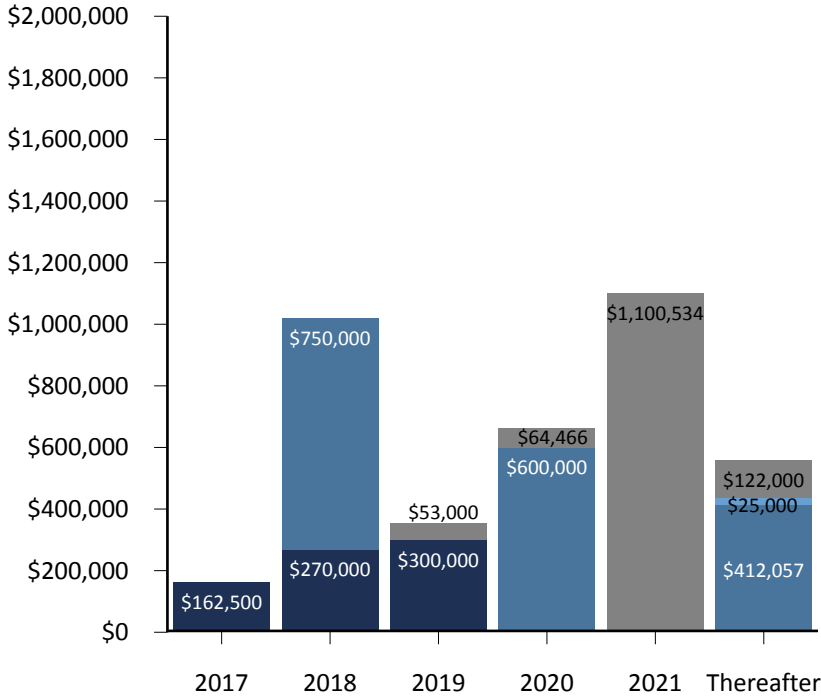
(Dollar amounts in 000s)	As of 6/30/16			As of 9/30/16			Weighted Average Stated Interest Rate <sup>(19)</sup>	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding <sup>(16)</sup>	Principal Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding <sup>(16)</sup>	Principal Outstanding	Carrying Value of Outstanding Debt			
<b>Secured Revolving Facilities<sup>(15)</sup>:</b>									
Revolving Credit Facility	\$ 1,265,000	\$ 1,165,000	\$ 1,165,000	\$ 1,265,000	\$ 465,000	\$ 465,000	2.313%	LIBOR + 1.75% <sup>(20)</sup>	May 2021 <sup>(20)</sup>
Revolving Funding Facility	540,000	53,000	53,000	540,000	108,000	108,000	2.781%	LIBOR + 2.25% <sup>(21)</sup>	May 2019
SMBC Funding Facility	400,000	122,000	122,000	400,000	108,000	108,000	2.274%	LIBOR + 1.75% <sup>(22)</sup>	September 2022
Subtotal	2,205,000	1,340,000	1,340,000	2,205,000	681,000	681,000	2.381%		
<b>SBA Debentures</b>	75,000	25,000	24,446	75,000	25,000	24,461	3.481% <sup>(23)</sup>		September 2025/March 2026
<b>Unsecured Notes Payable:</b>									
2017 Convertible Notes	162,500	162,500	160,990 <sup>(17)</sup>	162,500	162,500	161,519 <sup>(17)</sup>	4.875%		March 2017
2018 Convertible Notes	270,000	270,000	265,694 <sup>(17)</sup>	270,000	270,000	266,361 <sup>(17)</sup>	4.750%		January 2018
2019 Convertible Notes	300,000	300,000	295,333 <sup>(17)</sup>	300,000	300,000	295,769 <sup>(17)</sup>	4.375%		January 2019
2018 Notes	750,000	750,000	744,084 <sup>(17)</sup>	750,000	750,000	744,667 <sup>(17)</sup>	4.875%		November 2018
2020 Notes	600,000	600,000	594,868 <sup>(17)</sup>	600,000	600,000	595,209 <sup>(17)</sup>	3.875%		January 2020
January 2022 Notes	—	—	—	600,000	600,000	591,772 <sup>(17)</sup>	3.625%		January 2022
October 2022 Notes	182,500	182,500	178,189 <sup>(17)</sup>	182,500	182,500	178,332 <sup>(17)</sup>	5.875%		October 2022
2047 Notes	229,557	229,557	181,750 <sup>(18)</sup>	229,557	229,557	181,826 <sup>(18)</sup>	6.875%		April 2047
Subtotal	2,494,557	2,494,557	2,420,908	3,094,557	3,094,557	3,015,455	4.587%		
<b>Total Debt</b>	<b>\$ 4,774,557</b>	<b>\$ 3,859,557</b>	<b>\$ 3,785,354</b>	<b>\$ 5,374,557</b>	<b>\$ 3,800,557</b>	<b>\$ 3,720,916</b>	<b>4.184%</b>		

Floating and Fixed Rate Debt as of September 30, 2016:			
Debt (Dollar amounts in 000s)	Principal Outstanding	Weighted Average Stated Interest Rate <sup>(19)</sup>	Weighted Average Maturity (in years)
Floating	\$ 681,000	2.381%	4.46
Fixed	3,119,557	4.578%	5.20
<b>Total</b>	<b>\$ 3,800,557</b>	<b>4.184%</b>	<b>5.07</b>

# Debt Summary (cont'd)

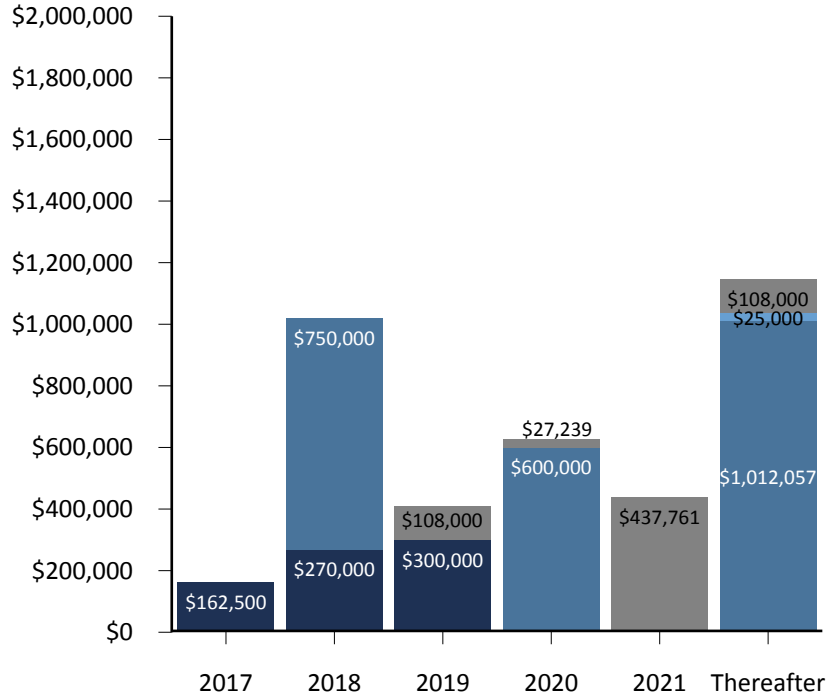
## Debt Maturities\*

(Amounts in 000s)



As of June 30, 2016

(Amounts in 000s)



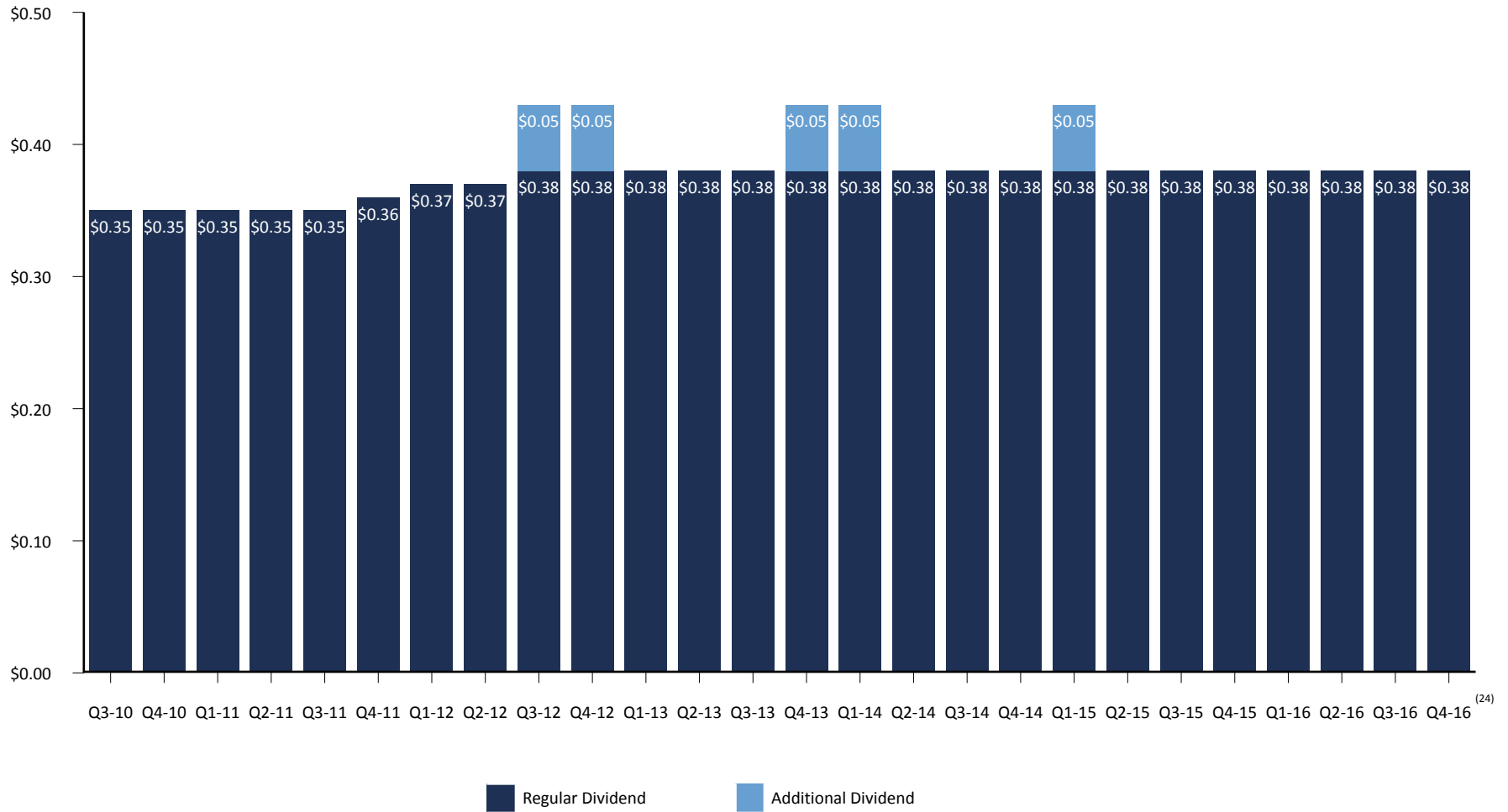
As of September 30, 2016

Convertible Unsecured Notes    
  Other Unsecured Notes    
  SBA Debentures    
  Secured Revolving Facilities

\* Represents the total aggregate principal amount outstanding.



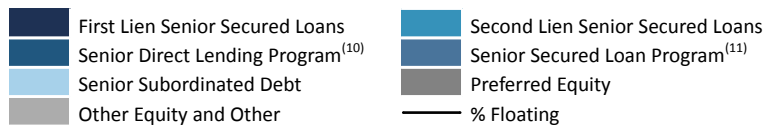
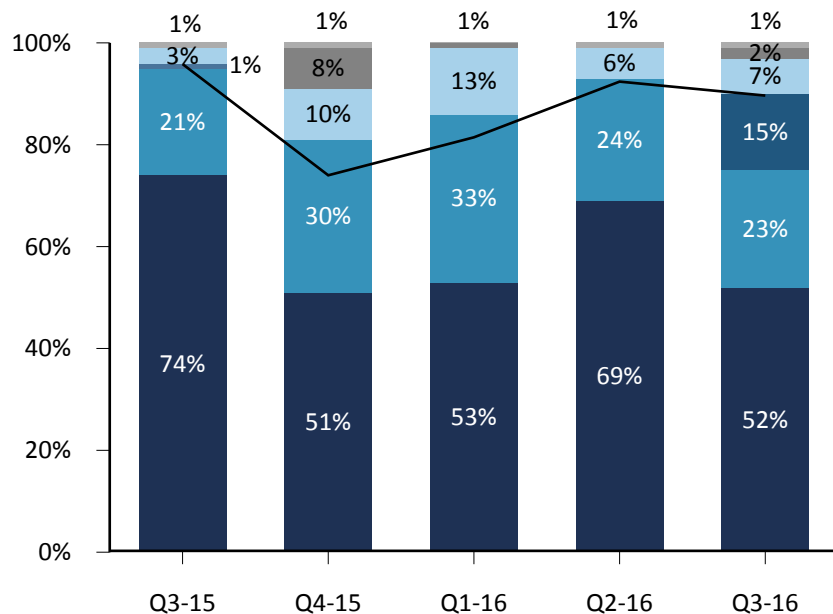
# Quarterly Dividends



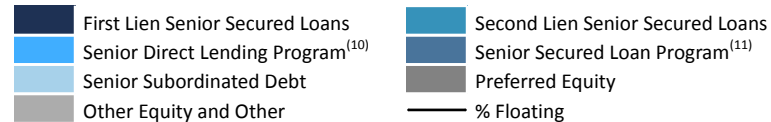
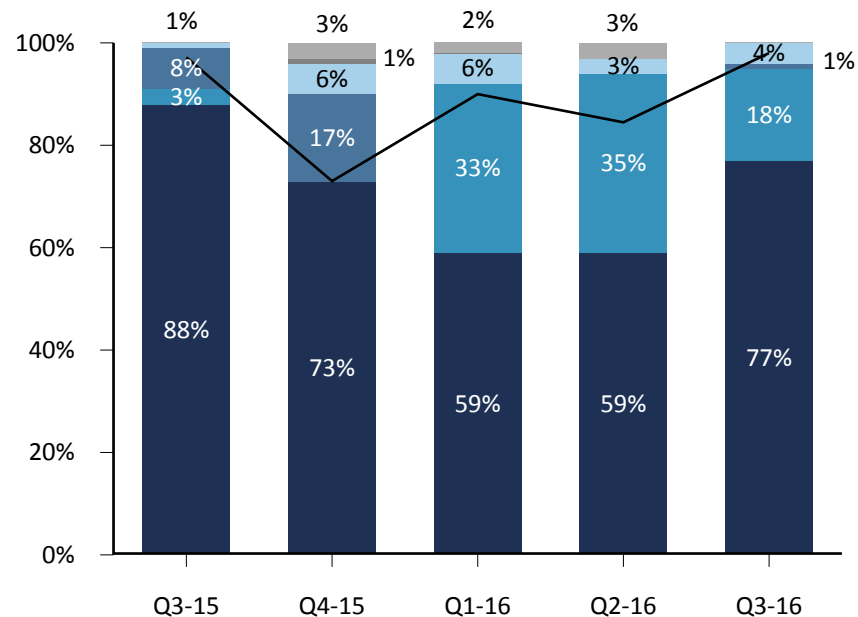
- ARCC carried forward excess taxable income of approximately \$262 million or \$0.83 per share from 2015 for distribution to stockholders in 2016

# Portfolio Activity

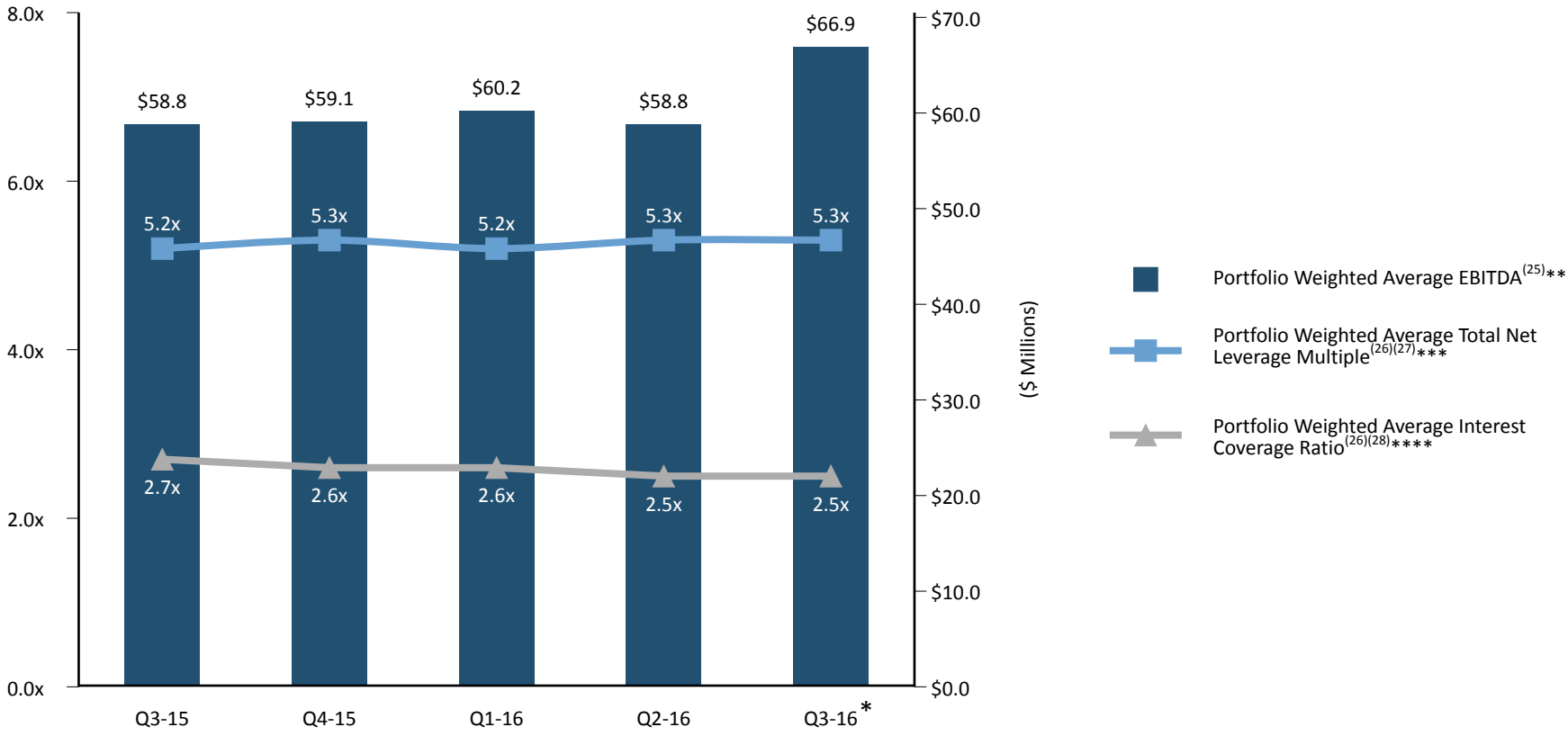
## Gross Commitments by Asset Class



## Exits of Commitments by Asset Class



# Portfolio Company EBITDA and Credit Statistics



Note: This portfolio weighted average EBITDA data includes information solely in respect of corporate investments in Ares Capital's portfolio and the weighted average total net leverage multiple and interest coverage ratio data includes information solely in respect of corporate portfolio companies in which Ares Capital has a debt investment (in each case, subject to the exclusions described in the following sentence). Excluded from the data above is information in respect of the following: (i) the SSLP (and the underlying borrowers in the SSLP), (ii) the SDLP (and the underlying borrowers in the SDLP), (iii) portfolio companies that do not report EBITDA, including Ivy Hill Asset Management L.P., (iv) investment funds/vehicles, (v) discrete projects in the project finance/power generation sector, (vi) certain oil and gas companies, (vii) venture capital backed companies and (viii) commercial real estate finance companies.

\* For the portfolio companies included in the portfolio weighted average EBITDA data above (subject to additional exclusions described in the following sentence), the weighted average EBITDA growth rate as of Q3-16 was approximately 7% on a comparable basis for the most recently reported LTM period versus prior year LTM period. In addition to those portfolio companies excluded as noted above, this calculation excludes three companies where prior year comparable data was not available.<sup>(29)</sup>

\*\*The weighted average EBITDA for the underlying borrowers in the SSLP was \$55.4 million, \$58.3 million, \$56.7 million, \$59.6 million and \$58.2 million as of 9/30/15, 12/31/15, 3/31/16, 6/30/16 and 9/30/16, respectively.

\*\*\*The weighted average total net leverage multiple for the underlying borrowers in the SSLP was 4.9x, 4.9x, 4.9x, 4.8x and 4.9x as of 9/30/15, 12/31/15, 3/31/16, 6/30/16 and 9/30/16, respectively.<sup>(30)</sup>

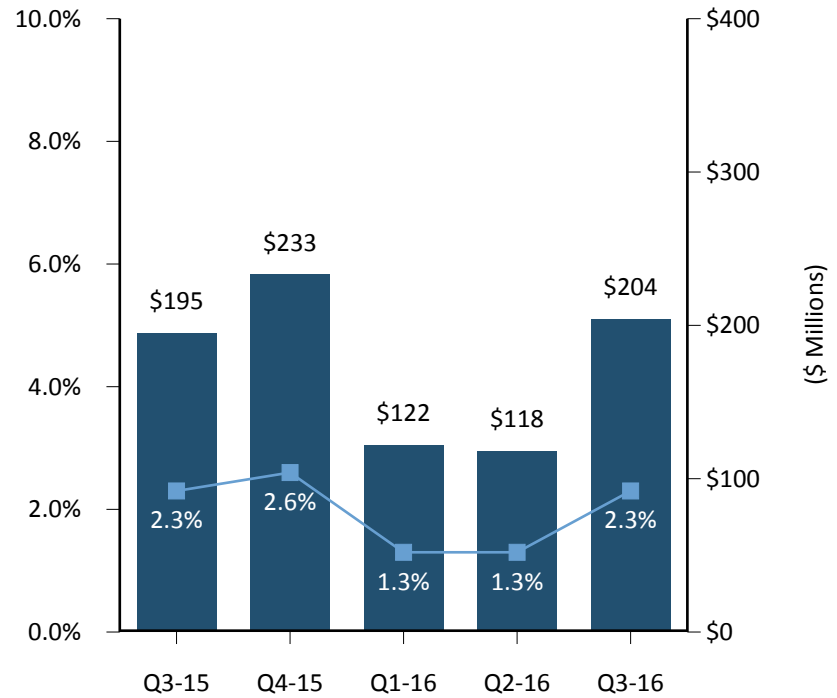
\*\*\*\*The weighted average interest coverage ratio for the underlying borrowers in the SSLP was 3.8x, 3.8x, 3.7x, 4.0x and 3.9x as of 9/30/15, 12/31/15, 3/31/16, 6/30/16 and 9/30/16, respectively.<sup>(28)</sup>



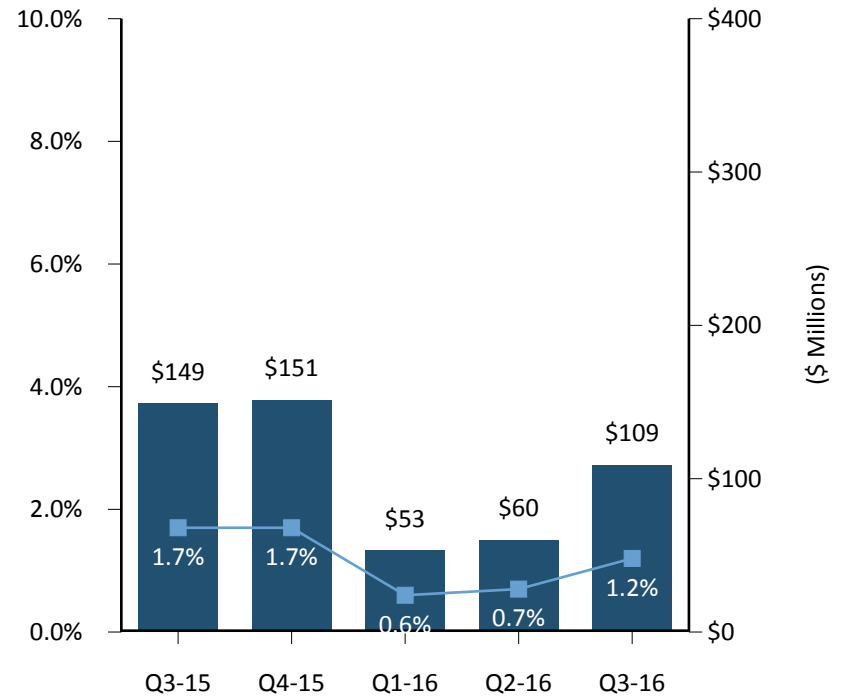


# Investments on Non-Accrual Status

Amortized Cost



Fair Value



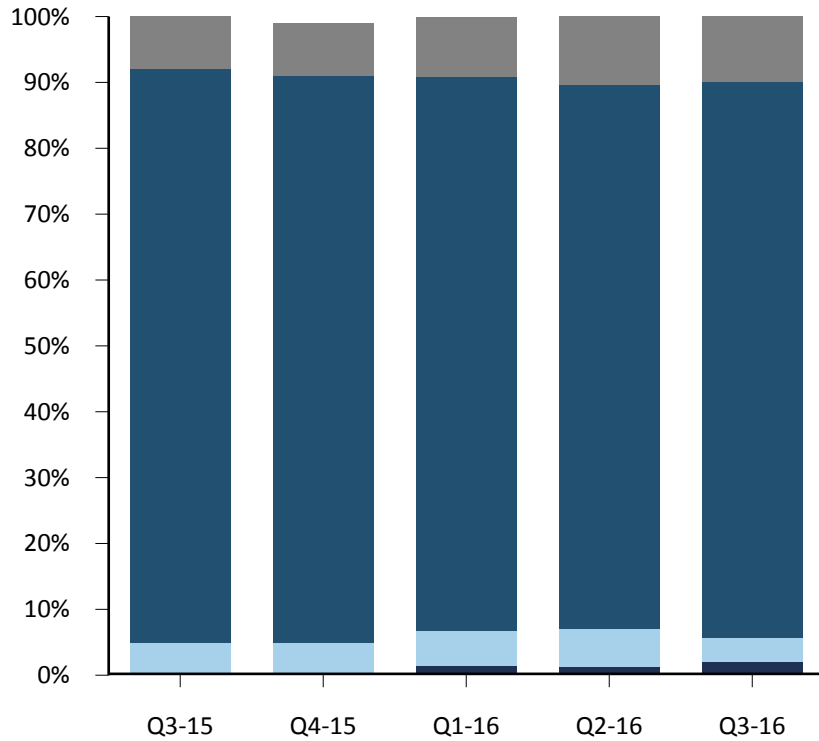
Investments on Non-Accrual Status

Percentage of Total Investment Portfolio

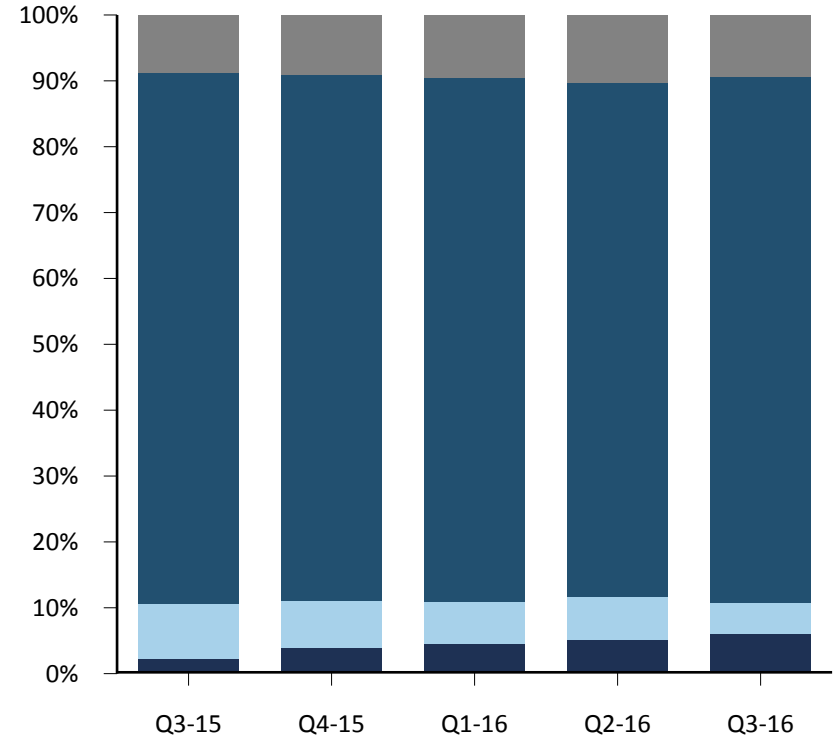


# Portfolio By Grade<sup>(31)</sup>

% By Fair Value



% By Number of Companies



Grade 1
  Grade 2
  Grade 3
  Grade 4

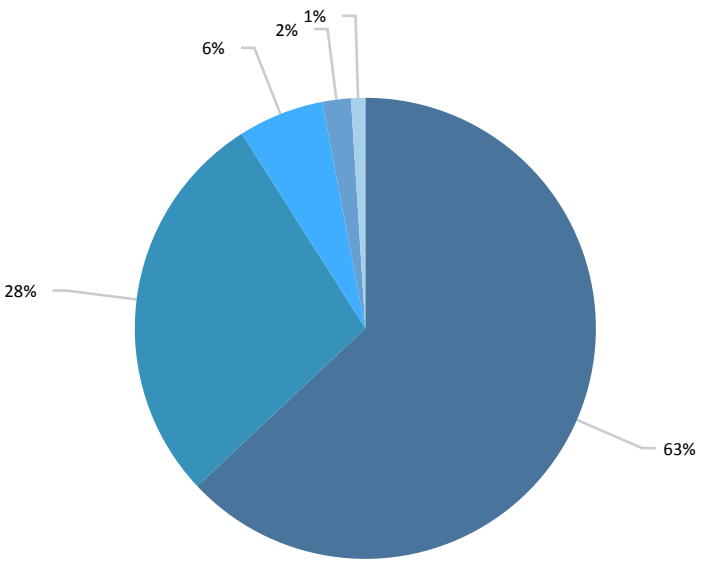
# Investment Activity Since Quarter End

- From October 1, 2016 through October 27, 2016, we made \$73 million of new investment commitments
  - 71% were in second lien senior secured loans and 29% were in first lien senior secured loans
  - 100% were floating rate
  - Weighted average yield of debt and other income producing securities funded at amortized cost of 9.7%
  
- From October 1, 2016 through October 27, 2016, we exited \$182 million of investment commitments
  - 43% were second lien senior secured loans, 40% were first lien senior secured loans, and 17% were senior subordinated loans
  - 60% were fixed rate and 40% were floating rate
  - Weighted average yield of debt and other income producing securities exited or repaid at amortized cost of 9.6%
  - Total net realized gains of approximately \$21 million

# Backlog and Pipeline

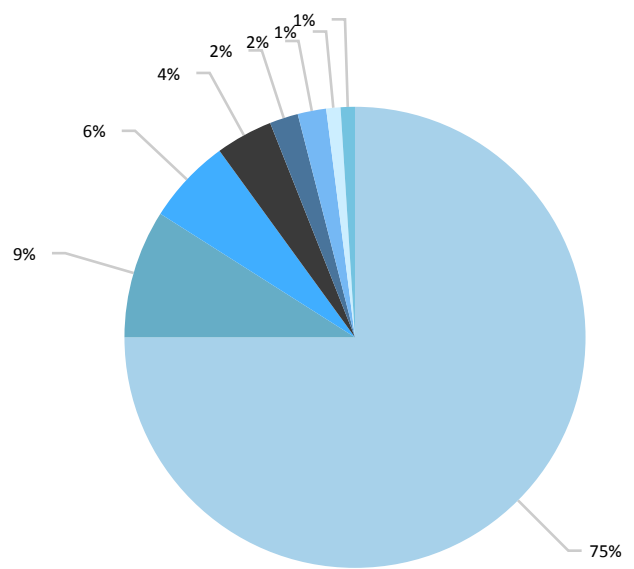
- As of October 27, 2016, we had a backlog and pipeline of approximately \$540 million and \$870 million, respectively<sup>(32)</sup>
- The following is a breakdown of the backlog and pipeline by asset class and by industry

**Asset Class**



- First Lien Senior Secured Loans
- Second Lien Senior Secured Loans
- Senior Direct Lending Program
- Senior Subordinated Debt
- Preferred Equity

**Industry**



- Business Services
- Power Generation
- Consumer Products
- Manufacturing
- Restaurants and Food Services
- Education
- Other Services



# Corporate Data

## Board of Directors

MICHAEL AROUGHETI  
Co-Chairman and Executive Vice President of  
Ares Capital Corporation  
Co-Founder and President of Ares  
Partner of the Ares Credit Group

STEVE BARTLETT  
Strategic Independent Consultant

ANN TORRE BATES  
Former Executive Vice President, Chief Financial  
Officer and Treasurer of NHP, Inc.

STEVEN MCKEEVER  
Founder and Chief Executive Officer of Hidden  
Beach Recordings

KIPP DEVEER  
Chief Executive Officer of Ares Capital  
Corporation  
Co-Head and Partner of the Ares Credit Group

DANIEL KELLY, JR.  
Former Partner of Davis Polk & Wardwell LLP

ROBERT ROSEN  
Chairman of Ares Commercial Real Estate  
Corporation  
Partner of Ares Real Estate Group

BENNETT ROSENTHAL  
Co-Chairman of Ares Capital Corporation  
Co-Founder and Partner of Ares  
Co-Head and Partner of the Ares Private Equity  
Group

ERIC SIEGEL  
Retired Partner of Apollo Advisors, L.P.  
Chairman of Executive Committee of El Paso  
Electric Company

## Investment Committee

MARK AFFOLTER  
Partner of the Ares Credit Group

MICHAEL AROUGHETI  
Co-Chairman and Executive Vice President of Ares  
Capital Corporation  
Co-Founder and President of Ares  
Partner of the Ares Credit Group

KIPP DEVEER  
Chief Executive Officer of Ares Capital Corporation  
Co-Head and Partner of the Ares Credit Group

MITCHELL GOLDSTEIN  
Co-President of Ares Capital Corporation  
Partner of the Ares Credit Group

JOHN KISSICK  
Co-Founder and Partner of Ares  
Partner of the Ares Corporate Strategy and  
Relationship Management Group

JIM MILLER  
Partner of the Ares Credit Group

BENNETT ROSENTHAL  
Co-Chairman of Ares Capital Corporation  
Co-Founder and Partner of Ares  
Co-Head and Partner of the Ares Private Equity  
Group

DAVID SACHS  
Partner of the Ares Corporate Strategy and  
Relationship Management Group

KORT SCHNABEL  
Partner of the Ares Credit Group

DAVID SCHWARTZ  
Partner of the Ares Credit Group

MICHAEL SMITH  
Co-President of Ares Capital Corporation  
Partner of the Ares Credit Group

## Corporate Officers

MICHAEL AROUGHETI  
Executive Vice President

JOSHUA BLOOMSTEIN  
Vice President, General Counsel and  
Secretary

KIPP DEVEER  
Chief Executive Officer

MITCHELL GOLDSTEIN  
Co-President

MIRIAM KRIEGER  
Chief Compliance Officer

SCOTT LEM  
Chief Accounting Officer,  
Vice President and Treasurer

MICHAEL MCFERRAN  
Vice President and Assistant Treasurer

DANIEL NGUYEN  
Vice President and Assistant Treasurer

PENNI ROLL  
Chief Financial Officer

MICHAEL SMITH  
Co-President

MICHAEL WEINER  
Vice President

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## Independent Registered Public Accounting Firm

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Los Angeles, CA

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NASDAQ: ARCC

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Please visit our website at:  
[www.arescapitalcorp.com](http://www.arescapitalcorp.com)

# Reconciliations of Core EPS

The following are reconciliations of basic and diluted earnings per share computed in accordance with GAAP to basic and diluted core earnings per share:

	<b>For the Three Months Ended</b>				
	(unaudited)				
	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
Basic and Diluted Core EPS <sup>(1)</sup>	\$ 0.43	\$ 0.39	\$ 0.37	\$ 0.40	\$ 0.41
Professional fees and other costs related to the American Capital Acquisition <sup>(14)</sup>	(0.01)	(0.02)	—	—	—
Net realized and unrealized gains (losses)	(0.09)	0.16	0.06	(0.42)	(0.05)
Capital gains incentive fees attributable to net realized and unrealized gains and losses	0.02	(0.03)	(0.01)	0.09	0.01
Income tax expense related to realized gains and losses	—	—	—	(0.02)	—
Basic and Diluted GAAP EPS	<u>\$ 0.35</u>	<u>\$ 0.50</u>	<u>\$ 0.42</u>	<u>\$ 0.05</u>	<u>\$ 0.37</u>

	<b>For the Nine Months Ended</b>	
	(unaudited)	
	9/30/16	9/30/15
Basic and Diluted Core EPS <sup>(1)</sup>	\$ 1.19	\$ 1.15
Professional fees and other costs related to the American Capital Acquisition <sup>(14)</sup>	(0.03)	—
Net realized and unrealized gains	0.14	0.01
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.03)	—
Income tax expense related to realized gains and losses	—	—
Basic and Diluted GAAP EPS	<u>\$ 1.27</u>	<u>\$ 1.16</u>

# Endnotes

- 1) Basic and diluted Core EPS is a non-GAAP financial measure. Core EPS is the net per share increase (decrease) in stockholders' equity resulting from operations less professional fees and other costs related to the proposed acquisition of American Capital, Ltd. (the "American Capital Acquisition"), realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such realized gains and losses. Basic and diluted GAAP EPS is the most directly comparable GAAP financial measure. Ares Capital believes that Core EPS provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Reconciliations of basic and diluted Core EPS to the most directly comparable GAAP financial measure is set forth on page 22 hereof.
- 2) Includes sales to Ivy Hill Asset Management, L.P. ("IHAM"), a wholly owned portfolio company of Ares Capital, or vehicles managed by IHAM and to the Senior Direct Lending Program LLC (the "SDLP").
- 3) The weighted average yield on debt and other income producing securities at amortized cost is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at amortized cost. The weighted average yield of debt and other income producing securities at fair value is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at fair value.
- 4) The weighted average yield on the total investment portfolio at amortized cost is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total investments at amortized cost. The weighted average yield on the total investment portfolio at fair value is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount earned on accruing debt and other income producing securities, divided by (b) total investments at fair value.
- 5) Computed as total principal debt outstanding less available cash divided by stockholders' equity. Available cash excludes restricted cash as well as cash held for dividends payable and for uses specifically designated for paying interest and expenses on certain debt.
- 6) Computed as (a) annual stated interest expense on our debt obligations divided by (b) total debt obligations at principal amount outstanding. Stated interest expense on debt excludes facility and other fees and the amortization of original issue discount or premium, market discounts and debt issuance costs.
- 7) Net interest and dividend margin represents the difference between interest and dividend income and interest and credit facility fees expense for the last twelve month period divided by average total investments at amortized cost during the same period.
- 8) Excludes realized and unrealized gains (losses) and incentive fees attributable to net realized and unrealized gains (losses).
- 9) Includes portfolio companies for which there are outstanding commitments, but for which no amounts were funded at the end of the period.
- 10) Represents Ares Capital's portion of co-investments with Varagon Capital Partners ("Varagon") and its clients in first lien senior secured loans to U.S. middle-market companies. As of September 30, 2016, the SDLP's loan portfolio totaled \$929.1 million aggregate principal amount and had loans to 10 different borrowers. As of September 30, 2016, the SDLP's largest loan to a single borrower was \$116.5 million aggregate principal amount and the five largest loans to borrowers totaled \$549.1 million aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital's portfolio. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended September 30, 2016 for information regarding the SDLP.
- 11) Represents Ares Capital's portion of co-investments with General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") in first lien senior secured loans to middle market companies. As of September 30, 2016, the Senior Secured Loan Program (the "SSLP") loan portfolio totaled \$4.7 billion aggregate principal amount and had loans to 25 different borrowers. As of September 30, 2016, the SSLP's largest loan to a single borrower was \$294.0 million aggregate principal amount and the five largest loans to borrowers totaled \$1.4 billion aggregate principal amount. The portfolio companies in the SSLP are in industries similar to companies in Ares Capital's portfolio. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended September 30, 2016 for information regarding the SSLP, including GE's exit of its U.S. Sponsor Finance business and its impact on the SSLP.

# Endnotes (cont'd)

- 12) As of September 30, 2016, 55% of the total investments at fair value and 69% of the floating rate investments at fair value contained interest rate floor features. Additionally, as of September 30, 2016, all the loans made through the the SDLP and SSLP contained interest rate floor features.
- 13) Represents gross commitments or fundings less commitments or investments exited, respectively. Q3-16, Q2-16, Q1-16, Q4-15 and Q3-15 include sales to IHAM or vehicles managed by IHAM of \$203.9 million, \$35.7 million, \$65.4 million, \$123.8 million and \$113.4 million, respectively. Q3-16 also includes sales to the SDLP of \$528.9 million.
- 14) See Note 14 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended September 30, 2016 for information regarding the American Capital Acquisition.
- 15) Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the stated maturity.
- 16) Subject to borrowing base, leverage and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.
- 17) Represents the aggregate principal amount of the notes outstanding adjusted for the unaccreted discount or premium initially recorded at the time of issuance.
- 18) Represents the aggregate principal amount of the notes outstanding less the unaccreted purchased discount initially recorded at the time of acquisition.
- 19) Effective stated rate as of September 30, 2016.
- 20) The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of 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 September 30, 2016, the interest rate in effect was LIBOR plus 1.75%. For \$1.195 billion of the total facility amount, the maturity date is May 2021. For the remaining \$70 million, the maturity date is May 2020.
- 21) The interest rate charged on the Revolving Funding Facility is based on an applicable spread ranging from 2.25% to 2.50% over LIBOR or ranging from 1.25% to 1.50% over "base rate" (as defined in the agreements governing the Revolving Funding Facility) in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. As of September 30, 2016, the interest rate in effect was LIBOR plus 2.25%.
- 22) 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 September 30, 2016, the interest rate in effect was LIBOR plus 1.75%.
- 23) See Note 5 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended September 30, 2016 for more information about the interest rate on the SBA-guaranteed debentures issued to Ares Capital's wholly owned subsidiary, Ares Venture Finance, L.P.
- 24) Declared. The fourth quarter 2016 dividend of \$0.38 per share to be paid on December 30, 2016 to stockholders of record on December 15, 2016.
- 25) Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments except for the weighted average EBITDA for the SSLP, which is weighted based on the principal amount of the loan made by the SSLP to such portfolio company. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 26) EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.



# Endnotes (cont'd)

- 27) Portfolio weighted average total net leverage multiples represent Ares Capital's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. Portfolio company credit statistics are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 28) Portfolio weighted average interest coverage ratio represents the portfolio company's EBITDA as a multiple of interest and facility fees expense. Portfolio company credit statistics are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 29) The EBITDA growth rate for each included portfolio company is calculated as the percentage change for the most recently reported fiscal year to date comparable periods and is weighted based on the fair value of the portfolio company investments to calculate the portfolio weighted average EBITDA growth rate. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts used in the calculation are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 30) Portfolio weighted average total net leverage multiples represent the SSLP's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. Portfolio company credit statistics are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 31) Based on our investment adviser's internal investment rating system scale from 1 to 4. Investments with a grade of 4 involve the least amount of risk to our initial cost basis and the trends and risk factors for these investments since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments with a grade of 1 indicate that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition and our investment adviser does not anticipate that we will recoup our initial cost basis and we may realize a substantial loss on our initial cost basis upon exit. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3.
- 32) 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 has 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 has 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, Ares Capital may sell all or a portion of these investments and certain of these investments may result in the repayment of existing investments. Ares Capital cannot assure you that we will make any of these investments or that we will sell all or any portion of these investments.