



First Quarter 2017
Earnings Presentation

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On January 3, 2017 (the "Acquisition Date"), Ares Capital completed the acquisition of American Capital, Ltd. ("American Capital") (the "American Capital Acquisition"). Ares Capital acquired \$3.6 billion of assets, including \$2.5 billion of investments, and assumed \$226 million of liabilities for total cash and stock consideration of \$3.3 billion. In connection with the stock consideration, Ares Capital issued approximately 112 million shares of its common stock to American Capital's then-existing stockholders (including to holders of outstanding in-the-money American Capital stock options), thereby resulting in our then-existing stockholders owning approximately 73.7% of the combined company and then-existing American Capital stockholders owning approximately 26.3% of the combined company. The financial and other data set forth below for the first quarter of 2017 reflect the results of the combined company, unless otherwise noted.

The following slides contain summaries of certain financial and statistical information about Ares Capital. The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings and other public announcements that we may make, by press release or otherwise, from time to time. We undertake no duty or obligation to publicly update or revise the information contained in this presentation. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of Ares Capital, or information about the market, as indicative of Ares Capital's future results. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of Ares Capital.

Financial and Portfolio Highlights

Financial Highlights

	Q1-17	Q4-16	Q1-16
(all per share amounts, excluding net asset value per share, are basic and diluted)	(unaudited)	(unaudited)	(unaudited)
Core EPS* ⁽¹⁾	\$0.32	\$0.42	\$0.37
Net Investment Income Per Share	\$0.22	\$0.44	\$0.36
Net Realized Gains Per Share	\$0.01	\$0.10	\$0.09
Net Unrealized Gains (Losses) Per Share	\$0.05	\$(0.30)	\$(0.03)
GAAP Net Income Per Share	\$0.28	\$0.24	\$0.42
Net Asset Value Per Share	\$16.50	\$16.45	\$16.50

Portfolio Highlights

	Q1-17	Q4-16	Q1-16
(dollar amounts in millions)	(unaudited)	(unaudited)	(unaudited)
Gross Commitments**	\$864	\$1,164	\$471
Exits of Commitments ⁽²⁾	\$836	\$1,102	\$484
Total Fair Value of Investments	\$11,407	\$8,820	\$9,072
Weighted Average Yield of Debt & Other Income Producing Securities at Amortized Cost ⁽³⁾	9.3%	9.3%	10.1%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	8.1%	8.3%	9.2%

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

Note: Endnotes begin on page 26.

**Excludes investments acquired as part of the American Capital Acquisition in Q1-17.

Selected Historical Financial Information

	As of and for the Three Months Ended				
	(unaudited)				
	(dollar amounts in millions, except per share data and stock prices)				
	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
Core EPS – Basic and Diluted ^{*(1)}	\$ 0.32	\$ 0.42	\$ 0.43	\$ 0.39	\$ 0.37
Net Investment Income Per Share – Basic and Diluted	\$ 0.22	\$ 0.44	\$ 0.44	\$ 0.34	\$ 0.36
Net Realized and Unrealized Gains (Losses) Per Share – Basic and Diluted	\$ 0.06	\$ (0.20)	\$ (0.09)	\$ 0.16	\$ 0.06
GAAP EPS – Basic and Diluted	\$ 0.28	\$ 0.24	\$ 0.35	\$ 0.50	\$ 0.42
Dividend Declared and Payable Per Share	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Stockholders' Equity	\$ 7,035 **	\$ 5,165	\$ 5,209	\$ 5,218	\$ 5,180
Net Asset Value Per Share	\$ 16.50	\$ 16.45	\$ 16.59	\$ 16.62	\$ 16.50
Principal Debt/Book Equity Ratio	.67x	.76x	.73x	.74x	.78x
Principal Debt/Book Equity Ratio, Net of Available Cash ⁽⁵⁾	.64x	.73x	.71x	.72x	.77x
Unsecured Principal Debt to Total Principal Debt	71.0%	78.3%	81.4%	64.6%	67.1%
Weighted Average Stated Interest on Debt ⁽⁶⁾	4.0%	4.2%	4.2%	3.9%	4.0%
Net Interest and Dividend Margin ⁽⁷⁾	7.9%	7.7%	7.8%	7.8%	7.7%
Ratio of Earnings to Fixed Charges ⁽⁸⁾	3.0	3.8	4.1	3.6	3.4
Market Capitalization					
Principal Debt	\$ 4,683	\$ 3,951	\$ 3,801	\$ 3,860	\$ 4,063
Equity	7,409	5,177	4,866	4,458	4,659
Total Market Capitalization	<u>\$ 12,092</u>	<u>\$ 9,128</u>	<u>\$ 8,667</u>	<u>\$ 8,318</u>	<u>\$ 8,722</u>
Common Stock Data:					
High Price during the period	\$ 17.81	\$ 16.86	\$ 16.40	\$ 15.38	\$ 14.84
Low Price during the period	\$ 16.42	\$ 15.16	\$ 13.96	\$ 13.87	\$ 12.54
Closing Price	\$ 17.38	\$ 16.49	\$ 15.50	\$ 14.20	\$ 14.84

*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

As of the Three Months Ended

(unaudited)

(dollar amounts in millions)

	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
Investments at Fair Value	\$ 11.407	\$ 8.820	\$ 8.805	\$ 8.900	\$ 9.072
Number of Portfolio Companies ⁽⁹⁾	316	218	215	214	220
Asset Class (at fair value):					
First Lien Senior Secured Loans	24%	23%	25%	29%	29%
Second Lien Senior Secured Loans	34%	34%	32%	31%	31%
Senior Direct Lending Program ⁽¹⁰⁾	2%	3%	2%	—%	—%
Senior Secured Loan Program ⁽¹¹⁾	17%	22%	22%	21%	21%
Senior Subordinated Debt	8%	8%	8%	8%	8%
Collateralized Loan Obligations	2%	—%	—%	—%	—%
Preferred Equity	4%	3%	4%	4%	4%
Other Equity and Other	9%	7%	7%	7%	7%
Interest Rate Type (at fair value)					
% Floating Rate ⁽¹²⁾	79%	81%	80%	80%	80%
% Fixed Rate	9%	9%	10%	10%	10%
% Equity and Other Non-Interest Earning	12%	10%	10%	10%	10%
Yields:					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost ⁽³⁾	9.3%	9.3%	9.7%	9.8%	10.1%
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value ⁽³⁾	9.4%	9.4%	9.8%	9.9%	10.3%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	8.1%	8.3%	8.7%	8.9%	9.2%
Weighted Average Yield on Total Investments at Fair Value ⁽⁴⁾	8.2%	8.5%	8.8%	9.0%	9.3%

Selected Historical Financial Information (cont'd)

	For the Three Months Ended				
	(unaudited)				
	(dollar amounts in millions)				
	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
Commitments:					
Gross Commitments*	\$ 864	\$ 1,164	\$ 1,529	\$ 540	\$ 470
Exits of Commitments ⁽²⁾	(836)	(1,102)	(1,499)	(759)	(484)
Net Commitments ⁽¹³⁾	\$ 28	\$ 62	\$ 30	\$ (219)	\$ (14)
Gross Commitments Information*:					
Number of Transactions	28	24	28	11	19
Weighted Average Commitment Term in Months	65	84	94	64	59
Average Commitment in Period	\$ 31	\$ 49	\$ 55	\$ 49	\$ 25
Fundings*:					
Gross Fundings	\$ 914	\$ 1,089	\$ 1,385	\$ 518	\$ 498
Net Fundings ⁽¹³⁾	\$ 5	\$ 90	\$ (68)	\$ (202)	\$ 15
Portfolio Turnover	0.09	0.11	0.16	0.06	0.05

* Q1-17 excludes investments acquired as part of the American Capital Acquisition.

Quarterly Operating Results

For the Three Months Ended

(unaudited)

(amounts in millions, except per share data)

	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
Investment income	\$ 275	\$ 261	\$ 258	\$ 245	\$ 248
Expenses	179	114	117	136	130
Net investment income before income taxes	96	147	141	109	118
Income tax expense, including excise tax	2	8	4	4	5
Net investment income	94	139	137	105	113
Net realized and unrealized gains (losses)	24	(64)	(27)	52	19
Net Income	\$ 118	\$ 75	\$ 110	\$ 157	\$ 132
Per Share:					
Core EPS - Basic and Diluted ⁽¹⁾	\$ 0.32	\$ 0.42	\$ 0.43	\$ 0.39	\$ 0.37
Net Income - Basic and Diluted	\$ 0.28	\$ 0.24	\$ 0.35	\$ 0.50	\$ 0.42
Dividends Declared and Payable	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Weighted average shares of common stock outstanding - Basic and Diluted	422	314	314	314	314
Common shares outstanding at end of period	426	314	314	314	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

	For the Three Months Ended				
	(unaudited)				
	(amounts in millions)				
	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
Net Investment Income Before Income Taxes:					
Investment Income:					
Interest income from investments	\$ 231	\$ 195	\$ 200	\$ 204	\$ 207
Capital structuring service fees	12	36	35	12	16
Dividend income	24	22	16	21	16
Management and other fees	3	3	4	4	5
Other income	5	5	3	4	4
	<u>275</u>	<u>261</u>	<u>258</u>	<u>245</u>	<u>248</u>
Expenses:					
Interest and credit facility fees	55	47	43	46	50
Base management fees	39	34	34	34	35
Income based fees	32	32	33	29	29
Capital gains incentive fees*	16	(13)	(6)	10	4
Administrative fees	3	3	4	3	4
Professional fees and other costs related to the American Capital Acquisition ⁽¹⁴⁾	26	4	3	7	1
Other general and administrative	8	7	6	7	7
	<u>179</u>	<u>114</u>	<u>117</u>	<u>136</u>	<u>130</u>
Net investment income before income taxes	96	147	141	109	118
Income tax expense, including excise tax	2	8	4	4	5
Net investment income	<u>\$ 94</u>	<u>\$ 139</u>	<u>\$ 137</u>	<u>\$ 105</u>	<u>\$ 113</u>

*As required by GAAP. As of March 31, 2017, Ares Capital had accrued \$54 million of incentive fees payable related to capital gains under GAAP; however, such amount is not actually payable under Ares Capital's investment advisory and management agreement with its investment adviser, Ares Capital Management (the "Investment Advisory and Management Agreement").

Quarterly Gain/Loss Detail

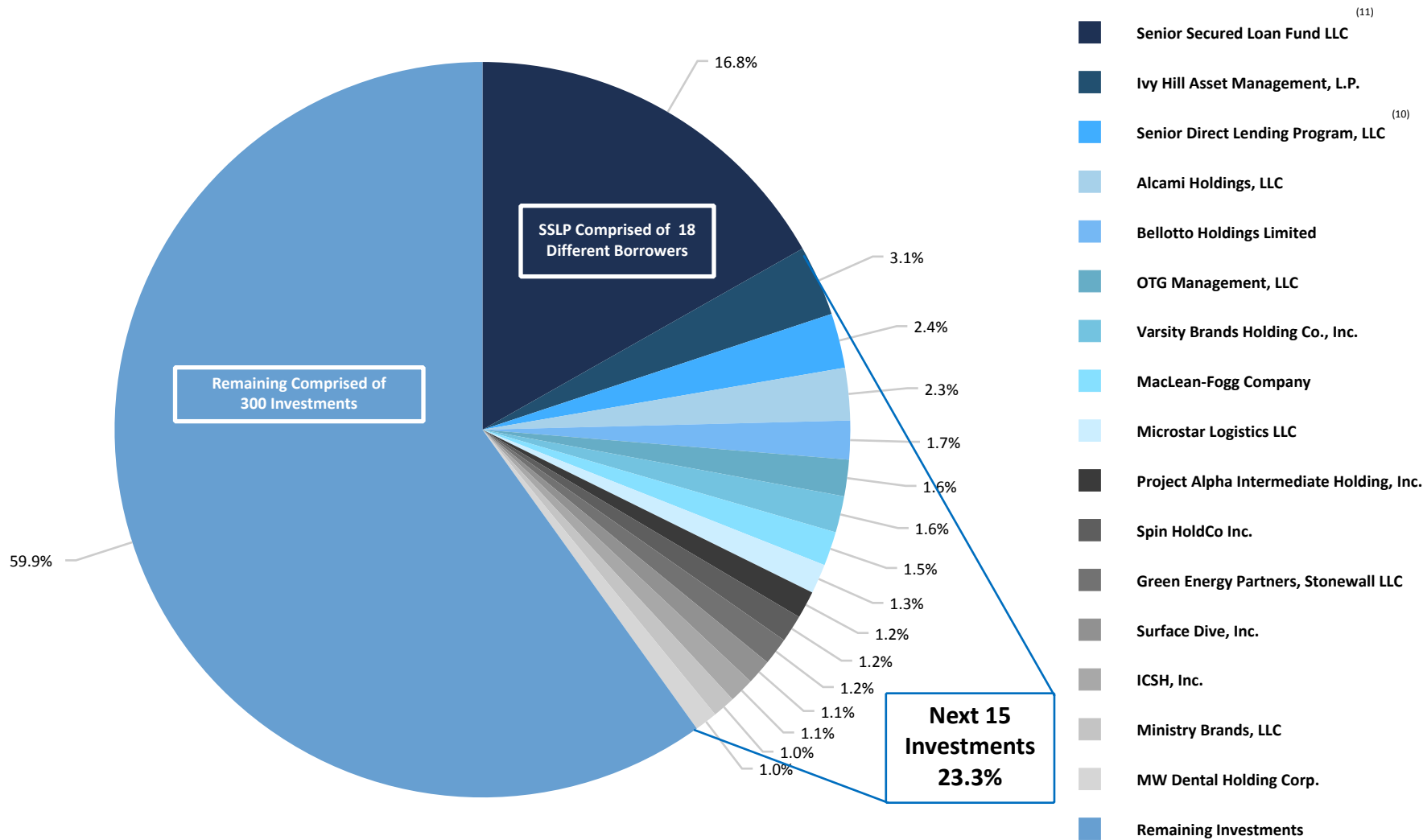
	For the Three Months Ended				
	(unaudited)				
	(amounts in millions)				
	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
Net Realized and Unrealized Gains (Losses):					
Realized gains (losses) on investments:					
Gains	\$ 14	\$ 31	\$ 30	\$ 34	\$ 26
Losses	(1)	(1)	(9)	(1)	—
Net realized gains on investments	13	30	21	33	26
Unrealized gains (losses) on investments:					
Unrealized appreciation	102	68	60	114	72
Unrealized depreciation	(75)	(143)	(106)	(72)	(60)
Net unrealized gains (losses) on investments	27	(75)	(46)	42	12
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses on investments					
	(9)	(19)	2	(23)	(18)
Total net unrealized gains (losses) on investments	18	(94)	(44)	19	(6)
Net realized and unrealized gains (losses) on foreign currency and other transactions					
	(7)	—	(4)	—	(1)
Net realized and unrealized gains (losses)	\$ 24	\$ (64)	\$ (27)	\$ 52	\$ 19

Quarterly Balance Sheets

	As of				
	(unaudited, except for 12/31/16)				
	(amounts in millions, except per share data)				
	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
ASSETS					
Investments at fair value	\$ 11,407	\$ 8,820	\$ 8,804	\$ 8,900	\$ 9,072
Cash and cash equivalents	247	223	125	126	77
Interest receivable	128	112	121	125	144
Receivable for open trades	75	29	22	1	18
Other assets	133	61	64	56	55
Total assets	\$ 11,990	\$ 9,245	\$ 9,136	\$ 9,208	\$ 9,366
LIABILITIES					
Debt	\$ 4,585	\$ 3,874	\$ 3,721	\$ 3,785	\$ 3,985
Base management fees payable	39	34	34	35	35
Income based fees payable	32	32	33	29	29
Capital gains incentive fees payable*	54	38	51	57	46
Accounts payable and other liabilities	195	58	52	46	55
Interest and facility fees payable	42	44	32	37	36
Payable for open trades	8	—	4	1	—
Total liabilities	4,955	4,080	3,927	3,990	4,186
STOCKHOLDERS' EQUITY					
Common stock	—	—	—	—	—
Capital in excess of par value	7,206	5,292	5,313	5,313	5,313
Accumulated undistributed (overdistributed) net investment income and net realized gains/losses on investments, foreign currency transactions, extinguishment of debt and other assets	28	94	22	(17)	(33)
Net unrealized losses on investments, foreign currency and other transactions	(199)	(221)	(126)	(78)	(100)
Total stockholders' equity	7,035	5,165	5,209	5,218	5,180
Total liabilities and stockholders' equity	\$ 11,990	\$ 9,245	\$ 9,136	\$ 9,208	\$ 9,366
NET ASSETS PER SHARE	\$ 16.50	\$ 16.45	\$ 16.59	\$ 16.62	\$ 16.50

*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 March 31, 2017*



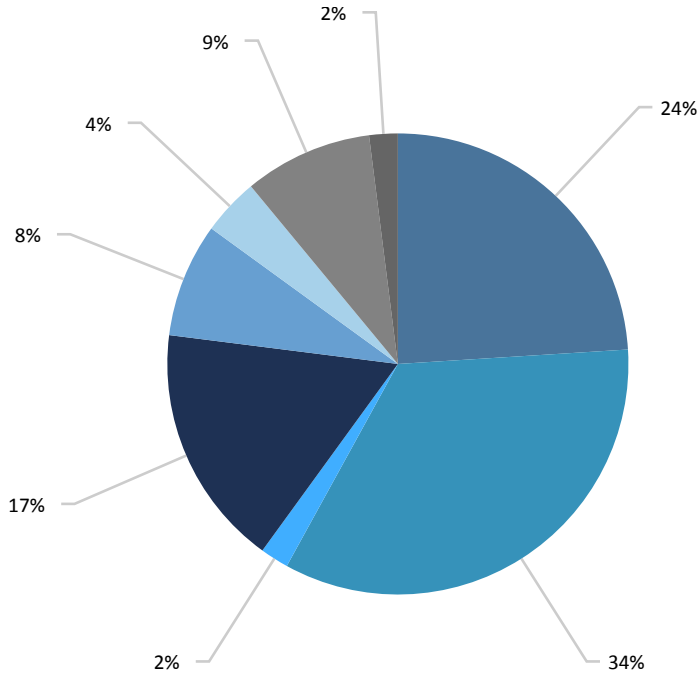
Diversified \$11.4 billion portfolio with over 300 investments

* At fair value.

Note: As of March 31, 2017, approximately 20% of the total investments were acquired in the American Capital Acquisition.

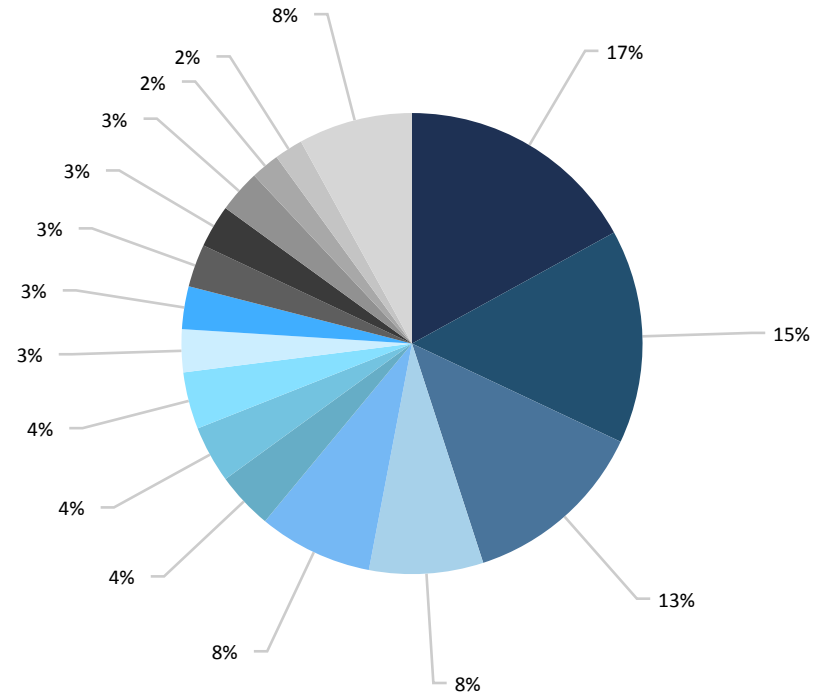
Investment Portfolio as of March 31, 2017*

Asset Class



- First Lien Senior Secured Loans
- Second Lien Senior Secured Loans
- Senior Direct Lending Program⁽¹⁰⁾
- Senior Secured Loan Program⁽¹¹⁾
- Senior Subordinated Debt
- Preferred Equity
- Other Equity and Other
- Collateralized Loan Obligations

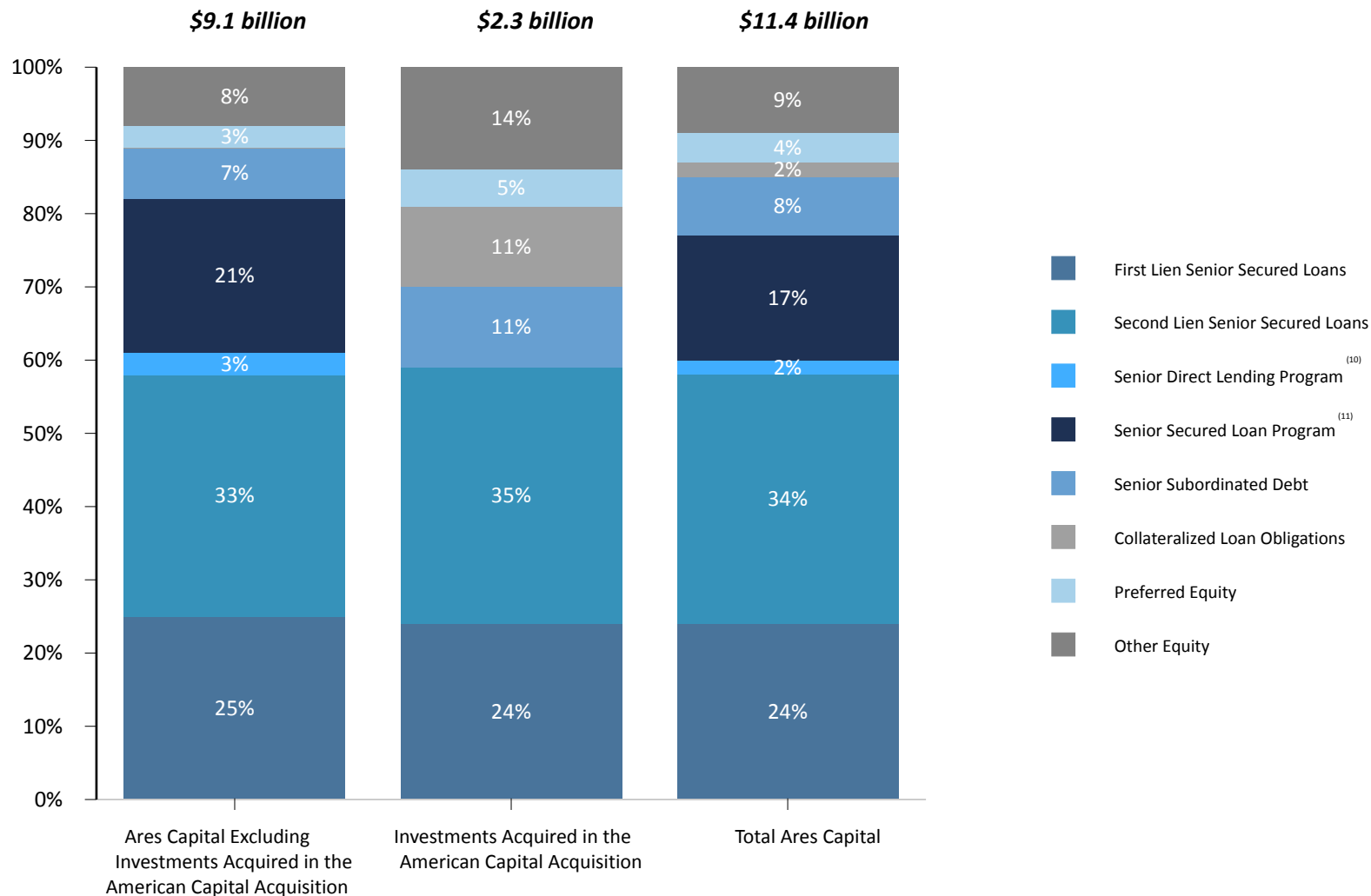
Industry



- Senior Secured Loan Program⁽¹¹⁾
- Business Services
- Healthcare Services
- Other Services
- Consumer Products
- Financial Services
- Power Generation
- Restaurants and Food Services
- Manufacturing
- Investment Funds and Vehicles
- Containers and Packaging
- Food and Beverage
- Education
- Senior Direct Lending Program⁽¹⁰⁾
- Automotive Services
- Other

* At fair value.

Investment Portfolio by Asset Class as of March 31, 2017*



Weighted Average Yields at Fair Value:

Debt and Other Income Producing Securities	9.2%	10.0%	9.4%
Total Investments	8.3%	7.8%	8.2%

*At fair value

Debt Summary

(dollar amounts in millions)	As of 12/31/16			As of 3/31/17			Weighted Average Stated Interest Rate ⁽¹⁹⁾	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding ⁽¹⁶⁾	Principal Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding ⁽¹⁶⁾	Principal Outstanding	Carrying Value of Outstanding Debt			
Secured Revolving Facilities⁽¹⁵⁾:									
Revolving Credit Facility	\$ 1,265	\$ 571	\$ 571	\$ 2,095	\$ 622	\$ 622	2.666%	LIBOR + 1.75% ⁽²⁰⁾	January 2022 ⁽²⁰⁾
Revolving Funding Facility	540	155	155	1,000	575	575	3.283%	LIBOR + 2.30% ⁽²¹⁾	January 2022
SMBC Funding Facility	400	105	105	400	140	140	2.652%	LIBOR + 1.75% ⁽²²⁾	September 2022
Subtotal	2,205	831	831	3,495	1,337	1,337	2.930%		
SBA Debentures	75	25	24	75	25	24	3.481% ⁽²³⁾		September 2025/March 2026
Unsecured Notes Payable:									
2017 Convertible Notes*	162	162	162 ⁽¹⁷⁾	—	—	— ⁽¹⁷⁾			
2018 Convertible Notes	270	270	267 ⁽¹⁷⁾	270	270	268 ⁽¹⁷⁾	4.750%		January 2018
2019 Convertible Notes	300	300	296 ⁽¹⁷⁾	300	300	297 ⁽¹⁷⁾	4.375%		January 2019
2022 Convertible Notes**	-	-	-	388	388	364 ⁽¹⁷⁾	3.750%		February 2022
2018 Notes	750	750	745 ⁽¹⁷⁾	750	750	746 ⁽¹⁷⁾	4.875%		November 2018
2020 Notes	600	600	596 ⁽¹⁷⁾	600	600	596 ⁽¹⁷⁾	3.875%		January 2020
January 2022 Notes	600	600	592	600	600	592 ⁽¹⁷⁾	3.625%		January 2022
October 2022 Notes	183	183	179 ⁽¹⁷⁾	183	183	179 ⁽¹⁷⁾	5.875%		October 2022
2047 Notes	230	230	182 ⁽¹⁸⁾	230	230	182 ⁽¹⁸⁾	6.875%		April 2047
Subtotal	3,095	3,095	3,019	3,321	3,321	3,224	4.475%		
Total Debt	\$ 5,375	\$ 3,951	\$ 3,874	\$ 6,891	\$ 4,683	\$ 4,585	4.028%		

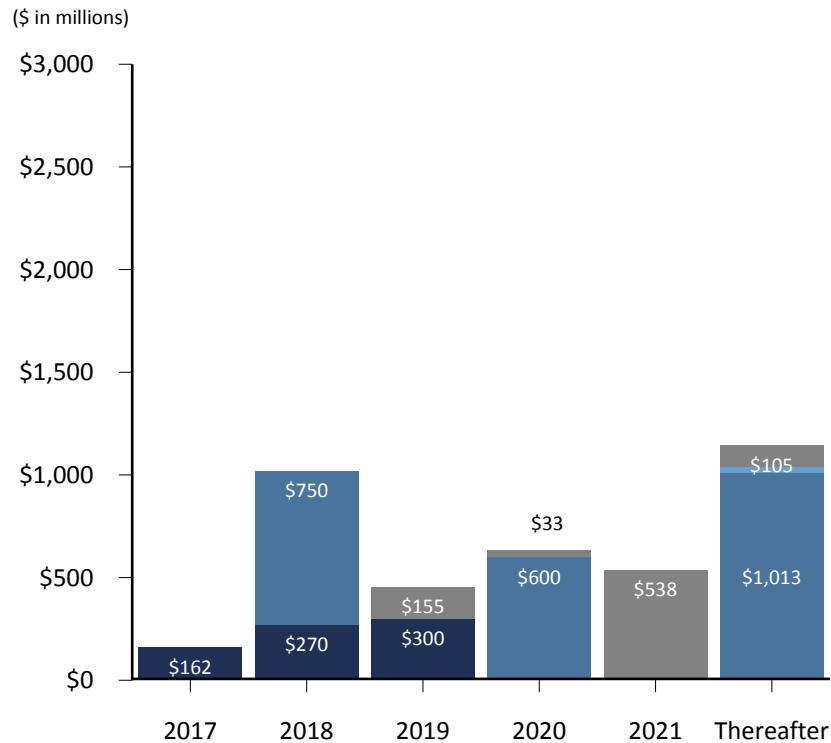
Floating and Fixed Rate Debt as of March 31, 2017:			
Debt (dollar amounts in millions)	Principal Outstanding	Weighted Average Stated Interest Rate ⁽¹⁹⁾	Weighted Average Maturity (in years)
Floating	\$ 1,337	2.93%	4.81
Fixed	3,346	4.47%	4.95
Total	\$ 4,683	4.03%	4.52

* In March 2017, the Company repaid in full the \$162 million aggregate principal amount of unsecured 2017 convertible notes upon their maturity.

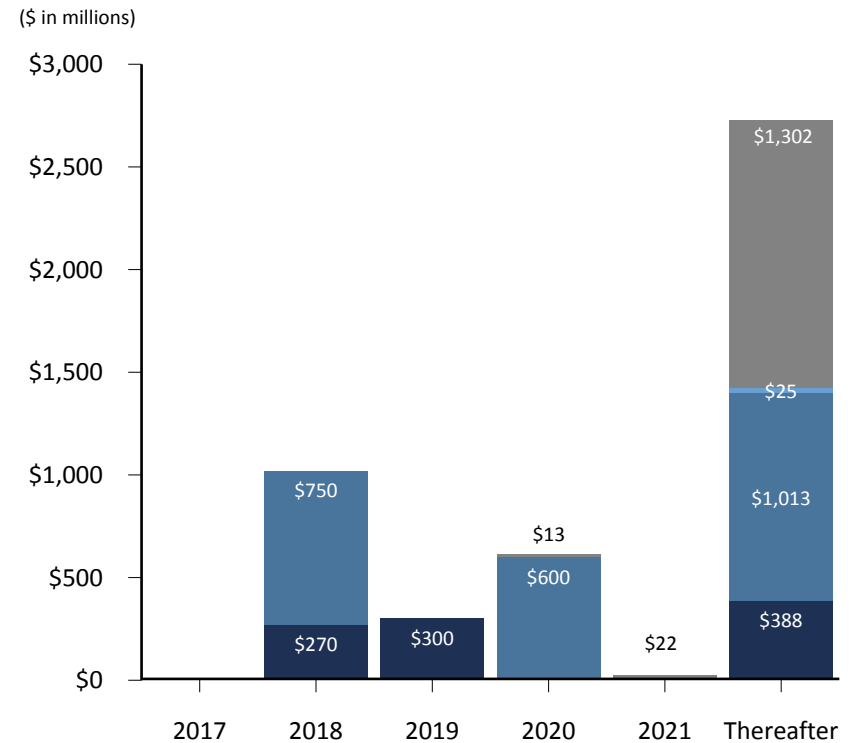
** In January and February 2017, the Company issued \$388 million aggregate principal amount of unsecured convertible notes due February 2022.

Debt Summary

Debt Maturities*



As of December 31, 2016

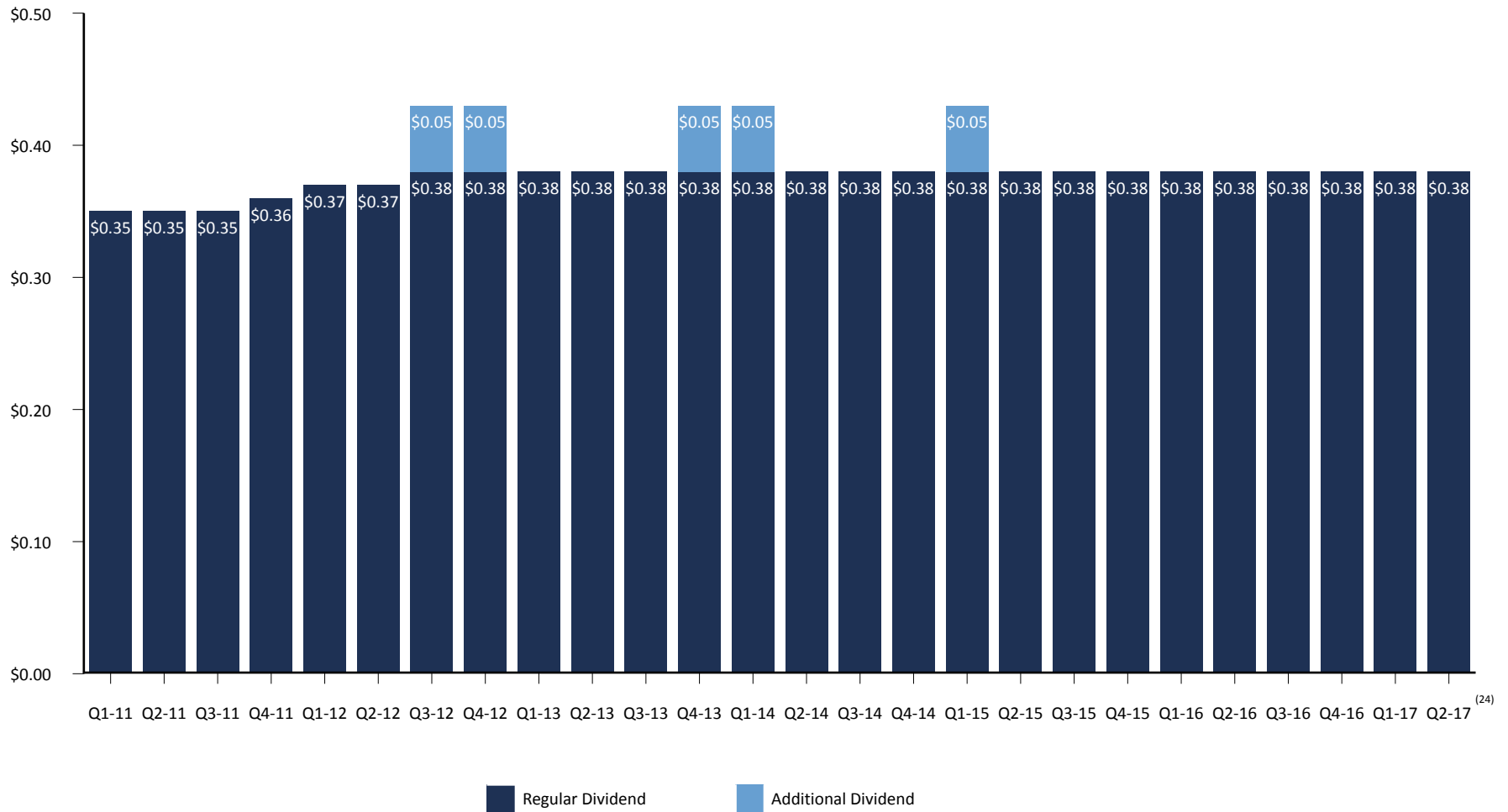


As of March 31, 2017

Convertible Unsecured Notes
 Other Unsecured Notes
 SBA Debentures
 Secured Revolving Facilities

* Represents the total aggregate principal amount outstanding.

Quarterly Dividends

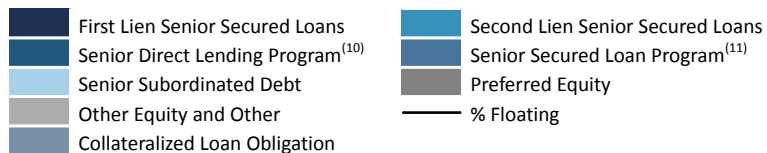
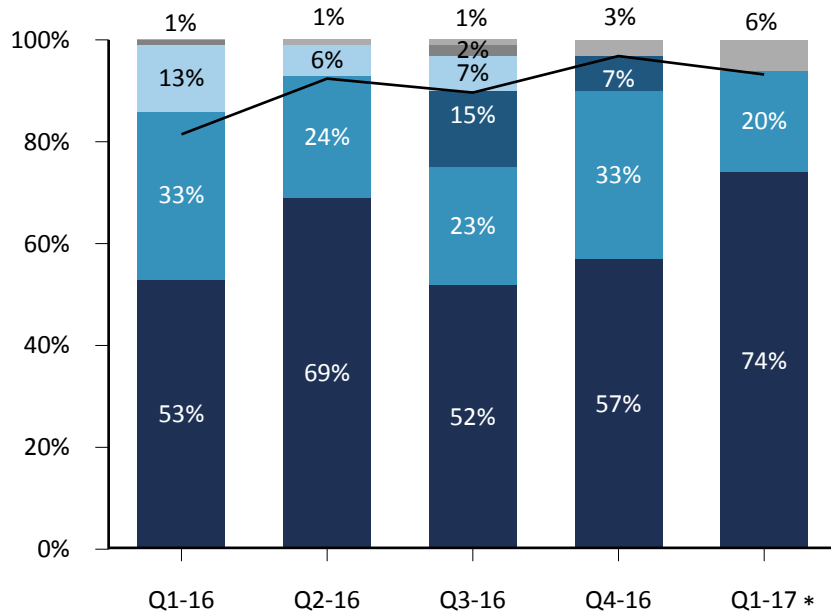


➤ Ares Capital estimates that it will carry forward excess taxable income of approximately \$339⁽²⁵⁾ million or \$0.80 per share* from 2016 for distribution to stockholders in 2017.

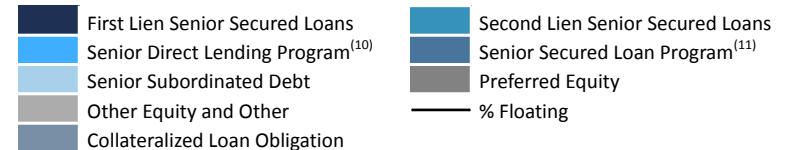
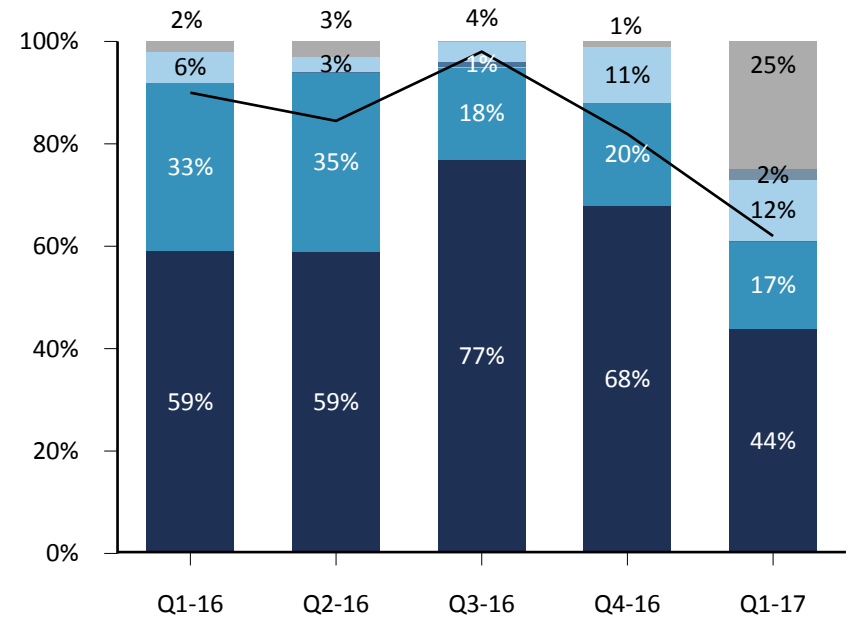
* This per share amount has been calculated using outstanding shares as of January 3, 2017 after issuing shares in connection with the American Capital Acquisition as 2017 distributions made from such income carried forward from 2016 will be made to shares outstanding on such distribution record dates.

Portfolio Activity

Gross Commitments by Asset Class

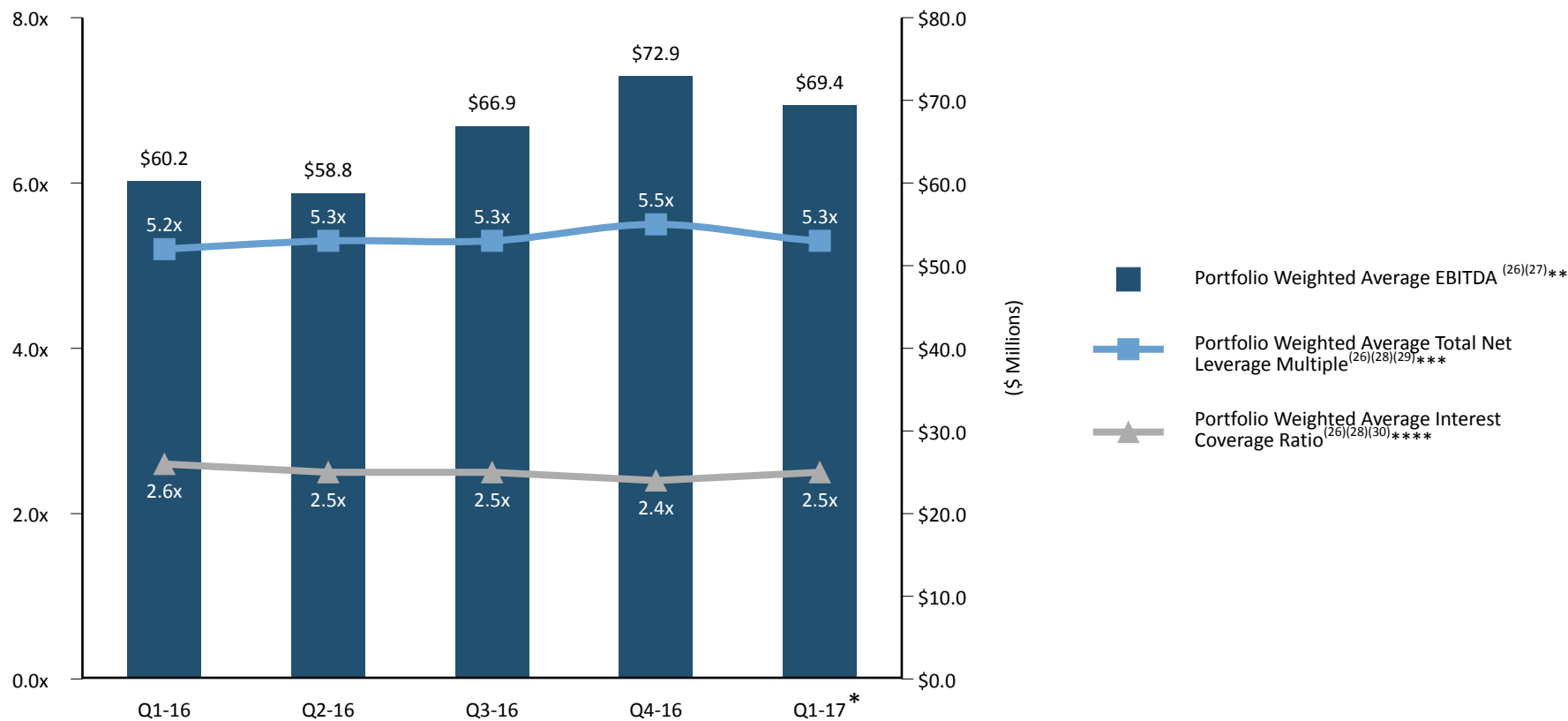


Exits of Commitments by Asset Class



*Excludes investments acquired as part of the American Capital Acquisition.

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 Q1-17 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 six companies where prior year comparable data was not available.⁽³¹⁾

** The weighted average EBITDA for the underlying borrowers in the SSLP was \$56.7 million, \$59.6 million, \$58.2 million, \$54.3 million and \$58.0 million as of 3/31/16, 6/30/16, 9/30/16, 12/31/16 and 3/31/17, respectively. The weighted average EBITDA for the underlying borrowers in the SDLP was \$34.6 million, \$31.2 million and \$31.8 million as of 9/30/16, 12/31/16 and 3/31/17, respectively.

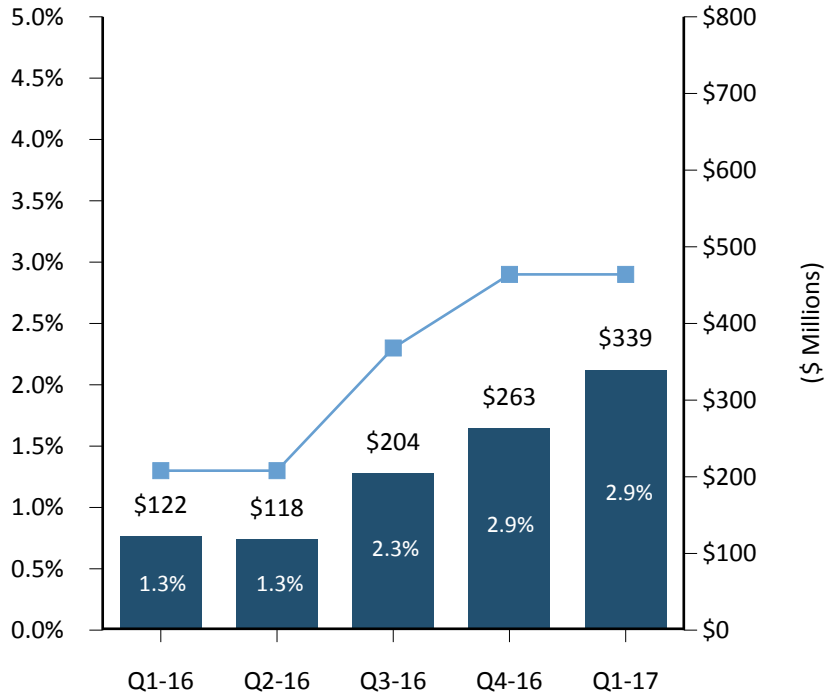
*** The weighted average total net leverage multiple for the underlying borrowers in the SSLP was 4.9x, 4.8x, 4.9x, 5.1x and 4.9x as of 3/31/16, 6/30/16, 9/30/16, 12/31/16 and 3/31/17, respectively. The weighted average total net leverage multiple for the underlying borrowers in the SDLP was 5.5x, 5.5x and 5.3x as of 9/30/16, 12/31/16 and 3/31/17, respectively.⁽³²⁾

**** The weighted average interest coverage ratio for the underlying borrowers in the SSLP was 2.7x, 2.7x, 2.6x, 2.4x and 2.5x as of 3/31/16, 6/30/16, 9/30/16, 12/31/16 and 3/31/17, respectively. The weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.4x, 2.5x and 2.6x as of 9/30/16, 12/31/16 and 3/31/17, respectively.⁽³⁰⁾

• Note: The weighted average EBITDA excluding the portfolio companies acquired in the American Capital Acquisition was \$73.6 million for Q1-17.

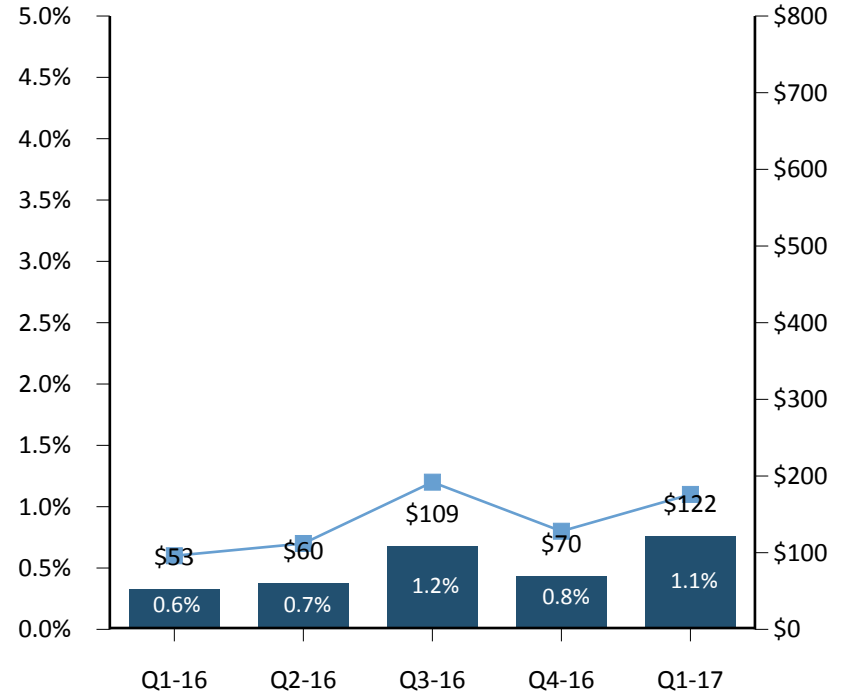
Investments on Non-Accrual Status

Amortized Cost



Investments on Non-Accrual Status

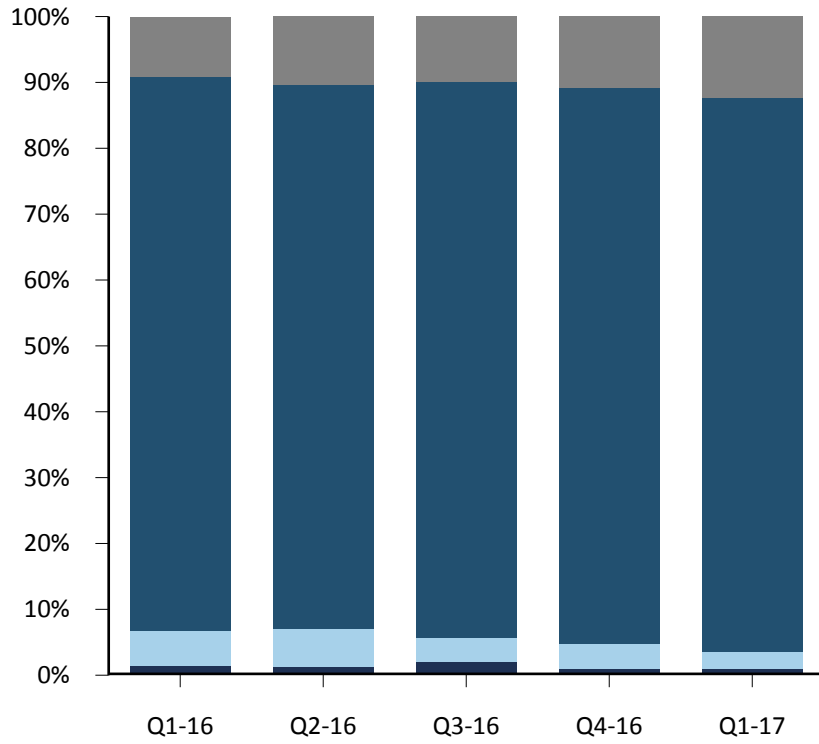
Fair Value



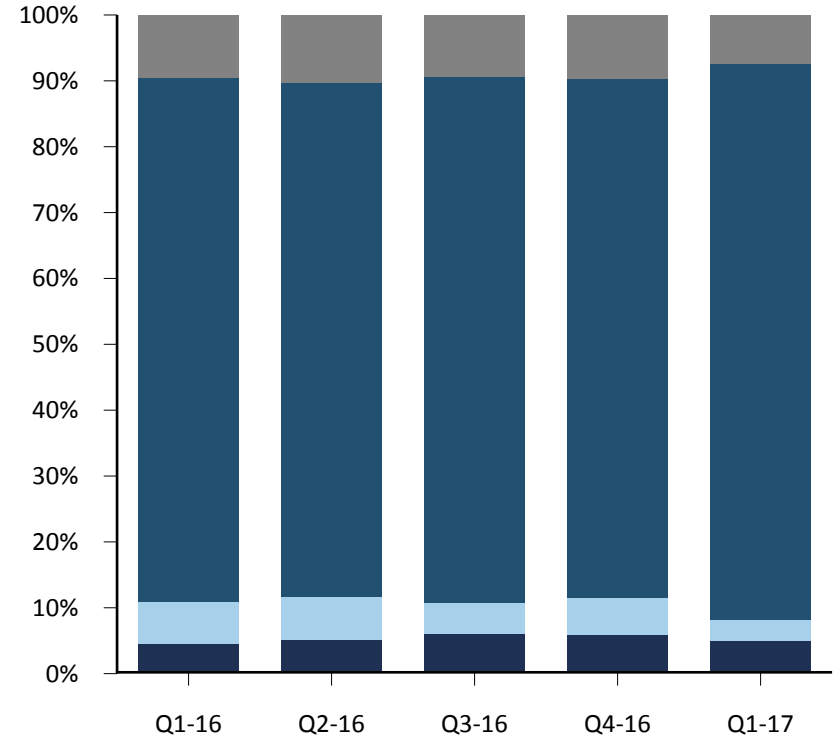
Percentage of Total Investment Portfolio

Portfolio By Grade⁽³³⁾

% By Fair Value



% By Number of Companies



Grade 1
 Grade 2
 Grade 3
 Grade 4

Investment Activity Since Quarter End

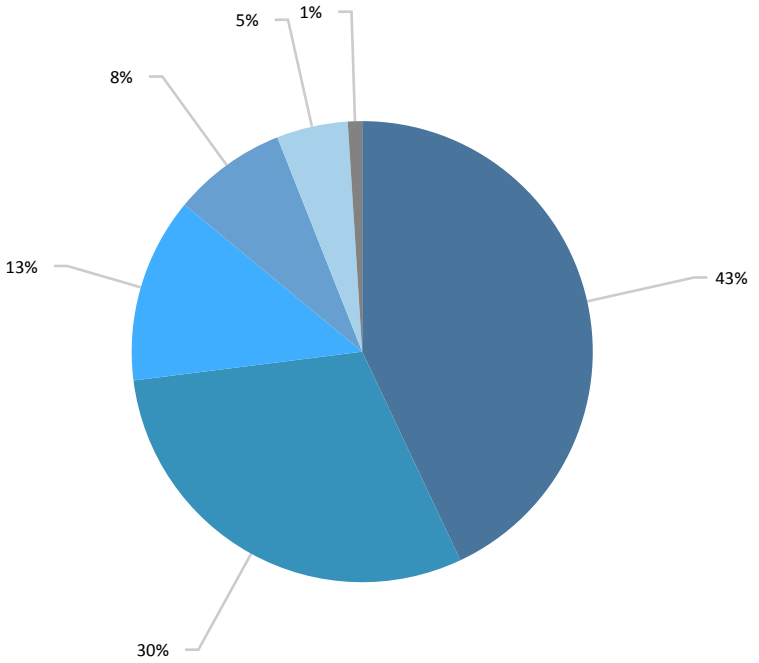
- Excluding investment commitments acquired in the American Capital Acquisition, from April 1, 2017 through April 26, 2017, we made \$533 million of new investment commitments
 - 76% were in first lien senior secured loans, 17% were in second lien senior secured loans and 7% were in investments in the SDLP Certificates to make co-investments with Varagon in floating rate first lien senior secured loans through the SDLP
 - 99% were floating rate and 1% were fixed rate
 - Weighted average yield of debt and other income producing securities funded at amortized cost of 8.0%

- From April 1, 2017 through April 26, 2017, we exited \$810 million of investment commitments, including \$105 million of investment commitments acquired in the American Capital Acquisition
 - 59% were first lien senior secured loans, 26% were second lien senior secured loans, 7% were senior subordinated loans, 7% were preferred equity securities and 1% were collateralized loan obligations
 - 89% were floating rate, 7% were non-interest bearing, 3% were fixed rate and 1% were on non-accrual status
 - Weighted average yield of debt and other income producing securities exited or repaid at amortized cost of 8.9%
 - Total net realized gains of approximately \$107 million, including net realized gains of approximately \$20 million on investment commitments exited that were acquired as part of the American Capital Acquisition

Backlog and Pipeline

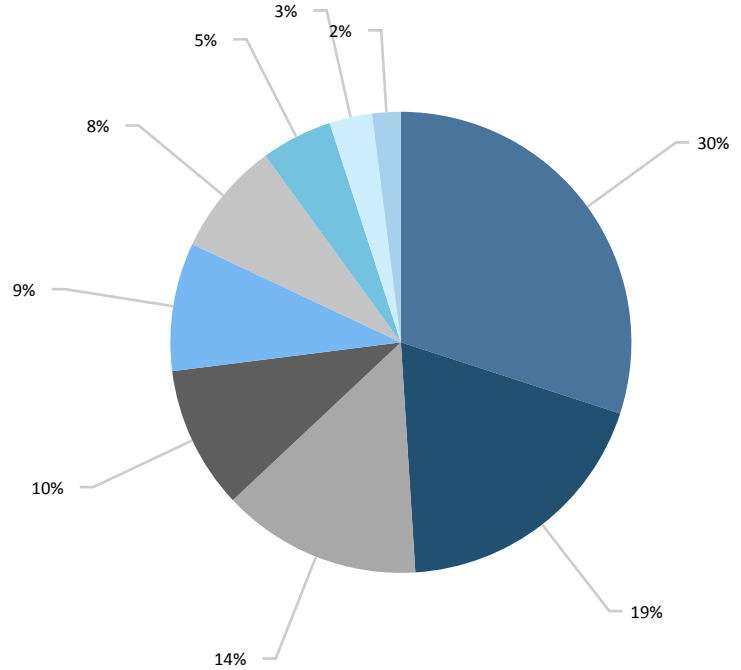
- As of April 26, 2017, we had a backlog and pipeline of approximately \$400 million and \$580 million, respectively⁽³⁴⁾
- The following is a breakdown of the backlog and pipeline by asset class and by industry

Asset Class



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

Industry



- Business Services
- Healthcare Services
- Senior Direct Lending Program
- Consumer Products
- Other Services
- Containers and Packaging
- Power Generation
- Restaurant and Food Services
- Automotive Services



Corporate Data

Board of Directors

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

STEVE BARTLETT
Strategic Independent Consultant

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

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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

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Chairman of Ares Commercial Real Estate
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Partner of Ares Real Estate Group

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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

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Partner of the Ares Credit Group

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

KIPP DEVEER
Chief Executive Officer of Ares Capital Corporation
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

MICHAEL MCFERRAN
Vice President and Assistant Treasurer

DANIEL NGUYEN
Vice President and Assistant Treasurer

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Chief Financial Officer

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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				
	(unaudited)				
	<u>3/31/17</u>	<u>12/31/16</u>	<u>9/30/16</u>	<u>6/30/16</u>	<u>3/31/16</u>
Basic and Diluted Core EPS ⁽¹⁾	\$ 0.32	\$ 0.42	\$ 0.43	\$ 0.39	\$ 0.37
Professional fees and other costs related to the American Capital Acquisition ⁽¹⁴⁾	(0.06)	(0.01)	(0.01)	(0.02)	—
Net realized and unrealized gains (losses)	0.06	(0.20)	(0.09)	0.16	0.06
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.04)	0.04	0.02	(0.03)	(0.01)
Income tax expense related to realized gains and losses	—	(0.01)	—	—	—
Basic and Diluted GAAP EPS	<u>\$ 0.28</u>	<u>\$ 0.24</u>	<u>\$ 0.35</u>	<u>\$ 0.50</u>	<u>\$ 0.42</u>

Investments Acquired in the American Capital Acquisition

(Dollar amounts in millions) (Unaudited)	Investments at Fair Value as of January 3, 2017			Investments at Fair Value as of March 31, 2017			Net Change in Fair Value
	Fair Value	% of Total	Yield at Fair Value	Fair Value	% of Total	Yield at Fair Value	
By Asset Class							
First Lien Senior Secured Debt	\$ 550	22%	7.4%	\$ 557	24%	7.2%	\$ 7
Second Lien Senior Secured Debt	855	34%	10.0%	806	35%	10.1%	(49)
Subordinated Debt	244	10%	11.3%	246	11%	11.4%	2
Collateralized Loan Obligations	265	10%	12.6%	243	11%	12.3%	(22)
Preferred Equity	109	4%	—%	\$123	5%	—%	14
Other Equity Securities	520	20%	—%	325	14%	—%	(195)
Total	<u>\$ 2,543</u>	<u>100%</u>	<u>7.4%</u>	<u>\$ 2,300</u>	<u>100%</u>	<u>7.8%</u>	<u>\$ (243)</u>

(Dollar amounts in millions) (Unaudited)	Reconciliation of Net Change in Fair Value from January 3, 2017 Through March 31, 2017
Total Investments at Fair Value as of January 3, 2017	\$ 2,543
Proceeds from Exits and Repayments	(305)
Net Realized Gains	1
Net Unrealized Appreciation	29
Other*	32
Total Investments at Fair Value as of March 31, 2017	<u>\$ 2,300</u>

* Including fundings of revolvers and other commitments of \$28 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. (the "American Capital Acquisition"), realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such realized gains and losses. Basic and diluted GAAP EPS is the most directly comparable GAAP financial measure. Ares Capital believes that Core EPS provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Reconciliations of basic and diluted Core EPS to the most directly comparable GAAP financial measure is set forth on page 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.
- 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 March 31, 2017, the SDLP's loan portfolio totaled approximately \$1.3 billion aggregate principal amount and had loans to 14 different borrowers. As of March 31, 2017, the SDLP's largest loan to a single borrower was \$125 million aggregate principal amount and the five largest loans to borrowers totaled \$560 million aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital's portfolio. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended March 31, 2017 for information regarding the SDLP.
- 11) Represents Ares Capital's portion of co-investments with General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") in first lien senior secured loans to middle market companies. As of March 31, 2017, the Senior Secured Loan Program (the "SSLP") loan portfolio totaled approximately \$3.2 billion aggregate principal amount and had loans to 18 different borrowers. As of March 31, 2017, the SSLP's largest loan to a single borrower was \$259 million aggregate principal amount and the five largest loans to borrowers totaled \$1.3 billion aggregate principal amount. The portfolio companies in the SSLP are in industries similar to companies in Ares Capital's portfolio. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended March 31, 2017 for information regarding the SSLP, including GE's exit of its U.S. Sponsor Finance business and its impact on the SSLP.
- 12) As of March 31, 2017, 57% of the total investments at fair value and 72% of the floating rate investments at fair value contained interest rate floor features. Additionally, as of March 31, 2017, all the loans made through the the SDLP and SSLP contained interest rate floor features.

Endnotes (cont'd)

- 13) Represents gross commitments or fundings less commitments or investments exited, respectively. Q1-17, Q4-16, Q3-16, Q2-16 and Q1-16 include sales to IHAM or vehicles managed by IHAM of \$24 million, \$172 million, \$204 million, \$54 million and \$65 million, respectively. Q3-16 also includes sales to the SDLP of \$529 million.
- 14) See Note 14 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended March 31, 2017 for information regarding the American Capital Acquisition.
- 15) Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the 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, 2017.
- 20) The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of March 31, 2017, the interest rate in effect was LIBOR plus 1.75%. The Revolving Credit Facility consists of a \$383 million term loan tranche with a stated maturity date of January 4, 2022 and a \$1,712 billion revolving tranche. For \$1,592 billion 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 \$75 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.
- 21) The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.30% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. As of March 31, 2017, the interest rate in effect was LIBOR plus 2.30%.
- 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, 2017, the interest rate in effect was LIBOR plus 1.75%.
- 23) See Note 5 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended March 31, 2017 for more information about the interest rate on the SBA-guaranteed debentures issued to Ares Capital's wholly owned subsidiary, Ares Venture Finance, L.P.
- 24) Declared. The second quarter 2017 dividend of \$0.38 per share to be paid on June 30, 2017 to stockholders of record on June 15, 2017.
- 25) The amount of excess 2016 taxable income available for carry over into 2017 is only an estimate based on estimated 2016 taxable income. The calculation of estimated 2016 taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2016 taxable income will not be finally determined until Ares Capital's 2016 tax return is filed in 2017. Consequently, both 2016 taxable income and the amount of excess taxable income available for carry over into 2017 is 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, 2016 for more information.
- 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.

Endnotes (cont'd)

- 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 is weighted based on the principal amount of the loan made by the SSLP to such portfolio company. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 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 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.
- 30) Portfolio weighted average interest coverage ratio represents the portfolio company's EBITDA as a multiple of interest and facility fees expense. Portfolio company credit statistics are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 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.
- 32) Portfolio weighted average total net leverage multiples represent the SSLP's and SDLP'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.
- 33) 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. 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 in the future.
- 34) 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.