



Fourth Quarter 2017  
Earnings Presentation

# Important Notice

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# Financial and Portfolio Highlights

## Financial Highlights

	Q4-17	Q3-17	Q4-16	FY-17	FY-16
(all per share amounts, excluding net asset value per share, are basic and diluted)					
Core EPS* <sup>(1)</sup>	\$ 0.38	\$ 0.36	\$ 0.42	\$ 1.39	\$ 1.61
Net Investment Income Per Share	\$ 0.33	\$ 0.36	\$ 0.44	\$ 1.20	\$ 1.57
Net Realized Gains (Losses) Per Share	\$ (0.29)	\$ 0.08	\$ 0.10	\$ 0.05	\$ 0.35
Net Unrealized Gains (Losses) Per Share	\$ 0.50	\$ (0.11)	\$ (0.30)	\$ 0.32	\$ (0.41)
GAAP Net Income Per Share	\$ 0.54	\$ 0.33	\$ 0.24	\$ 1.57	\$ 1.51
Net Asset Value Per Share	\$ 16.65	\$ 16.49	\$ 16.45	\$ 16.65	\$ 16.45

## Portfolio Highlights

	Q4-17	Q3-17	Q4-16	FY-17	FY-16
(dollar amounts in millions)					
Gross Commitments**	\$ 1,506	\$ 1,546	\$ 1,164	\$ 5,889	\$ 3,703
Exits of Commitments** <sup>(2)</sup>	\$ 1,321	\$ 1,644	\$ 1,102	\$ 5,593	\$ 3,844
Total Fair Value of Investments	\$ 11,841	\$ 11,456	\$ 8,820	\$ 11,841	\$ 8,820
Weighted Average Yield of Debt & Other Income Producing Securities at Amortized Cost <sup>(3)</sup>	9.7%	9.6%	9.3%	9.7%	9.3%
Weighted Average Yield on Total Investments at Amortized Cost <sup>(4)</sup>	8.7%	8.5%	8.3%	8.7%	8.3%

\* See page 24 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

\*\* In July 2017, in connection with the effective termination of the Senior Secured Loan Program (the "SSLP"), Ares Capital 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 SSLP's remaining unfunded loan commitments totaling \$50 million. Upon completion of the SSLP Loan Sale, the SSLP made a liquidation distribution to the holders of the subordinated certificates of the SSLP of which Ares Capital received \$1.5 billion. The Q3-17 and FY-17 gross commitments exclude those investments acquired from the SSLP and the Q3-17 and FY-17 exits of commitments exclude the amounts received by Ares Capital from the SSLP's liquidation distribution. See note 11 on page 26 for further information. FY-17 gross commitments also exclude \$2.5 billion of investments acquired as part of the American Capital Acquisition on January 3, 2017.

Note: Endnotes begin on page 26.

# Selected Historical Financial Information

(dollar amounts in millions, except per share data and stock prices)

	As of and for the Three Months Ended				
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
Core EPS – Basic and Diluted <sup>(1)</sup>	\$ 0.38	\$ 0.36	\$ 0.34	\$ 0.32	\$ 0.42
Net Investment Income Per Share – Basic and Diluted	\$ 0.33	\$ 0.36	\$ 0.29	\$ 0.22	\$ 0.44
Net Realized and Unrealized Gains (Losses) Per Share – Basic and Diluted	\$ 0.21	\$ (0.03)	\$ 0.13	\$ 0.06	\$ (0.20)
GAAP EPS – Basic and Diluted	\$ 0.54	\$ 0.33	\$ 0.42	\$ 0.28	\$ 0.24
Dividend Declared and Payable Per Share	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Stockholders' Equity	\$ 7,098	\$ 7,028	\$ 7,051	\$ 7,035**	\$ 5,165
Net Asset Value Per Share	\$ 16.65	\$ 16.49	\$ 16.54	\$ 16.50	\$ 16.45
Principal Debt/Book Equity Ratio	.70x	.67x	.70x	.67x	.76x
Principal Debt/Book Equity Ratio, Net of Available Cash <sup>(5)</sup>	.66x	.64x	.64x	.64x	.73x
Unsecured Principal Debt to Total Principal Debt	78.7%	82.1%	64.0%	71.0%	78.3%
Weighted Average Stated Interest on Debt <sup>(6)</sup>	4.1%	4.1%	3.9%	4.0%	4.2%
Net Interest and Dividend Margin <sup>(7)</sup>	7.6%	7.5%	7.7%	7.9%	7.7%
Ratio of Earnings to Fixed Charges <sup>(8)</sup>	3.8	3.7	3.5	3.0	3.8
Market Capitalization					
Principal Debt	\$ 4,943	\$ 4,733	\$ 4,928	\$ 4,683	\$ 3,951
Equity	6,701	6,987	6,983	7,409	5,177
Total Market Capitalization	<u>\$ 11,644</u>	<u>\$ 11,720</u>	<u>\$ 11,911</u>	<u>\$ 12,092</u>	<u>\$ 9,128</u>
Common Stock Data:					
High Price during the period	\$ 16.61	\$ 16.52	\$ 17.64	\$ 17.81	\$ 16.86
Low Price during the period	\$ 15.69	\$ 15.67	\$ 16.18	\$ 16.42	\$ 15.16
Closing Price	\$ 15.72	\$ 16.39	\$ 16.38	\$ 17.38	\$ 16.49

\* See page 24 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

\*\* Includes equity issued of \$1.8 billion in January 2017 in connection with the American Capital Acquisition.

# Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	As of				
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
Investments at Fair Value	\$ 11,841	\$ 11,456	\$ 11,498	\$ 11,407	\$ 8,820
Number of Portfolio Companies <sup>(9)</sup>	314	325	319	316	218
Asset Class (at fair value):					
First Lien Senior Secured Loans	44%	41%	25%	24%	23%
Second Lien Senior Secured Loans	32%	35%	33%	34%	34%
Senior Direct Lending Program <sup>(10)</sup>	4%	4%	3%	2%	3%
Senior Secured Loan Program <sup>(11)</sup>	—%	—%	17%	17%	22%
Senior Subordinated Loans	8%	8%	8%	8%	8%
Collateralized Loan Obligations	1%	1%	2%	2%	—%
Preferred Equity	4%	4%	4%	4%	3%
Other Equity	7%	7%	8%	9%	7%
Interest Rate Type (at fair value)					
% Floating Rate <sup>(12)</sup>	81%	82%	81%	79%	81%
% Fixed Rate	8%	8%	8%	9%	9%
% Equity and Other Non-Interest Earning	11%	10%	11%	12%	10%
Yields:					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost <sup>(3)</sup>	9.7%	9.6%	9.4%	9.3%	9.3%
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value <sup>(3)</sup>	9.8%	9.7%	9.5%	9.4%	9.4%
Weighted Average Yield on Total Investments at Amortized Cost <sup>(4)</sup>	8.7%	8.5%	8.2%	8.1%	8.3%
Weighted Average Yield on Total Investments at Fair Value <sup>(4)</sup>	8.7%	8.7%	8.3%	8.2%	8.5%

# Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	For the Three Months Ended				
	12/31/17	9/30/2017*	6/30/17	3/31/17	12/31/16
<b>Commitments:</b>					
Gross Commitments**	\$ 1,506	\$ 1,546	\$ 1,973	\$ 864	\$ 1,164
Exits of Commitments <sup>(2)</sup>	(1,321)	(1,644)	(1,792)	(836)	(1,102)
Net Commitments <sup>(13)</sup>	\$ 185	\$ (98)	\$ 181	\$ 28	\$ 62
<b>Gross Commitments Information**:</b>					
Number of Transactions	40	40	47	28	24
Weighted Average Commitment Term in Months	74	76	81	65	84
Average Commitment in Period	\$ 38	\$ 39	\$ 42	\$ 31	\$ 49
<b>Fundings:</b>					
Gross Fundings**	\$ 1,477	\$ 1,375	\$ 1,897	\$ 914	\$ 1,089
Net Fundings <sup>(13)</sup>	\$ 138	\$ (154)	\$ 96	\$ 5	\$ 90
Portfolio Turnover	0.11	0.12	0.16	0.09	0.11

\* Excludes the impact of the first lien senior secured loans acquired by Ares Capital from the SSLP, as well as the amounts received by Ares Capital from the SSLP liquidation distribution.

\*\* Q1-17 excludes \$2.5 billion of investments acquired as part of the American Capital Acquisition on January 3, 2017.

# Quarterly Operating Results

(amounts in millions, except per share data)

Investment income
Expenses, net of waiver of income based fees <sup>(14)</sup>
Net investment income before income taxes
Income tax expense, including excise tax
Net investment income
Net realized and unrealized gains (losses)
Net Income
Per Share:
Core EPS - Basic and Diluted* <sup>(1)</sup>
Net Income - Basic and Diluted
Dividends Declared and Payable

Weighted average shares of common stock outstanding - Basic and Diluted
Common shares outstanding at end of period

## For the Three Months Ended

	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
Investment income	\$ 307	\$ 294	\$ 284	\$ 275	\$ 260
Expenses, net of waiver of income based fees <sup>(14)</sup>	162	136	153	179	114
Net investment income before income taxes	145	158	131	96	146
Income tax expense, including excise tax	5	5	7	2	8
Net investment income	140	153	124	94	138
Net realized and unrealized gains (losses)	92	(14)	54	24	(63)
Net Income	\$ 232	\$ 139	\$ 178	\$ 118	\$ 75
Per Share:					
Core EPS - Basic and Diluted* <sup>(1)</sup>	\$ 0.38	\$ 0.36	\$ 0.34	\$ 0.32	\$ 0.42
Net Income - Basic and Diluted	\$ 0.54	\$ 0.33	\$ 0.42	\$ 0.28	\$ 0.24
Dividends Declared and Payable	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Weighted average shares of common stock outstanding - Basic and Diluted	426	426	426	422	314
Common shares outstanding at end of period	426	426	426	426	314

(amounts in millions, except per share data)

Investment income
Expenses, net of waiver of income based fees <sup>(14)</sup>
Net investment income before taxes
Income tax expense, including excise tax
Net investment income
Net realized and unrealized gains (losses)
Net Income

Per Share:

Core EPS - Basic and Diluted* <sup>(1)</sup>
Net Income - Basic and Diluted
Dividends Declared and Payable

Weighted average shares of common stock outstanding - Basic and Diluted
Common shares outstanding at end of period

## For the Years Ended

	12/31/17	12/31/16
Investment income	\$ 1,160	\$ 1,012
Expenses, net of waiver of income based fees <sup>(14)</sup>	630	497
Net investment income before taxes	530	515
Income tax expense, including excise tax	19	21
Net investment income	511	494
Net realized and unrealized gains (losses)	156	(20)
Net Income	\$ 667	\$ 474
Per Share:		
Core EPS - Basic and Diluted* <sup>(1)</sup>	\$ 1.39	\$ 1.61
Net Income - Basic and Diluted	\$ 1.57	\$ 1.51
Dividends Declared and Payable	\$ 1.52	\$ 1.52
Weighted average shares of common stock outstanding - Basic and Diluted	425	314
Common shares outstanding at end of period	426	314

\* See page 24 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

# Quarterly Operating Results Detail

(amounts in millions)

	For the Three Months Ended				
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
<b>Net Investment Income Before Income Taxes:</b>					
Investment Income:					
Interest income from investments	\$ 251	\$ 238	\$ 231	\$ 231	\$ 194
Capital structuring service fees	32	32	29	12	37
Dividend income	18	18	16	24	22
Management and other fees	—	1	2	3	2
Other income	6	5	6	5	5
<b>Total investment income</b>	<b>307</b>	<b>294</b>	<b>284</b>	<b>275</b>	<b>260</b>
Expenses:					
Interest and credit facility fees	59	56	55	55	47
Base management fees	44	44	44	39	34
Income based fees	37	35	30	32	32
Capital gains incentive fees*	18	(3)	10	16	(13)
Administrative fees	3	3	3	3	4
Professional fees and other costs related to the American Capital Acquisition <sup>(15)</sup>	3	4	12	26	4
Other general and administrative	8	7	9	8	6
<b>Total operating expenses</b>	<b>172</b>	<b>146</b>	<b>163</b>	<b>179</b>	<b>114</b>
Waiver of income based fees <sup>(14)</sup>	(10)	(10)	(10)	—	—
<b>Total expenses, net of waiver of income based fees<sup>(14)</sup></b>	<b>162</b>	<b>136</b>	<b>153</b>	<b>179</b>	<b>114</b>
<b>Net investment income before income taxes</b>	<b>145</b>	<b>158</b>	<b>131</b>	<b>96</b>	<b>146</b>
Income tax expense, including excise tax	5	5	7	2	8
<b>Net investment income</b>	<b>\$ 140</b>	<b>\$ 153</b>	<b>\$ 124</b>	<b>\$ 94</b>	<b>\$ 138</b>

\* As required by GAAP. As of December 31, 2017, Ares Capital had accrued \$79 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

(amounts in millions)

	For the Three Months Ended				
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
<b>Net Realized and Unrealized Gains (Losses):</b>					
Realized gains (losses) on investments:					
Gains	\$ 44	\$ 74	\$ 150	\$ 14	\$ 31
Losses	(167)	(32)	(38)	(1)	(1)
Net realized gains (losses) on investments	(123)	42	112	13	30
Unrealized gains (losses) on investments:					
Unrealized appreciation	180	126	151	102	68
Unrealized depreciation	(104)	(138)	(119)	(75)	(143)
Net unrealized gains (losses) on investments	76	(12)	32	27	(75)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses on investments					
	140	(35)	(76)	(9)	(19)
Total net unrealized gains (losses) on investments	216	(47)	(44)	18	(94)
Net realized and unrealized losses on foreign currency and other transactions					
	(1)	(9)	(10)	(7)	—
Realized losses on extinguishment of debt					
	—	—	(4)	—	—
<b>Net realized and unrealized gains (losses)</b>	<b>\$ 92</b>	<b>\$ (14)</b>	<b>\$ 54</b>	<b>\$ 24</b>	<b>\$ (64)</b>

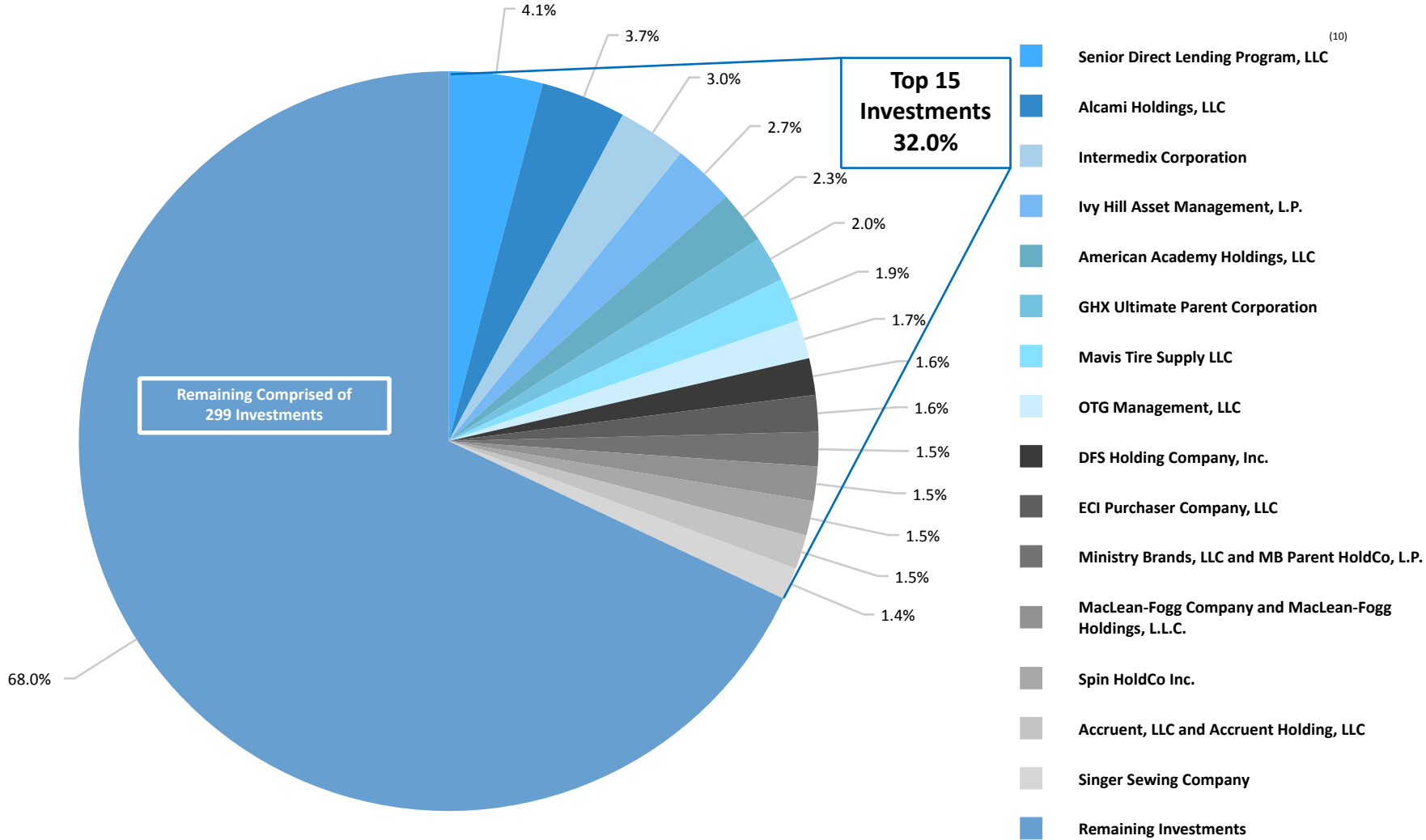
# Quarterly Balance Sheets

(amounts in millions, except per share data)

	As of				
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
<b>ASSETS</b>					
Investments at fair value	\$ 11,841	\$ 11,456	\$ 11,498	\$ 11,407	\$ 8,820
Cash and cash equivalents	316	341	536	247	223
Interest receivable	93	105	110	128	112
Receivable for open trades	1	34	33	15	29
Other assets	96	105	151	193	61
Total assets	<u>\$ 12,347</u>	<u>\$ 12,041</u>	<u>\$ 12,328</u>	<u>\$ 11,990</u>	<u>\$ 9,245</u>
<b>LIABILITIES</b>					
Debt	\$ 4,854	\$ 4,640	\$ 4,838	\$ 4,585	\$ 3,874
Base management fees payable	44	44	44	39	34
Income based fees payable	27	25	20	32	32
Capital gains incentive fees payable*	79	61	63	54	38
Accounts payable and other liabilities	181	199	194	195	58
Interest and facility fees payable	64	44	53	42	44
Payable for open trades	—	—	65	8	—
Total liabilities	<u>5,249</u>	<u>5,013</u>	<u>5,277</u>	<u>4,955</u>	<u>4,080</u>
<b>STOCKHOLDERS' EQUITY</b>					
Common stock	—	—	—	—	—
Capital in excess of par value	7,192	7,206	7,206	7,206	5,292
Accumulated undistributed (overdistributed) net investment income and net realized gains/losses on investments, foreign currency transactions, extinguishment of debt and other assets	(9)	122	96	28	94
Net unrealized losses on investments, foreign currency and other transactions	(85)	(300)	(251)	(199)	(221)
Total stockholders' equity	<u>7,098</u>	<u>7,028</u>	<u>7,051</u>	<u>7,035</u>	<u>5,165</u>
Total liabilities and stockholders' equity	<u>\$ 12,347</u>	<u>\$ 12,041</u>	<u>\$ 12,328</u>	<u>\$ 11,990</u>	<u>\$ 9,245</u>
<b>NET ASSETS PER SHARE</b>	<u>\$ 16.65</u>	<u>\$ 16.49</u>	<u>\$ 16.54</u>	<u>\$ 16.50</u>	<u>\$ 16.45</u>

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

# Investment Portfolio by Issuer Concentration as of December 31, 2017\*



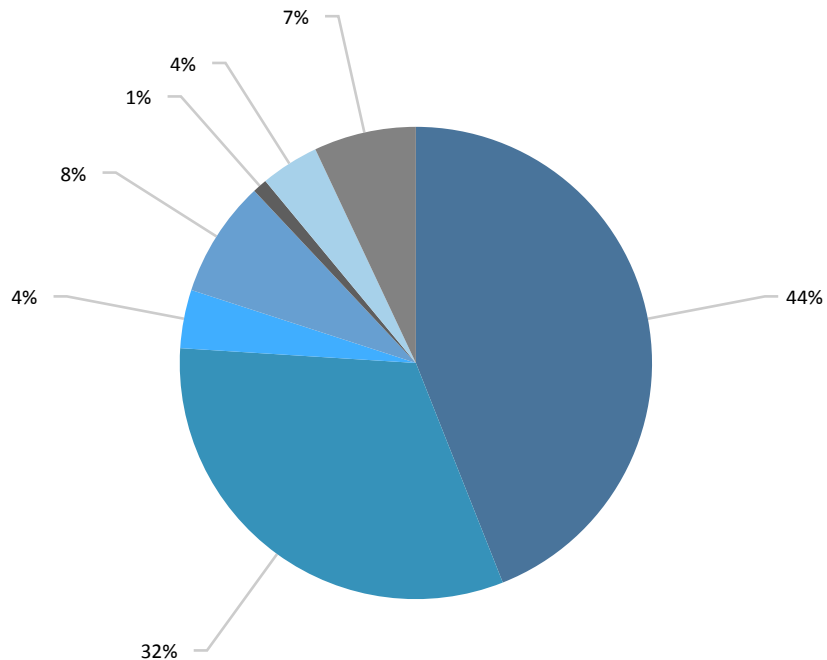
**Diversified \$11.8 billion portfolio with over 300 investments**

\* At fair value.  
 Note: As of December 31, 2017, approximately 14% of Ares Capital's total investments were acquired in the American Capital Acquisition.



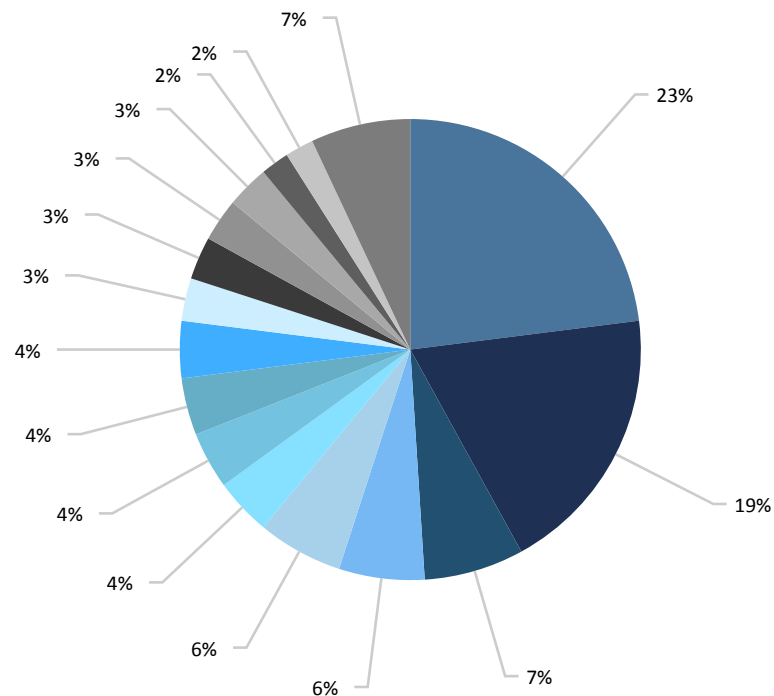
# Investment Portfolio as of December 31, 2017\*

## Asset Class



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

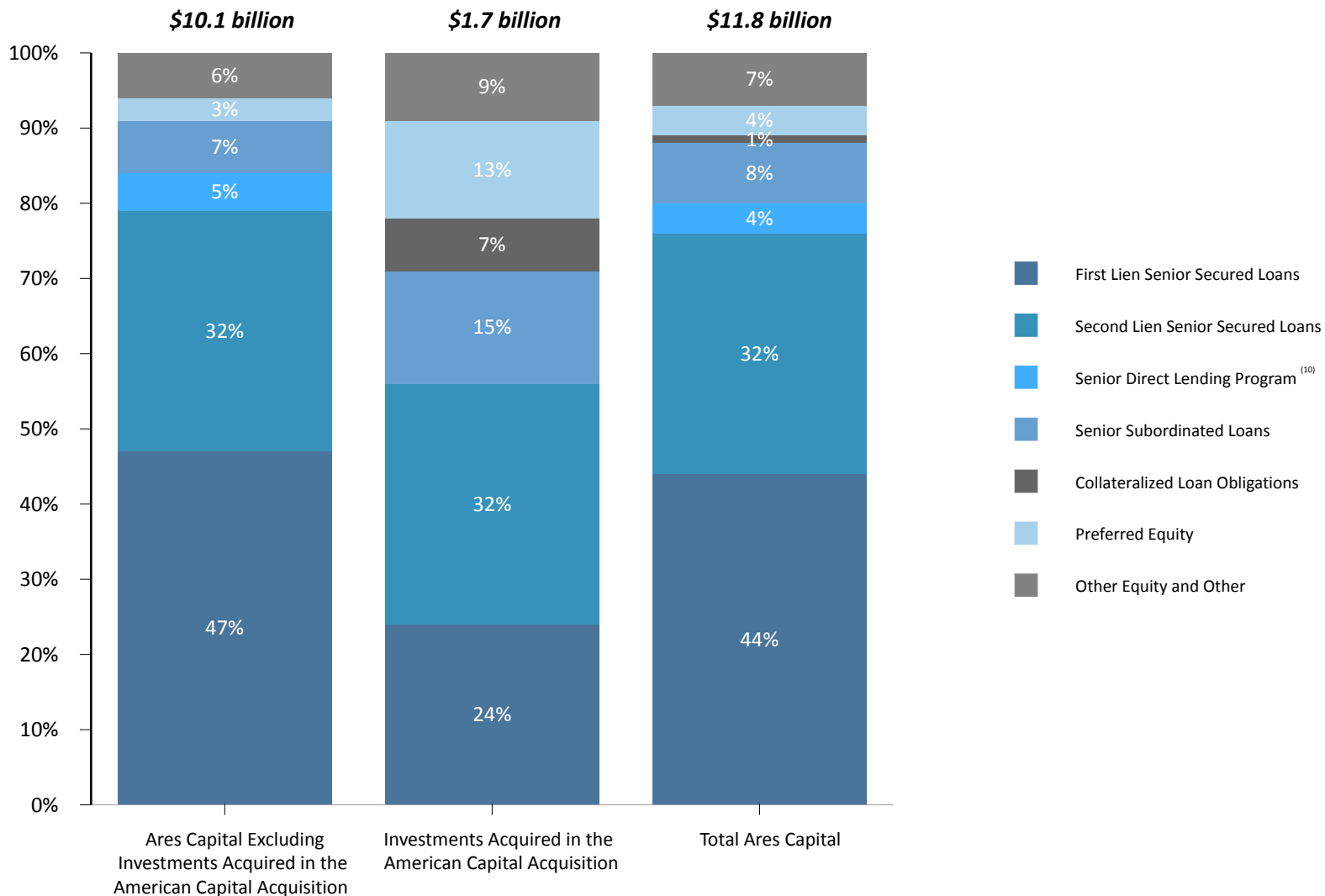
## Industry



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

\* At fair value.

# Investment Portfolio by Asset Class as of December 31, 2017\*



**Weighted Average Yields at Fair Value:**

Debt and Other Income Producing Securities	<b>9.7%</b>	<b>10.1%</b>	<b>9.8%</b>
Total Investments	<b>8.9%</b>	<b>7.8%</b>	<b>8.7%</b>

\* At fair value



# Debt Summary

(dollar amounts in millions)	As of 9/30/17			As of 12/31/17			Weighted Average Stated Interest Rate <sup>(20)</sup>	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding <sup>(17)</sup>	Principal Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding <sup>(17)</sup>	Principal Outstanding	Carrying Value of Outstanding Debt			
<b>Secured Revolving Facilities<sup>(16)</sup>:</b>									
Revolving Credit Facility	\$ 2,108	\$ 395	\$ 395	\$ 2,108	\$ 395	\$ 395	3.814%	LIBOR + 1.75% <sup>(21)</sup>	January 2022 <sup>(21)</sup>
Revolving Funding Facility	1,000	450	450	1,000	600	600	3.714%	LIBOR + 2.15%	January 2022
SMBC Funding Facility	400	—	—	400	60	60	3.569%	LIBOR + 2.00% <sup>(22)</sup>	September 2023
Subtotal	3,508	845	845	3,508	1,055	1,055	3.743%		
<b>SBA Debentures</b>	50	—	— <sup>(23)</sup>	50	—	— <sup>(23)</sup>	—%		
<b>Unsecured Notes Payable:*</b>									
2018 Convertible Notes	270	270	269 <sup>(18)</sup>	270	270	270 <sup>(18)</sup>	4.750%		January 2018
2018 Notes	750	750	747 <sup>(18)</sup>	750	750	748 <sup>(18)</sup>	4.875%		November 2018
2019 Convertible Notes	300	300	298 <sup>(18)</sup>	300	300	298 <sup>(18)</sup>	4.375%		January 2019
2020 Notes	600	600	597 <sup>(18)</sup>	600	600	597 <sup>(18)</sup>	3.875%		January 2020
January 2022 Notes	600	600	593 <sup>(18)</sup>	600	600	593 <sup>(18)</sup>	3.625%		January 2022
2022 Convertible Notes	388	388	367 <sup>(18)</sup>	388	388	368 <sup>(18)</sup>	3.750%		February 2022
2023 Notes	750	750	742 <sup>(18)</sup>	750	750	743 <sup>(18)</sup>	3.500%		February 2023
2047 Notes	230	230	182 <sup>(19)</sup>	230	230	182 <sup>(19)</sup>	6.875%		April 2047
Subtotal	3,888	3,888	3,795	3,888	3,888	3,799	4.221%		
<b>Total Debt</b>	<b>\$ 7,446</b>	<b>\$ 4,733</b>	<b>\$ 4,640</b>	<b>\$ 7,446</b>	<b>\$ 4,943</b>	<b>\$ 4,854</b>	<b>4.119%</b>		

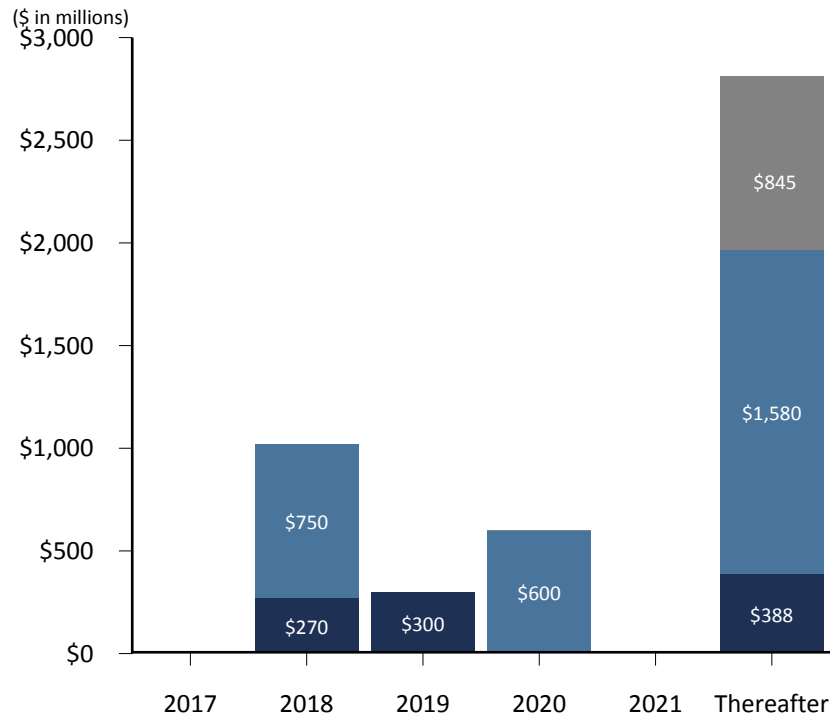
## Floating and Fixed Rate Debt as of December 31, 2017:

Debt (dollar amounts in millions)	Principal Outstanding	Weighted Average Stated Interest Rate <sup>(20)</sup>	Weighted Average Maturity (in years)
Floating	\$ 660	3.70%	4.17
Fixed <sup>(21)</sup>	4,283	4.18%	4.29
<b>Total</b>	<b>\$ 4,943</b>	<b>4.12%</b>	<b>4.28</b>

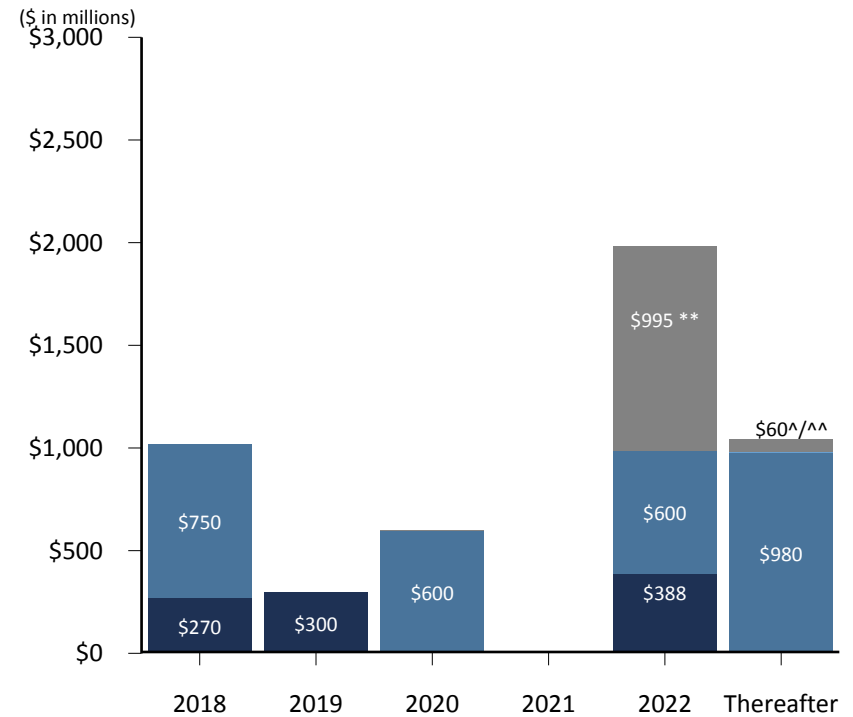
\* In January 2018, Ares Capital issued \$600 million aggregate principal amount of unsecured notes that mature on March 1, 2025 (the "2025 Notes"). The 2025 Notes bear interest at a rate of 4.25% per year, payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2018. The 2025 Notes may be redeemed in whole or in part at the Company's option at any time at the redemption prices as determined pursuant to the indenture governing the 2025 Notes.

# Debt Summary

## Debt Maturities\*



As of September 30, 2017



As of December 31, 2017

Convertible Unsecured Notes
  Other Unsecured Notes
  Secured Revolving Facilities

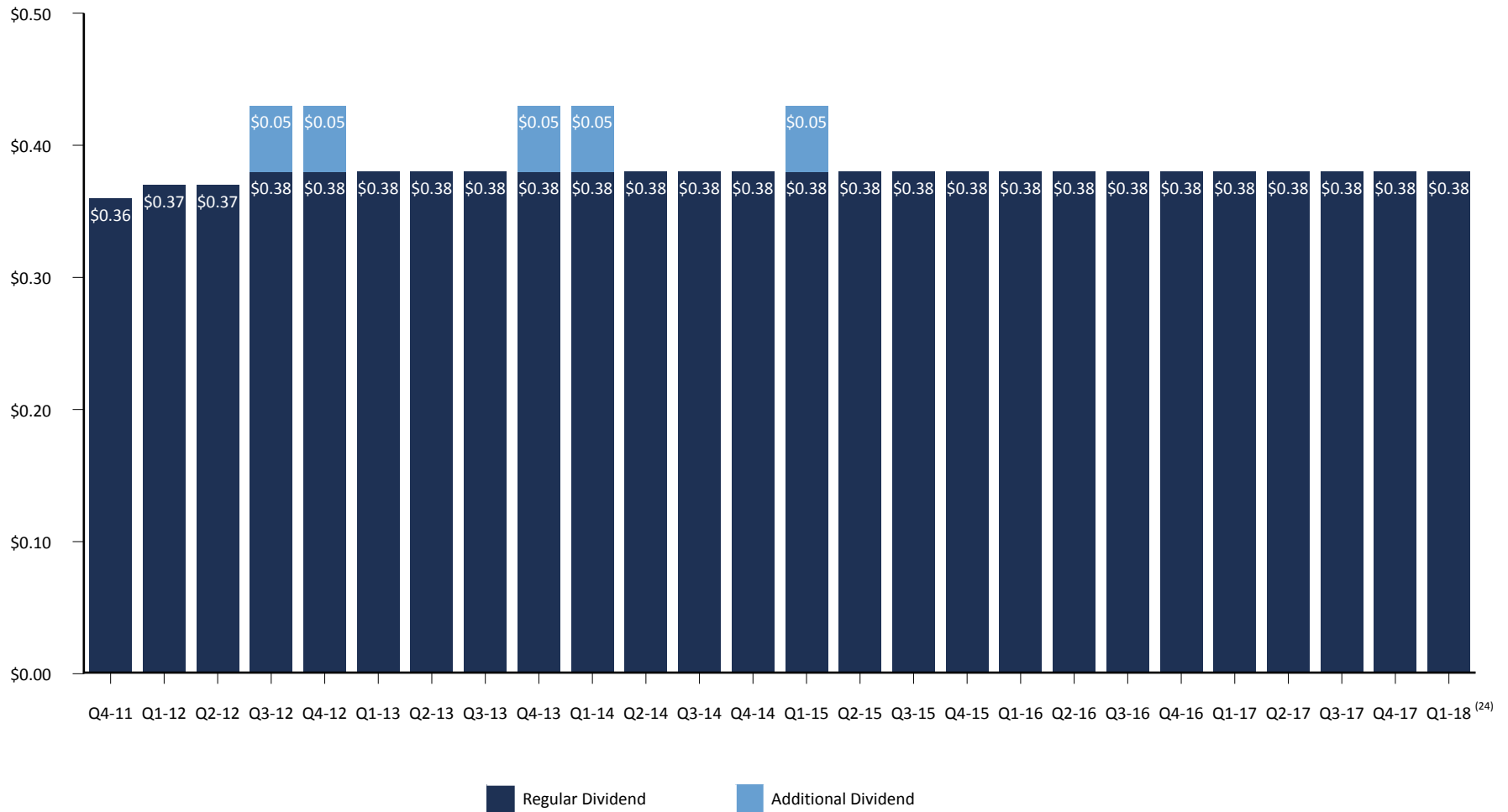
\* Represents the total aggregate principal amount outstanding due on the stated maturity date.

\*\* As of December 31, 2017, the end of the reinvestment period for the Revolving Funding Facility is January 3, 2019. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2022, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP Funding LLC will be used to repay the aggregate principal amount outstanding.

^ As of December 31, 2017, the end of the reinvestment period for the SMBC Funding Facility is September 14, 2018. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 14, 2023, any principal proceeds from sales and repayments of loan assets held by Ares Capital JB Funding LLC will be used to repay the aggregate principal amount outstanding.

^^ In January 2018, Ares Capital issued the 2025 Notes. The 2025 Notes bear interest at a rate of 4.25% per year, payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2018. The 2025 Notes may be redeemed in whole or in part at the Company's option at any time at the redemption prices as determined pursuant to the indenture governing the 2025 Notes.

# Quarterly Dividends

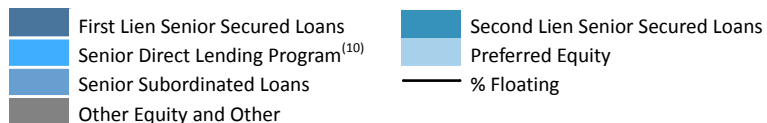
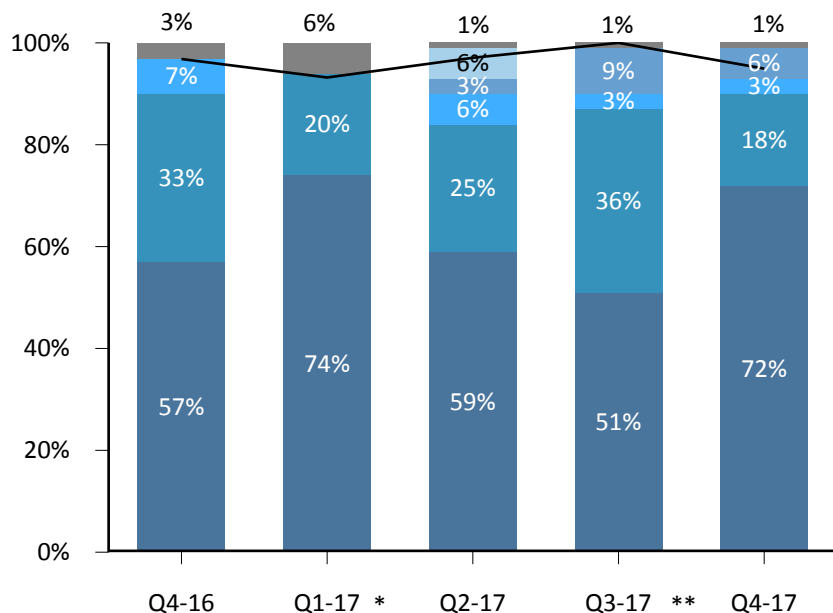


➤ ARCC estimates that it will carry forward excess taxable income of approximately \$346<sup>(25)</sup> million or \$0.81 per share from 2017 for distribution to stockholders in 2018.

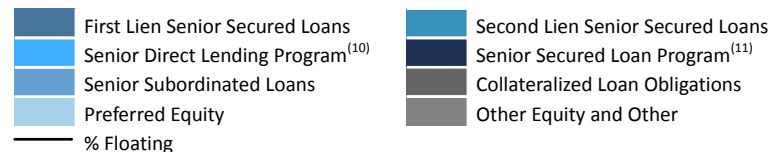
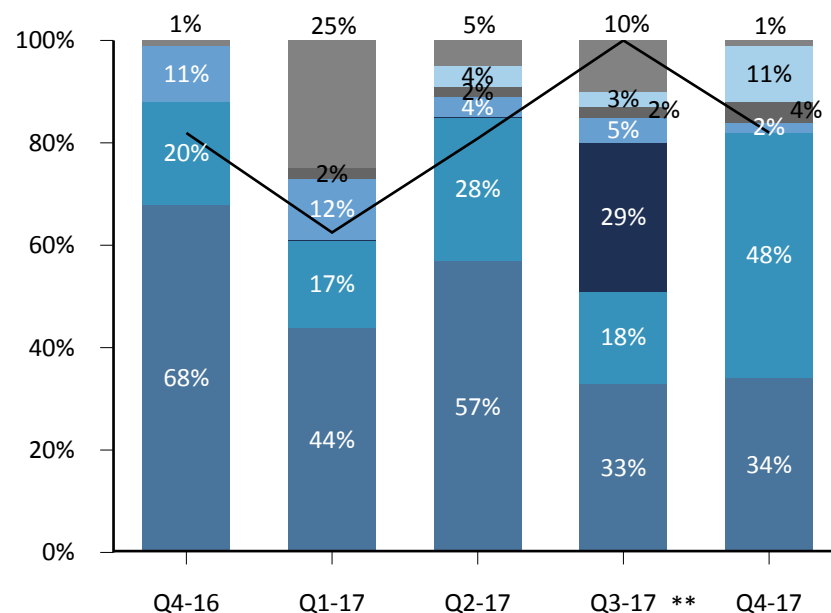


# Portfolio Activity

## Gross Commitments by Asset Class



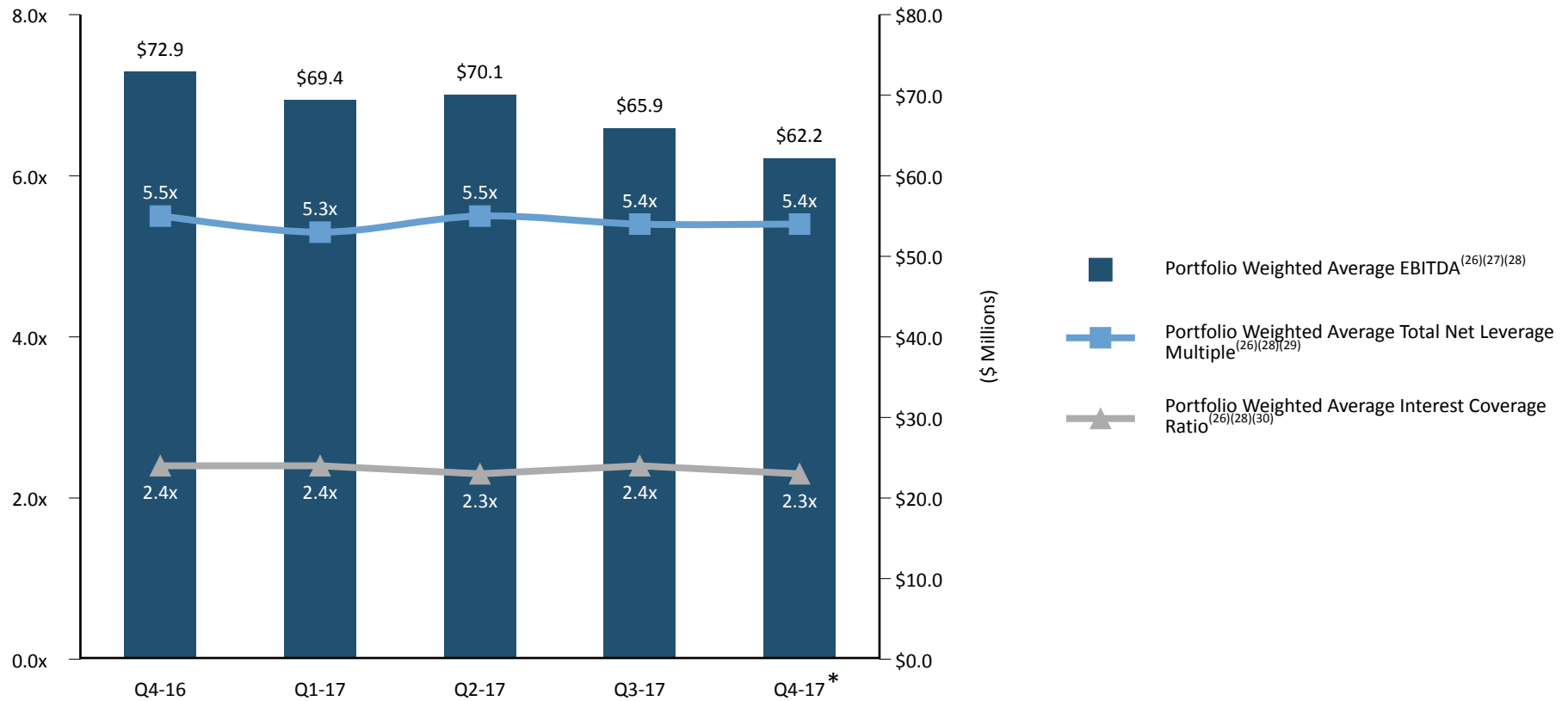
## Exits of Commitments by Asset Class



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

\*\* Excludes the impact of the first lien senior secured loans acquired by Ares Capital from the SSLP as well as the amounts received by Ares Capital from the SSLP's liquidation distribution. Q3-17 exits include \$474 million received from the SSLP as part of the previously recurring monthly waterfall distribution.

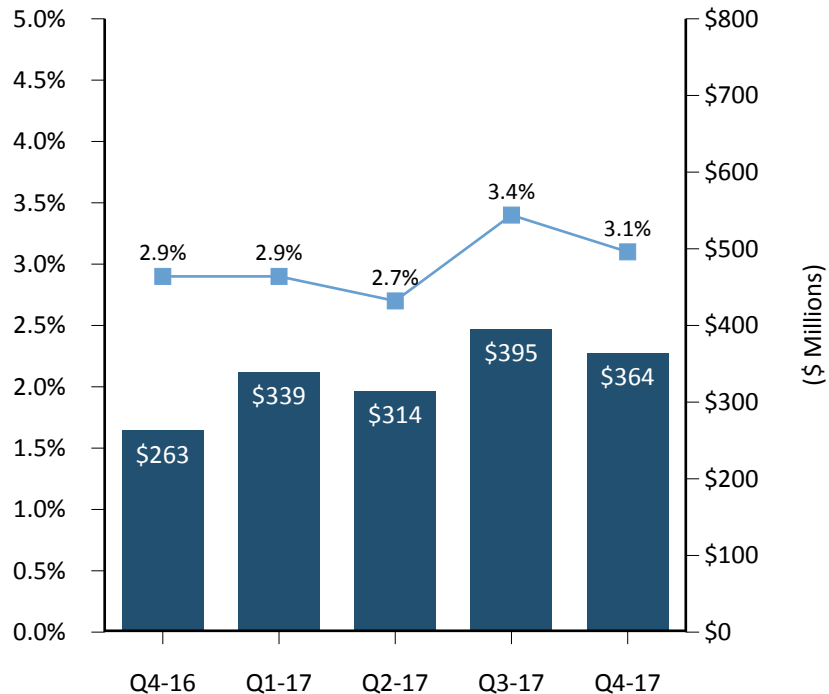
# Portfolio Company EBITDA and Credit Statistics



\* 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 Q4-17 was approximately 6% 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, this calculation excludes five companies where prior year comparable data was not available.<sup>(31)</sup>

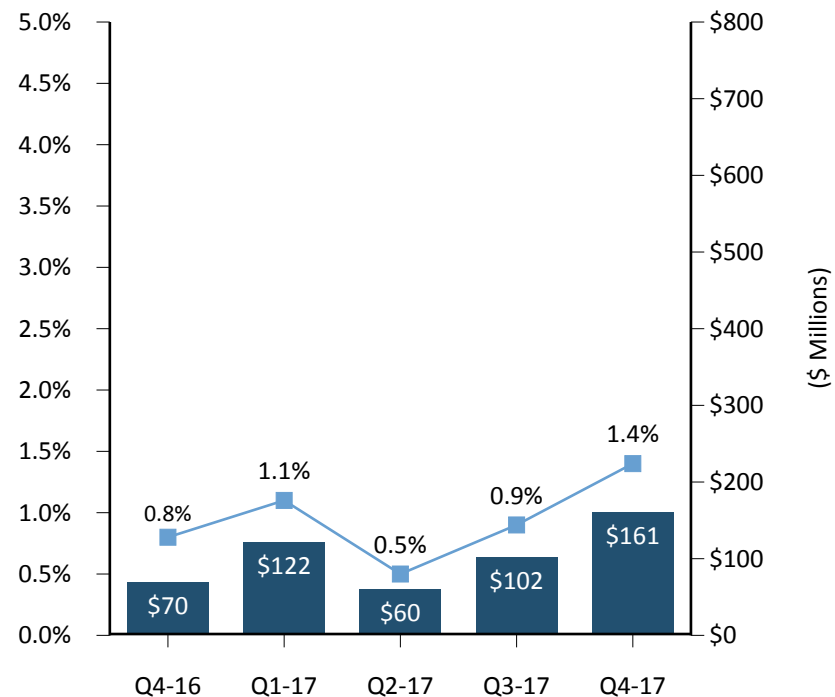
# Investments on Non-Accrual Status

## Amortized Cost



Investments on Non-Accrual Status

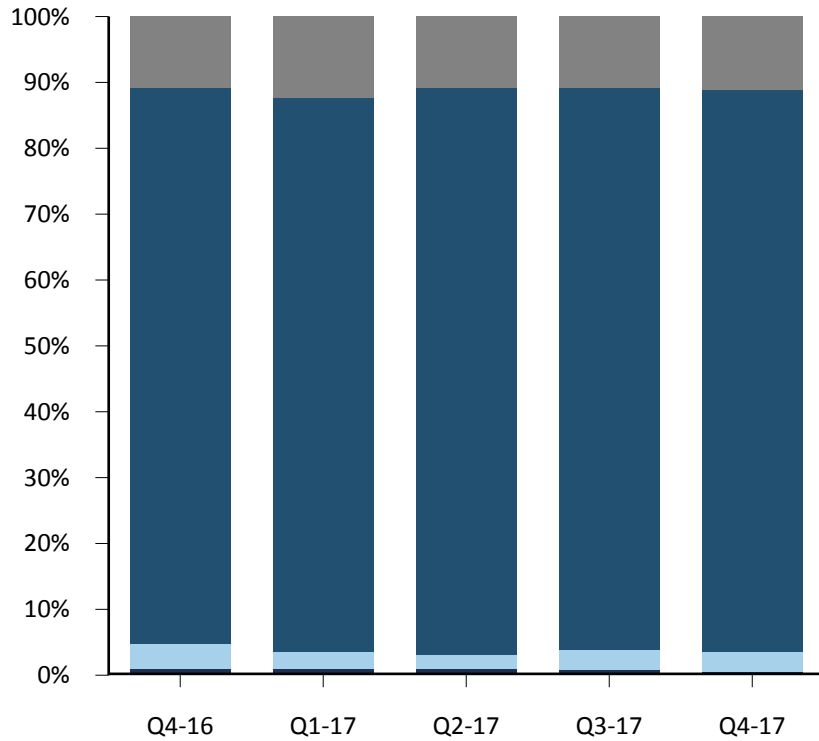
## Fair Value



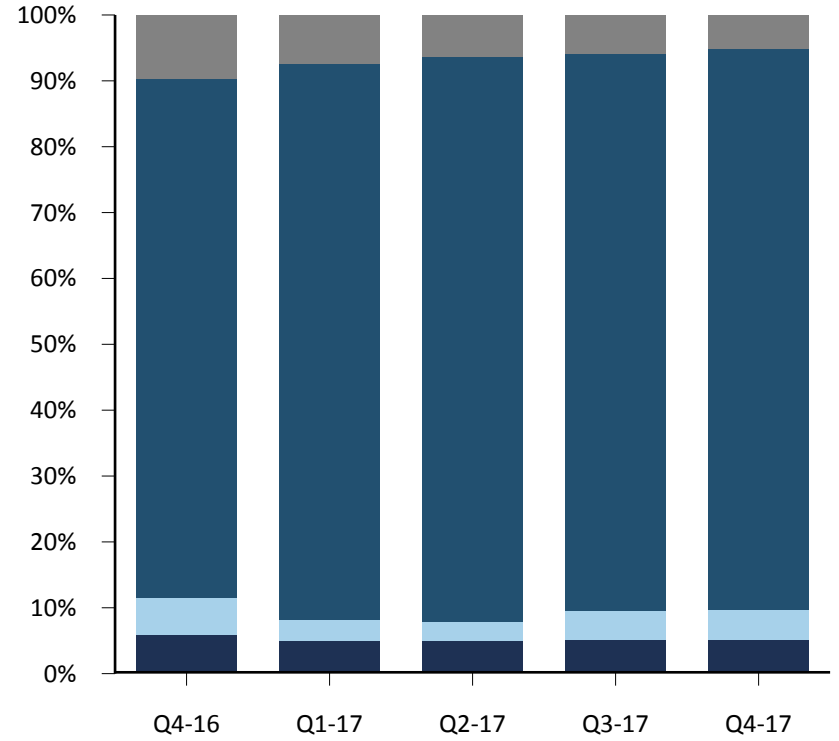
Percentage of Total Investment Portfolio

# Portfolio By Grade<sup>(32)</sup>

% By Fair Value



% By Number of Companies



Grade 1
  Grade 2
  Grade 3
  Grade 4

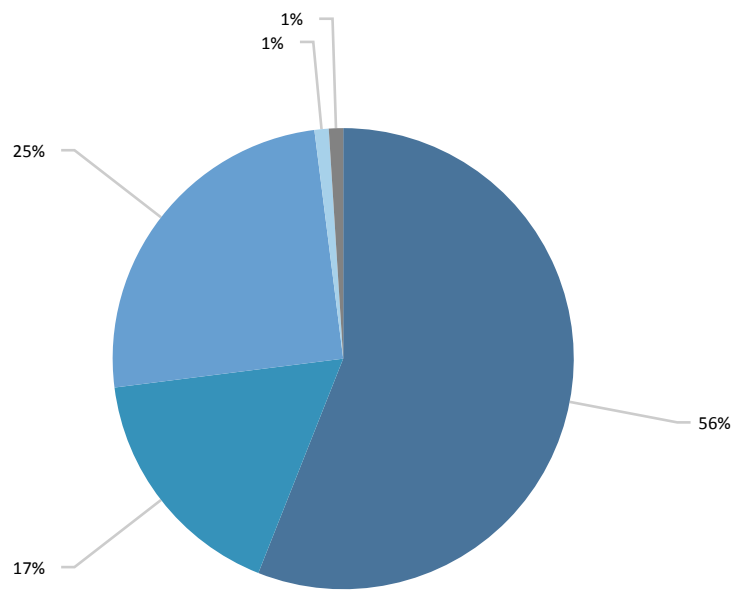
# Investment Activity Since Quarter End

- From January 1, 2018 through February 8, 2018, Ares Capital made \$938 million of new investment commitments
  - 48% were in first lien senior secured loans, 21% were in other equity securities, 18% were in senior subordinated loans, 7% were in second lien senior secured loans and 6% were in the subordinated certificates of the SDLP to make co-investments with Varagon and its clients in floating rate first lien senior secured loans through the SDLP
  - 68% were floating rate, 11% were fixed rate and 21% were non-interest bearing
  - Weighted average yield of debt and other income producing securities funded at amortized cost of 9.6%
  
- From January 1, 2018 through February 8, 2018, Ares Capital exited \$871 million of investment commitments, including \$166 million of investment commitments acquired in the American Capital Acquisition
  - 60% were first lien senior secured loans, 33% were second lien senior secured loans, 3% were senior subordinated loans, 3% were investments in the subordinated certificates of the SDLP and 1% was other equity securities
  - 99% were floating rate and 1% was non-interest bearing
  - Weighted average yield of debt and other income producing securities exited or repaid at amortized cost was 8.5%
  - Weighted average yield on total investments exited or repaid during the period at amortized cost was 8.3%
  - Total net realized gains of approximately \$3 million

# Backlog and Pipeline

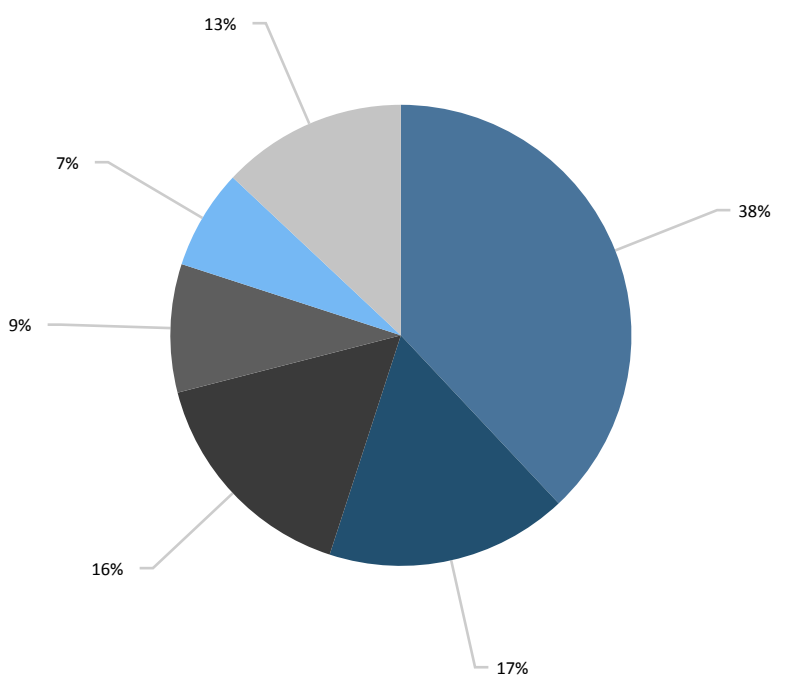
- As of February 8, 2018, Ares Capital had a backlog and pipeline of approximately \$505 million and \$240 million, respectively<sup>(33)</sup>
- The following is a breakdown of the backlog and pipeline by asset class and by industry

**Asset Class**



- First Lien Senior Secured Loans
- Second Lien Senior Secured Loans
- Senior Subordinated Loans
- Preferred Equity
- Other Equity

**Industry**



- Healthcare Services
- Business Services
- Food and Beverage
- Restaurants and Food Services
- Education
- Other

# Corporate Data

## Board of Directors

MICHAEL AROUGHETI  
Co-Chairman and Executive Vice President of  
Ares Capital Corporation  
Co-Founder, Chief Executive Officer and Partner  
of Ares

STEVE BARTLETT  
Strategic Independent Consultant

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

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

STEVEN MCKEEVER  
Founder and Chief Executive Officer of Hidden  
Beach Recordings

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, Chief Executive Officer and Partner of  
Ares

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

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

JIM MILLER  
Partner of the Ares Credit 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  
Co-Head and 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

PENNI ROLL  
Chief Financial Officer

MICHAEL SMITH  
Co-President

MICHAEL WEINER  
Vice President

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Los Angeles, CA

EVERSHEDS SUTHERLAND (US) LLP  
Washington, D.C.

## Independent Registered Public Accounting Firm

KPMG LLP  
Los Angeles, CA

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NASDAQ: ARCC

## Transfer Agent

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Tel: (866) 365-2497  
[www.computershare.com/investor](http://www.computershare.com/investor)

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Principal, Investor Relations  
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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:

	For the Three Months Ended				
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
Basic and Diluted Core EPS <sup>(1)</sup>	\$ 0.38	\$ 0.36	\$ 0.34	\$ 0.32	\$ 0.42
Professional fees and other costs related to the American Capital Acquisition <sup>(15)</sup>	(0.01)	(0.01)	(0.03)	(0.06)	(0.01)
Net realized and unrealized gains (losses)	0.21	(0.03)	0.13	0.06	(0.20)
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.04)	0.01	(0.02)	(0.04)	0.04
Income tax expense related to net realized gains and losses	—	—	—	—	(0.01)
Basic and Diluted GAAP EPS	<u>\$ 0.54</u>	<u>\$ 0.33</u>	<u>\$ 0.42</u>	<u>\$ 0.28</u>	<u>\$ 0.24</u>

	For the Years Ended	
	12/31/17	12/31/16
Basic and Diluted Core EPS <sup>(1)</sup>	\$ 1.39	\$ 1.61
Professional fees and other costs related to the American Capital Acquisition <sup>(15)</sup>	(0.09)	(0.04)
Net realized and unrealized gains (losses)	0.37	(0.06)
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.10)	0.01
Income tax expense related to net realized gains and losses	—	(0.01)
Basic and Diluted GAAP EPS	<u>\$ 1.57</u>	<u>\$ 1.51</u>



# Investments Acquired in the American Capital Acquisition

(Dollar amounts in millions)	Investments at Fair Value as of January 3, 2017			Investments at Fair Value as of December 31, 2017			Net Change in Fair Value
	Fair Value	% of Total	Yield at Fair Value	Fair Value	% of Total	Yield at Fair Value	
<b>By Asset Class</b>							
First Lien Senior Secured Loans	\$ 550	22%	7.4%	\$ 396	24%	7.8%	\$ (154)
Second Lien Senior Secured Loans	855	34%	10.0%	544	32%	10.1%	(311)
Senior Subordinated Loans	244	10%	11.3%	260	15%	13.4%	16
Collateralized Loan Obligations	265	10%	12.6%	114	7%	9.7%	(151)
Preferred Equity	109	4%	—%	220	13%	—%	111
Other Equity Securities	520	20%	—%	154	9%	—%	(366)
<b>Total</b>	<b>\$ 2,543</b>	<b>100%</b>	<b>7.4%</b>	<b>\$ 1,688</b>	<b>100%</b>	<b>7.8%</b>	<b>\$ (855)</b>

(Dollar amounts in millions)	
Reconciliation of Net Change in Fair Value from January 3, 2017 Through December 31, 2017	
Total Investments at Fair Value as of January 3, 2017	\$ 2,543
Proceeds from Exits and Repayments	(1,285)
Net Realized Gains	85
Net Unrealized Appreciation	184
Other*	161
<b>Total Investments at Fair Value as of December 31, 2017</b>	<b>\$ 1,688</b>

\* Including fundings of revolvers and other commitments of \$130 million, paid-in-kind interest and accretion of purchase discounts.

# 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 acquisition of American Capital, Ltd. ("American Capital") (the "American Capital Acquisition"), net 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 net 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 are set forth on page 24 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, as well as sales made related to the initial funding of the Senior Direct Lending Program LLC (the "SDLP") in July 2016.
- 3) The weighted average yield on debt and other income producing securities 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 or at fair value, as applicable.
- 4) The weighted average yield on the total investment portfolio 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 or at fair value, as applicable.
- 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) the 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. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with the \$395 million term loan tranche of its Revolving Credit Facility. The stated interest rate for the Revolving Credit Facility used to calculate weighted average stated interest on debt reflects the fixed interest rate of 2.064% plus the applicable spread of 1.75%, or 3.814% on the term loan tranche.
- 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 December 31, 2017, the SDLP's loan portfolio totaled approximately \$2.3 billion aggregate principal amount and had loans to 19 different borrowers. As of December 31, 2017, the SDLP's largest loan to a single borrower was \$200 million aggregate principal amount and the five largest loans to borrowers totaled \$947 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 annual report on Form 10-K for the year ended December 31, 2017 for information regarding the SDLP.
- 11) Represented 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. The portfolio companies in the Senior Secured Loan Program ("SSLP") were in industries similar to companies in Ares Capital's portfolio. In July 2017, Ares Capital and GE agreed to an early termination of the SSLP. See Note 4 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2017 for information regarding the SSLP.
- 12) As of December 31, 2017, 76% of the total investments at fair value and 94% of the floating rate investments at fair value contained interest rate floor features. Additionally, as of December 31, 2017, all the loans made through the SDLP contained interest rate floor features.

# Endnotes (cont'd)

- 13) Represents gross commitments or fundings less commitments or investments exited, respectively. Q4-17, Q3-17, Q2-17, Q1-17 and Q4-16 include sales to IHAM or vehicles managed by IHAM of \$46 million, \$59 million, \$8 million, \$24 million and \$172 million, respectively.
- 14) 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, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case, to the extent earned and payable by Ares Capital in such quarter pursuant to and as calculated under Ares Capital's investment advisory and management agreement.
- 15) See Note 16 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2017 for information regarding the American Capital Acquisition that closed on January 3, 2017 (the "Acquisition Date").
- 16) 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 applicable stated maturity.
- 17) Subject to borrowing base, leverage and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.
- 18) Represents the aggregate principal amount of the notes outstanding adjusted for the unaccreted discount or premium initially recorded at the time of issuance.
- 19) Represents the aggregate principal amount of the notes outstanding less the unaccreted purchased discount initially recorded at the time of acquisition.
- 20) Effective stated rate as of December 31, 2017.
- 21) 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 December 31, 2017, the interest rate in effect was LIBOR plus 1.75%. The Revolving Credit Facility consists of a \$395 million term loan tranche with a stated maturity date of January 4, 2022 and a \$1,713 million revolving tranche. For \$1,630 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 \$38 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2020 and May 4, 2021, 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. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with the \$395 million term loan tranche of the Revolving Credit Facility. The stated interest rate for the Revolving Credit Facility reflects the fixed interest rate of 2.064% plus the applicable spread of 1.75%, or 3.814% on the term loan tranche.
- 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 December 31, 2017, the interest rate in effect was LIBOR plus 2.00%.
- 23) In September 2017, Ares Venture Finance, L.P. fully repaid the \$25 million of SBA Debentures outstanding at the time. See Note 5 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2017 for more information.
- 24) Declared. The first quarter 2018 dividend of \$0.38 per share to be paid on March 30, 2018 to stockholders of record on March 15, 2018.
- 25) The amount of excess 2017 U.S. Federal taxable income available for carry over into 2018 is only an estimate based on estimated 2017 U.S. Federal taxable income. The calculation of estimated 2017 U.S. Federal taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2017 U.S. Federal taxable income will not be finally determined until Ares Capital's 2017 tax return is filed in 2018. Consequently, both 2017 U.S. Federal taxable income and the amount of excess U.S. Federal taxable income available for carry over into 2018 are subject to change. See Note 11 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2017 for more information.

# Endnotes (cont'd)

- 26) 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 IHAM, (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. The weighted average EBITDA for the underlying borrowers in the SSLP was \$54.3 million, \$58.0 million and \$43.7 million as of 12/31/16, 3/31/17 and 6/30/17, respectively. The weighted average EBITDA for the underlying borrowers in the SDLP was \$31.2 million, \$31.8 million, \$38.3 million, \$40.4 million and \$41.5 million as of 12/31/16, 3/31/17, 6/30/17, 9/30/17 and 12/31/17, respectively.
- 27) 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 was 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.
- 28) 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.
- 29) 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 weighted average total net leverage multiples for borrowers in the SSLP and SDLP represent the SSLP's and SDLP's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. The weighted average total net leverage multiple for the underlying borrowers in the SSLP was 5.1x, 4.9x and 4.9x as of 12/31/16, 3/31/17 and 6/30/17, respectively. The weighted average total net leverage multiple for the underlying borrowers in the SDLP was 5.3x, 5.2x, 5.6x, 5.4x and 5.5x as of 12/31/16, 3/31/17, 6/30/17, 9/30/17 and 12/31/17, respectively. Portfolio company credit statistics for Ares Capital, the SSLP and the SDLP 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.
- 30) Portfolio weighted average interest coverage ratio represents the portfolio company's EBITDA as a multiple of interest and facility fees expense. The weighted average interest coverage ratio for the underlying borrowers in the SSLP was 2.4x, 2.5x and 2.3x as of 12/31/16, 3/31/17 and 6/30/17, respectively. The weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.5x, 2.6x, 2.3x, 2.4x and 2.3x as of 12/31/16, 3/31/17, 6/30/17, 9/30/17 and 12/31/17, respectively. Portfolio company credit statistics for Ares Capital, the SSLP and the SDLP 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) 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.

# Endnotes (cont'd)

- 32) 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.

We assigned a fair value as of the Acquisition Date to each of the portfolio investments acquired in connection with the American Capital Acquisition, which became the initial cost basis of such investments. 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 possible that the grades of these portfolio investments may be reduced or increased after the Acquisition Date.

- 33) 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.