



JMP Securities Financial Services and Real Estate Conference

September 2014

Disclaimer

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Company Overview



Ares Capital Overview

Market Leading Non-Bank Direct Lender	<ul style="list-style-type: none">• Ares Capital Corporation (“ARCC” or “Ares Capital”) is a leading specialty finance company focused on direct lending to middle market companies• Provides “one-stop” financing• Regulated as a business development company (“BDC”)• IPO in 2004 – the largest BDC measured by total assets and market capitalization⁽¹⁾• \$8.1 billion portfolio at fair value with 202 portfolio companies as of 6/30/14• \$5.3 billion market capitalization as of 8/15/14
Externally Managed by Ares Management	<ul style="list-style-type: none">• Externally managed by global alternative asset manager with \$79 billion of assets under management⁽²⁾• Ares Management has expertise investing in tradable credit, direct lending, private equity and real estate• Platform generates meaningful benefits to ARCC through access to research, due diligence, deal flow, capital access and infrastructure
Focus on Attractive Dynamics in Middle Market	<ul style="list-style-type: none">• Focus on lending to high free cash flowing companies in defensive industries in the middle market<ul style="list-style-type: none">◦ Significant direct origination team in multiple geographies◦ Target companies with EBITDA of \$10 - \$250 million and enterprise values of \$100 million - \$1 billion generally◦ Loan sizes generally \$30 - \$400 million⁽³⁾• Direct lending opportunity has been enhanced by secular trends<ul style="list-style-type: none">◦ Significant consolidation among larger commercial banks◦ Commercial and investment banks focusing on larger corporate borrowers deemed more strategic◦ Increased regulation – more costly for banks to hold middle market and /or below investment grade loans

1. Measured using total assets as of June 30, 2014 and market capitalization as of August 15, 2014.

2. Ares Management, L.P. is the parent to several registered investment advisers, including Ares Management LLC. AUM refers to the assets of the funds, alternative asset companies and other entities and accounts that are managed or co-managed by Ares. It also includes funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of ARCC, and a registered investment adviser. It includes drawn and undrawn amounts, including certain amounts that are subject to regulatory leverage restrictions and/or borrowing base restrictions. AUM amounts are as of June 30, 2014, and are unaudited. Certain amounts are preliminary and remain subject to change.

3. Includes Ares Capital and certain of its financial services portfolio companies.

Company Highlights

Market Leader in Non-Bank Sector

- Largest BDC by market capitalization and assets⁽¹⁾
- Long track record with sponsors and deal sources
- Significant visibility in middle market lending

Significant Competitive Advantages

- Scaled, national platform with ability to underwrite and hold up to \$400 million⁽²⁾
- 81 investment professionals⁽³⁾
- Multi-asset class approach

Thoughtful Organic & External Growth

- Successful acquisition track record
- Onboarding of teams in new verticals
- Organic growth in core while staying selective

Superior Long Term Performance

- Average annual total shareholder return of approximately 14% since 10/04⁽⁴⁾
- Outperformed most relevant peers, stock and bond indices⁽⁵⁾
- Cumulative IRR to ARCC of 13% on \$8.7 billion of investments realized since 10/04⁽⁶⁾
- Cumulative net realized annual investment gains of approximately 1.0%⁽⁷⁾

Strong & Asset Sensitive Balance Sheet

- Moderate leverage and long dated liabilities
- 81% of investments (at fair value) are floating rate⁽³⁾
- Majority of funded liabilities are fixed rate

Consistent Dividends with Strong Coverage

- Paid \$14.84 per share since IPO in 10/04 through 6/30/14⁽⁸⁾
- Cumulative coverage from core earnings/net realized gains
- Carried forward estimated excess taxable income of approximately \$0.82 per share from 2013 into 2014⁽⁹⁾

1. Measured using total assets as of June 30, 2014 and market capitalization as of August 15, 2014.

2. Includes Ares Capital and certain of its financial services portfolio companies.

3. As of June 30, 2014.

4. As of June 30, 2014. Ares Capital Corp's stock price-based total return is calculated assuming dividends are reinvested at the end of day stock price on the relevant quarterly ex-dividend dates. Total return is calculated assuming investors did not participate in Ares Capital Corp's rights offering issuance as of March 20, 2008. Time period selected to include ARCC IPO in October 2004. Past performance is not indicative of future results.

5. Measured by total return to shareholders since ARCC IPO in October 2004 compared to S&P 500, Russell 1000 and BDC Peer Group of American Capital, Apollo Investment Corp., Gladstone Capital Corp., MCG Capital Corp. and Prospect Capital Corp.

6. Based on original cash invested, net of syndications, of approximately \$8.7 billion and total proceeds from such exited investments of approximately \$10.7 billion. Internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of ARCC's debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to ARCC's past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

7. From inception through June 30, 2014, excludes \$196 million one-time gain on the acquisition of Allied Capital in Q2-10 and gains (losses) from extinguishment of debt and sale of other assets. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period divided by the average quarterly investments at amortized cost in such period).

8. There can be no assurance that the dividends will continue at historical levels, or at all. Past performance is not indicative of future results.

9. The amount of excess 2013 taxable income available for carry over into 2014 is only an estimate based on estimated 2013 taxable income. The calculation of estimated 2013 taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2013 taxable income will not be finally determined until ARCC's 2013 tax return is filed in 2014. Consequently, both 2013 taxable income and the amount of excess taxable income available for carry over into 2014 is subject to change. For more information, see footnote 10 to ARCC's 2013 audited financial statements filed with ARCC's 10-K for the fiscal year ended December 31, 2013.

Market Opportunity

Potential Supply Constraints

- Long term trend of bank consolidation has eliminated a number of former bank competitors
- More costly for banks to hold middle market loans and illiquid/below investment grade loans
- Implementation of stricter regulatory requirements may reduce bank competition
- Commercial and investment banks focusing on larger corporate borrowers
- Expiration of reinvestment periods for CLO vehicles
- Capital formation for sub scale lending platforms remains challenged

Demand Dynamics

- Significant amount of debt maturing creates refinancing opportunities
- Approximately \$486 billion of un-invested U.S. private equity capital seeking financing⁽¹⁾
- Middle market borrowers represent a large segment of economy
 - Middle market companies account for one-third of U.S. private sector employment (45.6 million people)⁽²⁾
 - Economic growth drives ongoing need for credit

We believe the middle market has transitioned into an institutional funded market with fewer scaled providers involved in sourcing and holding loans, creating attractive opportunities for risk-adjusted returns

1. Source: PitchBook Private Equity 2H-14 Fundraising and Capital Overhang Report.

2. Source: National Center for the Middle Market 2Q-14 Middle Market Indicator. Middle market defined to include companies with annual revenues between \$10 million and \$1 billion.

Competitive Advantages

Direct Origination

- 81 investment professionals⁽¹⁾
- Drives asset selectivity and ability to optimize portfolio mix
- Improves due diligence, management access and control over deal terms

Scale

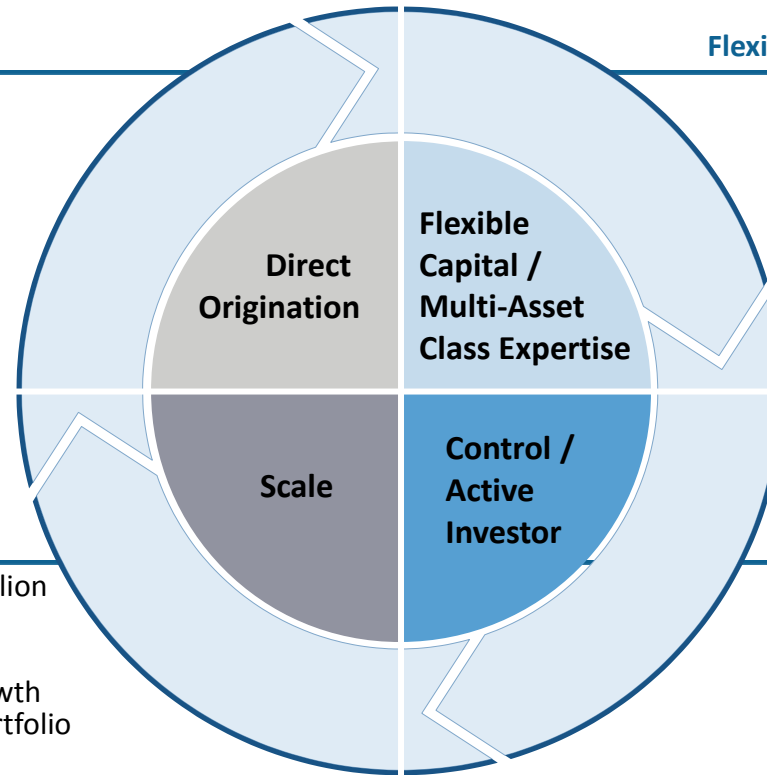
- Commit and hold up to \$400 million in a single transaction⁽²⁾
- Incumbency creates organic growth opportunities within existing portfolio
- More efficient access to capital
- Exclusive co-investment platform with GE in the Senior Secured Loan Program

Flexible Capital/Multi-Asset Class Expertise

- Multi-asset class “one-stop” solutions to match client needs
- Rotate between asset classes with superior relative value
- Cycle durable business model

Control/Active Investor

- Focus on lead investing for primary diligence and additional control over investment outcomes
- Active investor post-closing with seats or observation rights on 42%⁽³⁾ of portfolio company board of directors
- Focus on controlling the tranche or being the sole lender



1. As of June 30, 2014.

2. Includes Ares Capital and certain of its financial services portfolio companies.

3. As of March 31, 2014.

Ares Capital Origination and Platform Strengths

Our team employs a multi channel approach to direct origination

Sponsored

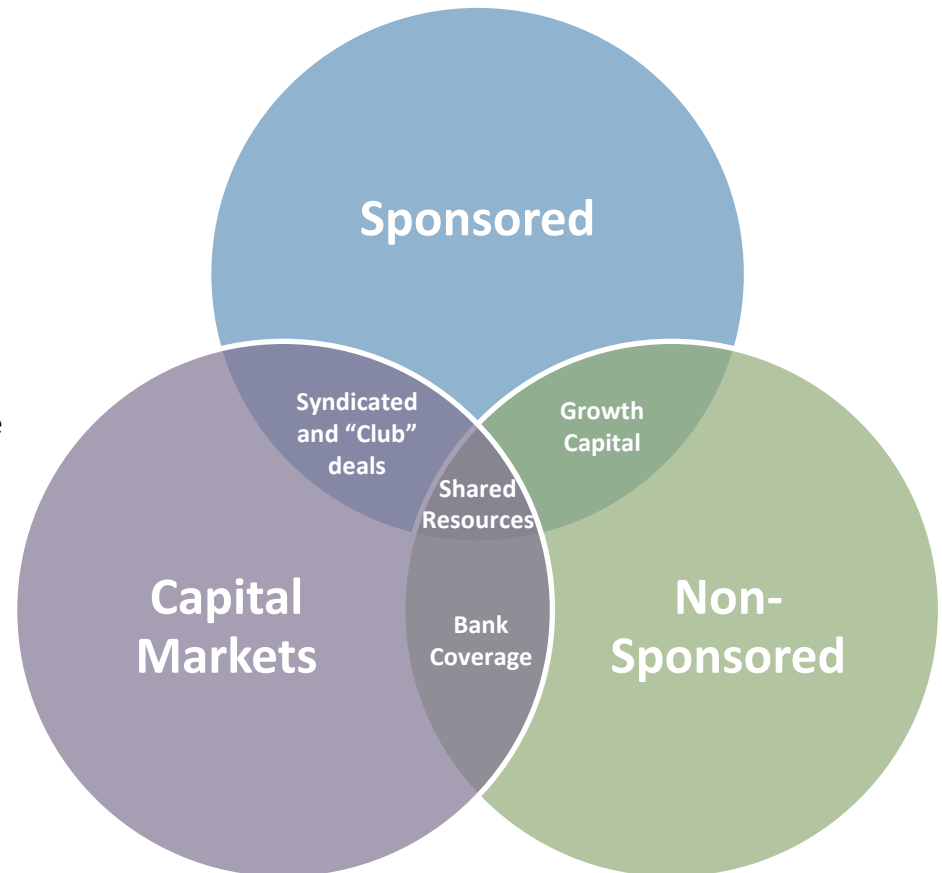
- Active dialogue with over 375 U.S. sponsors
- ARCC has closed transactions with over 150 sponsors since 2004

Non-Sponsored

- Direct calling effort on companies, management teams, intermediaries and M&A advisors
- Ongoing communication with regional accounting firms, law firms and business brokers
- Incremental deal flow from sourcing efforts of Ares Private Equity Group

Capital Markets

- Active dialogue with capital market participants and with all large investment banks due to Ares' significant global leveraged finance franchise
- Strong analyst pool improves research and due diligence
- Ares Tradable Credit Group and Ivy Hill Asset Management provide transaction referrals



This multi-pronged approach enhances the probability that ARCC will have the opportunity to invest in the highest quality businesses

Ares Investment Evaluation Framework

Fundamentally based philosophy and process focused on relative value and principal preservation



FUNDAMENTAL CREDIT ANALYSIS

Company Specific Risk

- Competitive position
- Sustainability of cash flow and enterprise value
- Management quality
- Alignment of interest

Capital Structure Risk

- Attachment point/loan to value
- Covenants and terms
- Security
- Inter-creditor position
- Duration/volatility
- Appropriate return for risk

Industry Specific Risk

- Economic sensitivity
- Stability of end demand

- ✓ Global market view
- ✓ 305 investment professionals
- ✓ ~40 TCG industry research analysts
- ✓ 1,000+ companies/30+ industries
- ✓ 16 year track record in liquid and illiquid credit
- ✓ Extensive relationships and operating partners
- ✓ Broad Wall Street network
- ✓ Multi-asset class capability
- ✓ Direct/multi-channel sourcing
- ✓ Proprietary trading and market interface

TECHNICAL MARKET ANALYSIS

Funds Flows/Liquidity

- Private and public
- Retail and institutional
- Foreign and domestic

Secondary Market

- Securities
- Hedges

Relative Value

- Capital structure arbitrage
- Across assets and industries

Micro/Macro Economic View

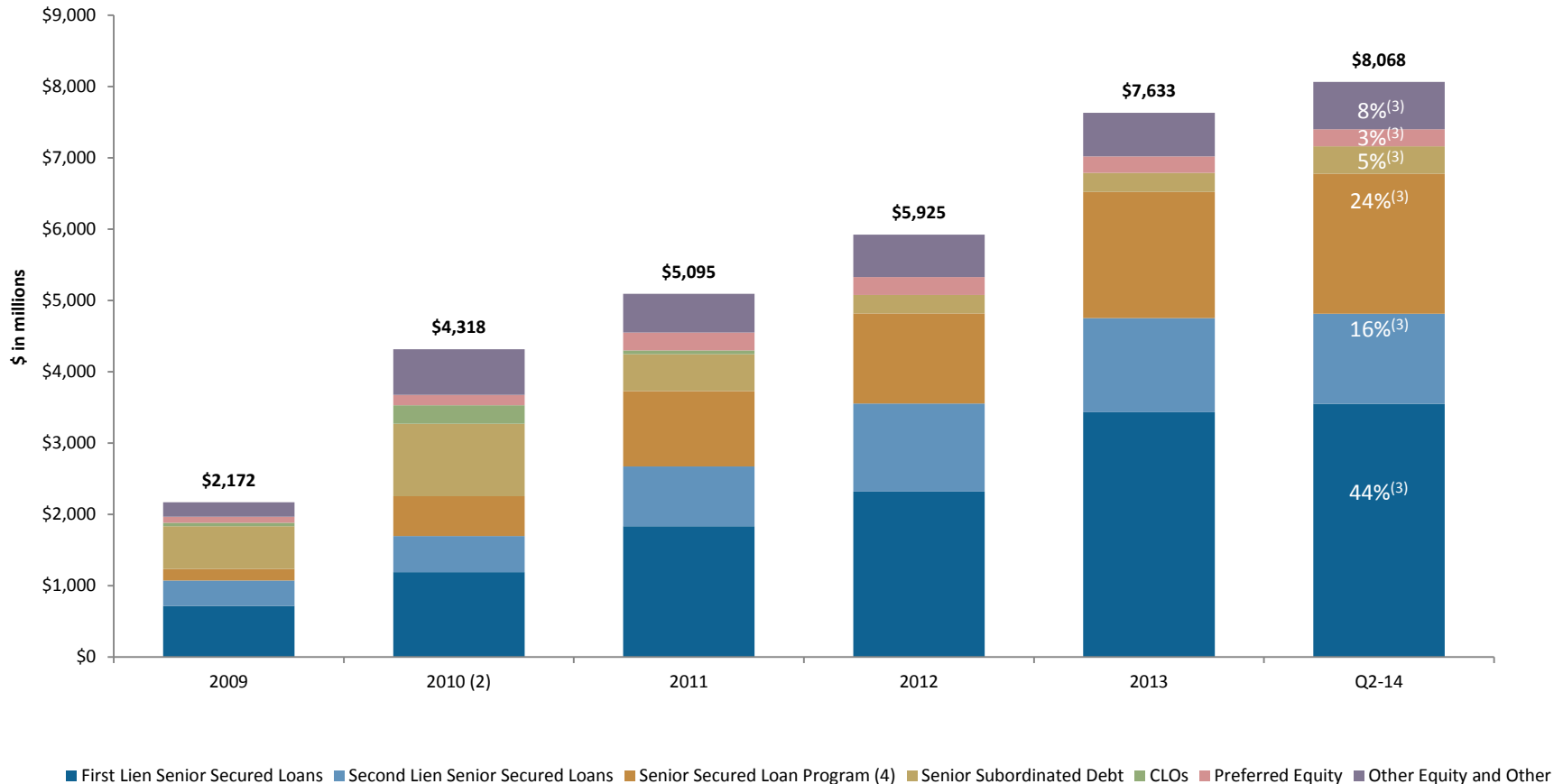
- Interest rates
- World events

Portfolio and Performance Review



Investment Portfolio⁽¹⁾

ARCC has grown through organic expansion and acquisition to achieve scale



1. All data as of December 31 of the respective years, excluding Q2-14, which is as of June 30, 2014. Investments represent amounts at fair value.

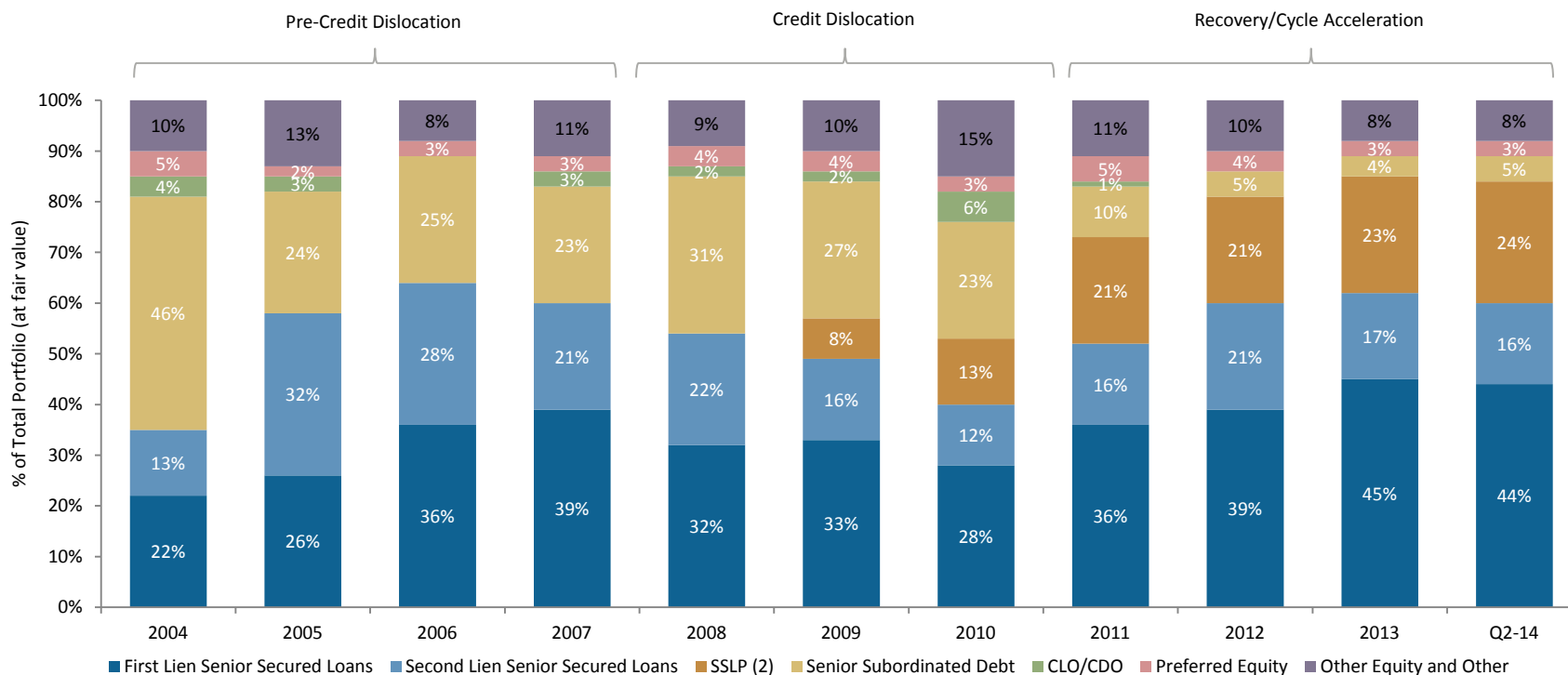
2. On April 1, 2010, ARCC completed the acquisition of Allied Capital.

3. Represents percentage of total portfolio at fair value.

4. Represents ARCC's portion of its co-investments with GE Sponsor Finance LLC and General Electric Capital Corporation (collectively, "GE") in first lien senior secured loans of middle market companies.

Portfolio Reflects Pro-Active Rotation Between Asset Classes⁽¹⁾

- ARCC pro-actively shifted into more senior debt investments prior to credit dislocation in 2007 and shifted again in 2012 and continuing into 2014



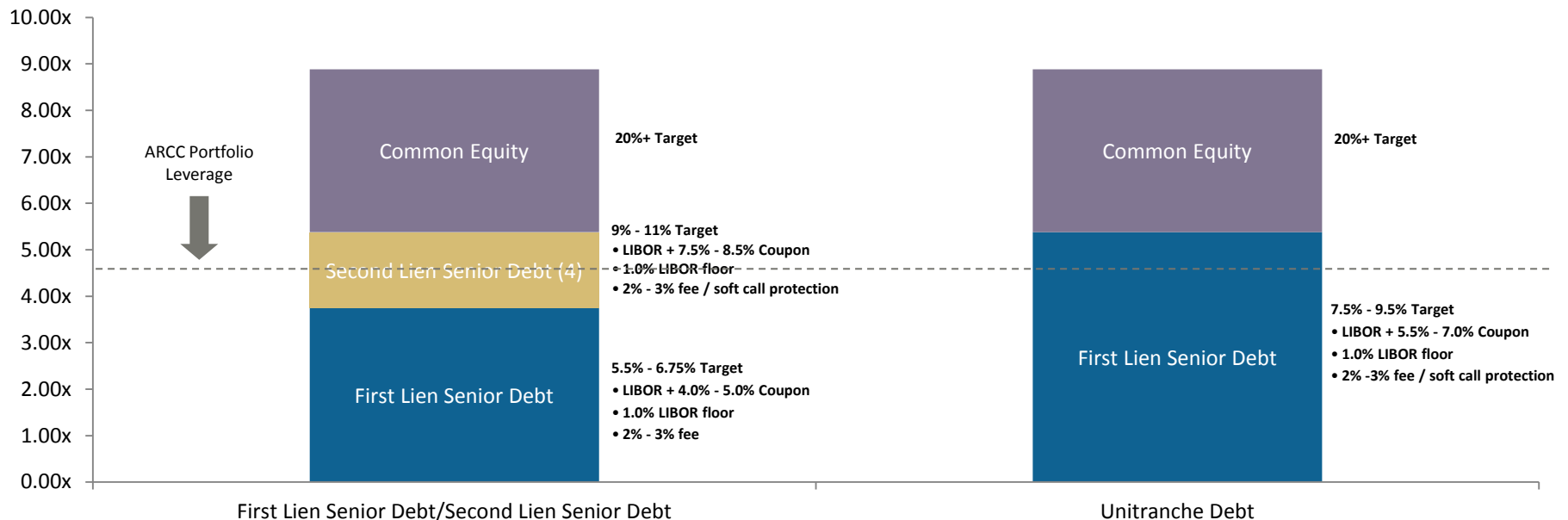
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Q2-14
Wtd. Average Yield on Debt and Income Producing Securities at FV	12.4%	11.3%	12.0%	11.7%	12.8%	12.7%	12.9%	12.0%	11.3%	10.4%	10.0%
Wtd. Average Yield on Total Investments at FV	10.8%	10.4%	9.9%	9.9%	11.2%	11.2%	10.5%	10.4%	10.0%	9.3%	9.0%
3-month LIBOR	2.6%	4.5%	5.4%	4.7%	1.4%	0.3%	0.3%	0.6%	0.3%	0.3%	0.2%
Implied Spread over 3-month LIBOR⁽³⁾	9.8%	6.8%	6.6%	7.0%	11.4%	12.4%	12.6%	11.4%	11.0%	10.1%	9.8%

1. All data as of December 31 of the respective years, excluding Q2-14, which is as of June 30, 2014.
 2. Represents ARCC's portion of its co-investments with GE in first lien senior secured loans of middle market companies.
 3. Spread of weighted average yield on debt and income producing securities at fair value over 3-month LIBOR.
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Current U.S. Middle Market Capital Structures

- Transaction structures are typically comprised of first lien and second lien senior debt or unitranche debt
- Leverage multiples on new first lien senior debt generally range from 3.5x to 4.25x first lien senior debt to EBITDA with total leverage multiples ranging from 5x to 6x debt to EBITDA
- Current enterprise values for middle market companies typically range from 8x to 10x EBITDA
- ARCC's portfolio weighted average total net leverage multiple was 4.6x as of 6/30/14 ⁽¹⁾⁽²⁾

Illustrative Returns and Capital Structures of Primary Middle Market Buyouts ⁽³⁾

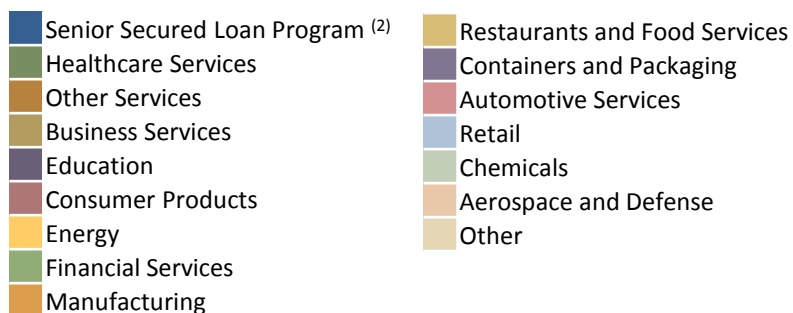
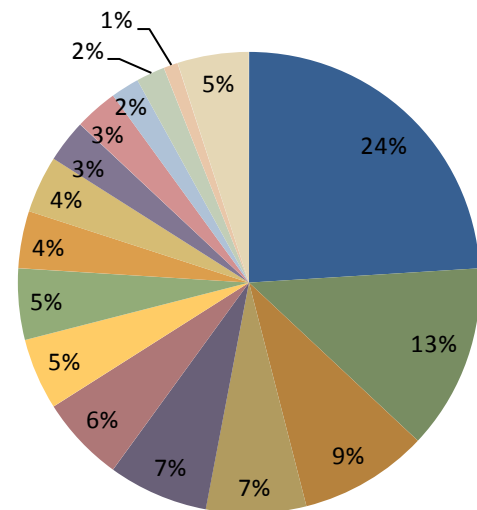


1. Portfolio weighted average total net leverage multiples represent Ares Capital's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. Portfolio company credit statistics are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information. This portfolio weighted average total net leverage multiple includes information solely in respect of corporate portfolio companies in which the Company has a debt investment (subject to the exclusions described in the following sentence). Excluded from the ratios above is information in respect of the following: (i) the Senior Secured Loan Program (and the underlying borrowers in the Senior Secured Loan Program), (ii) the portfolio companies that do not report EBITDA, including Ivy Hill Asset Management L.P., (iii) investment funds/vehicles, (iv) commercial real estate finance companies, (v) energy companies and discrete projects in the project finance/power generation sector and (vi) venture capital backed companies.
2. EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA typically represents 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.
3. ARCC estimates as of June 30, 2014. Based on hypothetical transactions and a review of current market conditions. For illustrative purposes only and does not necessarily represent the actual structure of transactions in the ARCC portfolio. ARCC's portfolio investments can differ materially from those discussed here.
4. Mezzanine may also be used in place of second lien debt. Illustrative mezzanine pricing ranges from 10.0% - 12.0% with 2% fee/ 2 points average call protection.

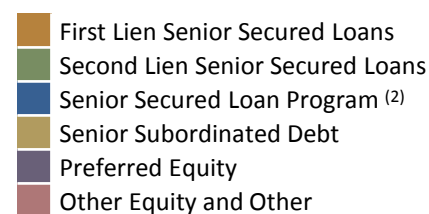
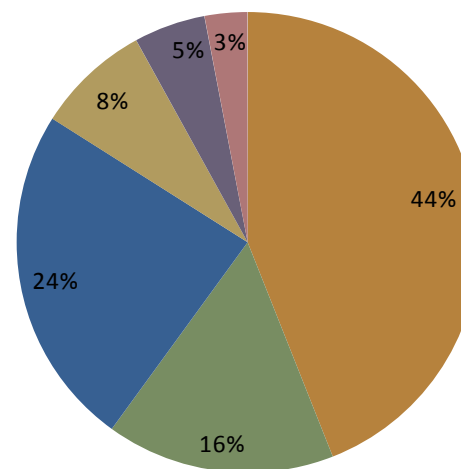
Portfolio Diversification

ARCC primarily invests in senior secured debt of companies in defensively positioned industries

Portfolio by Industry ⁽¹⁾



Portfolio by Asset Class ⁽¹⁾



1. At fair value as of June 30, 2014.

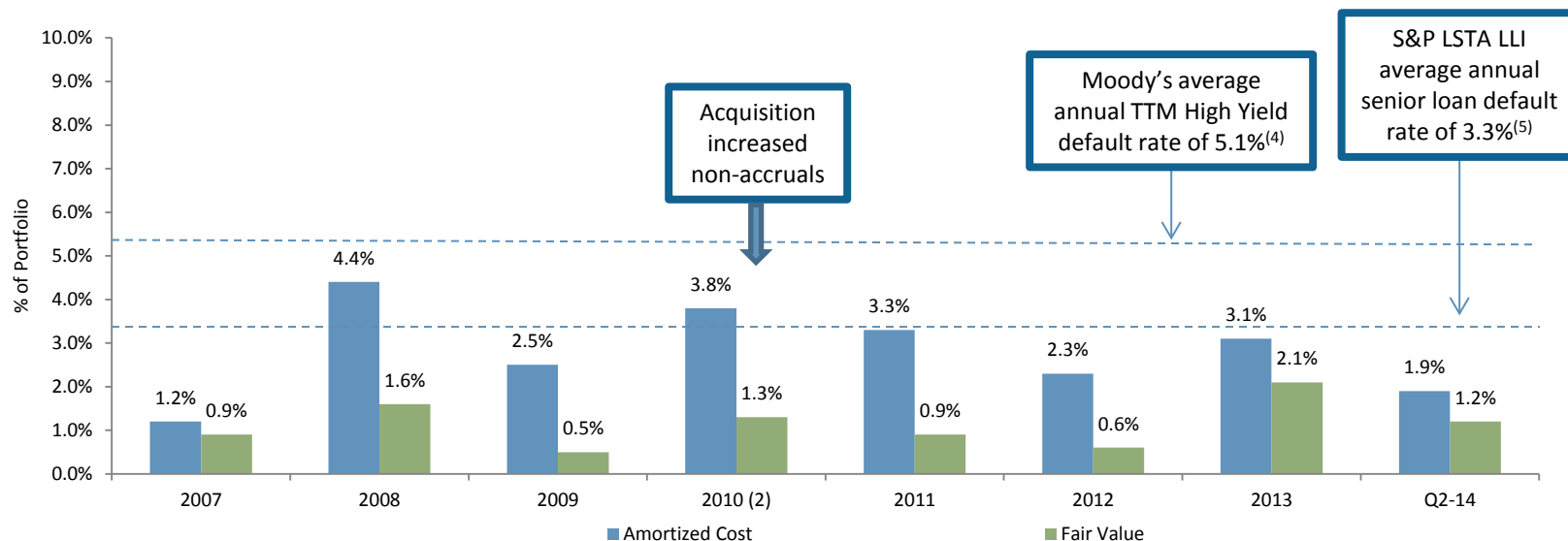
2. Represents ARCC's portion of its co-investments with GE in first lien senior secured loans of middle market companies. The portfolio companies in the SSLP are in industries similar to companies in ARCC's portfolio.

Strong Historical Credit Performance

ARCC has consistently generated a low level of non-accruals since its inception⁽¹⁾

- Non-accruals have generally remained well below the industry average annual default rate for leveraged senior loans and high yield bonds
 - Non-accruals increased in 2010 as a result of an acquisition⁽²⁾
- As of June 30, 2014, 1.9% of the total portfolio at amortized cost and 1.2% at fair value were on non-accrual status

Non-Accruing Investments as a % of Portfolio at Amortized Cost and Fair Value⁽³⁾



1. Non-accrual rates were not reported prior to 2007. Past performance is not indicative of future results.

2. On April 1, 2010, ARCC completed the acquisition of Allied Capital.

3. All data as of December 31 of the respective years, excluding Q2-14, which is as of June 30, 2014.

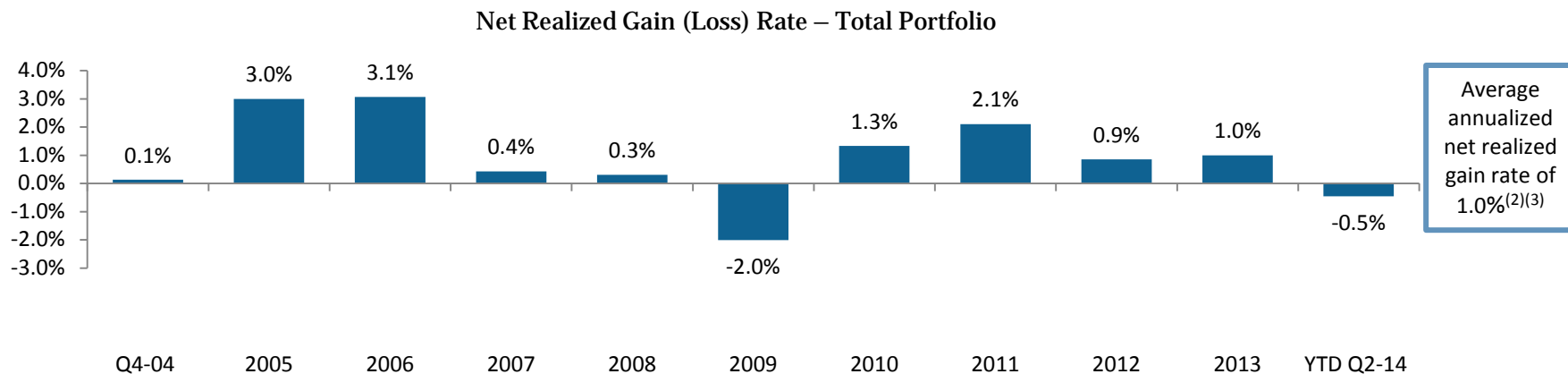
4. Source: Moody's U.S. Trailing 12-month issuer-weighted spec-grade default rate. Actual speculative grade default data taken from January 2000 to June 2014.

5. Source: S&P LCD data for LSTA Leveraged Loan Index ("LLI"). Calculated as average of rolling twelve month default rates for the LLI from January 2000 to June 2014.

Strong Historical Investment Performance

ARCC had cumulative realized investment gains in excess of cumulative realized investment losses of approximately \$222 million since inception⁽¹⁾

- Low net realized losses on loans combined with net realized gains on equity positions have resulted in an average annualized net realized gain/loss rate of +1.0%, with a net realized loss in only one fiscal year⁽²⁾⁽³⁾
- Since IPO in October 2004 through 6/30/14, cumulative internal rate of return to ARCC totaled 13%⁽⁴⁾ on \$8.7 billion of original investments realized



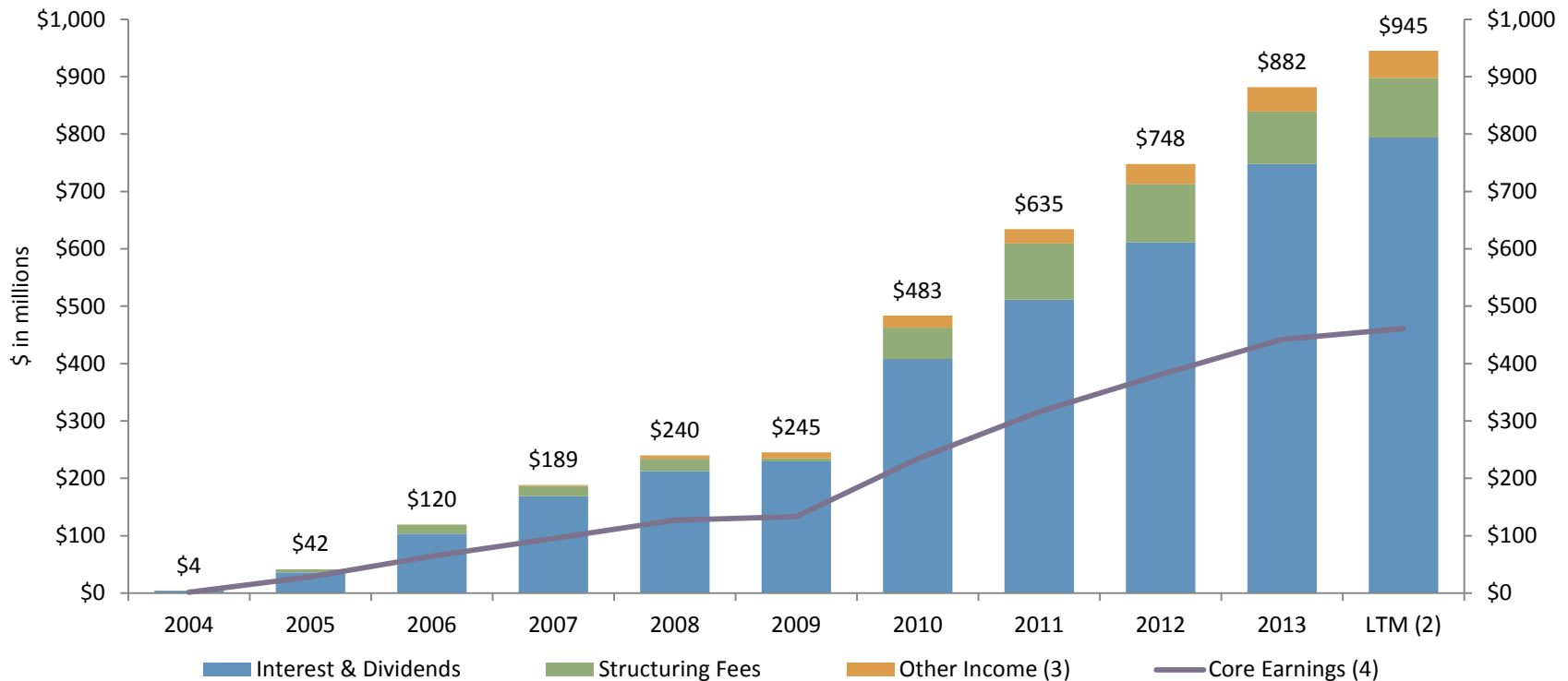
1. From inception through June 30, 2014 and excludes \$196 million one-time gain on the acquisition of Allied Capital in Q2-10 and gains (losses) from the extinguishment of debt and sale of other assets.
2. From inception through June 30, 2014 and excludes \$196 million one-time gain on the acquisition of Allied Capital in Q2-10 and gains (losses) from the extinguishment of debt and sale of other assets. Calculated as the annualized average of the historical net realized gain/loss rates (where the net realized gain/loss rate for a particular period is calculated as the amount of the net realized gains/losses during such period divided by the average quarterly investments at amortized cost in such period).
3. For purposes of this calculation, SSLP sub certs are considered debt investments.
4. Based on original cash invested, net of syndications, of approximately \$8.7 billion and total proceeds from such exited investments of approximately \$10.7 billion. Internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of ARCC's debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to ARCC's past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

Financial Review and Capitalization



Revenue and Earnings Growth⁽¹⁾

- ARCC's revenue sources have become more diversified
- Since 2010, interest and dividend income has averaged 83% of revenues while structuring fees have averaged 12%



1. Excludes realized and unrealized gains and losses. Past performance is not indicative of future results.

2. Last twelve months through 6/30/14.

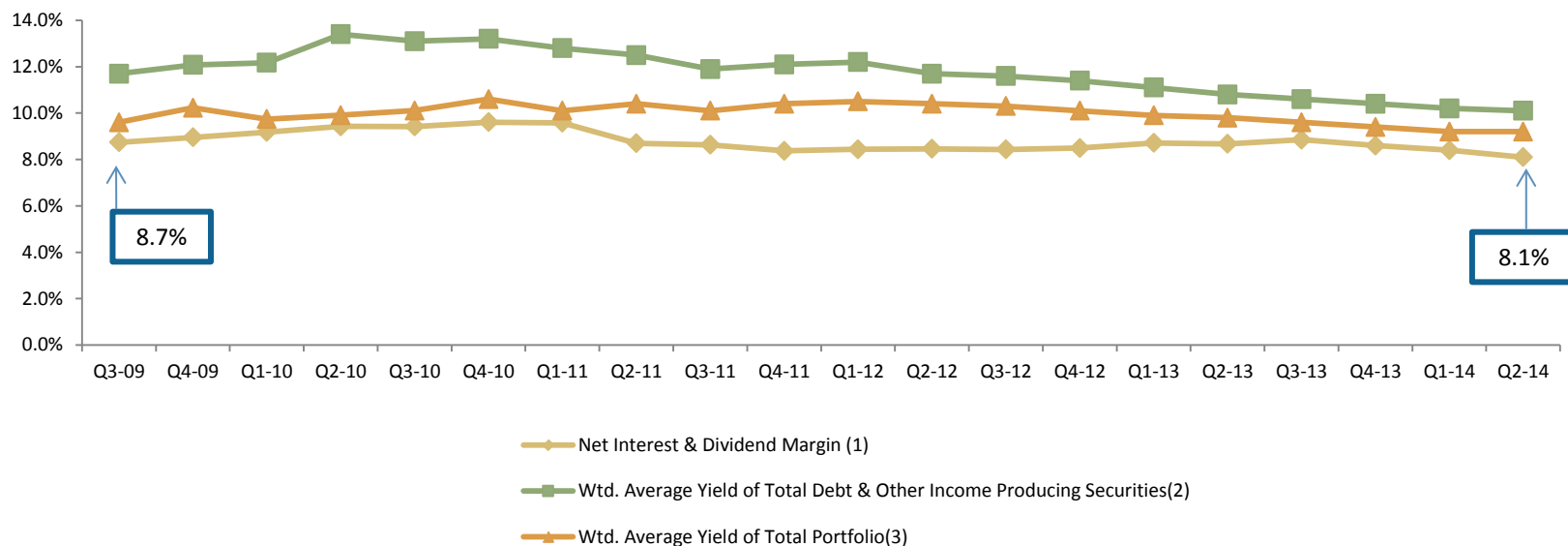
3. Includes management fees and other income.

4. Core Earnings is a non-GAAP financial measure. Core Earnings is the net increase (decrease) in stockholders' equity resulting from operations less realized and unrealized gains and losses (including the gain on the Allied acquisition), any incentive fees attributable to such realized and unrealized gains and losses and any income taxes related to such realized gains. Net increase (decrease) in stockholders' equity is the most directly comparable GAAP financial measure. ARCC believes Core Earnings provides useful information to investors regarding financial performance because it is one method ARCC 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.

Consistent Net Interest and Dividend Margin

Net interest and dividend margin has been steady over the past five years

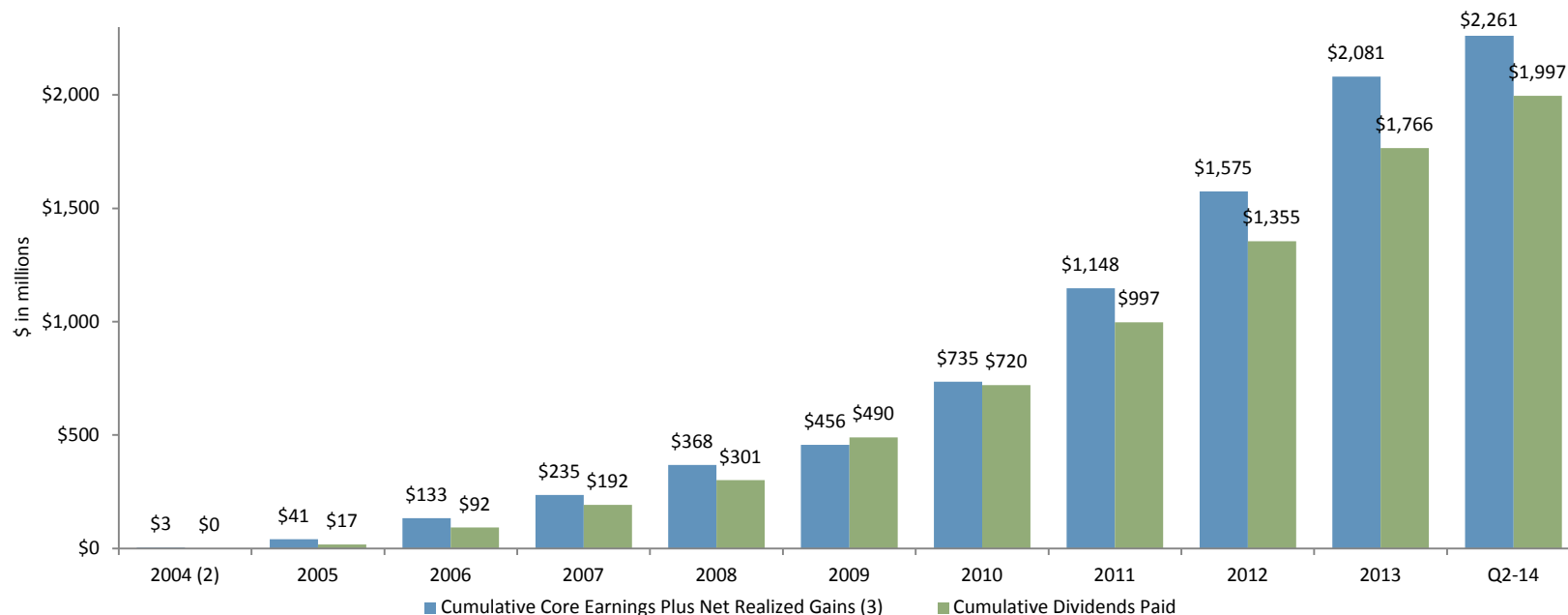
Weighted Average Yields vs. Net Interest and Dividend Margin



1. 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.
2. The weighted average yield on debt and other income producing securities at amortized cost is computed as (a) annual state 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.
3. The weighted average yield on the total investment portfolio at amortized cost is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total investment at amortized cost.

Dividend and Core Earnings Track Record

Cumulative Core Earnings Plus Net Realized Gains vs. Cumulative Dividends⁽¹⁾



ARCC estimates that it has carried forward excess taxable income of approximately \$244 million⁽⁴⁾ or \$0.82 per share from 2013 into 2014

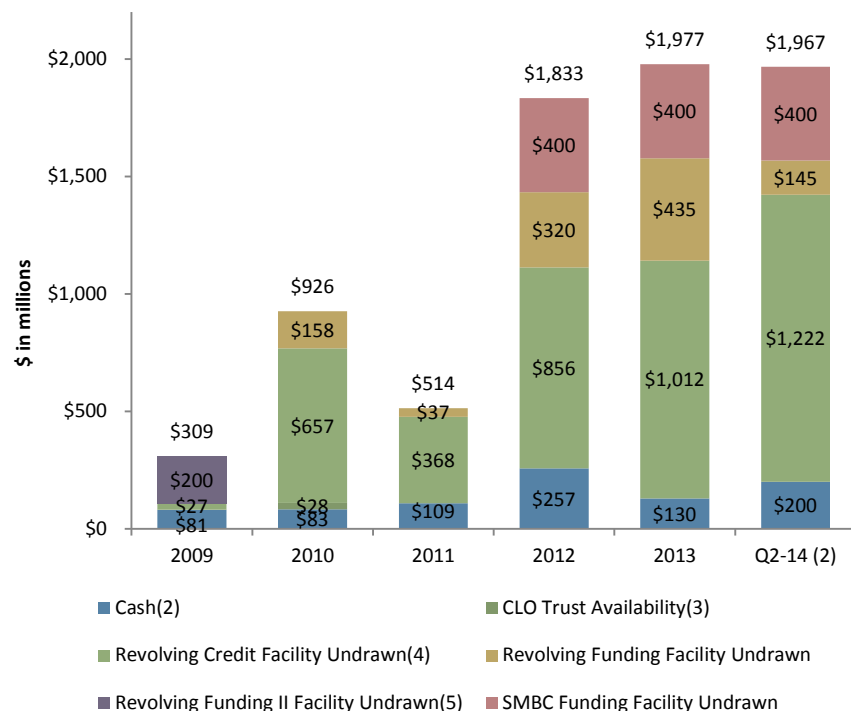
Note: All data as of December 31 of the respective years, excluding Q2-14 which is as of June 30, 2014.

- There can be no assurance that dividends will continue to be paid at historic levels or at all. Past performance is not indicative of future results.
- ARCC declared a dividend of \$3.3 million in 2004 that was paid in 2005.
- Core Earnings is a non-GAAP financial measure. Core Earnings is the net increase (decrease) in stockholders' equity resulting from operations less realized and unrealized gains and losses (including the gain on the Allied acquisition), any incentive fees attributable to such realized and unrealized gains and losses and any income taxes related to such realized gains. Net increase (decrease) in stockholders' equity is the most directly comparable GAAP financial measure. ARCC believes that Core Earnings provides useful information to investors regarding financial performance because it is one method ARCC 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.
- The amount of excess 2013 taxable income available for carry over into 2014 is only an estimate based on estimated 2013 taxable income. The calculation of estimated 2013 taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2013 taxable income will not be finally determined until the Company's 2013 tax return is filed in 2014. Consequently, both 2013 taxable income and the amount of excess taxable income available for carry over into 2014 is subject to change. For more information, see footnote 10 to the Company's 2013 audited financial statements filed with the Company's 10-K for the fiscal year ended December 31, 2013.

Our Approach to Managing the Balance Sheet

ARCC has historically maintained strong excess liquidity and has demonstrated access to a diverse set of channels for capital

Available Liquidity⁽¹⁾



Access To Capital Across Capital Structure⁽⁶⁾

- Demonstrated ability to access diverse market channels since our IPO in October 2004
 - Raised over \$3.9 billion in public equity in 18 separate equity offerings
 - Accessed the convertible notes market in five transactions raising over \$1.5 billion
 - Accessed the high grade notes market in two transactions raising \$750 million
 - Accessed the retail notes market three times raising over \$520 million
 - Raised over \$2.1 billion in revolving credit facilities
 - Proactively extended maturities on revolving facilities
- Generated \$2.4 billion in average annual repayments from investment portfolio over the last three years ⁽⁷⁾

1. Subject to borrowing base and leverage restrictions. ARCC is only allowed to borrow amounts such that its asset coverage (calculated pursuant to the Investment Company Act of 1940) equals at least 200% after such borrowing. All data as of December 31 of the respective years, excluding Q2-14 which is as of June 30, 2014.

2. Excludes restricted cash as well as cash held for dividends payable and for uses specifically designated for paying interest and expenses on certain debt. Total revolving debt commitments remained at \$2,190 million.

3. The CLO reinvestment period ended in 2011. In June 2012, in conjunction with the repayment in full of \$60 million aggregate principal amount of the notes outstanding under the 2006 Debt Securitization, ARCC terminated or discharged the agreements governing the 2006 Debt Securitization.

4. Excludes letters of credit outstanding under the facility.

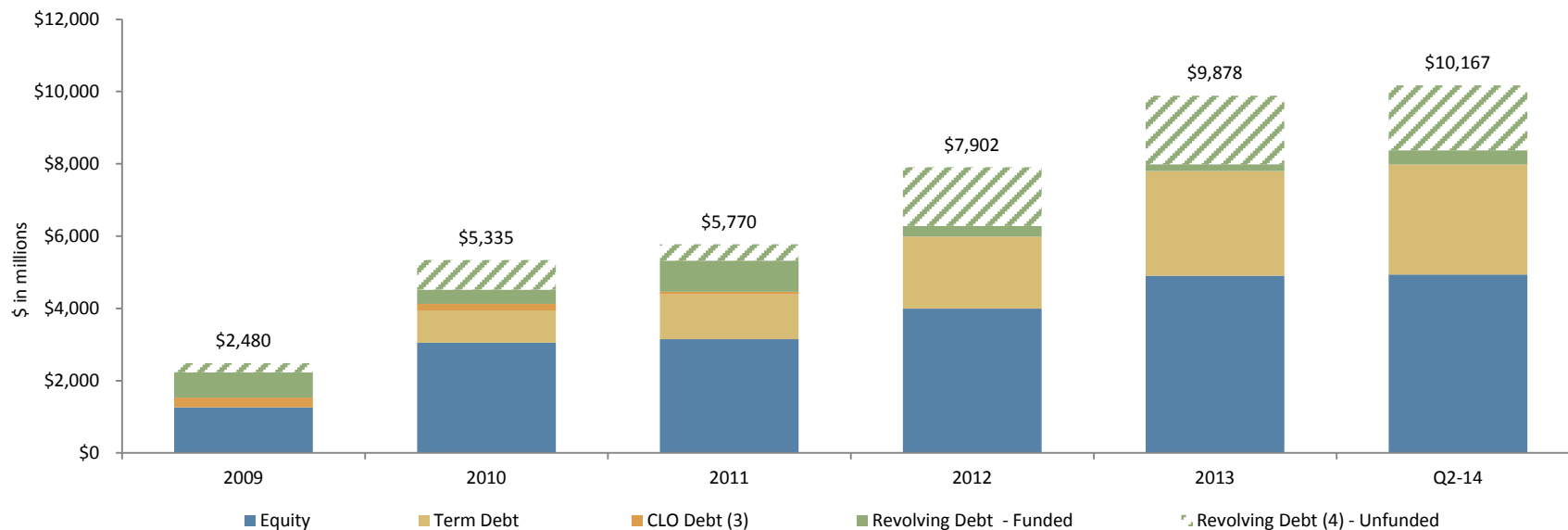
5. Revolving Funding Facility and Revolving Funding II Facility were combined in Q1-10.

6. From IPO in October 2004 through July 31, 2014. Excludes debt assumed as part of the acquisition of Allied Capital.

7. Represents an average of the three years ended June 30, 2014.

Debt and Equity Capitalization

Total Debt Facilities and Equity Capital⁽¹⁾⁽²⁾



Debt to Equity Ratio	0.77x	0.45x	0.66x	0.55x	0.61x	0.68x
% Unsecured Debt⁽⁵⁾⁽⁶⁾	-	62.1%	56.9%	86.9%	94.0%	88.5%
Wtd Avg Maturity of Debt (in years)⁽⁵⁾	3.8	11.8	9.3	9.8	7.9	7.2
Wtd Avg Stated Interest Rate⁽⁵⁾	2.1%	5.2%	4.8%	5.5%	5.3%	5.1%

1. All data as of December 31 of the respective years, excluding Q2-14 which is as of June 30, 2014.

2. Excludes post June 30, 2014 events.

3. In June 2012, in conjunction with the repayment in full of \$60 million aggregate principal amount of the notes outstanding under the 2006 Debt Securitization, ARCC terminated or discharged the agreements governing the 2006 Debt Securitization.

4. Includes amounts outstanding and undrawn amounts under revolving credit facilities subject to borrowing base and leverage restrictions and excludes letters of credit outstanding under one of the facilities.

5. Based on debt outstanding for period presented.

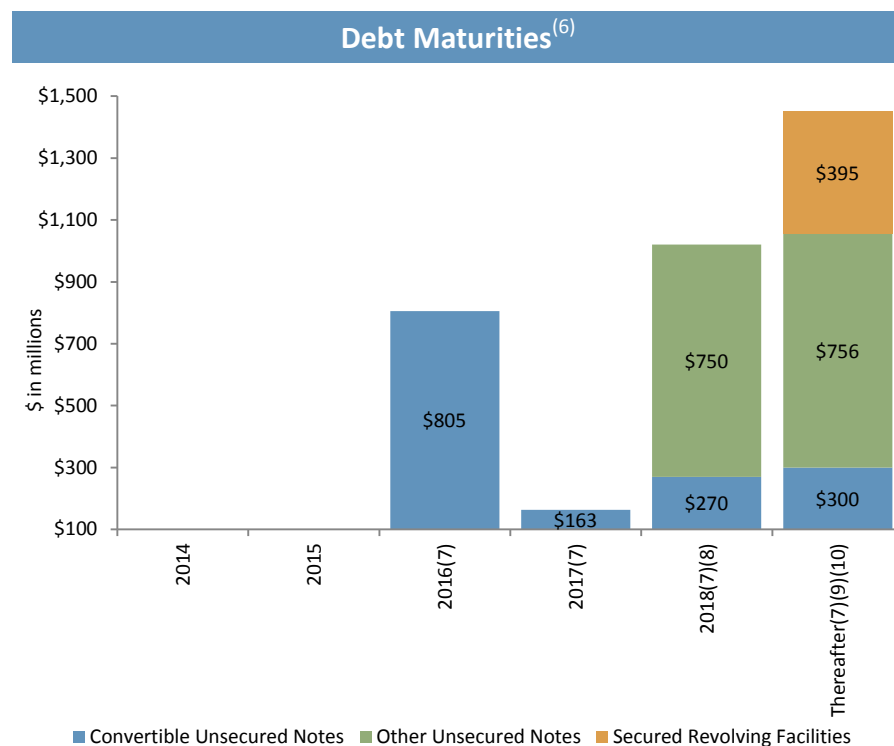
6. Not applicable prior to 2010, as ARCC did not have any unsecured debt outstanding.

ARCC Debt Capitalization Summary⁽¹⁾

Gross annual returns on our total assets need to be at least 2.1% to cover our annual interest payments

Portfolio exits and repayments have averaged approximately \$2.4 billion per year over the last three years ⁽²⁾

(\$ in millions)	Total Aggregate Principal Amount Committed/Outstanding ⁽³⁾	Principal Amount Outstanding	Weighted Average Stated Interest Rate ⁽⁴⁾
Secured Revolving Facilities⁽⁵⁾			
Revolving Credit Facility	\$1,250	-	-
Revolving Funding Facility	540	\$395	2.405%
SMBC Funding Facility	400	-	-
Subtotal	\$2,190	\$395	2.405%
Unsecured Notes Payable			
February 2016 Convertible Notes	\$575	\$575	5.750%
June 2016 Convertible Notes	230	230	5.125%
2017 Convertible Notes	163	163	4.875%
2018 Convertible Notes	270	270	4.750%
2019 Convertible Notes	300	300	4.375%
2018 Notes	750	750	4.875%
February 2022 Notes	144	144	7.000%
October 2022 Notes	182	182	5.875%
2040 Notes	200	200	7.750%
2047 Notes	229	229	6.875%
Subtotal	\$3,043	\$3,043	5.499%
Total Debt	\$5,233	\$3,438	5.144%



1. As of June 30, 2014. Excludes post June 30, 2014 events.

2. Represents an average of the three years ended June 30, 2014.

3. Subject to borrowing base and leverage restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.

4. Effective stated rate as of June 30, 2014.

5. Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the stated maturity.

6. Represents the total aggregate principal amount outstanding as of June 30, 2014.

7. While we expect to settle each of the February 2016 Convertible Notes, June 2016 Convertible Notes, 2017 Convertible Notes, 2018 Convertible Notes and 2019 Convertible Notes of \$575.0 million, \$230.0 million, \$162.5 million, \$270.0 million and \$300.0 million, respectively, in cash, we have the option to settle each in cash, shares of common stock or a combination of cash and shares of common stock.

8. The 2018 Notes may be redeemed in whole or in part at any time at the Company's option at a redemption price equal to par plus a "make whole" premium, as determined in the indenture governing the 2018 Notes, and any accrued and unpaid interest.

9. February 2022 Notes, October 2022 Notes and 2040 Notes of \$143.8 million, \$182.5 million and \$200.0 million respectively, may be redeemed in whole or in part at any time or from time to time at our option on or after February 15, 2015, October 1, 2015 and October 15, 2015, respectively, at par redemption price of \$25 per security plus accrued and unpaid interest.

10. 2047 Notes with aggregate principal amount of \$229.6 million may be redeemed in whole or in part at any time or from time to time at our option, at par redemption price of \$25 per security plus accrued and unpaid interest.

Summary



Summary

Market Leader in Inefficient Asset Class	<ul style="list-style-type: none">• A leader in middle market direct lending with meaningful scale advantages• Largest BDC measured by total assets and market capitalization⁽¹⁾• Less efficient market with favorable supply/demand dynamics
Attractive and Consistent Current Income	<ul style="list-style-type: none">• Current annualized dividend of \$1.52 per share (yield of 9.0%)⁽²⁾• Since our IPO, paid \$14.84 per share in cumulative dividends⁽³⁾• ARCC estimates it has carried forward excess taxable income of \$0.82⁽⁴⁾ per share from 2013 into 2014
Strong Track Record	<ul style="list-style-type: none">• Since IPO in 10/04 through 6/30/14, ARCC's total return to shareholders was 256% versus 121% for the Russell 1000 and 110% for the S&P 500⁽⁵⁾• Since inception, cumulative realized losses more than offset by cumulative realized gains with net realized gains in every fiscal year except 2009
Moderate Leverage with Strong Balance Sheet	<ul style="list-style-type: none">• Net debt to equity ratio averaged 0.54x over the last five years⁽⁶⁾; regulatory limit of 1:1• Financing shorter term assets with weighted average maturity of 4.6 years with longer term liabilities with weighted average duration of 7.2 years⁽⁷⁾• Investment transparency and third party valuation

1. Measured using total assets as of June 30, 2014 and market capitalization as of August 15, 2014.

2. Dividend yield is based on Q2-14 \$0.38 per share regular dividend annualized, which was then divided by the closing stock price of \$16.81 as of August 15, 2014. ARCC's share price will fluctuate and its market price will differ from its NAV. ARCC's performance changes over time and currently may be different from that shown.

3. ARCC initial public offering was completed in October 2004. There can be no assurance that the dividends will continue at historical levels or at all. Past performance is not indicative of future results.

4. The amount of excess 2013 taxable income available for carry over into 2014 is only an estimate based on estimated 2013 taxable income. The calculation of estimated 2013 taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2013 taxable income will not be finally determined until the Company's 2013 tax return is filed in 2014. Consequently, both 2013 taxable income and the amount of excess taxable income available for carry over into 2014 is subject to change. For more information, see footnote 10 to the Company's 2013 audited financial statements filed with the Company's 10-K for the fiscal year ended December 31, 2013.

5. Source: SNL Financial. Total return on security or index with dividends; assumes dividends are reinvested at the closing price of the security on the ex-date of the dividend.

6. Trailing last five years ended 6/30/14.

7. As of June 30, 2014.

Reconciliation of Core Earnings⁽¹⁾

Reconciliations of Core Earnings to earnings computed in accordance with GAAP:

(in 000's)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Q1-14	Q2-14
Core Earnings	\$1,666	\$28,103	\$64,266	\$94,949	\$126,992	\$133,406	\$233,925	\$316,116	\$380,724	\$442,046	\$113,644	\$102,159
Net realized and unrealized gains (losses)	475	14,727	13,063	(4,117)	(266,447)	69,287	280,142	37,050	159,317	58,115	4,656	50,840
Gain on the Allied Acquisition	-	-	-	-	-	-	195,876	-	-	-	-	-
Incentive fees attributable to net realized and unrealized gains and losses	-	(979)	(3,448)	-	-	-	(15,609)	(33,348)	(31,863)	(11,640)	(1,038)	(10,168)
Income tax expense related to realized gains	-	-	(4,186)	-	-	-	(2,500)	(365)	-	-	-	-
GAAP Earnings	\$3,190	\$41,851	\$69,695	\$90,832	(\$139,455)	\$202,693	\$691,834	\$319,453	\$508,178	\$488,521	\$116,992	\$142,831

1. Core Earnings is a non-GAAP financial measure. Core Earnings is the net per share increase (decrease) in stockholders' equity resulting from operations less realized and unrealized gains and losses, any incentive fees attributable to net realized and unrealized gains and losses and any income taxes related to such realized gains. Net increase (decrease) in stockholders' equity is the most directly comparable GAAP financial measure. ARCC believes that Core Earnings provides useful information to investors regarding financial performance because it is one method ARCC 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.

