



First Quarter 2019  
Earnings Presentation

# Important Notice

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# Financial and Portfolio Highlights

## Financial Highlights

	Q1-19	Q4-18	Q1-18
(all per share amounts, excluding net asset value per share, are basic and diluted)			
Core EPS* <sup>(1)</sup>	\$ 0.48	\$ 0.45	\$ 0.38
Net Investment Income Per Share	\$ 0.47	\$ 0.48	\$ 0.34
Net Realized Gains (Losses) Per Share	\$ 0.13	\$ 0.07	\$ (0.03)
Net Unrealized Gains (Losses) Per Share	\$ (0.10)	\$ (0.19)	\$ 0.26
GAAP Net Income Per Share	\$ 0.50	\$ 0.36	\$ 0.57
Net Asset Value Per Share	\$ 17.21	\$ 17.12	\$ 16.84

## Portfolio Highlights

	Q1-19	Q4-18	Q1-18
(dollar amounts in millions)			
Gross Commitments	\$ 1,953	\$ 2,709	\$ 1,792
Exits of Commitments <sup>(2)</sup>	\$ 1,353	\$ 1,021	\$ 1,342
Total Fair Value of Investments	\$ 13,064	\$ 12,417	\$ 12,199
Weighted Average Yield of Debt & Other Income Producing Securities at Amortized Cost <sup>(3)</sup>	10.4%	10.2%	10.1%
Weighted Average Yield on Total Investments at Amortized Cost <sup>(4)</sup>	9.3%	9.0%	8.9%

Note: Endnotes begin on page 24.

\* See page 23 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

# Selected Historical Financial Information

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

	As of and for the Three Months Ended				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
Core EPS – Basic and Diluted* <sup>(1)</sup>	\$ 0.48	\$ 0.45	\$ 0.45	\$ 0.39	\$ 0.38
Net Investment Income Per Share – Basic and Diluted	\$ 0.47	\$ 0.48	\$ 0.44	\$ 0.38	\$ 0.34
Net Realized and Unrealized Gains (Losses) Per Share – Basic and Diluted	\$ 0.03	\$ (0.12)	\$ 0.05	\$ 0.22	\$ 0.23
GAAP EPS – Basic and Diluted	\$ 0.50	\$ 0.36	\$ 0.49	\$ 0.60	\$ 0.57
Dividend Declared and Payable Per Share	\$ 0.40	\$ 0.39	\$ 0.39	\$ 0.38	\$ 0.38
Additional Dividend Declared and Payable Per Share	\$ 0.02	\$ —	\$ —	\$ —	\$ —
Stockholders' Equity	\$ 7,339	\$ 7,300	\$ 7,313	\$ 7,270	\$ 7,178
Net Asset Value Per Share	\$ 17.21	\$ 17.12	\$ 17.16	\$ 17.05	\$ 16.84
Debt/Equity Ratio	.86x	.73x	.63x	.64x	.73x
Debt/Equity Ratio, Net of Available Cash <sup>(5)</sup>	.79x	.69x	.54x	.57x	.69x
Unsecured Debt to Total Debt	56.7%	65.5%	91.1%	91.1%	80.9%
Weighted Average Stated Interest on Debt <sup>(6)</sup>	4.1%	4.1%	4.2%	4.2%	4.1%
Net Interest and Dividend Margin <sup>(7)</sup>	7.6%	7.5%	7.5%	7.2%	6.9%
Ratio of Earnings to Fixed Charges <sup>(8)</sup>	4.1	4.2	4.3	4.0	3.8
Market Capitalization					
Principal Debt	\$ 6,293	\$ 5,297	\$ 4,632	\$ 4,632	\$ 5,212
Equity	7,307	6,642	7,328	7,013	6,765
Total Market Capitalization	<u>\$ 13,600</u>	<u>\$ 11,939</u>	<u>\$ 11,960</u>	<u>\$ 11,645</u>	<u>\$ 11,977</u>
Common Stock Data:					
High Price during the period	\$ 17.48	\$ 17.58	\$ 17.51	\$ 17.09	\$ 16.28
Low Price during the period	\$ 15.28	\$ 14.71	\$ 16.45	\$ 15.90	\$ 15.25
Closing Price	\$ 17.14	\$ 15.58	\$ 17.19	\$ 16.45	\$ 15.87

\* See page 23 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)

(dollar amounts in millions)

	As of				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
Investments at Fair Value	\$ 13,064	\$ 12,417	\$ 11,220	\$ 11,527	\$ 12,199
Number of Portfolio Companies <sup>(9)</sup>	345	344	342	346	360
Asset Class (at fair value):					
First Lien Senior Secured Loans	44%	47%	44%	40%	42%
Second Lien Senior Secured Loans	30%	29%	30%	30%	30%
Senior Direct Lending Program <sup>(10)</sup>	6%	5%	6%	5%	4%
Senior Subordinated Loans	6%	6%	7%	9%	10%
Collateralized Loan Obligations	0%	0%	0%	1%	1%
Preferred Equity	5%	4%	4%	6%	5%
Other Equity	9%	9%	9%	9%	8%
Interest Rate Type (at fair value)					
% Floating Rate <sup>(11)</sup>	85%	85%	83%	78%	79%
% Fixed Rate	6%	4%	6%	8%	8%
% Equity and Other Non-Interest Earning	9%	11%	11%	14%	13%
Yields:					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost <sup>(3)</sup>	10.4%	10.2%	10.3%	10.4%	10.1%
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value <sup>(3)</sup>	10.5%	10.3%	10.3%	10.5%	10.1%
Weighted Average Yield on Total Investments at Amortized Cost <sup>(4)</sup>	9.3%	9.0%	9.0%	9.1%	8.9%
Weighted Average Yield on Total Investments at Fair Value <sup>(4)</sup>	9.5%	9.3%	9.2%	9.0%	8.8%

# Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	For the Three Months Ended					
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	
<b>Commitments:</b>						
Gross Commitments	\$ 1,953	\$ 2,709	\$ 1,924	\$ 1,620	\$ 1,792	
Exits of Commitments <sup>(2)</sup>	(1,353)	(1,021)	(1,914)	(2,200)	(1,342)	
Net Commitments <sup>(12)</sup>	\$ 600	\$ 1,688	\$ 10	\$ (580)	\$ 450	
<b>Gross Commitments Information:</b>						
Number of Transactions	37	51	41	46	34	
Weighted Average Commitment Term in Months	90	76	82	75	73	
Average Commitment in Period	\$ 53	\$ 53	\$ 47	\$ 35	\$ 53	
<b>Fundings:</b>						
Gross Fundings	\$ 1,941	\$ 2,275	\$ 1,907	\$ 1,376	\$ 1,618	
Net Fundings <sup>(12)</sup>	\$ 652	\$ 1,253	\$ (3)	\$ (754)	\$ 240	
Portfolio Turnover	0.10	0.09	0.17	0.12	0.11	

# Quarterly Operating Results

(amounts in millions, except per share data)

	For the Three Months Ended				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
Investment income	\$ 373	\$ 345	\$ 342	\$ 333	\$ 317
Expenses, net of waiver of income based fees <sup>(13)</sup>	168	140	151	165	168
Net investment income before income taxes	205	205	191	168	149
Income tax expense, including excise tax	4	2	6	6	5
Net investment income	201	203	185	162	144
Net realized and unrealized gains (losses)	13	(50)	24	92	98
Net Income	<u>\$ 214</u>	<u>\$ 153</u>	<u>\$ 209</u>	<u>\$ 254</u>	<u>\$ 242</u>
Per Share:					
Core EPS - Basic and Diluted* <sup>(1)</sup>	<u>\$ 0.48</u>	<u>\$ 0.45</u>	<u>\$ 0.45</u>	<u>\$ 0.39</u>	<u>\$ 0.39</u>
Net Income - Basic and Diluted	<u>\$ 0.50</u>	<u>\$ 0.36</u>	<u>\$ 0.49</u>	<u>\$ 0.60</u>	<u>\$ 0.57</u>
Dividends Declared and Payable	<u>\$ 0.42</u>	<u>\$ 0.39</u>	<u>\$ 0.39</u>	<u>\$ 0.38</u>	<u>\$ 0.38</u>
Weighted average shares of common stock outstanding - Basic and Diluted	<u>426</u>	<u>426</u>	<u>426</u>	<u>426</u>	<u>426</u>
Common shares outstanding at end of period	<u>426</u>	<u>426</u>	<u>426</u>	<u>426</u>	<u>426</u>

\* See page 23 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				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
<b>Net Investment Income Before Income Taxes:</b>					
Investment Income:					
Interest income from investments	\$ 289	\$ 263	\$ 262	\$ 262	\$ 254
Capital structuring service fees	45	47	42	25	29
Dividend income	31	26	25	24	22
Other income <sup>(14)</sup>	8	9	13	22	12
Total investment income	<u>373</u>	<u>345</u>	<u>342</u>	<u>333</u>	<u>317</u>
Expenses:					
Interest and credit facility fees	67	60	59	61	60
Base management fees	49	45	44	45	46
Income based fees	48	46	45	40	38
Capital gains incentive fees*	2	(10)	5	18	20
Administrative fees	4	3	3	4	3
Other general and administrative	8	6	5	7	11
Total operating expenses	<u>178</u>	<u>150</u>	<u>161</u>	<u>175</u>	<u>178</u>
Waiver of income based fees <sup>(13)</sup>	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>
Total expenses, net of waiver of income based fees <sup>(13)</sup>	<u>168</u>	<u>140</u>	<u>151</u>	<u>165</u>	<u>168</u>
Net investment income before income taxes	<u>205</u>	<u>205</u>	<u>191</u>	<u>168</u>	<u>149</u>
Income tax expense, including excise tax	4	2	6	6	5
<b>Net investment income</b>	<u>\$ 201</u>	<u>\$ 203</u>	<u>\$ 185</u>	<u>\$ 162</u>	<u>\$ 144</u>

\* As required by GAAP. As of March 31, 2019, Ares Capital had accrued \$64 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"). The actual amount due under the Investment Advisory and Management Agreement is only determined annually at the end of each calendar year and may be less than the amount accrued under GAAP.



# Quarterly Gain/Loss Detail

(amounts in millions)

	For the Three Months Ended				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
<b>Net Realized and Unrealized Gains (Losses):</b>					
Realized gains (losses) on investments:					
Gains	\$ 10	\$ 37	\$ 387	\$ 31	\$ 11
Losses	(3)	(16)	(24)	(9)	(11)
Net realized gains (losses) on investments	7	21	363	22	—
Unrealized gains (losses) on investments:					
Unrealized appreciation	73	54	88	161	181
Unrealized depreciation	(114)	(135)	(89)	(107)	(97)
Net unrealized gains (losses) on investments	(41)	(81)	(1)	54	84
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses on investments	2	(5)	(340)	6	12
Total net unrealized gains (losses) on investments	(39)	(86)	(341)	60	96
Net realized and unrealized gains (losses) on foreign currency and other transactions	45	15	2	10	2
<b>Net realized and unrealized gains (losses)</b>	<b>\$ 13</b>	<b>\$ (50)</b>	<b>\$ 24</b>	<b>\$ 92</b>	<b>\$ 98</b>

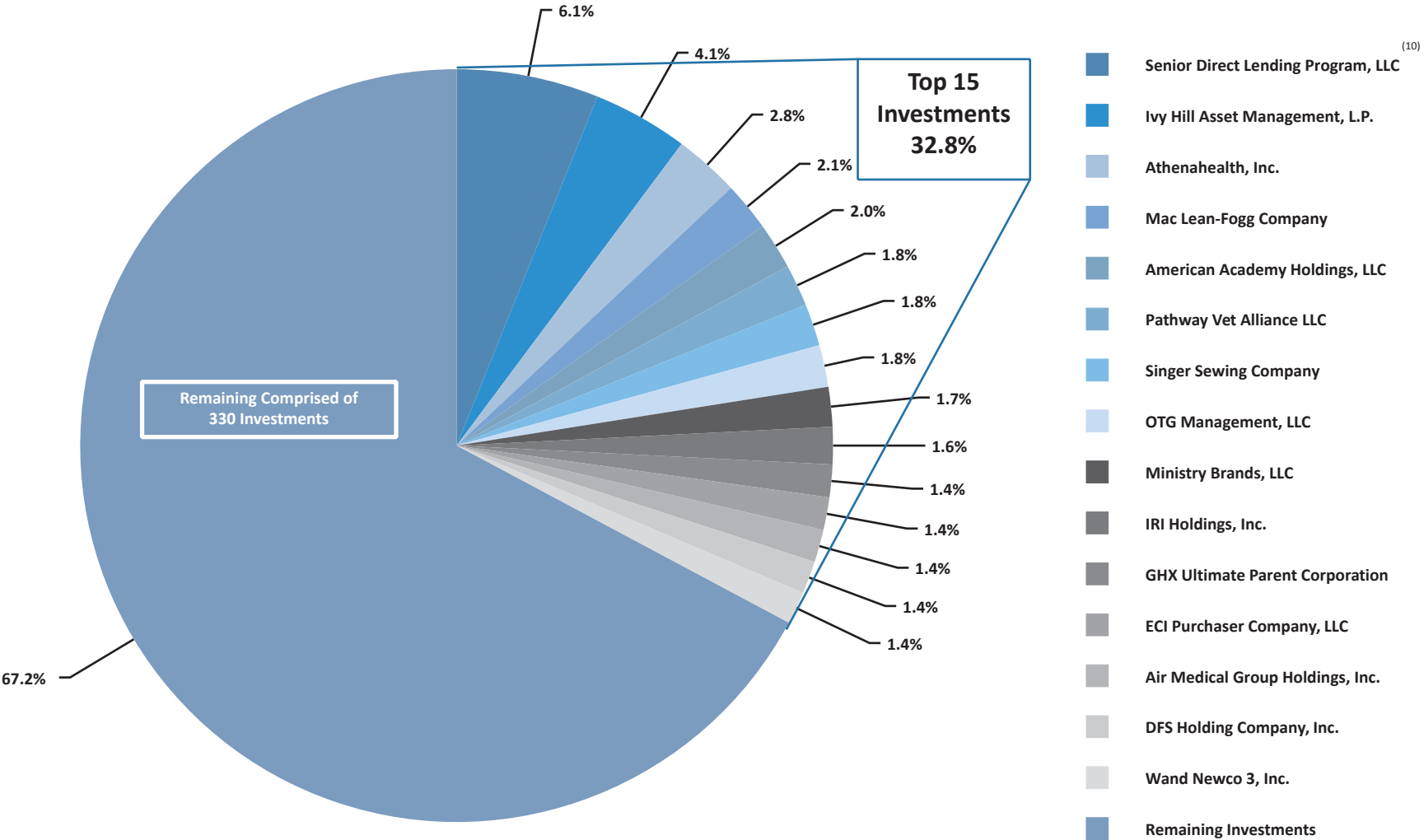
# Quarterly Balance Sheets

(amounts in millions, except per share data)

	As of				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
<b>ASSETS</b>					
Investments at fair value	\$ 13,064	\$ 12,417	\$ 11,220	\$ 11,527	\$ 12,199
Cash and cash equivalents	572	296	799	509	302
Interest receivable	114	91	93	89	89
Receivable for open trades	28	12	61	56	4
Operating lease right-of-use asset	105	—	—	—	—
Other assets	79	79	82	116	99
<b>Total assets</b>	<b>\$ 13,962</b>	<b>\$ 12,895</b>	<b>\$ 12,255</b>	<b>\$ 12,297</b>	<b>\$ 12,693</b>
<b>LIABILITIES</b>					
Debt	\$ 6,197	\$ 5,214	\$ 4,546	\$ 4,542	\$ 5,118
Base management fees payable	49	45	44	45	46
Income based fees payable	38	36	35	30	28
Capital gains incentive fees payable*	64	112	122	117	99
Interest and facility fees payable	25	64	42	69	44
Payable for open trades	35	25	39	84	25
Operating lease liabilities	137	—	—	—	—
Accounts payable and other liabilities	78	99	114	140	155
<b>Total liabilities</b>	<b>6,623</b>	<b>5,595</b>	<b>4,942</b>	<b>5,027</b>	<b>5,515</b>
<b>STOCKHOLDERS' EQUITY</b>					
Common stock	—	—	—	—	—
Capital in excess of par value	7,177	7,173	7,192	7,192	7,192
Accumulated undistributed (overdistributed) earnings	162	127	121	78	(14)
<b>Total stockholders' equity</b>	<b>7,339</b>	<b>7,300</b>	<b>7,313</b>	<b>7,270</b>	<b>7,178</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,962</b>	<b>\$ 12,895</b>	<b>\$ 12,255</b>	<b>\$ 12,297</b>	<b>\$ 12,693</b>
<b>NET ASSETS PER SHARE</b>	<b>\$ 17.21</b>	<b>\$ 17.12</b>	<b>\$ 17.16</b>	<b>\$ 17.05</b>	<b>\$ 16.84</b>

\* Accrued in accordance with GAAP. For the year ended December 31, 2018, the capital gains incentive fee actually payable under Ares Capital's investment advisory and management agreement was \$50 million, which was paid in the first quarter of 2019. No capital gains incentive fees were actually payable under Ares Capital's investment advisory and management agreement for any other periods presented.

# Investment Portfolio by Issuer Concentration as of March 31, 2019\*



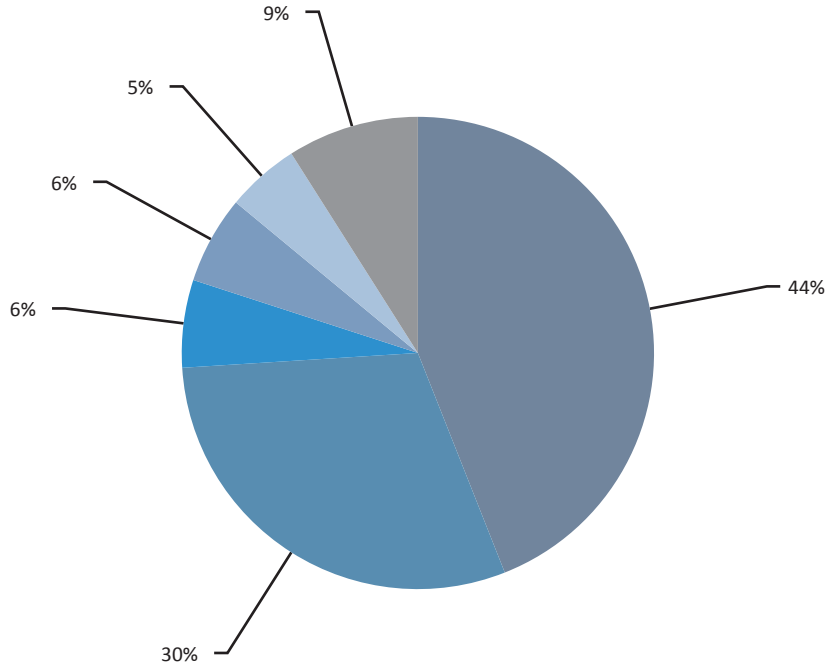
Diversified \$13.1 billion portfolio with 345 investments

\* At fair value.



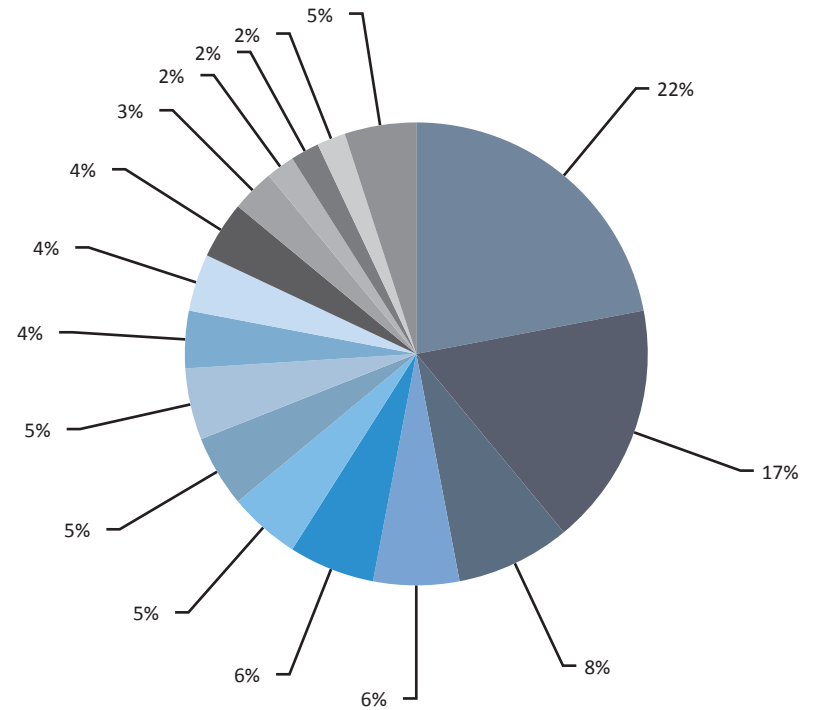
# Investment Portfolio as of March 31, 2019\*

## Asset Class



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

## Industry



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

\* At fair value.

# Debt Summary

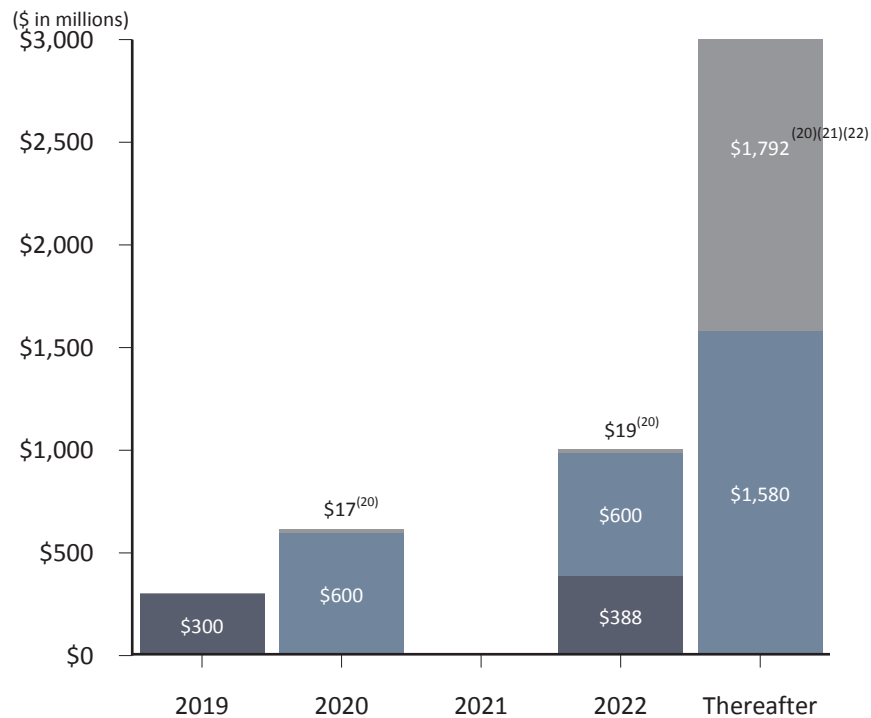
(dollar amounts in millions)	As of 12/31/18			As of 3/31/19			Weighted Average Stated Interest Rate <sup>(19)</sup>	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding <sup>(16)</sup>	Principal Amount Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding <sup>(16)</sup>	Principal Amount Outstanding	Carrying Value of Outstanding Debt			
<b>Secured Revolving Facilities<sup>(15)</sup>:</b>									
Revolving Credit Facility *	\$ 2,133	\$ 1,064	\$ 1,064	\$ 2,133	\$ 1,997	\$ 1,997	4.144%	LIBOR + 1.75% <sup>(20)</sup>	March 2023 <sup>(20)</sup>
Revolving Funding Facility	1,000	520	520	1,000	620	620	4.495%	LIBOR + 2.00% <sup>(21)</sup>	January 2024 <sup>(21)</sup>
SMBC Funding Facility	400	245	245	400	105	105	4.234%	LIBOR + 1.75% <sup>(22)</sup>	September 2024 <sup>(22)</sup>
Subtotal	3,533	1,829	1,829	3,533	2,722	2,722	4.179%		
<b>Unsecured Notes Payable:</b>									
2019 Convertible Notes	300	300	300 <sup>(17)</sup>	—	—	— <sup>(17)</sup>			
2020 Notes	600	600	598 <sup>(17)</sup>	600	600	599 <sup>(17)</sup>	3.875%		January 2020
2022 Notes	600	600	595 <sup>(17)</sup>	600	600	595 <sup>(17)</sup>	3.625%		January 2022
2022 Convertible Notes	388	388	372 <sup>(17)</sup>	388	388	374 <sup>(17)</sup>	3.750%		February 2022
2023 Notes	750	750	744 <sup>(17)</sup>	750	750	745 <sup>(17)</sup>	3.500%		February 2023
2024 Convertible Notes	—	—	—	403	403	386 <sup>(17)</sup>	4.625%		March 2024
2025 Notes	600	600	593 <sup>(17)</sup>	600	600	593 <sup>(17)</sup>	4.250%		March 2025
2047 Notes	230	230	183 <sup>(18)</sup>	230	230	183 <sup>(18)</sup>	6.875%		April 2047
Subtotal	3,468	3,468	3,385	3,571	3,571	3,475	4.081%		
Total Debt	\$ 7,001	\$ 5,297	\$ 5,214	\$ 7,104	\$ 6,293	\$ 6,197	4.124%		

Floating and Fixed Rate Debt as of March 31, 2019:			
Debt (dollar amounts in millions)	Principal Amount Outstanding	Weighted Average Stated Interest Rate <sup>(19)</sup>	Weighted Average Maturity (in years)
Floating	\$ 2,327	4.45%	4.27
Fixed <sup>(20)</sup>	3,966	4.05%	4.97
Total	\$ 6,293	4.12%	4.71

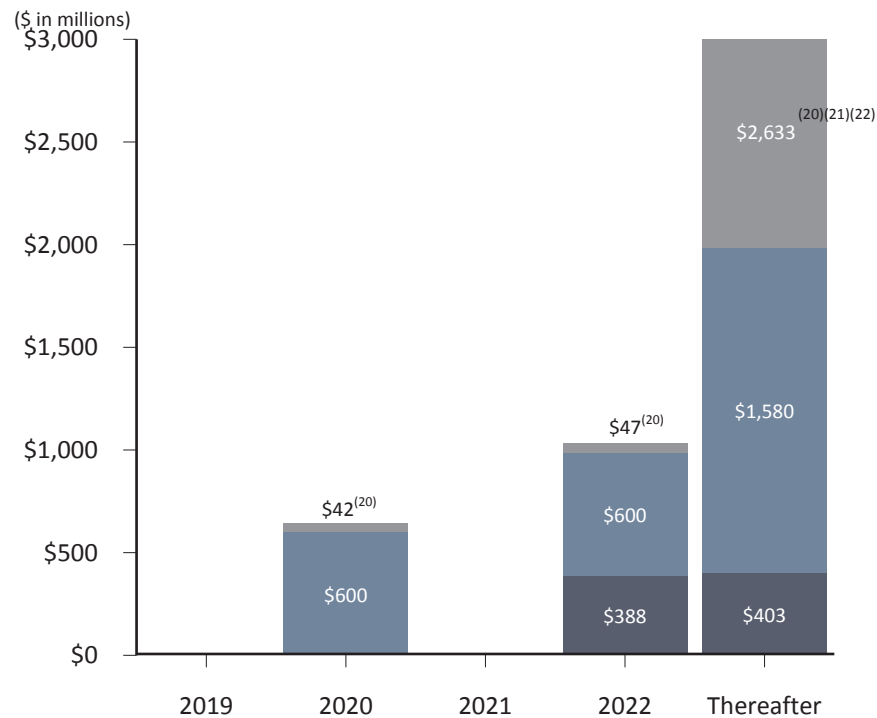
\* In April 2019, Ares Capital amended and restated the Revolving Credit Facility, to among other things, (a) increase the total size under the Revolving Credit Facility from approximately \$2.1 billion to approximately \$3.4 billion, (b) increase the size of the letter of credit sub-facility from \$150 million to \$200 million, with the ability of Ares Capital to increase incrementally by \$75 million on an uncommitted basis, (c) extend the expiration of the revolving period with respect to all commitments of the lenders under the credit facility to March 30, 2023, during which period Ares Capital, subject to certain conditions, may make borrowings under the credit facility, and (d) extend the stated maturity date with respect to all commitments of the lenders under the credit facility to March 30, 2024.

# Debt Summary

## Debt Maturities\*



As of December 31, 2018

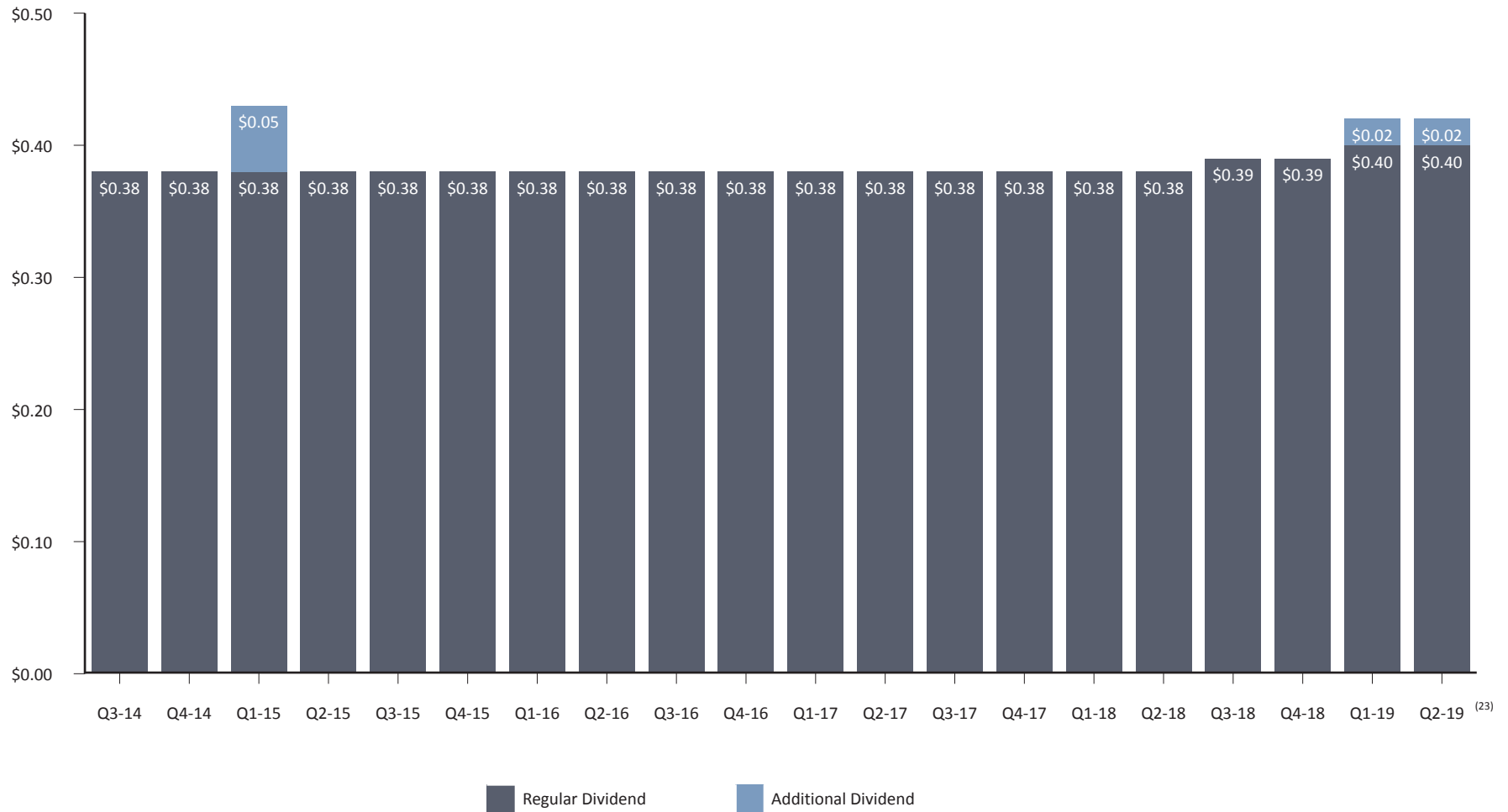


As of March 31, 2019

Convertible Unsecured Notes
  Other Unsecured Notes
  Secured Revolving Facilities

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

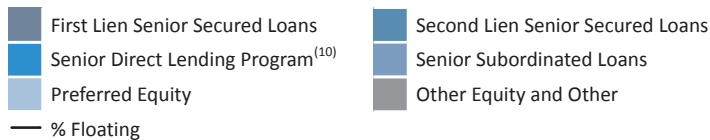
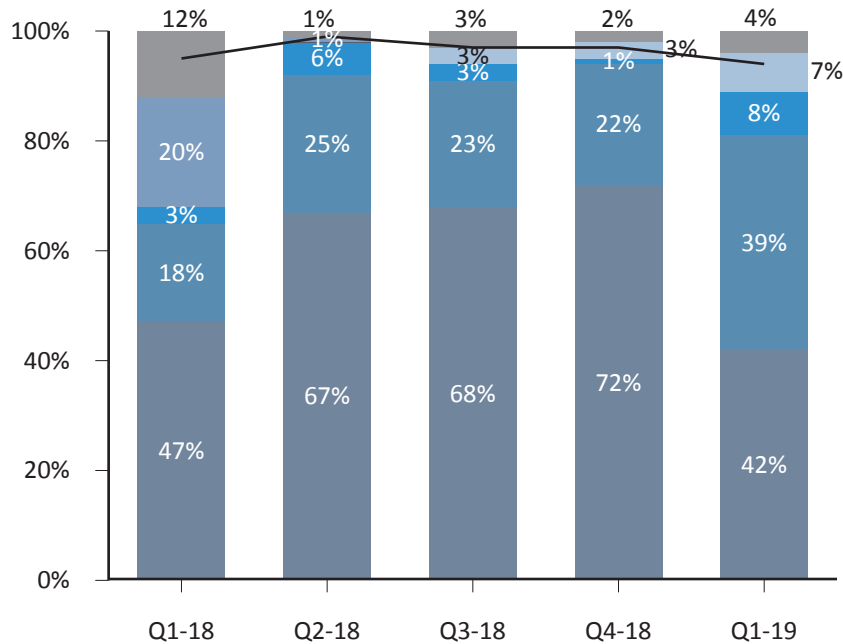
# Quarterly Dividends



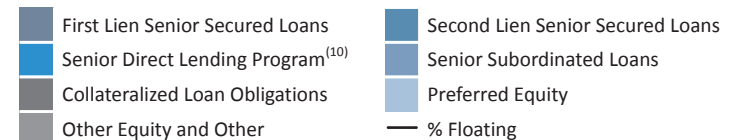
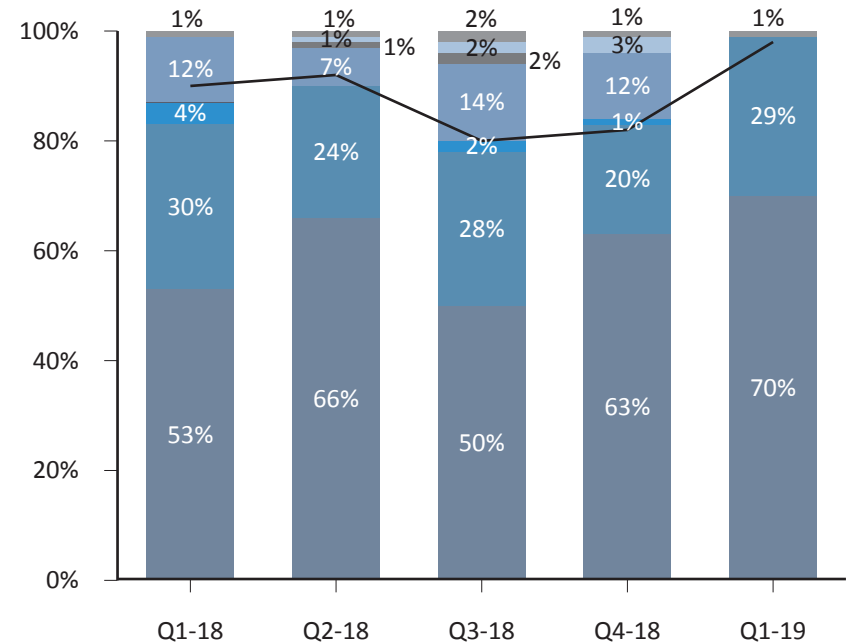
➤ ARCC estimates that it will carry forward excess taxable income of approximately \$323 million<sup>(24)</sup> or \$0.76 per share from 2018 for distribution to stockholders in 2019.

# Portfolio Activity

## Gross Commitments by Asset Class

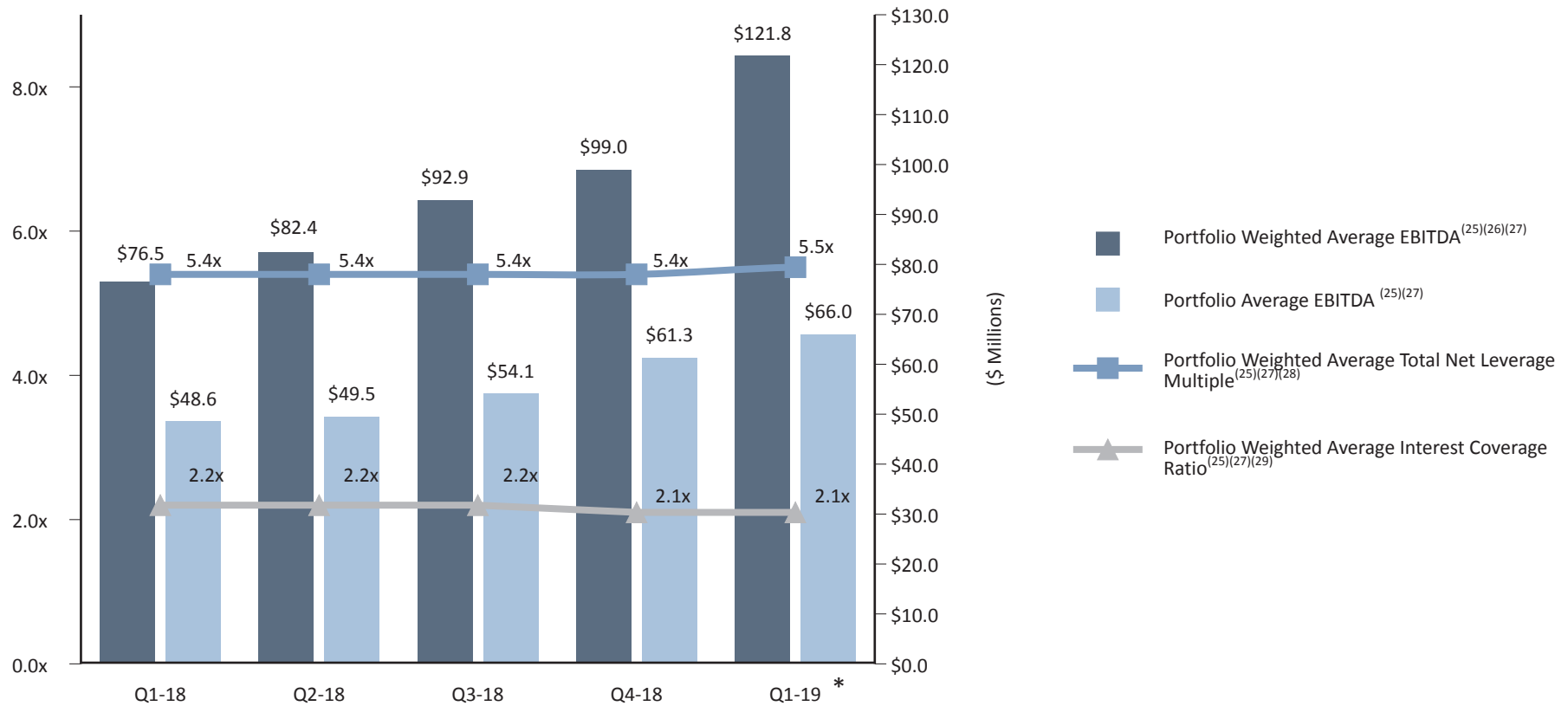


## Exits of Commitments by Asset Class





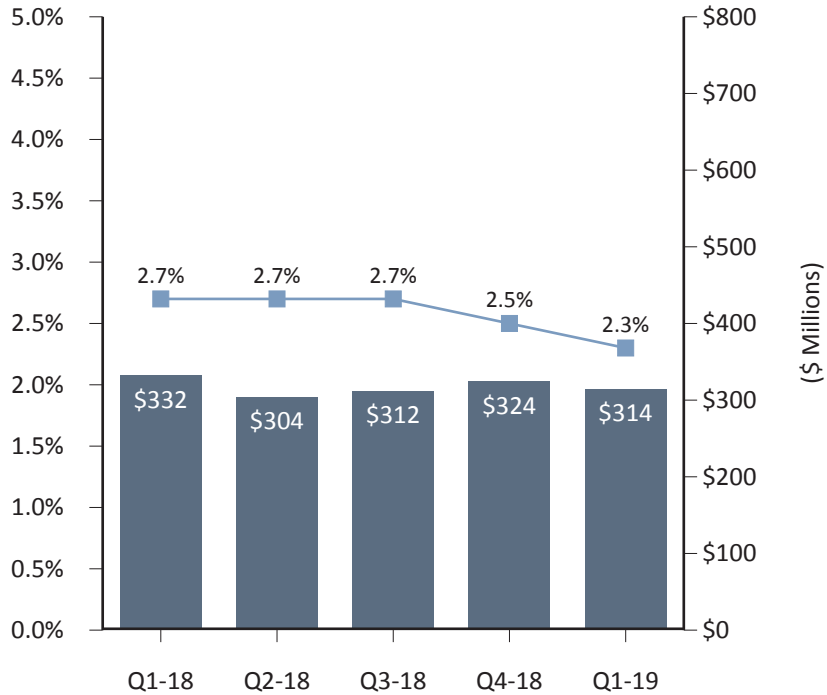
# Portfolio Company EBITDA and Credit Statistics



\* 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 Q1-19 was approximately 5% 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 eight companies where prior year comparable data was not available.<sup>(30)</sup>

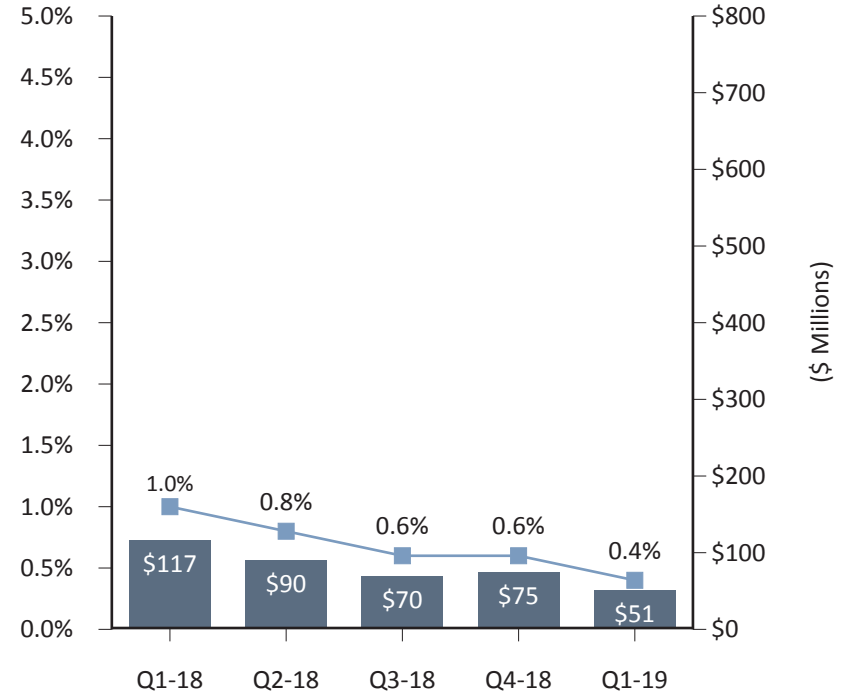
# Investments on Non-Accrual Status

## Amortized Cost



Investments on Non-Accrual Status

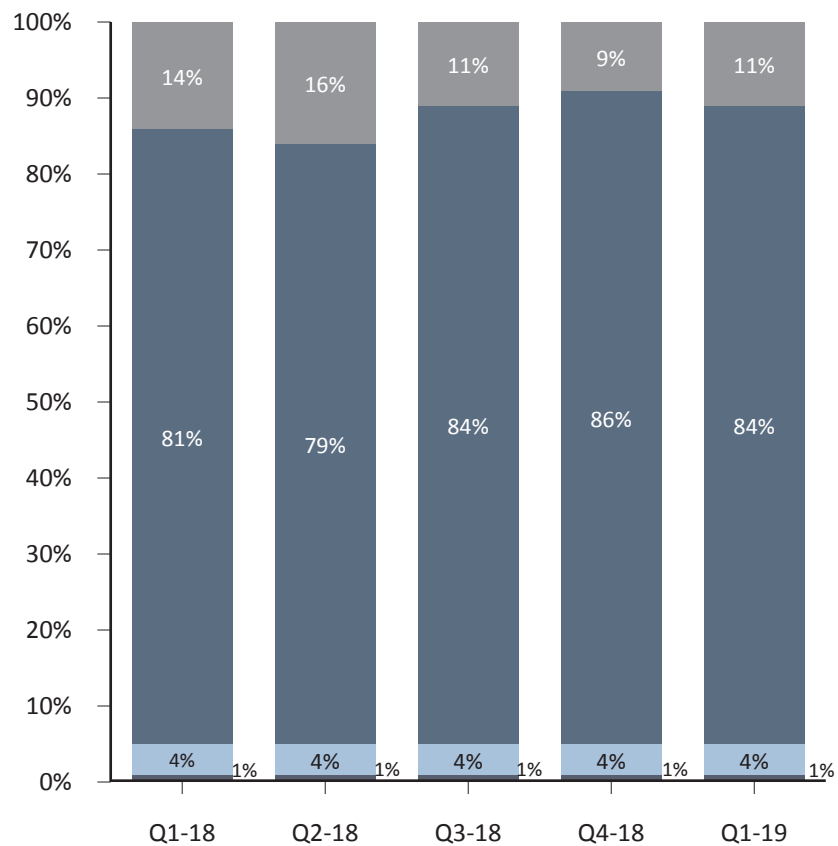
## Fair Value



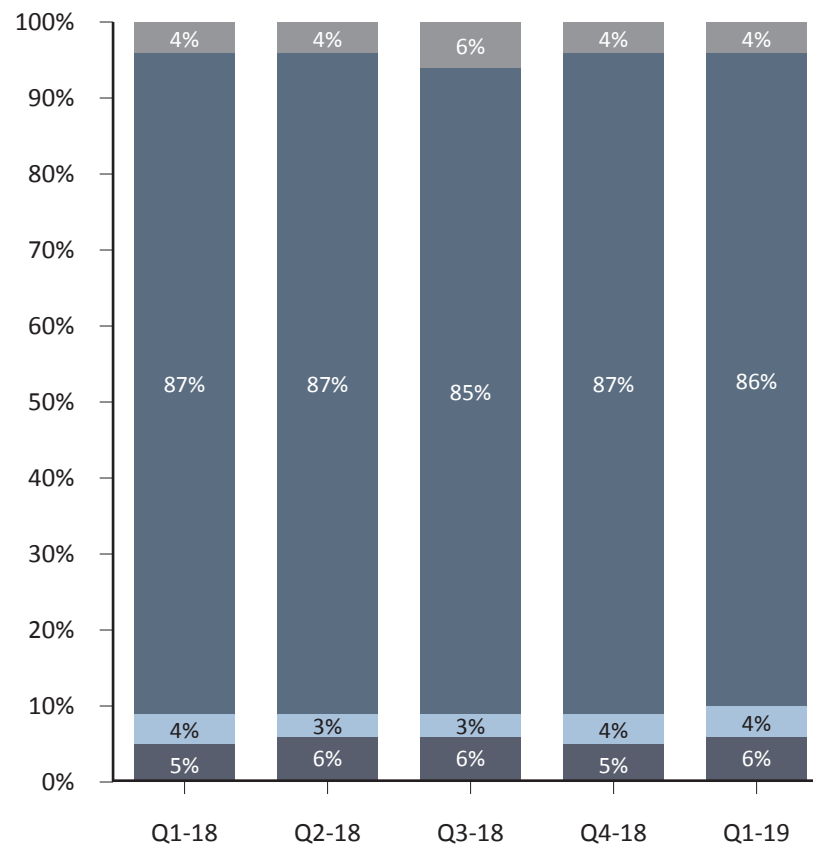
Percentage of Total Investment Portfolio

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

% By Fair Value



% By Number of Companies



Grade 1
  Grade 2
  Grade 3
  Grade 4

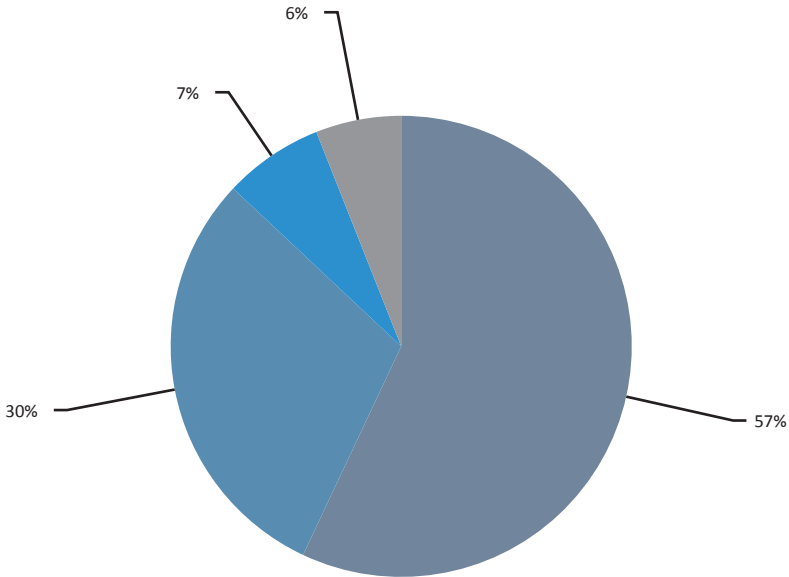
# Investment Activity Since Quarter End

- From April 1, 2019 through April 24, 2019, Ares Capital made \$183 million of new investment commitments
  - 51% were in first lien senior secured loans, 48% were in second lien senior secured loans and 1% were in the subordinated certificates of the SDLP
  - 100% were floating rate
  - Weighted average yield of debt and other income producing securities funded at amortized cost of 9.8%
  
- From April 1, 2019 through April 24, 2019, Ares Capital exited \$747 million of investment commitments
  - 88% were first lien senior secured loans, 11% were senior subordinated loans and 1% were other equity securities
  - 99% were floating rate and 1% were non-interest bearing
  - Weighted average yield of debt and other income producing securities exited or repaid at amortized cost was 9.3%
  - Weighted average yield on total investments exited or repaid during the period at amortized cost was 9.3%
  - Total net realized gains of approximately \$14 million

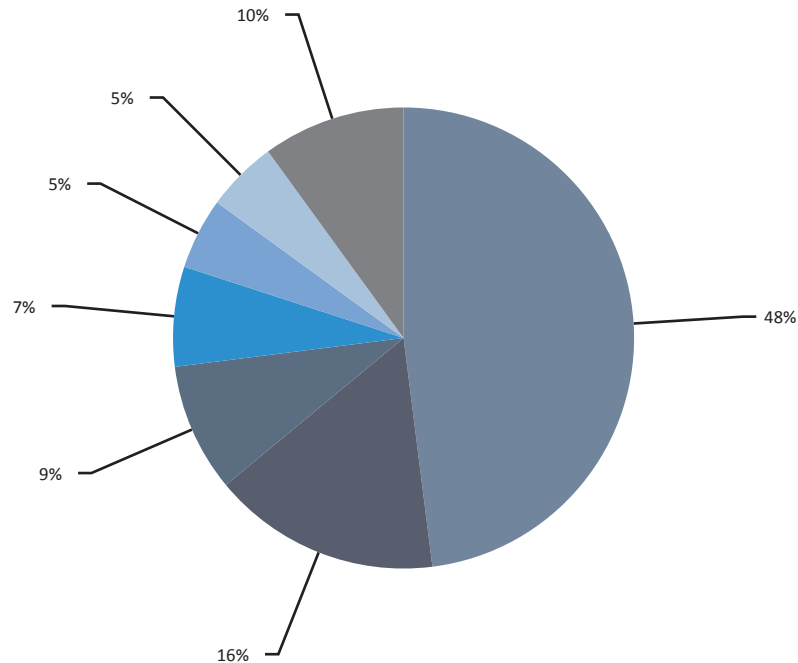
# Backlog and Pipeline

- As of April 24, 2019, Ares Capital had a backlog and pipeline of approximately \$1,055 million and \$195 million, respectively<sup>(32)</sup>
- The following is a breakdown of the backlog and pipeline by asset class and by industry

**Asset Class**



**Industry**



First Lien Senior Secured Loans  
 Second Lien Senior Secured Loans  
 Senior Direct Lending Program<sup>(10)</sup>  
 Other Equity

Business Services  
 Power Generation  
 Oil and Gas  
 Other  
 Food and Beverage  
 Senior Direct Lending Program<sup>(10)</sup>  
 Wholesale Distribution



# 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  
Strategic Adviser to Private Equity 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  
Vice President

SCOTT LEM  
Chief Accounting Officer,  
Vice President and Treasurer

LISA MORGAN  
Chief Compliance Officer

PENNI ROLL  
Chief Financial Officer

MICHAEL SMITH  
Co-President

MICHAEL WEINER  
Vice President

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

## Independent Registered Public Accounting Firm

KPMG LLP  
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## Securities Listing

NASDAQ: ARCC

## Transfer Agent

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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				
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
Basic and Diluted Core EPS <sup>(1)</sup>	\$ 0.48	\$ 0.45	\$ 0.45	\$ 0.39	\$ 0.38
Ares Reimbursement <sup>(14)</sup>	—	—	—	0.03	—
Net realized and unrealized gains (losses)	0.03	(0.12)	0.05	0.22	0.23
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.01)	0.03	(0.01)	(0.04)	(0.04)
Income tax expense related to net realized gains and losses	—	—	—	—	—
Basic and Diluted GAAP EPS	<u>\$ 0.50</u>	<u>\$ 0.36</u>	<u>\$ 0.49</u>	<u>\$ 0.60</u>	<u>\$ 0.57</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 March 31, 2019			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%	\$ 123	19%	8.5%	\$ (427)
Second Lien Senior Secured Loans	855	34%	10.0%	193	29%	12.5%	(662)
Senior Subordinated Loans	244	10%	11.3%	115	18%	13.4%	(129)
Collateralized Loan Obligations	265	10%	12.6%	43	7%	22.9%	(222)
Preferred Equity	109	4%	—%	11	2%	2.1%	(98)
Other Equity Securities	520	20%	—%	159	25%	—%	(361)
<b>Total</b>	<b>\$ 2,543</b>	<b>100%</b>	<b>7.4%</b>	<b>\$ 644</b>	<b>100%</b>	<b>9.0%</b>	<b>\$ (1,899)</b>

(Dollar amounts in millions)	Reconciliation of Net Change in Fair Value from January 3, 2017 Through March 31, 2019
Total Investments at Fair Value as of January 3, 2017	\$ 2,543
Proceeds from Exits and Repayments	(2,553)
Net Realized Gains*	429
Net Unrealized Appreciation	5
Other**	220
<b>Total Investments at Fair Value as of March 31, 2019</b>	<b>\$ 644</b>

\* Excludes a net realized gain of \$46 million in connection with the payment of a litigation judgment related to a former portfolio company of American Capital. See Note 14 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the three months ended March 31, 2019 for more information on the judgment.

\*\* Including fundings of revolvers and other commitments of \$164 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 expense reimbursement from Ares Capital Management LLC (the "Ares Reimbursement"), 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 23 hereof. See Note 12 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the three months ended March 31, 2019 for more information about the Ares Reimbursement.
- 2) Includes sales to Ivy Hill Asset Management, L.P. ("IHAM"), a wholly owned portfolio company of Ares Capital, or vehicles managed by IHAM.
- 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 \$395 million of the 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 \$395 million of 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 and its clients in first lien senior secured loans to U.S. middle-market companies. As of March 31, 2019, the Senior Direct Lending Program LLC's (the "SDLP") loan portfolio totaled approximately \$3.3 billion in aggregate principal amount and had loans to 22 different borrowers. As of March 31, 2019, the SDLP's largest loan to a single borrower was \$250 million in aggregate principal amount and the five largest loans to borrowers totaled \$1.2 billion in 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 three months ended March 31, 2019 for information regarding the SDLP.
- 11) As of March 31, 2019, 85% of the total investments at fair value and 100% of the floating rate investments at fair value contained interest rate floor features. Additionally, as of March 31, 2019, all the loans made through the SDLP contained interest rate floor features.
- 12) Represents gross commitments or fundings less commitments or investments exited, respectively. Q1-19, Q4-18, Q3-18, Q2-18 and Q1-18 include sales to IHAM or vehicles managed by IHAM of \$302 million, \$29 million, \$0 million, \$453 million, and \$0 million, respectively.

# Endnotes (cont'd)

- 13) In connection with the acquisition of American Capital, Ltd. (the "American Capital Acquisition"), Ares Capital Management LLC agreed to waive, for each of the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case, to the extent payable by Ares Capital in such quarter pursuant to and as calculated under Ares Capital's investment advisory and management agreement.
- 14) During the second quarter of 2018, Ares Capital's investment adviser reimbursed Ares Capital approximately \$11.8 million for certain rent and utilities incurred by the Company. See Note 12 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the three months ended March 31, 2019 for more information about the Ares Reimbursement.
- 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 applicable 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 March 31, 2019.
- 20) The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% over an "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of March 31, 2019, the interest rate in effect was LIBOR plus 1.75%. As of each of March 31, 2019 and December 31, 2018, the Revolving Credit Facility consisted of a \$414 million term loan tranche with a stated maturity date of March 30, 2023 and a \$1,719 million revolving tranche. For \$1,624 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2022 and March 30, 2023, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of March 30, 2023, Ares Capital is required to repay outstanding principal amounts under such revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period. For \$50 million of the revolving tranche, the end of the revolving period and the stated maturity date are January 4, 2021 and January 4, 2022, respectively. For the remaining \$45 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, respectively. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with \$395 million of the 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 \$395 million of the term loan tranche. See Note 15 to our consolidated financial statements included in the quarterly report on Form 10-Q for the three months ended March 31, 2019 for a subsequent event relating to an amendment to the Revolving Credit Facility.
- 21) The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. As of March 31, 2019, the interest rate in effect was LIBOR plus 2.00%. As of March 31, 2019, the end of the reinvestment period and the stated maturity date for the Revolving Funding Facility were January 3, 2022 and January 3, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2024, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP Funding LLC will be used to repay the aggregate principal amount outstanding.
- 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 March 31, 2019, the interest rate in effect was LIBOR plus 1.75%. As of March 31, 2019, the end of the reinvestment period and the stated maturity date for the SMBC Funding Facility were September 14, 2019 and September 14, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 14, 2024, any principal proceeds from sales and repayments of loan assets held by our consolidated subsidiary, Ares Capital JB Funding LLC, will be used to repay the aggregate principal amount outstanding.

# Endnotes (cont'd)

- 23) Declared. In addition to the second quarter 2019 regular dividend of \$0.40 per share to be paid on June 28, 2019 to stockholders of record on June 14, 2019, the Company declared additional dividends totaling \$0.08 per share for 2019, to be distributed in four consecutive quarterly payments of \$0.02 per share. The second additional dividend of \$0.02 per share is to be paid on June 28, 2019 to the stockholders of record as of June 14, 2019.
- 24) The amount of excess 2018 U.S. federal taxable income available for carry over into 2019 is only an estimate based on estimated 2018 U.S. federal taxable income. The calculation of estimated 2018 U.S. federal taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2018 U.S. federal taxable income will not be finally determined until Ares Capital's 2018 tax return is filed in 2019. Consequently, both 2018 U.S. federal taxable income and the amount of excess U.S. federal taxable income available for carry over into 2019 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, 2018 for more information.
- 25) The portfolio weighted average EBITDA and average EBITDA for the underlying borrowers 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 SDLP (and the underlying borrowers in the SDLP), (ii) portfolio companies that do not report EBITDA, including IHAM, (iii) investment funds/vehicles, (iv) discrete projects in the project finance/power generation sector, (v) certain oil and gas companies, (vi) venture capital backed companies and (vii) commercial real estate finance companies. The portfolio weighted average EBITDA for the underlying borrowers in the SDLP was \$41.6 million, \$42.8 million, \$44.5 million, \$44.4 million and \$45.7 million as of 3/31/18, 6/30/18, 9/30/18, 12/31/18 and 3/31/19, respectively. The portfolio average EBITDA for the underlying borrowers in the SDLP was \$38.1 million, \$38.6 million, \$40.3 million, \$40.7 million and \$41.8 million as of 3/31/18, 6/30/18, 9/30/18, 12/31/18 and 3/31/19, respectively.
- 26) Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments. 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.
- 27) 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.
- 28) 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 SDLP represent the 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 SDLP was 5.3x, 5.8x, 5.9x, 5.8x and 5.7x as of 3/31/18, 6/30/18, 9/30/18, 12/31/18 and 3/31/19, respectively. Portfolio company credit statistics for Ares Capital 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.
- 29) 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 SDLP was 2.1x, 2.1x, 2.1x, 2.0x and 2.0x as of 3/31/18, 6/30/18, 9/30/18, 12/31/18 and 3/31/19, respectively. Portfolio company credit statistics for Ares Capital 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) 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)

- 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.