



Second Quarter 2017
Earnings Presentation

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Financial and Portfolio Highlights

Financial Highlights

	Q2-17	Q1-17	Q2-16
(all per share amounts, excluding net asset value per share, are basic and diluted)	(unaudited)	(unaudited)	(unaudited)
Core EPS* ⁽¹⁾	\$ 0.34	\$ 0.32	\$ 0.39
Net Investment Income Per Share	\$ 0.29	\$ 0.22	\$ 0.34
Net Realized Gains Per Share	\$ 0.25	\$ 0.01	\$ 0.10
Net Unrealized Gains (Losses) Per Share	\$ (0.12)	\$ 0.05	\$ 0.06
GAAP Net Income Per Share	\$ 0.42	\$ 0.28	\$ 0.50
Net Asset Value Per Share	\$ 16.54	\$ 16.50	\$ 16.62

Portfolio Highlights

	Q2-17	Q1-17	Q2-16
(dollar amounts in millions)	(unaudited)	(unaudited)	(unaudited)
Gross Commitments**	\$ 1,973	\$ 864	\$ 540
Exits of Commitments ⁽²⁾	\$ 1,792	\$ 836	\$ 759
Total Fair Value of Investments	\$ 11,498	\$ 11,407	\$ 8,900
Weighted Average Yield of Debt & Other Income Producing Securities at Amortized Cost ⁽³⁾	9.4%	9.3%	9.8%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	8.2%	8.1%	8.9%

*See page 25 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

Note: Endnotes begin on page 27.

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

Selected Historical Financial Information

As of and for the Three Months Ended

(unaudited)

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

	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Core EPS – Basic and Diluted* ⁽¹⁾	\$ 0.34	\$ 0.32	\$ 0.42	\$ 0.43	\$ 0.39
Net Investment Income Per Share – Basic and Diluted	\$ 0.29	\$ 0.22	\$ 0.44	\$ 0.44	\$ 0.34
Net Realized and Unrealized Gains (Losses) Per Share – Basic and Diluted	\$ 0.13	\$ 0.06	\$ (0.20)	\$ (0.09)	\$ 0.16
GAAP EPS – Basic and Diluted	\$ 0.42	\$ 0.28	\$ 0.24	\$ 0.35	\$ 0.50
Dividend Declared and Payable Per Share	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Stockholders' Equity	\$ 7,051	\$ 7,035 **	\$ 5,165	\$ 5,209	\$ 5,218
Net Asset Value Per Share	\$ 16.54	\$ 16.50	\$ 16.45	\$ 16.59	\$ 16.62
Principal Debt/Book Equity Ratio	.70x	.67x	.76x	.73x	.74x
Principal Debt/Book Equity Ratio, Net of Available Cash ⁽⁵⁾	.64x	.64x	.73x	.71x	.72x
Unsecured Principal Debt to Total Principal Debt	64.0%	71.0%	78.3%	81.4%	64.6%
Weighted Average Stated Interest on Debt ⁽⁶⁾	3.9%	4.0%	4.2%	4.2%	3.9%
Net Interest and Dividend Margin ⁽⁷⁾	7.7%	7.9%	7.7%	7.8%	7.8%
Ratio of Earnings to Fixed Charges ⁽⁸⁾	3.5	3.0	3.8	4.1	3.6
Market Capitalization					
Principal Debt	\$ 4,928	\$ 4,683	\$ 3,951	\$ 3,801	\$ 3,860
Equity	6,983	7,409	5,177	4,866	4,458
Total Market Capitalization	<u>\$ 11,911</u>	<u>\$ 12,092</u>	<u>\$ 9,128</u>	<u>\$ 8,667</u>	<u>\$ 8,318</u>
Common Stock Data:					
High Price during the period	\$ 17.64	\$ 17.81	\$ 16.86	\$ 16.40	\$ 15.38
Low Price during the period	\$ 16.18	\$ 16.42	\$ 15.16	\$ 13.96	\$ 13.87
Closing Price	\$ 16.38	\$ 17.38	\$ 16.49	\$ 15.50	\$ 14.20

*See page 25 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				
	(unaudited except for 12/31/16)				
	(dollar amounts in millions)				
	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Investments at Fair Value	\$ 11,498	\$ 11,407	\$ 8,820	\$ 8,805	\$ 8,900
Number of Portfolio Companies ⁽⁹⁾	319	316	218	215	214
Asset Class (at fair value):					
First Lien Senior Secured Loans	25%	24%	23%	25%	29%
Second Lien Senior Secured Loans	33%	34%	34%	32%	31%
Senior Direct Lending Program ⁽¹⁰⁾	3%	2%	3%	2%	—%
Senior Secured Loan Program ⁽¹¹⁾	17%	17%	22%	22%	21%
Senior Subordinated Loans	8%	8%	8%	8%	8%
Collateralized Loan Obligations	2%	2%	—%	—%	—%
Preferred Equity	4%	4%	3%	4%	4%
Other Equity and Other	8%	9%	7%	7%	7%
Interest Rate Type (at fair value)					
% Floating Rate ⁽¹²⁾	81%	79%	81%	80%	80%
% Fixed Rate	8%	9%	9%	10%	10%
% Equity and Other Non-Interest Earning	11%	12%	10%	10%	10%
Yields:					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost ⁽³⁾	9.4%	9.3%	9.3%	9.7%	9.8%
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value ⁽³⁾	9.5%	9.4%	9.4%	9.8%	9.9%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	8.2%	8.1%	8.3%	8.7%	8.9%
Weighted Average Yield on Total Investments at Fair Value ⁽⁴⁾	8.3%	8.2%	8.5%	8.8%	9.0%

Selected Historical Financial Information (cont'd)

	For the Three Months Ended				
	(unaudited)				
	(dollar amounts in millions)				
	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Commitments:					
Gross Commitments*	\$ 1,973	\$ 864	\$ 1,164	\$ 1,529	\$ 540
Exits of Commitments ⁽²⁾	(1,792)	(836)	(1,102)	(1,499)	(759)
Net Commitments ⁽¹³⁾	\$ 181	\$ 28	\$ 62	\$ 30	\$ (219)
Gross Commitments Information*:					
Number of Transactions	47	28	24	28	11
Weighted Average Commitment Term in Months	81	65	84	94	64
Average Commitment in Period	\$ 42	\$ 31	\$ 49	\$ 55	\$ 49
Fundings*:					
Gross Fundings	\$ 1,897	\$ 914	\$ 1,089	\$ 1,385	\$ 518
Net Fundings ⁽¹³⁾	\$ 96	\$ 5	\$ 90	\$ (68)	\$ (202)
Portfolio Turnover	0.16	0.09	0.11	0.16	0.06

* 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)

	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Investment income	\$ 284	\$ 275	\$ 261	\$ 258	\$ 245
Expenses, net of waiver of income based fees ⁽¹⁴⁾	153	179	114	117	136
Net investment income before income taxes	131	96	147	141	109
Income tax expense, including excise tax	7	2	8	4	4
Net investment income	124	94	139	137	105
Net realized and unrealized gains (losses)	54	24	(64)	(27)	52
Net Income	<u>\$ 178</u>	<u>\$ 118</u>	<u>\$ 75</u>	<u>\$ 110</u>	<u>\$ 157</u>
Per Share:					
Core EPS - Basic and Diluted* ⁽¹⁾	\$ 0.34	\$ 0.32	\$ 0.42	\$ 0.43	\$ 0.39
Net Income - Basic and Diluted	\$ 0.42	\$ 0.28	\$ 0.24	\$ 0.35	\$ 0.50
Dividends Declared and Payable	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Weighted average shares of common stock outstanding - Basic and Diluted	426	422	314	314	314
Common shares outstanding at end of period	426	426	314	314	314

For the Six Months Ended

(unaudited)

(amounts in millions, except per share data)

	6/30/17	6/30/16
Investment income	\$ 559	\$ 493
Expenses, net of waiver of income based fees ⁽¹⁴⁾	332	266
Net investment income before taxes	227	227
Income tax expense, including excise tax	9	9
Net investment income	218	218
Net realized and unrealized gains	78	71
Net Income	<u>\$ 296</u>	<u>\$ 289</u>
Per Share:		
Core EPS - Basic and Diluted* ⁽¹⁾	\$ 0.65	\$ 0.76
Net Income - Basic and Diluted	\$ 0.70	\$ 0.92
Dividends Declared and Payable	\$ 0.76	\$ 0.76
Weighted average shares of common stock outstanding - Basic and Diluted	424	314
Common shares outstanding at end of period	426	314

*See page 25 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)

Net Investment Income Before Income Taxes:

Investment Income:

	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Interest income from investments	\$ 231	\$ 231	\$ 195	\$ 200	\$ 203
Capital structuring service fees	29	12	36	35	13
Dividend income	16	24	22	16	19
Management and other fees	2	3	3	4	5
Other income	6	5	5	3	5
Total investment income	284	275	261	258	245

Expenses:

Interest and credit facility fees	55	55	47	43	45
Base management fees	44	39	34	34	34
Income based fees	30	32	32	33	29
Capital gains incentive fees*	10	16	(13)	(6)	10
Administrative fees	3	3	3	4	4
Professional fees and other costs related to the American Capital Acquisition ⁽¹⁵⁾	12	26	4	3	7
Other general and administrative	9	8	7	6	7
Total operating expenses	163	179	114	117	136
Waiver of income based fees ⁽¹⁴⁾	(10)	—	—	—	—
Total expenses, net of waiver of income based fees⁽¹⁴⁾	153	179	114	117	136
Net investment income before income taxes	131	96	147	141	109
Income tax expense, including excise tax	7	2	8	4	4
Net investment income	\$ 124	\$ 94	\$ 139	\$ 137	\$ 105

*As required by GAAP. As of June 30, 2017, Ares Capital had accrued \$63 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)

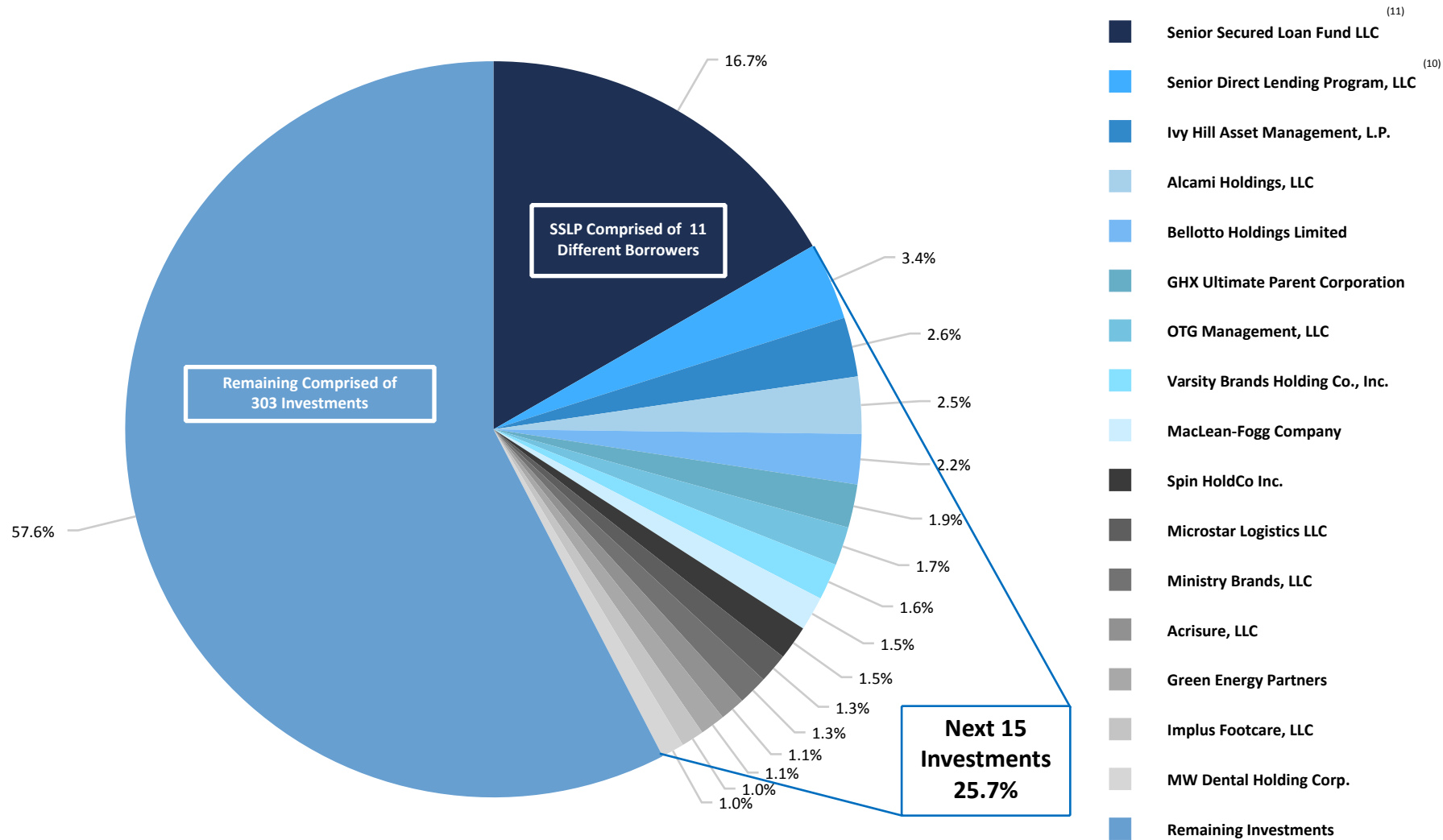
	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Net Realized and Unrealized Gains (Losses):					
Realized gains (losses) on investments:					
Gains	\$ 150	\$ 14	\$ 31	\$ 30	\$ 35
Losses	(38)	(1)	(1)	(9)	(1)
Net realized gains on investments	112	13	30	21	34
Unrealized gains (losses) on investments:					
Unrealized appreciation	151	102	68	60	114
Unrealized depreciation	(119)	(75)	(143)	(106)	(72)
Net unrealized gains (losses) on investments	32	27	(75)	(46)	42
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses on investments	(76)	(9)	(19)	2	(24)
Total net unrealized gains (losses) on investments	(44)	18	(94)	(44)	18
Net realized and unrealized losses on foreign currency and other transactions	(10)	(7)	—	(4)	—
Realized losses on extinguishment of debt	(4)	—	—	—	—
Net realized and unrealized gains (losses)	\$ 54	\$ 24	\$ (64)	\$ (27)	\$ 52

Quarterly Balance Sheets

	As of				
	(unaudited, except for 12/31/16)				
	(amounts in millions, except per share data)				
	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
ASSETS					
Investments at fair value	\$ 11,498	\$ 11,407	\$ 8,820	\$ 8,804	\$ 8,900
Cash and cash equivalents	536	247	223	125	126
Interest receivable	110	128	112	121	125
Receivable for open trades	33	15	29	22	1
Other assets	151	193	61	64	56
Total assets	<u>\$ 12,328</u>	<u>\$ 11,990</u>	<u>\$ 9,245</u>	<u>\$ 9,136</u>	<u>\$ 9,208</u>
LIABILITIES					
Debt	\$ 4,838	\$ 4,585	\$ 3,874	\$ 3,721	\$ 3,785
Base management fees payable	44	39	34	34	35
Income based fees payable	20	32	32	33	29
Capital gains incentive fees payable*	63	54	38	51	57
Accounts payable and other liabilities	194	195	58	52	46
Interest and facility fees payable	53	42	44	32	37
Payable for open trades	65	8	—	4	1
Total liabilities	<u>5,277</u>	<u>4,955</u>	<u>4,080</u>	<u>3,927</u>	<u>3,990</u>
STOCKHOLDERS' EQUITY					
Common stock	—	—	—	—	—
Capital in excess of par value	7,206	7,206	5,292	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	96	28	94	22	(17)
Net unrealized losses on investments, foreign currency and other transactions	(251)	(199)	(221)	(126)	(78)
Total stockholders' equity	<u>7,051</u>	<u>7,035</u>	<u>5,165</u>	<u>5,209</u>	<u>5,218</u>
Total liabilities and stockholders' equity	<u>\$ 12,328</u>	<u>\$ 11,990</u>	<u>\$ 9,245</u>	<u>\$ 9,136</u>	<u>\$ 9,208</u>
NET ASSETS PER SHARE	<u>\$ 16.54</u>	<u>\$ 16.50</u>	<u>\$ 16.45</u>	<u>\$ 16.59</u>	<u>\$ 16.62</u>

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

Investment Portfolio by Issuer Concentration as of June 30, 2017*



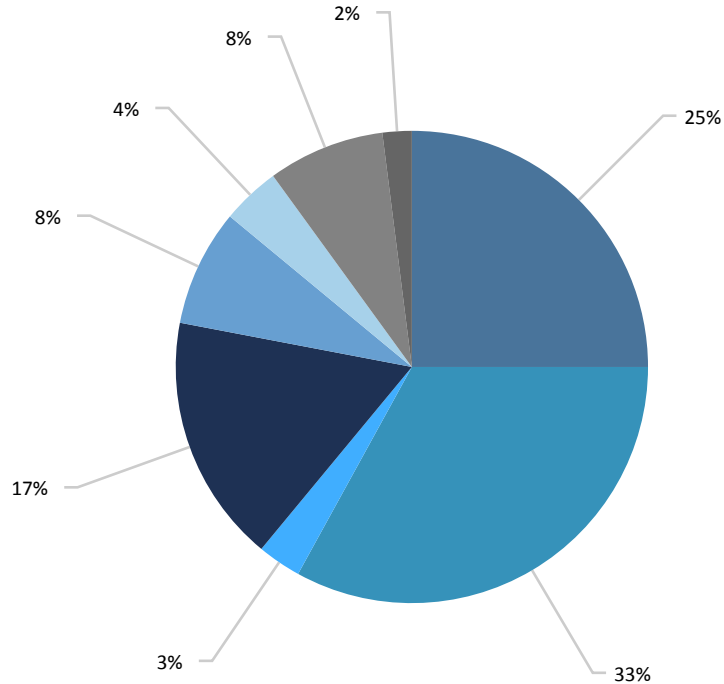
Diversified \$11.5 billion portfolio with over 300 investments

* At fair value.

Note: As of June 30, 2017, approximately 19% of the total investments were acquired in the American Capital Acquisition.

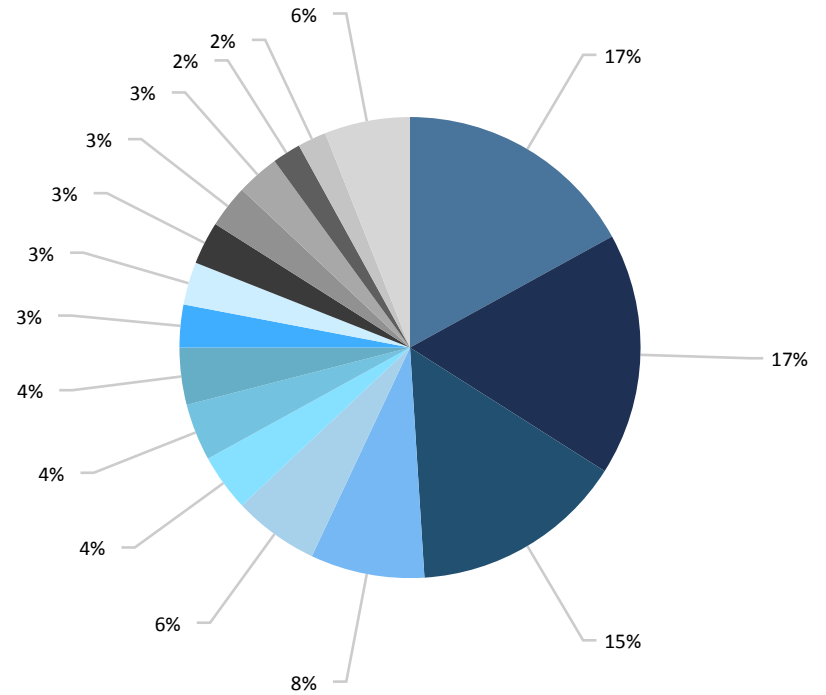
Investment Portfolio as of June 30, 2017*

Asset Class



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

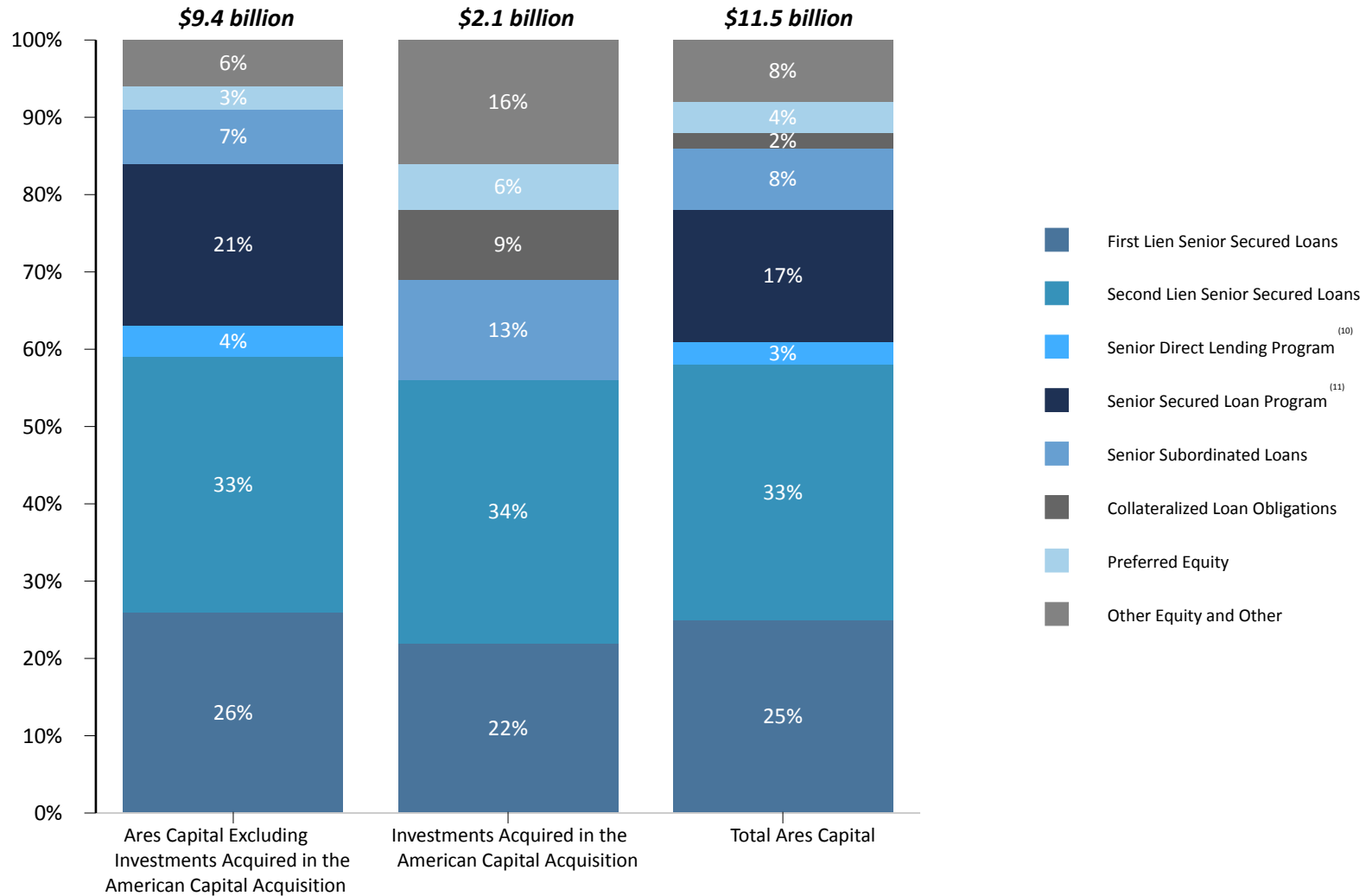
Industry



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

* At fair value.

Investment Portfolio by Asset Class as of June 30, 2017*



Weighted Average Yields at Fair Value:

Debt and Other Income Producing Securities	9.4%	10.1%	9.5%
Total Investments	8.5%	7.8%	8.3%

*At fair value

Debt Summary

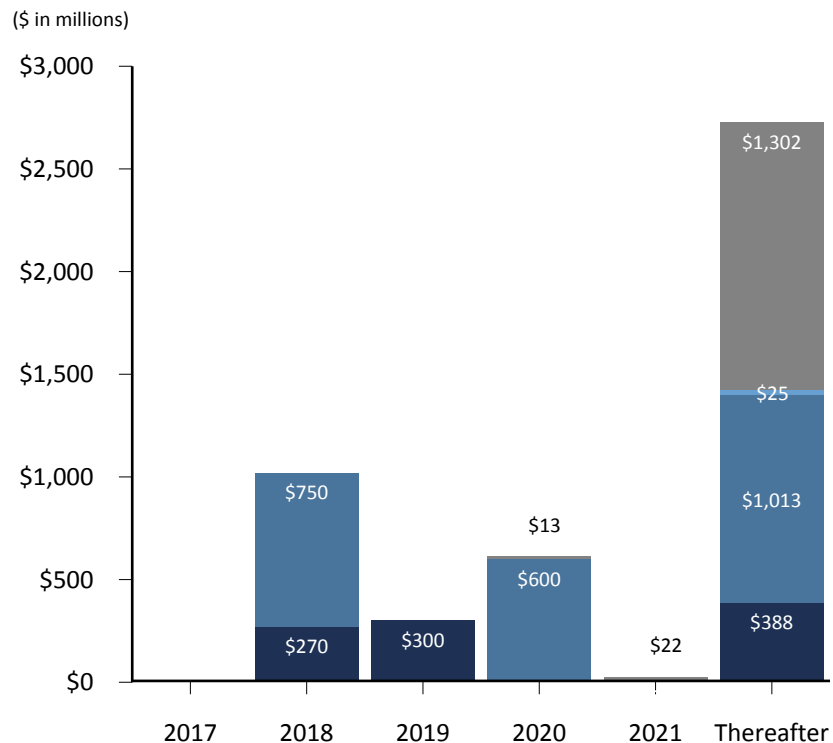
(dollar amounts in millions)	As of 3/31/17			As of 6/30/17			Weighted Average Stated Interest Rate ⁽²⁰⁾	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding ⁽¹⁷⁾	Principal Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding ⁽¹⁷⁾	Principal Outstanding	Carrying Value of Outstanding Debt			
Secured Revolving Facilities⁽¹⁶⁾:									
Revolving Credit Facility	\$ 2,095	\$ 622	\$ 622	\$ 2,108	\$ 920	\$ 920	2.922%	LIBOR + 1.75% ⁽²¹⁾	January 2022 ⁽²¹⁾
Revolving Funding Facility	1,000	575	575	1,000	685	685	3.524%	LIBOR + 2.30%	January 2022
SMBC Funding Facility	400	140	140	400	160	160	2.783%	LIBOR + 1.75% ⁽²²⁾	September 2022
Subtotal	3,495	1,337	1,337	3,508	1,765	1,765	3.143%		
SBA Debentures	75	25	24	75	25	25	3.481% ⁽²³⁾		September 2025/March 2026
Unsecured Notes Payable:									
2018 Convertible Notes	270	270	268 ⁽¹⁸⁾	270	270	268 ⁽¹⁸⁾	4.750%		January 2018
2019 Convertible Notes	300	300	297 ⁽¹⁸⁾	300	300	297 ⁽¹⁸⁾	4.375%		January 2019
2022 Convertible Notes	388	388	364 ⁽¹⁸⁾	388	388	366 ⁽¹⁸⁾	3.750%		February 2022
2018 Notes	750	750	746 ⁽¹⁸⁾	750	750	746 ⁽¹⁸⁾	4.875%		November 2018
2020 Notes	600	600	596 ⁽¹⁸⁾	600	600	596 ⁽¹⁸⁾	3.875%		January 2020
January 2022 Notes	600	600	592 ⁽¹⁸⁾	600	600	593 ⁽¹⁸⁾	3.625%		January 2022
October 2022 Notes*	183	183	179 ⁽¹⁸⁾	—	—	—			
2047 Notes	230	230	182 ⁽¹⁹⁾	230	230	182 ⁽¹⁹⁾	6.875%		April 2047
Subtotal	3,321	3,321	3,224	3,138	3,138	3,048	4.393%		
Total Debt	\$ 6,891	\$ 4,683	\$ 4,585	\$ 6,721	\$ 4,928	\$ 4,838	3.941%		

Floating and Fixed Rate Debt as of June 30, 2017:			
Debt (dollar amounts in millions)	Principal Outstanding	Weighted Average Stated Interest Rate ⁽²⁰⁾	Weighted Average Maturity (in years)
Floating	\$ 1,765	3.14%	4.55
Fixed	3,163	4.39%	4.67
Total	<u>\$ 4,928</u>	<u>3.94%</u>	<u>4.63</u>

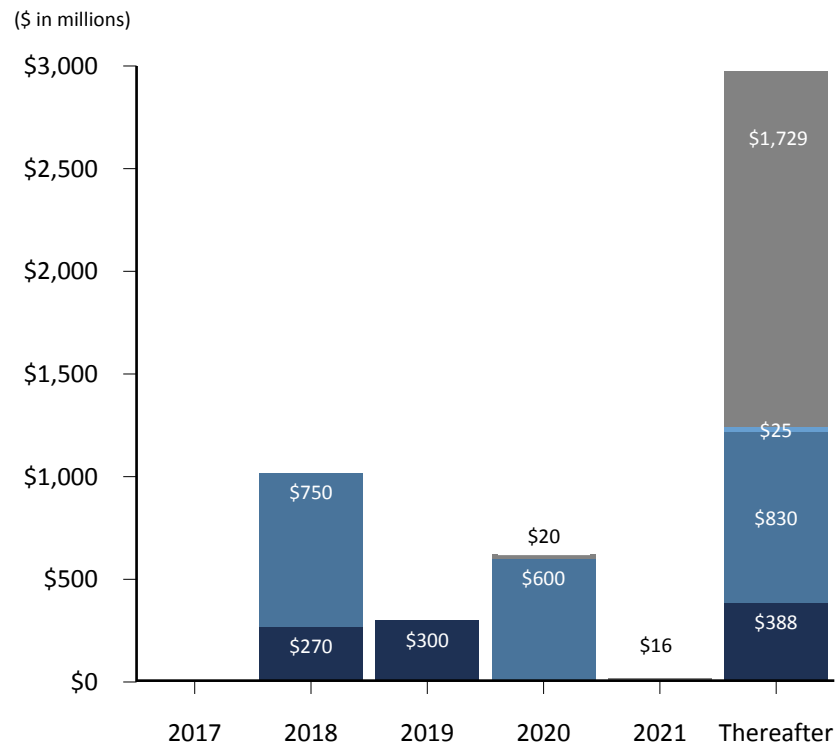
* In June 2017, the Company redeemed the entire outstanding principal amount of the October 2022 Notes for a total redemption price (including accrued and unpaid interest) of \$185 million.

Debt Summary

Debt Maturities*



As of March 31, 2017

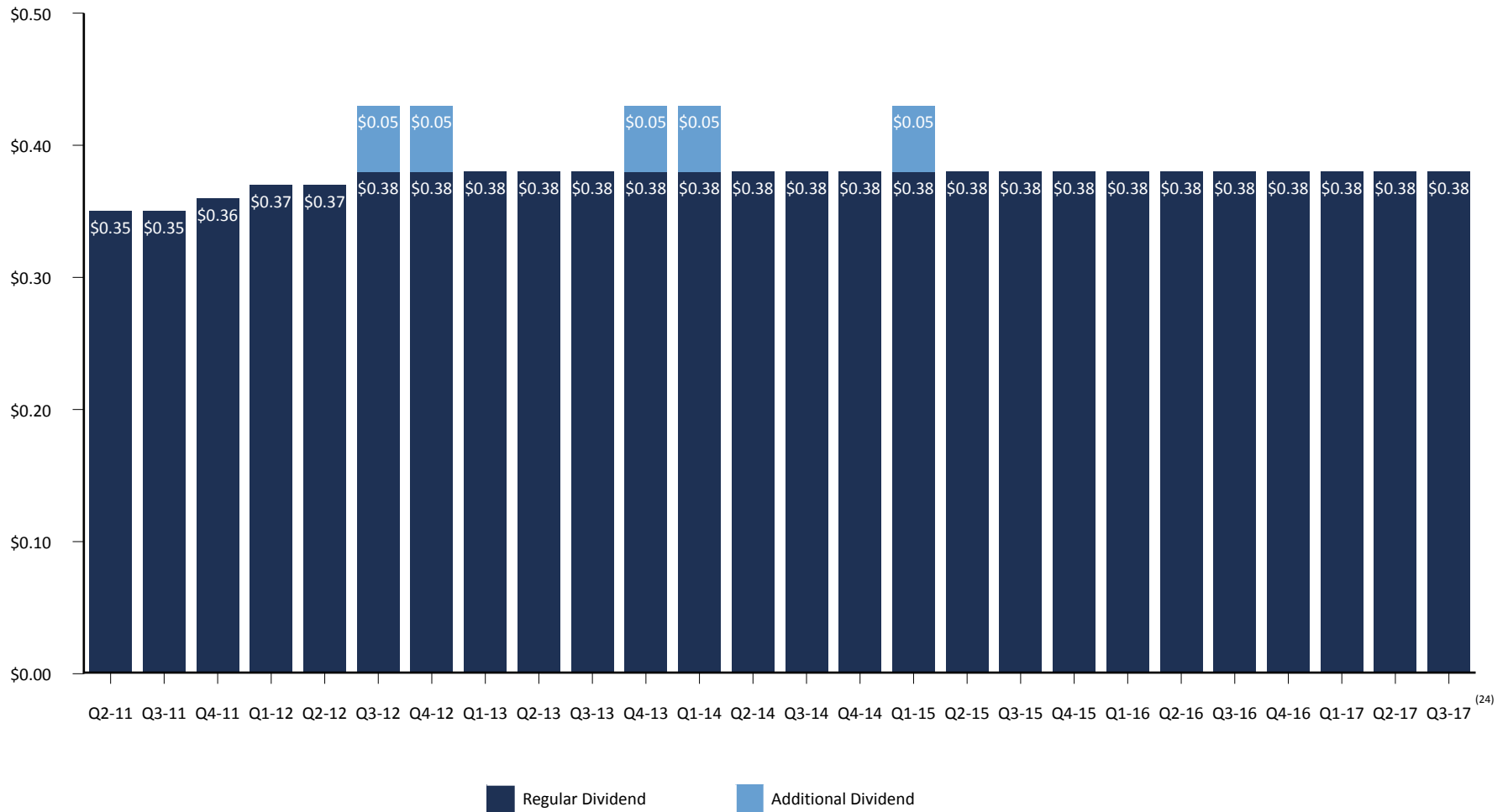


As of June 30, 2017

Convertible Unsecured Notes
 Other Unsecured Notes
 SBA Debentures
 Secured Revolving Facilities

* Represents the total aggregate principal amount outstanding.

Quarterly Dividends



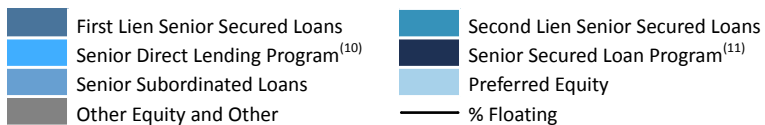
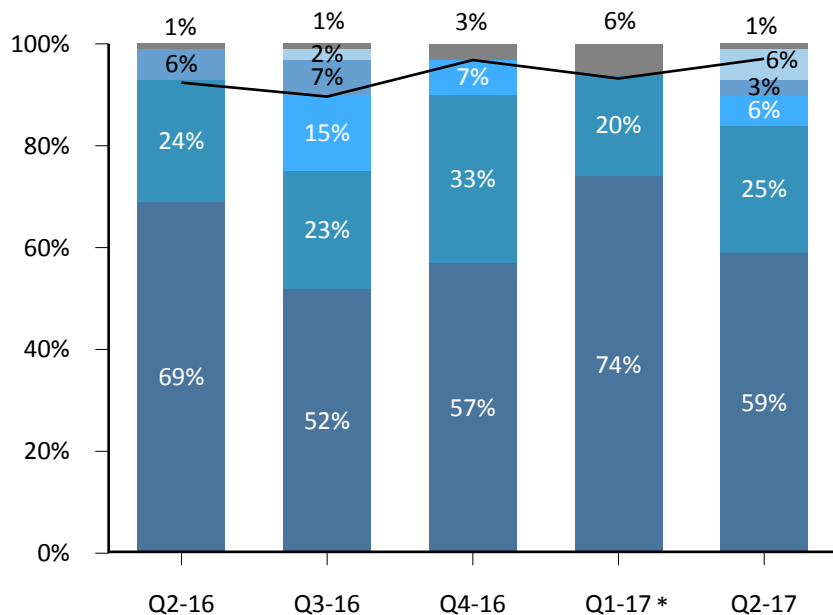
➤ Ares Capital estimates that it will carry forward excess taxable income of approximately \$339 million⁽²⁵⁾ or \$0.80 per share* from 2016 for distribution to stockholders in 2017.

* 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.

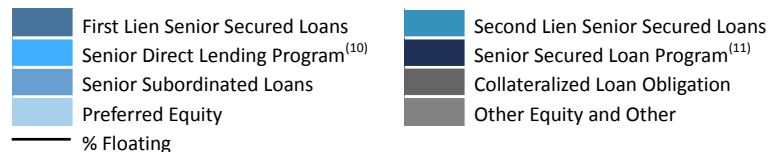
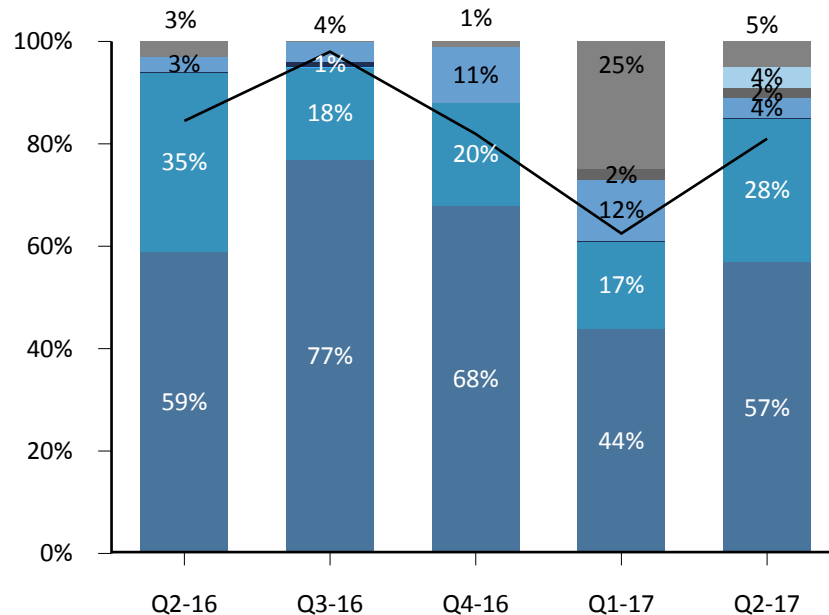


Portfolio Activity

Gross Commitments by Asset Class

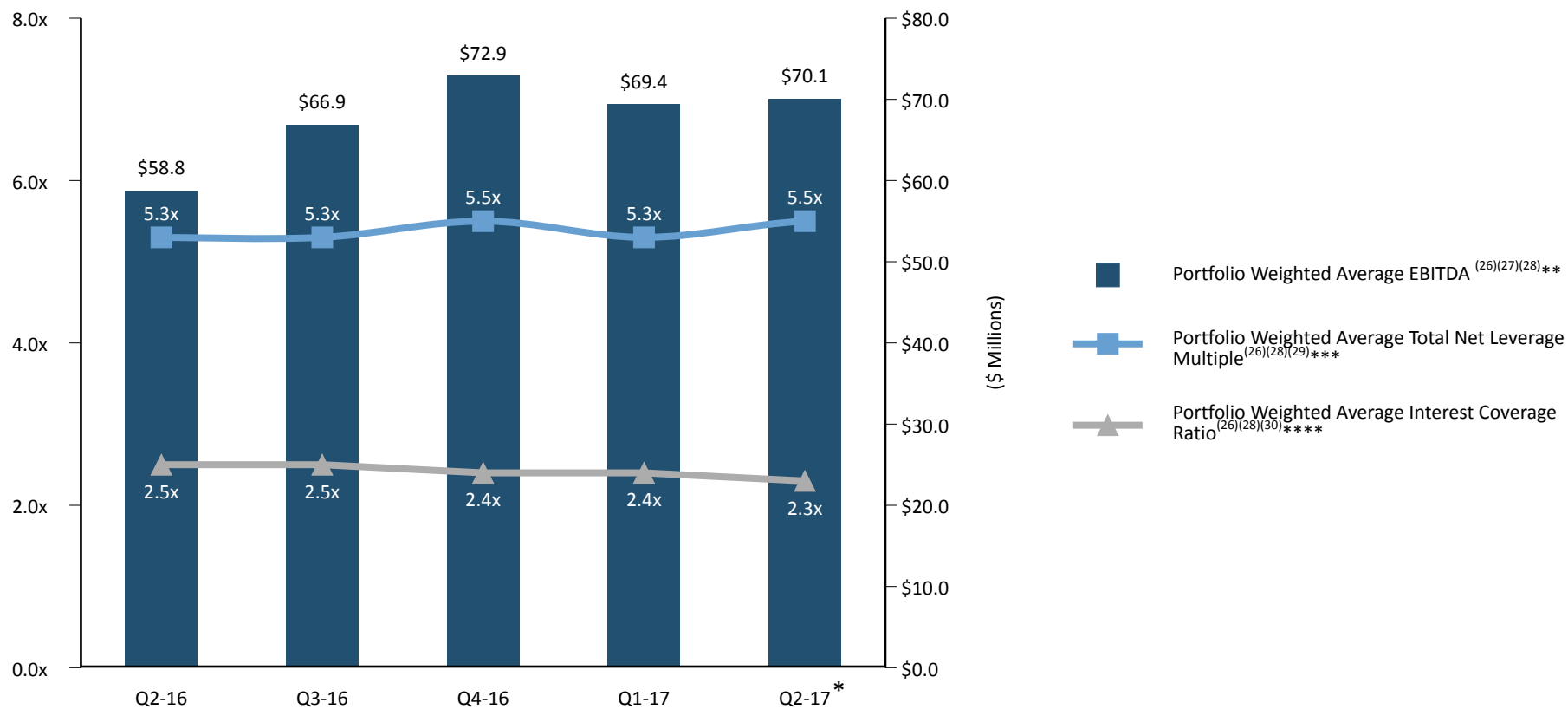


Exits of Commitments by Asset Class



*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 Q2-17 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 four companies where prior year comparable data was not available.⁽³¹⁾

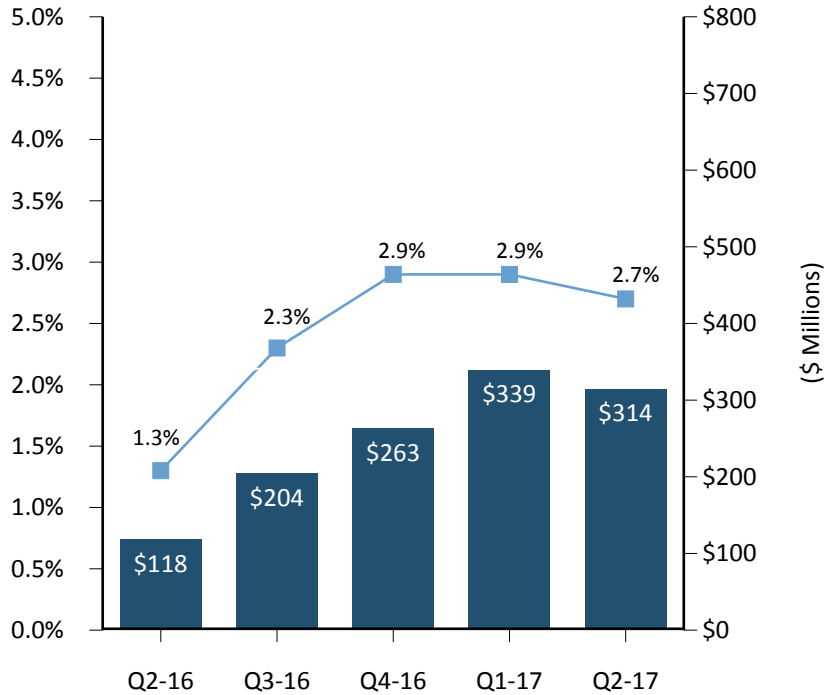
** The weighted average EBITDA for the underlying borrowers in the SSLP was \$59.6 million, \$58.2 million, \$54.3 million, \$58.0 million and \$43.7 million as of 6/30/16, 9/30/16, 12/31/16, 3/31/17 and 6/30/17, respectively. The weighted average EBITDA for the underlying borrowers in the SDLP was \$31.2 million, \$31.8 million and \$38.3 million as of 12/31/16, 3/31/17 and 6/30/17, respectively.

*** The weighted average total net leverage multiple for the underlying borrowers in the SSLP was 4.8x, 4.9x, 5.1x, 4.9x and 4.9x as of 6/30/16, 9/30/16, 12/31/16, 3/31/17 and 6/30/17, respectively. The weighted average total net leverage multiple for the underlying borrowers in the SDLP was 5.3x, 5.2x and 5.6x as of 12/31/16, 3/31/17 and 6/30/17, respectively.⁽³²⁾

**** The weighted average interest coverage ratio for the underlying borrowers in the SSLP was 2.7x, 2.6x, 2.4x, 2.5x and 2.3x as of 6/30/16, 9/30/16, 12/31/16, 3/31/17 and 6/30/17, respectively. The weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.5x, 2.6x and 2.3x as of 9/30/16, 3/31/17 and 6/30/17, respectively.⁽³⁰⁾

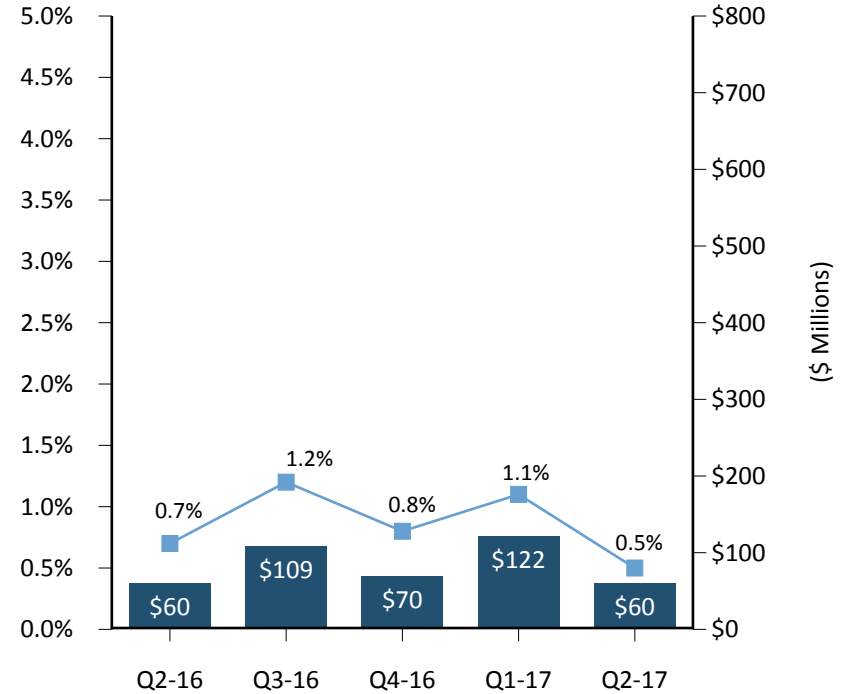
Investments on Non-Accrual Status

Amortized Cost



Investments on Non-Accrual Status

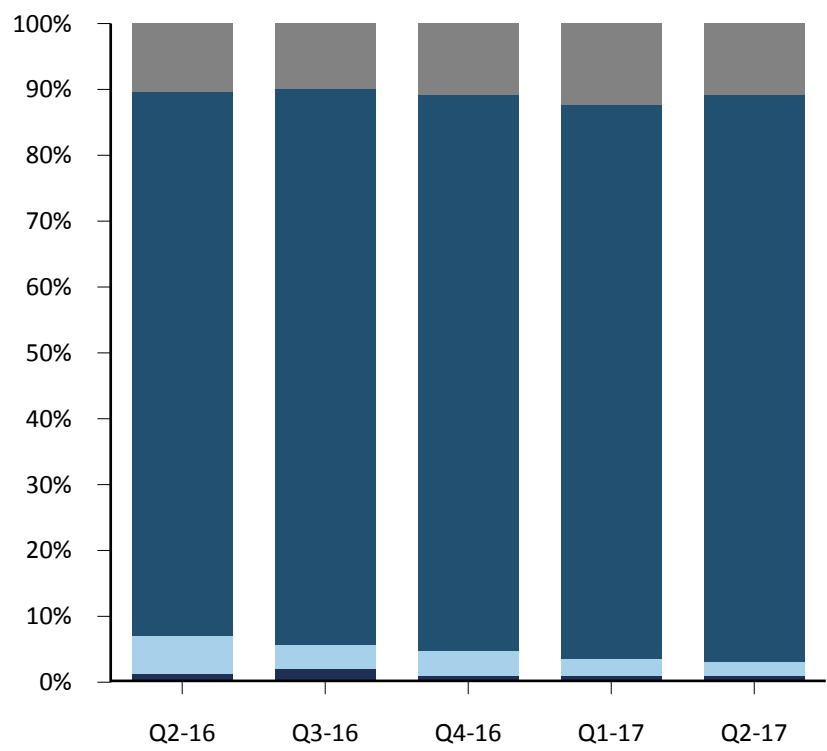
Fair Value



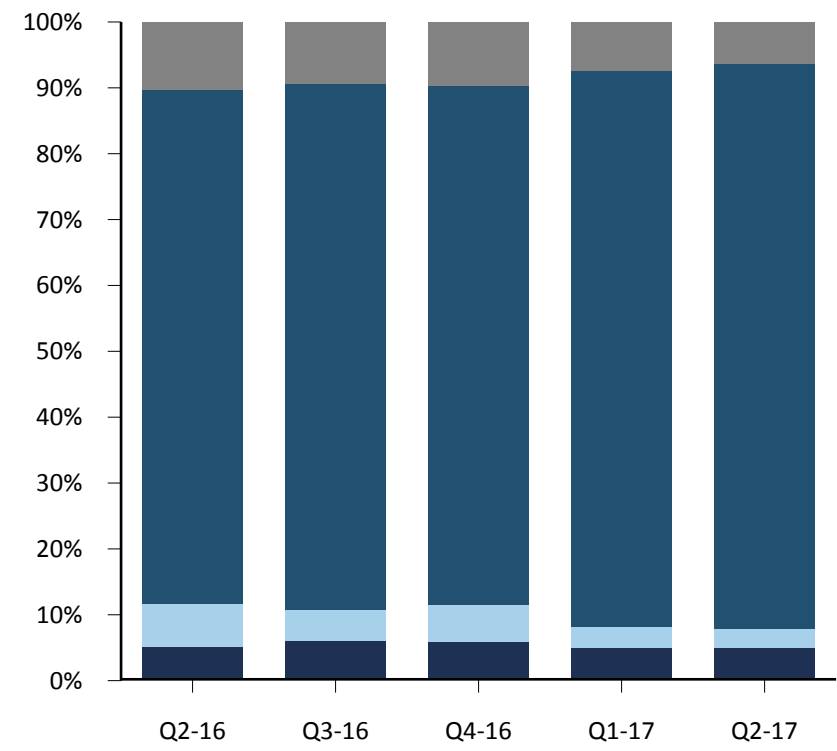
Percentage of Total Investment Portfolio

Portfolio By Grade⁽³³⁾

% By Fair Value



% By Number of Companies



Grade 1
 Grade 2
 Grade 3
 Grade 4



Investment Activity Since Quarter End

- Early termination of the Senior Secured Loan Program (the "SSLP")
 - As of June 30, 2017, Ares Capital's investment in the subordinated certificates (the "SSLP Certificates") at amortized cost and fair value was \$1.9 billion and \$1.9 billion, respectively. As of June 30, 2017, the SSLP had \$1.2 billion in cash and GE's senior notes outstanding totaled \$601 million
 - In early July 2017, the SSLP made its monthly waterfall distribution from the above cash, which fully repaid GE's senior notes and included distributions to the SSLP Certificates
 - From this distribution, Ares Capital's SSLP Certificates received \$474 million and after this distribution, Ares Capital's amortized cost in its SSLP Certificates was \$1.5 billion
 - In July 2017, Ares Capital and GE agreed to an early termination of the SSLP whereby on July 26, 2017, Ares Capital purchased the remaining \$1.6 billion in aggregate principal amount of first lien senior secured loans outstanding at par plus accrued and unpaid interest and fees from the SSLP (the "SSLP Loan Sale") and assumed the SSLP's remaining unfunded loan commitments totaling \$50 million
 - Upon completion of the SSLP Loan Sale, the SSLP made a liquidation distribution to the SSLP Certificates, of which Ares Capital received \$1.5 billion and recognized an \$18 million net realized loss as a result of the early termination
 - After completion of these transactions, the operations of the SSLP were effectively terminated pursuant to the terms of the documents governing the SSLP and the SSLP will no longer have an obligation to fund existing commitments and other amounts to its former portfolio companies

Investment Activity Since Quarter End (cont'd.)

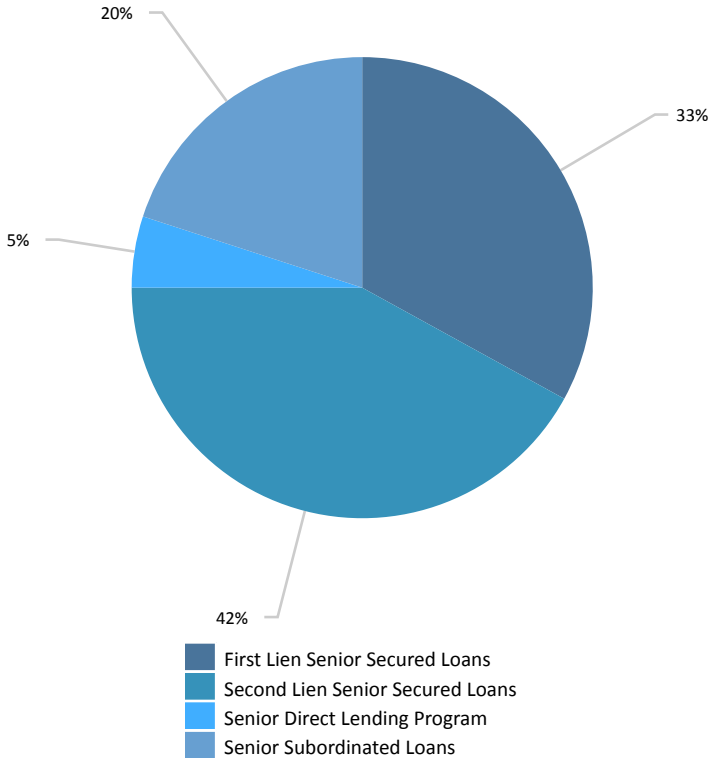
- Excluding the loans acquired from the SSLP described on page 21, from July 1, 2017 through July 26, 2017, we made \$128 million of new investment commitments
 - 99% were in first lien senior secured loans and 1% were in the subordinated certificates of the SDLP to make co-investments with Varagon and its clients in floating rate first lien senior secured loans through the SDLP
 - 100% were floating rate
 - Weighted average yield of debt and other income producing securities funded at amortized cost of 7.6%

- Excluding the repayments of the SSLP Certificates described on page 21, from July 1, 2017 through July 26, 2017, we exited \$327 million of investment commitments, including \$276 million of investment commitments acquired in the American Capital Acquisition
 - 46% were other equity securities, 25% were second lien senior secured loans, 13% were preferred equity securities, 13% were first lien senior secured loans, 1% were senior subordinated loans, 1% were collateralized loan obligations and 1% were investments in the subordinated certificates of the SDLP
 - 59% were non-interest bearing, 40% were floating rate and 1% were fixed rate
 - Weighted average yield of debt and other income producing securities exited or repaid at amortized cost was 9.6%
 - Weighted average yield on total investments exited or repaid during the period at amortized cost was 4.1%
 - Total net realized gains of approximately \$61 million, including net realized gains of approximately \$60 million on investment commitments exited that were acquired as part of the American Capital Acquisition

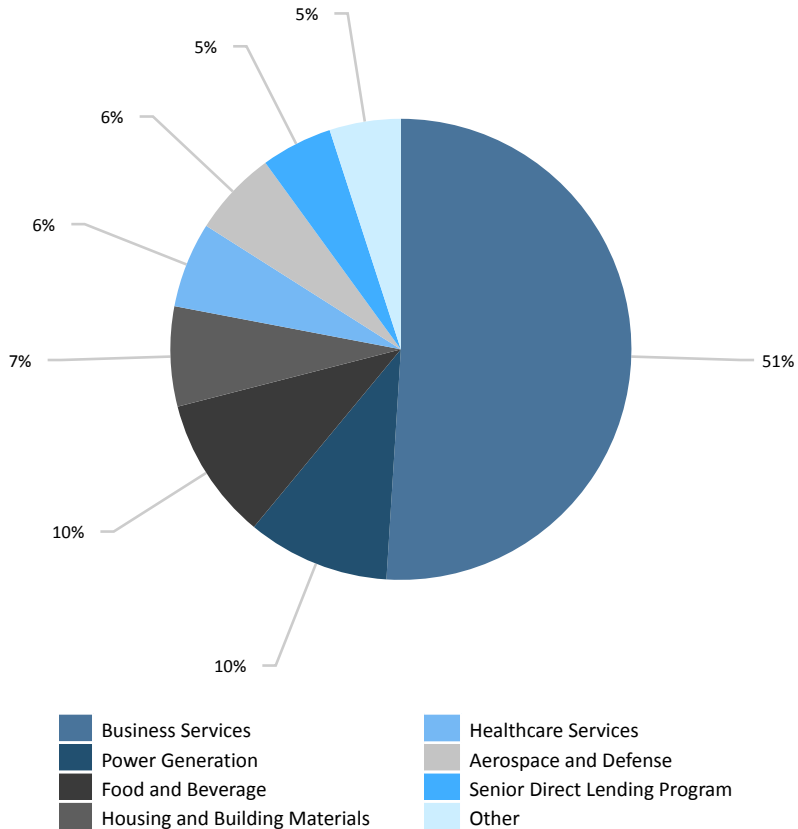
Backlog and Pipeline

- As of July 26, 2017, we had a backlog and pipeline of approximately \$530 million and \$325 million, respectively⁽³⁴⁾
- The following is a breakdown of the backlog and pipeline by asset class and by industry

Asset Class



Industry



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.

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

STEVEN MCKEEVER
Founder and Chief Executive Officer of Hidden
Beach Recordings

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

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

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

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

Investment Committee

MARK AFFOLTER
Partner of the Ares Credit Group

MICHAEL AROUGHETI
Co-Chairman and Executive Vice President of Ares
Capital Corporation
Co-Founder 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

PENNI ROLL
Chief Financial Officer

MICHAEL SMITH
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MICHAEL WEINER
Vice President

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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)				
	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16
Basic and Diluted Core EPS ⁽¹⁾	\$ 0.34	\$ 0.32	\$ 0.42	\$ 0.43	\$ 0.39
Professional fees and other costs related to the American Capital Acquisition ⁽¹⁵⁾	(0.03)	(0.06)	(0.01)	(0.01)	(0.02)
Net realized and unrealized gains (losses)	0.13	0.06	(0.20)	(0.09)	0.16
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.02)	(0.04)	0.04	0.02	(0.03)
Income tax expense related to net realized gains and losses	—	—	(0.01)	—	—
Basic and Diluted GAAP EPS	<u>\$ 0.42</u>	<u>\$ 0.28</u>	<u>\$ 0.24</u>	<u>\$ 0.35</u>	<u>\$ 0.50</u>

	For the Six Months Ended	
	(unaudited)	
	6/30/17	6/30/16
Basic and Diluted Core EPS ⁽¹⁾	\$ 0.65	\$ 0.76
Professional fees and other costs related to the American Capital Acquisition ⁽¹⁵⁾	(0.08)	(0.02)
Net realized and unrealized gains	0.19	0.23
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.06)	(0.05)
Income tax expense related to net realized gains and losses	—	—
Basic and Diluted GAAP EPS	<u>\$ 0.70</u>	<u>\$ 0.92</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 June 30, 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 Loans	\$ 550	22%	7.4%	\$ 463	22%	7.7%	\$ (87)
Second Lien Senior Secured Loans	855	34%	10.0%	731	34%	10.2%	(124)
Senior Subordinated Loans	244	10%	11.3%	264	13%	12.9%	20
Collateralized Loan Obligations	265	10%	12.6%	197	9%	11.0%	(68)
Preferred Equity	109	4%	—%	126	6%	—%	17
Other Equity Securities	520	20%	—%	347	16%	—%	(173)
Total	\$ 2,543	100%	7.4%	\$ 2,128	100%	7.8%	\$ (415)

(Dollar amounts in millions) (Unaudited)	Reconciliation of Net Change in Fair Value from January 3, 2017 Through June 30, 2017
Total Investments at Fair Value as of January 3, 2017	\$ 2,543
Proceeds from Exits and Repayments	(594)
Net Realized Gains	23
Net Unrealized Appreciation	96
Other*	60
Total Investments at Fair Value as of June 30, 2017	\$ 2,128

* Including fundings of revolvers and other commitments of \$60 million, paid-in-kind interest and accretion of purchase discounts.

Endnotes

- 1) Basic and diluted Core EPS is a non-GAAP financial measure. Core EPS is the net per share increase (decrease) in stockholders' equity resulting from operations less professional fees and other costs related to the acquisition of American Capital, Ltd. ("American Capital") (the "American Capital Acquisition"), net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such net realized gains and losses. Basic and diluted GAAP EPS is the most directly comparable GAAP financial measure. Ares Capital believes that Core EPS provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Reconciliations of basic and diluted Core EPS to the most directly comparable GAAP financial measure are set forth on page 25 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 June 30, 2017, the SDLP's loan portfolio totaled approximately \$1.9 billion aggregate principal amount and had loans to 17 different borrowers. As of June 30, 2017, the SDLP's largest loan to a single borrower was \$200 million aggregate principal amount and the five largest loans to borrowers totaled \$792 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 June 30, 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 June 30, 2017, the Senior Secured Loan Program (the "SSLP") loan portfolio totaled approximately \$1.7 billion aggregate principal amount and had loans to 11 different borrowers. As of June 30, 2017, the SSLP's largest loan to a single borrower was \$250 million aggregate principal amount and the five largest loans to borrowers totaled \$1.0 billion aggregate principal amount. The portfolio companies in the SSLP are in industries similar to companies in Ares Capital's portfolio. In July 2017, Ares Capital and GE agreed to an early termination of the SSLP. See Notes 4 and 16 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended June 30, 2017 for information regarding the SSLP.
- 12) As of June 30, 2017, 59% of the total investments at fair value and 73% of the floating rate investments at fair value contained interest rate floor features. Additionally, as of June 30, 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. Q2-17, Q1-17, Q4-16, Q3-16 and Q2-16 include sales to IHAM or vehicles managed by IHAM of \$8 million, \$24 million, \$172 million, \$204 million and \$54 million, respectively. Q3-16 also includes sales to the SDLP of \$529 million.
- 14) In connection with the American Capital Acquisition, Ares Capital Management agreed to waive, for each of the first 10 calendar quarters beginning with the second quarter of 2017, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case, to the extent earned and payable by Ares Capital in such quarter pursuant to and as calculated under Ares Capital's investment advisory and management agreement.
- 15) See Note 14 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended June 30, 2017 for information regarding the American Capital Acquisition that closed on January 3, 2017 (the "Acquisition Date").
- 16) Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the applicable stated maturity.
- 17) Subject to borrowing base, leverage and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.
- 18) Represents the aggregate principal amount of the notes outstanding adjusted for the unaccreted discount or premium initially recorded at the time of issuance.
- 19) Represents the aggregate principal amount of the notes outstanding less the unaccreted purchased discount initially recorded at the time of acquisition.
- 20) Effective stated rate as of June 30, 2017.
- 21) The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of June 30, 2017, the interest rate in effect was LIBOR plus 1.75%. The Revolving Credit Facility consists of a \$395 million term loan tranche with a stated maturity date of January 4, 2022 and a \$1,713 million revolving tranche. For \$1,630 million of the revolving tranche, the end of the revolving period and the stated maturity date are January 4, 2021 and January 4, 2022, respectively. For \$38 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2020 and May 4, 2021, respectively. For the remaining \$45 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, respectively.
- 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 June 30, 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 June 30, 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 third quarter 2017 dividend of \$0.38 per share to be paid on September 29, 2017 to stockholders of record on September 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, which became the initial cost basis of such investments. Each investment was initially assessed a grade of 3 (i.e., generally the grade we assign a portfolio company at acquisition), reflecting the relative risk to our initial cost basis of such investments. It is possible that the grades of these portfolio investments may be reduced or increased after the Acquisition Date.

- 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.