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I. Welcome & Agenda

Presenters: Carl Drake & John Stilmar
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Section</th>
<th>Presenter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1:00 – 1:10 pm</td>
<td>Welcome &amp; Agenda</td>
<td>Carl Drake and John Stilmar</td>
</tr>
<tr>
<td>1:10 – 1:30 pm</td>
<td>Ares Management Overview</td>
<td>Michael Arougheti</td>
</tr>
<tr>
<td>1:30 – 1:55 pm</td>
<td>Key Credit Market Trends and Our Approach</td>
<td>Kipp deVeer</td>
</tr>
<tr>
<td>1:55 – 2:25 pm</td>
<td>ARCC Overview and Strategy Update*</td>
<td>Mitch Goldstein and Michael Smith</td>
</tr>
<tr>
<td></td>
<td>Break</td>
<td></td>
</tr>
<tr>
<td>2:40 – 3:20 pm</td>
<td>Credit and Investment Performance and How We Manage Risk in Today’s Market</td>
<td>Kipp deVeer, Michael Dieber, and Daniel Katz</td>
</tr>
<tr>
<td>3:50 – 4:15 pm</td>
<td>Capital Management Strategy</td>
<td>Penni Roll</td>
</tr>
<tr>
<td>4:15 – 4:30 pm</td>
<td>Closing*</td>
<td>Kipp deVeer</td>
</tr>
</tbody>
</table>

* A brief Q&A session will be available at the end of these sections.
# Presenters

<table>
<thead>
<tr>
<th>Presenter</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>Michael Arougethi</td>
<td>Co-Founder, Chief Executive Officer, Director and President of Ares</td>
</tr>
<tr>
<td></td>
<td>Co-Chairman and Executive Vice President of Ares Capital Corporation</td>
</tr>
<tr>
<td>Kipp deVeer</td>
<td>Director and Chief Executive Officer of Ares Capital Corporation</td>
</tr>
<tr>
<td></td>
<td>Partner and Head of Ares Credit Group</td>
</tr>
<tr>
<td>Mitchell Goldstein</td>
<td>Co-President of Ares Capital Corporation</td>
</tr>
<tr>
<td></td>
<td>Partner and Co-Head of Ares Credit Group</td>
</tr>
<tr>
<td>Michael Smith</td>
<td>Co-President of Ares Capital Corporation</td>
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<tr>
<td></td>
<td>Partner and Co-Head of Ares Credit Group</td>
</tr>
<tr>
<td>Penni Roll</td>
<td>Chief Financial Officer of Ares Capital Corporation</td>
</tr>
<tr>
<td></td>
<td>Partner and Chief Financial Officer of Ares Credit Group</td>
</tr>
<tr>
<td>Michael Dieber</td>
<td>Partner, Co-Head of Portfolio Management, Ares Credit Group</td>
</tr>
<tr>
<td>Daniel Katz</td>
<td>Partner, Co-Head of Portfolio Management, Ares Credit Group</td>
</tr>
<tr>
<td>Carl Drake</td>
<td>Partner, Head of Public Company Investor Relations and Communications of Ares</td>
</tr>
<tr>
<td>John Stilmar</td>
<td>Managing Director, Public Company Investor Relations and Communications of Ares</td>
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</tbody>
</table>
## Panelists

<table>
<thead>
<tr>
<th>Panelist</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>Keith Ashton</td>
<td>Partner, Co-Head of Alternative Credit</td>
</tr>
<tr>
<td>Seth Brufsky</td>
<td>Partner, Co-Head of Global Liquid Credit</td>
</tr>
<tr>
<td>John Gerber</td>
<td>Managing Director, Head of Real Estate Debt Origination</td>
</tr>
<tr>
<td>Scott Graves</td>
<td>Partner, Co-Head of North American Private Equity and Head of Special Opportunities</td>
</tr>
<tr>
<td>Blair Jacobson</td>
<td>Partner, Co-Head of European Credit</td>
</tr>
</tbody>
</table>
Key Messages for Investor Day

We plan to address the following themes today

1. Ares provides **unique platform benefits** to ARCC

2. ARCC has adapted to changing markets and its **market opportunity** is expanding

3. ARCC operates with **distinct competitive advantages**

4. ARCC operates with a **conservative balance sheet**

5. ARCC has generated **leading investment performance**

6. ARCC is **well positioned** to navigate through business cycles

Past performance is not indicative of future results.
Ares Management Overview

Presenter: Michael Arougheti
Overview of Ares Management

We are a leading global alternative asset manager with three complementary investment groups that collaborate to deliver innovative investment solutions and attractive returns through market cycles.

Profile

- Founded: 1997
- AUM: $137bn
- Employees: 1,000+
- Investment Professionals: 400+
- Global Offices: 19
- Direct Institutional Relationships: 900+
- NYSE Listed – Market Capitalization: ~$5.5bn

Assets Under Management

2003-Q1 2019

- Credit
  - High Yield Bonds
  - Syndicated Loans
  - Alternative Credit
  - Direct Lending
- Private Equity
  - Corporate Private Equity
  - Special Opportunities
- Real Estate
  - Real Estate Equity
  - Real Estate Debt

Strategies

- Credit
- Private Equity
- Real Estate

$137bn

Global Footprint
Creating “Ecosystems”

We believe the breadth and scale of our activities drives value and investment performance

<table>
<thead>
<tr>
<th>Sourcing Benefits</th>
<th>Evaluation Benefits</th>
<th>Execution Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Complete capital structure solutions drive originations</strong>&lt;br&gt;• Broad offering to help meet client needs&lt;br&gt;<strong>Deep domain expertise and networks</strong>&lt;br&gt;• Highly experienced teams and large market presence facilitate transaction flow&lt;br&gt;<strong>Power of incumbency</strong>&lt;br&gt;• Large portfolio and strong relationships provide attractive future opportunities</td>
<td><strong>Information and research advantages</strong>&lt;br&gt;• Differentiated information enhances investment decisions&lt;br&gt;• Shared research across the platform&lt;br&gt;<strong>Better relative value lens</strong>&lt;br&gt;• Identify best risk adjusted returns across capital structures and markets</td>
<td><strong>Disciplined structuring and pricing</strong>&lt;br&gt;• Active investment role improves control over outcomes&lt;br&gt;<strong>Capital structure arbitrage</strong>&lt;br&gt;• Bring flexible capital to most attractive tranche of the capital structure&lt;br&gt;<strong>Liquid / Illiquid market arbitrage</strong>&lt;br&gt;• Exploit inefficiencies in primary AND secondary markets</td>
</tr>
</tbody>
</table>
The Ares Edge

We unlock and sustain these competitive advantages through our unique culture and structure

Firm Culture
How We Create Advantages

- Collaborative & Non-Siloed
- Entrepreneurial & Innovative
- Results & Performance Driven
- Aligned & Accountable
- Partnership Oriented

Organizational Structure
How We Capture Advantages

Empowered Investment Teams
- Distinct and well-resourced teams pursue strategies where we believe Ares can deliver differentiated results

Cross-Pollinated Investment Committees
- Our ICs drive a consistent cycle-tested investment approach, apply a relative value lens and share networks / experiences

Well-Connected Senior Leadership
- Our Management Committee and Global Markets Committee exchange industry knowledge, market views and business building insights across our Group / Strategy / Function Heads

Broad Firm Support and Aligned Incentives
- A range of incentives to drive shared origination, oversight and execution

Well-Developed Business Operations
- Advanced support resources including risk management, analytical tools, portfolio management and other areas

We believe the Ares Edge can lead to differentiated, long term returns throughout market cycles
It’s Been 5 Years Since Ares Management’s IPO

We have been busy growing the business and our relationships while prudently deploying capital.

### AUM\(^{(1)}\)

<table>
<thead>
<tr>
<th>IPO</th>
<th>Q1-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$74.0</td>
<td>$136.7</td>
</tr>
</tbody>
</table>

85% increase

### Number of Funds

<table>
<thead>
<tr>
<th>IPO</th>
<th>Q1-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>147</td>
<td>232</td>
</tr>
</tbody>
</table>

50% increase

### Annual Deployment\(^{(2)}\)

<table>
<thead>
<tr>
<th>IPO</th>
<th>Q1-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.3</td>
<td>$19.1</td>
</tr>
</tbody>
</table>

344% increase

### Employees

<table>
<thead>
<tr>
<th>IPO</th>
<th>Q1-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>694</td>
<td>1,069</td>
</tr>
</tbody>
</table>

54% increase

### Direct Institutional Investors

<table>
<thead>
<tr>
<th>IPO</th>
<th>Q1-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>514</td>
<td>909</td>
</tr>
</tbody>
</table>

77% increase

### Market Capitalization\(^{(3)}\)

<table>
<thead>
<tr>
<th>IPO</th>
<th>Q1-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.9</td>
<td>$5.1</td>
</tr>
</tbody>
</table>

31% increase

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Note: $ in billions. Initial Public Offering was May 2014, but the financial results provided were as of 12/31/13. Q1-19 data as of 3/31/2019.

(1) AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser.

(2) Represents deployment in drawdown funds for the twelve months ended December 31, 2014 and March 31, 2019 (drawdown deployment was not tracked prior to 2014).

(3) IPO market cap as of 5/2/2014.
Ares Continues to Expand Through Scale and Diversification

Our AUM has increased across both our core and new strategies along with other growth initiatives.

**Strategy Diversification since IPO**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>IPO</th>
<th>Q1-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Direct Lending</td>
<td>$74.0</td>
<td>$136.7</td>
</tr>
<tr>
<td>E.U. Direct Lending</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACOF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RE Debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.U. Real Estate Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Real Estate Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syndicated Loans</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key Themes**

- Larger successor funds
- New adjacent strategies
- Repackaging existing strategies into new products
- Geographic expansion
- Broader distribution capabilities

Note IPO data as of December 31, 2013.
(1) As of March 31, 2019. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser. There is no assurance that Ares will sustain such growth or diversification.

**Credit Platform Expansion**

**Strategies At IPO**
- U.S. Leveraged Loans
- European Leveraged Loans
- U.S. High Yield
- Structured Credit - CLOs
- Credit Opportunities
- European Direct Lending - ACE I and II
- U.S. Direct Lending - ARCC, SMAs
- U.S. Leveraged Loans
- European High Yield
- U.S. Multi-Asset Credit SMAs
- U.S. High Yield
- U.S. Direct Lending
  - ARCC
  - SMAs
  - Senior Lending
  - Junior Lending
  - Asset Based
- Alternative Credit
  - CLOs
  - Private ABS
  - CMBS
- European Direct Lending
  - ACE I, II, III, IV
  - SMAs
Ares Credit Group Overview

Integrated scaled global platform combines direct origination, deep fundamental credit research and broad perspective of relative value

<table>
<thead>
<tr>
<th>$101.1 billion AUM (^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 Partners averaging 24 years of experience</td>
</tr>
<tr>
<td>~250 dedicated investment professionals</td>
</tr>
</tbody>
</table>

**Origination, Research & Investment Management**
- 15 portfolio managers
- 55+ industry research and alternative credit professionals
- ~120 direct origination professionals
- 13 distressed and restructuring specialists

**Syndication, Trading & Servicing**
- 4 traders in the U.S. and Europe
- 7 dedicated capital markets professionals
- 35 direct lending professionals focused solely on asset management

**Investor Relations & Business Operations**
- Established investor relations and client service across the Americas, Europe, Asia, Australia and the Middle East

**Accolades \(^{(2)}\)**
- ARCC Received Most Honored Designation & Highest Rankings for Best Investor Relations Program
- Top Quartile Rankings for Several Funds
- Lender of the Year (Europe) 2018
- Global Fundraising, BDC (Americas), Lender (Europe), & Fundraising (Europe) of the Year 2018

We have experienced teams across the platform that are positioned for excellence in investing and client service

Note: As of March 31, 2019, unless otherwise noted.

\(^{(1)}\) AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and a registered investment adviser.

\(^{(2)}\) The performance, awards/ratings noted herein relate only to selected funds/strategies and may not be representative of any given client’s experience and should not be viewed as indicative of Ares’ past performance or its funds’ future performance. All investments involve risk, including loss of principal.

Please see the notes at the end of this presentation for additional important information.
Breadth of the Platform

- Provides global insights and access to an extensive network of management teams

**Differentiated Information**

- 70+ Bank Relationships

**Broad Market Perspective**

- 50+ Research Analysts covering 55+ Industries

**Expanded View of Relative Value**

- 1,700+ Portfolio Companies

**Deep Capital Markets Relationships**

- 230+ Active Funds

**Extensive Infrastructure**

- 520 Structured Assets / 175 Real Estate Properties

**Proven Acquisition Capabilities**

- Enhanced Sourcing

- Deeper Underwriting

- Broader Portfolio Management

- Efficient and Broad Access to Capital

All data as of 3/31/2019.

(1) Represents all banks and financial institutions Ares has paid any fee amount to between 12/31/2018 and 3/31/2019.
Key Market Trends and Our Approach

Presenter: Kipp deVeer
ARCC is Well Positioned for Current Market Conditions

ARCC has responded to developments in the market that position the company well for late cycle market conditions.

- **TEAM**
  - Maintained experienced and long tenured management team

- **FOOTPRINT**
  - Expanded our direct origination and syndication platform

- **CAPABILITIES**
  - Enhanced industry specialization and aligned coverage:
    - Project Finance
    - Life Sciences & Healthcare
    - Non-Sponsored coverage

- **SIZE**
  - Investing in larger companies

- **ACTIVE MANAGEMENT**
  - Expanded our portfolio management team capabilities

- **REINFORCED BALANCE SHEET**
  - Strengthened our balance sheet with long dated liabilities and more liquidity
Key Market Trends That are Influencing ARCC’s Market Opportunity

1. Structural Shifts in Supply and Demand for Private Capital
   - Continued bank retrenchment
   - Proliferation of new, sub-scale direct lending funds
   - Structural shift from public to private capital
   - Increased reliance of private equity on direct lending

2. Credit Markets are Less Liquid
   - Growth of passives with structural duration mismatches drives greater volatility in liquid markets
   - Dealer inventories and market making reduced
   - Private solutions represent a compelling alternative

3. Expansion of Average Issuer Size in Loan and High Yield Markets
   - The growth of the leveraged finance markets and the increase in average issuer size expands addressable market

Note: Based on Ares’ observations of the current market.
1. Banks Continue to Retrench from Middle Market Direct Lending

- Commercial bank retrenchment and consolidation in mid-market cash flow loans began well before the Great Recession and continues
- Banks have shifted from being lenders to arrangers
- Banks are less reliable during times of volatility

(1) Source: Federal Deposit Insurance Corp Quarterly Banking Profile Q4-18.
(2) Source: Standard and Poor’s LCD Q1-19 Leveraged Lending Review.
(3) As of the end of each given period. March 31, 2019 is pro-forma for the April 2019 revolving credit facility upsize of $1.2 billion.
1 Proliferation of Sub-Scale U.S. Direct Lending Funds

Our industry has low barriers to entry... but high barriers to success

Less than 50% of direct lending capital raised since 2009 has been by managers active prior to the last recession.

$0.6 billion average fund size, suggesting that most capital is chasing smaller borrowers.

Approximately 5% of managers have raised at least one direct lending fund in excess of $3 billion, suggesting that few managers possess scale to be relevant to all borrowers.

Only 2% of the managers that have raised at least one fund greater than $3 billion are cycle tested.

Majority of Direct Lending Capital Raised since 2009 is by Non-Cycle Tested Managers

- Cycle Tested Managers, 41%
- Non-Cycle Tested Managers, 59%

Direct Lending Managers of Scale

- % of Managers that have raised funds below $1b
- % of Managers that have raised at least one fund between $1-$3b
- % of Managers that have raised at least one fund >$3b

Please see the notes at the end of this presentation for additional important information.
1. Shifting Demand from Public to Private Markets

More companies are choosing to access private markets vs. public markets for capital.

**U.S. Public vs. Private Dollar Volume**

Since 2015
Private Equity (PE) transaction volume exceeded IPO and Follow On Volume Every Year

40%
Higher PE volume than IPO and Follow On Volume in 2018

4x
Higher average age of company that launched an IPO after Sarbanes Oxley than prior to the regulation

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Secular Shift to Private Capital Drives Greater Market Opportunity for Direct Lending

- Public company regulatory costs have burdened smaller companies, reducing value of being public
- Number of private companies that operate in small/mid market outnumber public companies
- Many investors prefer less volatile private assets

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(1) Source: Public market follow on and IPO data per Refinitiv and PE transaction volume data per Preqin. As of February 2019.
(2) Source: World Economic Forum as of April 2018.
### Record PE Dry Powder Supports Continued Demand Outlook

Dry powder statistics suggest plenty of additional capacity for direct lending strategy

- Direct lending dry powder in North America is currently $70 billion, which represents 16% of buyout dry powder
- We believe scaled providers will benefit from the available capacity as PE is increasingly reliant on direct lending

#### North America Dry Powder – Direct Lending and Buyout

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct Lending Dry Powder</th>
<th>Buyout Dry Powder</th>
<th>Direct Lending Dry Powder as a % of Buyout Dry Powder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>2005</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>2006</td>
<td>1%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>2007</td>
<td>1%</td>
<td>6%</td>
<td>1%</td>
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<tr>
<td>2008</td>
<td>1%</td>
<td>5%</td>
<td>1%</td>
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<td>2009</td>
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<td>2010</td>
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<td>1%</td>
<td>17%</td>
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<td>2018</td>
<td>1%</td>
<td>16%</td>
<td>1%</td>
</tr>
<tr>
<td>2019</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Preqin. As of May 2019.
Growing Role of Passives With Less Market Making Support

The influence of ETFs and mutual funds is growing in the leveraged finance market, while market makers are reducing inventories.

- Mismatch in liquidity of assets and daily liquidity structure of vehicles
- Managing liquidity is driving investing decisions vs. credit selection
- Since 2013, the amount of capital supporting market making for publicly traded corporate credit has been cut by more than 50%
- Due to demand for aftermarket liquidity, smaller issues have fallen away from the market

We expect continued future volatility in the liquid credit market
Recent Volatility in Q4-18 Highlights Risks from Market Structure

The most liquid investments were indiscriminately sold to meet daily redemption requests during Q4, creating opportunities for direct lenders managing closed end funds/permanent capital.

Outflows (1)

Prices fell across both loan and high yield markets as holders of credit sought liquidity from redemptions.

Retail outflows, especially in loan funds, drove passive managers to seek liquidity.

Marks on securities were a function of liquidity (i.e., size) rather than fundamental views on credit.

(1) Source: JP Morgan, Lipper. Data as of May 1, 2019.
(2) Credit Suisse Leveraged Loan Index, ICE BAML HY Master II Index.
3 Leveraged Credit Markets Have Shifted Focus to Mega Deals

As the high yield and credit markets have expanded, borrowers once served by these markets now seek a solution from direct lenders of scale.

**$1.2 Trillion High Yield Market**

- **% of new deals with less than $300 mm tranche size**
  - 2004: 39%
  - 2019: 6%

**$1.0 Trillion Leveraged Loan Market**

- **% of new loans less than $300 mm tranche size**
  - 2004: 38%
  - 2019: 8%

**ARCC Portfolio**

- **We remain focused on the middle market**
- **Select opportunities in larger companies, driving up weighted average EBITDA**
- **Upper end of middle market has attractive risk profile**

**Companies by LTM EBITDA Ranges**

- 33% $0 - 25 million
- 19% $25 - 50 million
- 14% $50 - 100 million
- 34% Greater than $100 million

Please see the notes at the end of this presentation for additional important information.
In Summary...Our Market Opportunity is Expanding

We estimate the U.S. direct lending market is approximately $1.0 trillion* in outstanding loans, but importantly a large and established platform is required to see the entire market.

Addressable Market for U.S. Direct Lending

- Reported Middle Market Loan Volume: $207 Billion
- Ares Loan Volume Reviewed: +$167 Billion
- Est. Middle Market Loan Volume: $374 Billion
- Avg Life of Middle Market Loans (Years): 2.5
- Est. Middle Market Loans Outstanding: $935 Billion

In Summary...Our Market Opportunity is Expanding

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Addressable Market for U.S. Direct Lending

- Reported Middle Market Loan Volume (1): $207 Billion
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- Est. Middle Market Loan Volume: $374 Billion
- Avg Life of Middle Market Loans (Years): 2.5
- Est. Middle Market Loans Outstanding: $935 Billion

Note: As of December 31, 2018 unless otherwise noted.

*Based on Ares’ own data calculations using information from Refinitiv (formerly Thomson Reuters LPC), S&P Global Market Intelligence and Ares’ own observations. Refer to the table herein and notes at the end of this presentation for additional details. Includes bank and non-bank led transactions and both data sets exclude BDC originations, other than ARCC, of $19 billion in 2012(7) and $23 billion in 2018(8).

Please see the notes at the end of this presentation for additional important information.

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ARCC Approach to Changing Market Dynamics

Our time tested approach remains in place with some modest improvements

**Expand Sources of Flexible Capital**
- Drives ARCC’s ability to be a leading provider with scale
- New funds have been raised to add capabilities

**Seek Lead & Control Positions**
- We seek to lead deals and negotiate and influence documentation
- We can optimize capital structure at setup

**Broaden Direct Origination Capabilities**
- Reduce number of sponsors covered by each team, increasing market penetration
- Expand specialty capabilities (power generation, software, life sciences, renewable energy)
- Focus on direct to company origination

**Grow With Our Best Borrowers**
- Majority of commitments to incumbent borrowers over past 5 years
- Allows ARCC to benefit from enhanced structures and utilize informational advantages

**Invest in Capital Markets Capabilities**
- Subscale managers seek ARCC led transactions
- Ability to manage portfolio concentrations lowers risk and preserves diversification, helping to drive returns

**Evaluate M&A Opportunities**
- Leverage our experience and market presence to source and evaluate accretive acquisitions
- Evaluating potential M&A opportunities is key competency of our team

As of March 31, 2019, unless otherwise noted.

(1) Diversification does not assure profit or protect against market losses.
ARCC Highlights

ARCC is a market leading BDC

**Leading Market Position**
- Largest BDC (1)
- Significant scale advantages
- Leading direct lending platform
- Largest portfolio with 345 companies

**Tenured and Experienced Team**
- Consistent and experienced team
- Leading market coverage (2) with ~110 investment professionals

**Highly Diversified Portfolio and Strong Balance Sheet**
- Defensively positioned portfolio in resilient industries
- Diversified, long-dated funding
- Investment Grade Ratings from Moody’s, S&P and Fitch

**Strong and Cycle Tested Investment Performance**
- Over $52 billion of investments made (3)
- 14% IRR on realized investments (4)
- Annual net realized gains of +1.2% (5)

**Compelling Profits and Returns to Shareholders**
- #1 BDC over 1, 3 and 5 year on Realized ROE (6)
- Cumulative NAV growth of 15% since IPO
- 12% annual stock total return since inception/2004 (7)
- Outperformed – BDCs, High Yield, Banks, S&P 500 (8)

As of March 31, 2019, unless otherwise noted. Past performance is not indicative of future results. Diversification does not assure profit or protect against market loss. Note: The rankings noted herein represent ARCC’s analyses based on certain criteria as more fully described in the additional information provided and are not representative of any given investor’s experience, nor should they be viewed as indicative of ARCC’S past or future performance. All investments involve risk, including possible loss of principal.

Please see slides 54 and 80 for comparative performance information and accompanying notes at the end of this presentation for additional important information.
ARCC’s Distinct Competitive Advantages

ARCC has meaningful competitive advantages that have sustained its successful performance.
Direct Origination and National Market Coverage

Significant investment in local coverage

ARCC Reviewed Transactions Per Year Since Inception

- Reviewed over 10,000 new investment opportunities since 2010
- High degree of selectivity, average 4% closing rate (1)

Importance of Direct Origination

1. Widens the Funnel to Provide a Larger Deal Universe
2. Primary Upfront Diligence
3. Control Over Capital Structures, Documentation and Enhanced Economics
4. Build Relationships and Powerful Incumbent Positions

ARCC Reviewed Transcations Per Year Since Inception

- Grown 1.6x in 9 Years

*Reviewed Transactions Per Year Since Inception*

- 2011: 3.8%
- 2012: 4.4%
- 2013: 4.5%
- 2014: 4.8%
- 2015: 4.2%
- 2016: 3.2%
- 2017: 4.3%
- 2018: 4.0%
- Q1-19 LTM: 4.0%

(1) As of March 31, 2019. Calculation based on ARCC’s reviewed and closed transactions with new portfolio companies (excludes any investments in existing portfolio companies) in each calendar year or twelve month period and excludes equity-only investments and legacy investments from portfolio acquisitions. Diversification does not assure profit or protect against market loss.
ARCC Management Team

Cycle tested in numerous economic environments

<table>
<thead>
<tr>
<th>U.S. Direct Lending Investment Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partners</strong></td>
</tr>
<tr>
<td>Mark Affolter</td>
</tr>
<tr>
<td>Michael Arougethi</td>
</tr>
<tr>
<td>Kipp deVeer</td>
</tr>
<tr>
<td>Mitch Goldstein</td>
</tr>
<tr>
<td>Jim Miller</td>
</tr>
<tr>
<td>Kort Schnabel</td>
</tr>
<tr>
<td>Dave Schwartz</td>
</tr>
<tr>
<td>Michael Smith</td>
</tr>
<tr>
<td><strong>Average</strong></td>
</tr>
<tr>
<td><strong>Industry Experience</strong></td>
</tr>
<tr>
<td>30 Years</td>
</tr>
<tr>
<td>26 Years</td>
</tr>
<tr>
<td>24 Years</td>
</tr>
<tr>
<td>25 Years</td>
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<tr>
<td>20 Years</td>
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<tr>
<td>21 Years</td>
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<tr>
<td>18 Years</td>
</tr>
<tr>
<td>24 Years</td>
</tr>
<tr>
<td>23 Years</td>
</tr>
<tr>
<td><strong>Years with Ares</strong></td>
</tr>
<tr>
<td>11 Years</td>
</tr>
<tr>
<td>15 Years</td>
</tr>
<tr>
<td>15 Years</td>
</tr>
<tr>
<td>14 Years</td>
</tr>
<tr>
<td>12 Years</td>
</tr>
<tr>
<td>18 Years</td>
</tr>
<tr>
<td>15 Years</td>
</tr>
<tr>
<td>15 Years</td>
</tr>
<tr>
<td>14 Years</td>
</tr>
</tbody>
</table>

~110 Direct Origination Professionals

~25 Portfolio Management Professionals
- 8 restructuring / turn-around management specialists
- 345 portfolio companies monitored

30 Partners / Managing Directors

~20 Years on Average of Partner / Managing Director Experience

Six Offices
One Objective
100% dedicated to US Direct Lending

545 Member Operations Team
- Accounting and Finance
- Human Resources
- Investment Operations
- Investor Relations / Business Development
- Legal and Compliance

As of March 31, 2019.
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Flexibility of Capital: Diversified Product Offerings

Demonstrated ability to be a total solutions provider, which enhances our origination and our relationships with clients.

---

**ARCC Portfolio**

- First Lien: 44%
- Second Lien: 33%
- SDLP: 19%
- Senior Subordinated: 6%
- Preferred Equity: 6%
- Other Equity: 5%
- Junior Capital Minority Equity: 9%
- Mezzanine Debt: 6%
- Minority Equity: 6%
- Leveraged Buyouts: 5%
- Acquisitions: 4%
- Recapitalizations: 3%
- Other: 2%

---

**Investment Sizes**

- Corporate: $<10 – 500+ million
- Project Finance: $10 - 200 million
- EBITDA Range: $10 - 500 million

---

Please see the notes at the end of this presentation for additional important information.
Benefits From Extensive Relationships and Strong Partnerships

Dedicated market coverage with 14+ years of relationships

Ares has transacted with **377 sponsors** since inception\(^{(1)}\)

**Cumulative Sponsors Invested Since Inception**

- Cumulative Sponsors

**Broad and Growing Non-Sponsored Coverage**

- $1.2 billion or 11% of ARCC’s investments are in non-sponsored companies \(^{(2)}\)

- Annual non-sponsored deals reviewed have increased **4x** over the past 5 years \(^{(3)}\)

**Market Relationships**

- Sponsors
- Business Owners
- Service Providers
- Bankers

---

\(^{(1)}\) From October 2004 through March 31, 2019.

\(^{(2)}\) At amortized cost as of March 31, 2019. Excludes IHAM and SDLP.

\(^{(3)}\) As of period end for each given period.
We Utilize a Consistent Credit and Investing Process...

Our process has resulted in a consistent 14+ year leading track record

**Strong Companies in Attractive Industries**
- Leading market share
- Solid growth and high margins
- Experienced management teams
- Resilient, non-cyclical industries
- Franchise companies
- ARCC’s portfolio company EBITDA growth was >3x greater than GDP growth
  \( (1) \)
- Average cumulative EBITDA growth of 30% on realized investments
  \( (2) \)

**Lead Lender Focus**
- Drives control
- Enhances economics
- Arranger role on 94% of transactions
  \( (3) \)
- Board seat or observation rights on 40% of the portfolio
  \( (3) \)
- Information advantages

**Control Oriented Resilient Structures**
- Seek robust documentation with appropriate covenants
- Significant equity cushions
- Moderate loan-to-value (50-55%)

**Deep Risk Management**
- Overweighting to defensive industries
- Highly diversified portfolios
- Long-term, non-mark to market credit facilities

**Proactive Management Post Close**
- Large portfolio management team
- Experienced restructuring team
- Extensive workout capabilities

As of March 31, 2019, unless otherwise noted. Diversification does not assure profit or protect against market loss.

Please see slide 54 for comparative performance information and accompanying notes at the end of this presentation for additional important information.
...Which Results in Careful Industry Selection and a Defensive Portfolio

ARCC’s portfolio is comprised of well capitalized companies in non-cyclical industries

ARCC is notably underweight or avoids cyclical industries, which drove 90+% of LTM S&P LLI defaults

<table>
<thead>
<tr>
<th>Industry</th>
<th>ARCC Market</th>
<th>LTV</th>
<th>Equity Cushions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel &amp; Gaming</td>
<td>5%</td>
<td>41%</td>
<td>47%</td>
</tr>
<tr>
<td>Media &amp; Entertainment</td>
<td>8%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Retail</td>
<td>2%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Chemicals, Metals &amp; Mining</td>
<td>1%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Transportation / Aerospace &amp; Defense</td>
<td>4%</td>
<td>5%</td>
<td>1%</td>
</tr>
</tbody>
</table>

ARCC’s Portfolio Companies Have Substantial Equity Cushions, Lower Loan-to-Value and Lower Leverage than the Middle Market

As of March 31, 2019, unless otherwise noted.
Please see the notes at the end of this presentation for additional important information.
Significant Power of Incumbency

Ares’ scale and growing portfolio has led to a high percentage of originations from existing borrowers.

We have funded the growth of our highest performing portfolio companies

Incumbency Unlocks Attractive Opportunities

- Enables us to finance and grow with leading portfolio companies
- Helps reduce portfolio risk
- Allows us to remain active with deployment while being defensive
- Enables us to leverage our history with the borrower
- Enhances our ability to maintain better than market terms, documentation and pricing

The largest origination team(1) plus the largest existing portfolio (2) allows us to continue to increase our market presence

As of March 31, 2019.
(1) Based on Ares observations.
(2) By total assets as of March 31, 2019.
The Result is Premium Returns

ARCC has provided attractive long-term risk adjusted returns compared to investment alternatives.

**Premium Returns over a 10-Year Period**

- Leveraged Loans
- US High Yield Index
- Middle Market Leveraged Loans
- ARCC

**Attractive Long Term Sharpe Ratios over a 10-Year Period**

- Leveraged Loans
- US High Yield Index
- Middle Market Leveraged Loans
- ARCC

**Sources of Alpha**

- **Directly originated** loans vs. securities purchased on exchange or through dealer
- **Complex underwriting** with significant structural protections
- **Access to information** via Ares Management platform
- **Illiquidity premium**

As of March 31, 2019. Note: Past performance is not indicative of future results. Please see the notes at the end of this presentation for additional important information.
Break
Credit and Investment Performance and How We Manage Risk in Today’s Market

Presenters: Kipp deVeer, Michael Dieber & Daniel Katz
Our Approach

Our risk management approach has resulted in consistent performance

- Maintain high diversification in defensive industries and allocate for relative value
- Focus on senior loans with small percentage of equity co-investments for upside potential and to help offset any losses
- Rigorous due diligence, actively structure and pro-actively manage our portfolio post close
- Continue to invest in team and infrastructure

Past performance is not indicative of future results. Diversification does not assure profit or protect against market loss.
Portfolio Construction

Our portfolio is heavily weighted toward senior loans and is significantly diversified.

**Granular and Diversified Portfolio**

- **80% Senior Secured Loans**
- **Average Position Size 0.3%**
- **Largest Single Investment is 3%**
- **345 Portfolio Companies**
- **Relationships with over 450 different sponsors**

**Portfolio – Asset Class Concentration**

- First Lien Senior Secured Loans - 44%
- Second Lien Senior Secured Loans - 30%
- Senior Direct Lending Program, LLC - 6%
- Senior Subordinated Loans - 6%
- Preferred Equity - 5%
- Other Equity - 9%

Diversification does not assure profit or protect against market loss.
As of March 31, 2019, unless otherwise stated.
Please see the notes at the end of this presentation for additional important information.
Significant Portfolio Diversification

Attractively positioned portfolio that is highly diverse by geography and issuer

Diversification does not assure profit or protect against market loss.

Note: portfolio company locations excludes 23 portfolio companies outside of the United States.

As of March 31, 2019, unless otherwise stated.

* Office locations in New York, NY and Tarrytown, NY.

Please see the notes at the end of this presentation for additional important information.

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Diversity: 6%

Portfolio – Issuer Diversification (1)

Senior Direct Lending Program, LLC - 6%
Athenahealth, Inc. - 3%
American Academy Holdings, LLC - 2%
Singer Sewing Company - 2%
Ministry Brands, LLC - 2%
Remaining Investments - 73%

Includes 22 companies

Top Ten Investments

- Ivy Hill Asset Management, LP - 4%
- MacLean-Fogg Company - 2%
- Pathway Vet Alliance LLC - 2%
- OTG Management, LLC - 2%
- IRI Holdings, Inc. - 2%

Remaining Portfolio

73%

Top 10

94 portfolio companies

64 portfolio companies

164 portfolio companies

Ares office locations

Note: portfolio company locations excludes 23 portfolio companies outside of the United States.

As of March 31, 2019, unless otherwise stated.

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Please see the notes at the end of this presentation for additional important information.

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Note: portfolio company locations excludes 23 portfolio companies outside of the United States.

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* Office locations in New York, NY and Tarrytown, NY.

Please see the notes at the end of this presentation for additional important information.
Industry Selection Supports Portfolio Stability

Focus on selecting defensively positioned companies in less cyclical industries

ARCC Portfolio by Industry (1)

<table>
<thead>
<tr>
<th>Industry</th>
<th>ARCC Portfolio</th>
<th>High Yield and Leveraged Loan Industry Exposure to Cyclical Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Services</td>
<td>22%</td>
<td>Hotel &amp; Gaming: 5%</td>
</tr>
<tr>
<td>Consumer Products</td>
<td>8%</td>
<td>Media &amp; Entertainment: 8%</td>
</tr>
<tr>
<td>Senior Direct Lending Program</td>
<td>6%</td>
<td>Retail: 6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Automotive Services</td>
<td>4%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>4%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Wholesale Distribution</td>
<td>2%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Education</td>
<td>2%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Business Services</td>
<td>17%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Financial Services</td>
<td>6%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Other Services</td>
<td>6%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Power Generation</td>
<td>5%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Restaurants and Food Services</td>
<td>4%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>3%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Containers and Packaging</td>
<td>2%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
<tr>
<td>Remaining</td>
<td>5%</td>
<td>ARCC(3) High Yield(4) Leveraged Loans (5)</td>
</tr>
</tbody>
</table>

90%+ of LTM S&P LLI defaults were in cyclical industries undergoing structural shifts (e.g., media, energy and retail)(2)

As of March 31, 2019, unless otherwise stated in Endnotes.
Please see the notes at the end of this presentation for additional important information.
ARCC has increased its first lien senior loan composition and de-risked its second lien lending by investing in larger more stable companies.

As of March 31, 2019, unless otherwise stated. Please see the notes at the end of this presentation for additional important information.
ARCC Remains Focused on the Middle Market

We invest opportunistically in larger companies as markets shift

Weighted Average vs. Average Portfolio Company EBITDA (1)(2)

We remain focused on the middle market

Select opportunities in larger companies, driving up weighted average EBITDA

Upper end of middle market has attractive risk profile

In the sweet spot; not so large to experience large cap documentation

Diversification does not assure profit or protect against market loss. Please see the notes at the end of this presentation for additional important information.

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Our Approach to Second Lien Investing

We have experienced strong results over the past 14+ years

More than $8 billion of invested capital since inception (1)...

Common Risk Factors in Underperformance

1. Small companies that lack diverse revenues
2. New, unfamiliar borrowers
3. Participant with little influence on documentation

Our Approach to Investing

Invest in larger, non-cyclical companies: 2L portfolio companies have weighted average EBITDA of $154 million (2)

93% of Q1-19 2L borrowings to incumbent companies (3)

Lead investor focus with 93% arranger role (4)

Attractive pricing: 11.2% yield (5)

... with <20 bps annualized loss rate on second lien investments (6)

Attractive Relative Value

Greater Spread per Unit of Risk

As of March 31, 2019, unless otherwise noted. Past performance is not indicative of future results.

Please see the notes at the end of this presentation for additional important information.

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Our Portfolio Approach Targets Attractive Total Returns

We believe a mix of debt and equity investments provides the most value over a cycle.

Portfolio Construction

- **85% - 90%**
  - Low Losses from Debt Investments

- **10% - 15%**
  - Equity & Restructuring Gains

Diversified Model vs Debt Only – Hypothetical Situation

- Gains
- Losses

For illustrative purposes only. Diversification does not assure profit or protect against market loss.
Our Portfolio Management Approach

Our large and experienced portfolio management team leverages proprietary technology and a proactive approach to manage portfolios.

Identification of early warning signs with an experienced and sizeable team allows us to act quickly, help mitigate risk and maximize recoveries.
Portfolio Management monitors investments, performs analytics and restructures challenging credits.

**Portfolio Management Capabilities**

**Broad and Growing Team**

- Total Portfolio Management Professionals*
  - 2008: 5
  - 2012: 15
  - 2016: 25
  - 2019: 30
  - Team has grown ~4x in 10+ years

**Deep Capabilities**

- Restructuring
- Valuation
- M&A
- Due diligence

**Extensive External Resources / Relationships**

- Domestic and International
- Industry Experts | Law Firms | Sponsors | Advisors | Capital Providers

Note: As of April 2019.
*Includes members of the restructuring team
ARCC’s Portfolio Management Philosophy

Protect downside / maximize upside

1. **Be Early: Identification of Potential Issues**
   - Ability to see information and get to table
   - Robust internally developed technology (Wolverine system)
   - Frequent internal discussions (including extensive quarterly valuation process)

2. **Be Smart: Re-underwrite Actionable Credits**
   - **Business**
     - Fresh view of credit
   - **Situation**
     - Game theory around options given remedies in document and players involved
   - Both perspectives drive our negotiation of amendments / workouts

3. **Be Flexible: All amendments/workouts are not alike**
   - **Sell position**
   - **Get more control (debt/equity docs)**
   - **Seek additional sponsor commitment ($ and/or sweat equity)**
   - **Buy out others in capital structure**

There is no assurance that investment objectives will be achieved.

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Putting it All Together…ARCC’s Strong Credit Track Record

ARCC’s annual loss rate has been significantly better than the industry averages.

<table>
<thead>
<tr>
<th>ARCC Credit Experience Since Inception (1)</th>
<th>First Lien</th>
<th>Second Lien &amp; Subordinated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period Measured (1)</td>
<td>2004 to Q4-18</td>
<td>2004 to Q4-18</td>
</tr>
<tr>
<td>Significant Capital Deployed (1)</td>
<td>$38 billion</td>
<td>$11 billion</td>
</tr>
<tr>
<td>Meaningful Realizations</td>
<td>71% Realized</td>
<td>61% Realized</td>
</tr>
<tr>
<td>Long History of Investments</td>
<td>1,000+ Investments</td>
<td>275+ Investments</td>
</tr>
<tr>
<td>Leading Loss Performance</td>
<td>&lt; 10 bps (2)</td>
<td>&lt; 20 bps (3)</td>
</tr>
</tbody>
</table>

ARCC’s loss rates are well below industry averages.

- First Lien:
  - ARCC < 0.1%
  - Middle Market Senior Loans - 0.6%(4)
  - Broadly Syndicated Market Senior Loans - 0.8%(5)

- Second Lien & Subordinated:
  - ARCC < 0.2%
  - Subordinated Unsecured Loans – 3.0%(6)

As of December 31, 2018, unless otherwise stated.

Note: Past performance is not indicative of future results.

Please see the notes at the end of this presentation for additional important information.
ARCC Has Generated Cumulative Net Realized Gains Since Inception

Active portfolio management seeks to protect downside and maximize recoveries

Our ability to successfully invest equity, acquire companies, structure loans and work out troubled investments has created ~$1,040 mm of net realized gains since our inception (1)

<table>
<thead>
<tr>
<th>Source</th>
<th>Nature of Gains / Losses</th>
<th>$ in mm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring Gains</td>
<td>Primarily equity received in workouts</td>
<td>~$255</td>
</tr>
<tr>
<td>Acquired Portfolio Net Gains</td>
<td>Effective monetization of controlled buyouts, CLOs and other investments</td>
<td>~$545</td>
</tr>
<tr>
<td>ARCC Equity Net Gains</td>
<td>Primarily equity tags and minority equity investments</td>
<td>~$320</td>
</tr>
<tr>
<td>ARCC Other Debt Gains</td>
<td>Primarily call protection and discount accretion</td>
<td>~$250</td>
</tr>
<tr>
<td>ARCC Debt Losses</td>
<td>Relatively minimal losses through credit selection &amp; loss avoidance once in deals</td>
<td>~($330)</td>
</tr>
<tr>
<td><strong>Cumulative Net Realized Gains</strong></td>
<td></td>
<td>~$1,040</td>
</tr>
</tbody>
</table>

Note: Past performance is not indicative of future results.

(1) From inception on October 8, 2004 through March 31, 2019, excludes $196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and other transactions.
Our Performance is Differentiated vs. Peers and Other Lenders

ARCC’s net realized gain/(loss) rates have consistently outperformed BDC peers and banks

Since IPO in October 2004 through March 31, 2019:

- **$1 billion Net Realized Gains**
  - Cumulative net realized gains generated

- **1.2% Net Realized Gain Rate**
  - Average annualized net realized gain rate on the principal amount of its investments. ARCC has had a net realized loss in only one fiscal year since inception

<table>
<thead>
<tr>
<th>Year</th>
<th>ARCC (1)</th>
<th>BDC Peer Group Average (2)</th>
<th>Outperformance vs. BDCs (%)</th>
<th>Bank C&amp;I Net Charge Off Rate (3)</th>
<th>Outperformance vs. Banks (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.1%</td>
<td>(0.5)%</td>
<td>0.9%</td>
</tr>
<tr>
<td>2008</td>
<td>0.3%</td>
<td>(2.0)%</td>
<td>—%</td>
<td>(1.0)%</td>
<td>1.3%</td>
</tr>
<tr>
<td>2009</td>
<td>1.3%</td>
<td>(7.6)%</td>
<td>5.6%</td>
<td>(2.3)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2010</td>
<td>2.1%</td>
<td>(4.3)%</td>
<td>6.5%</td>
<td>(1.7)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2011</td>
<td>0.9%</td>
<td>(1.4)%</td>
<td>5.6%</td>
<td>(1.0)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2012</td>
<td>1.0%</td>
<td>(0.5)%</td>
<td>5.6%</td>
<td>(0.5)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2013</td>
<td>1.2%</td>
<td>(0.9)%</td>
<td>1.9%</td>
<td>(0.3)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2014</td>
<td>1.5%</td>
<td>0.7%</td>
<td>0.5%</td>
<td>(0.2)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2015</td>
<td>1.2%</td>
<td>(0.1)%</td>
<td>1.6%</td>
<td>(0.2)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2016</td>
<td>0.2%</td>
<td>(1.4)%</td>
<td>2.6%</td>
<td>(0.4)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2017</td>
<td>3.5%</td>
<td>(2.7)%</td>
<td>2.9%</td>
<td>(0.4)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2018</td>
<td>1.2%</td>
<td>(1.9)%</td>
<td>5.4%</td>
<td>(0.3)%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Avg(4)</td>
<td>1.2%</td>
<td>1.9%</td>
<td>2.8%</td>
<td>1.6%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Data as of March 31, 2019, unless otherwise noted in Endnotes.
Note: Past performance is not indicative of future results.
Please see the notes at the end of this presentation for additional important information.
ARCC’s Track Record on Defaulted Debt

For the 49 realized payment defaults across the 1,000+ investments originated and acquired since 2004, we have received total proceeds in excess of capital extended to such borrowers.

### ARCC Default History Analysis for Realized Investments

<table>
<thead>
<tr>
<th></th>
<th>Work with Sponsor to Minimize Losses</th>
<th>Take Greater Control and/or Ownership</th>
<th>Forced Sale or Refinance</th>
<th>Other Distressed Exit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Companies</td>
<td>4</td>
<td>7</td>
<td>3</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Invested Capital ($mm)²</td>
<td>$73</td>
<td>$334</td>
<td>$49</td>
<td>$318</td>
<td>$774</td>
</tr>
<tr>
<td>Total Proceeds ($mm)³</td>
<td>$56</td>
<td>$464</td>
<td>$50</td>
<td>$158</td>
<td>$728</td>
</tr>
<tr>
<td>Recovery Rate</td>
<td>78%</td>
<td>139%</td>
<td>101%</td>
<td>50%</td>
<td>94%</td>
</tr>
</tbody>
</table>

### ARCC Primary Deals

- # of Companies: 49
- Invested Capital ($mm)²: $774
- Total Proceeds ($mm)³: $728
- Recovery Rate: 94%

### Portfolio Acquisitions

- # of Companies: 26
- Invested Capital ($mm)²: $605
- Total Proceeds ($mm)³: $681
- Recovery Rate: 113%

### Total

- # of Companies: 49
- Invested Capital ($mm)²: $774
- Total Proceeds ($mm)³: $728
- Recovery Rate: 102%

---

Note: As of March 31, 2019.

(1) Includes all realized loans on non-accrual, as well as one loan that was on non-accrual and has a partial realized gain, recognized in accordance with U.S. GAAP.
(2) Invested capital represents the book value of debt investments net of OID and syndications within one year of investment closing.
(3) Total proceeds represents total cash proceeds less Original Issue Discount received from portfolio investments.

Since inception, we have generated 102% recovery on our defaulted debt.
ARCC’s Leading Returns Through The Great Recession

ARCC’s Realized ROE\(^{(1)}\) is ranked #1 among ALL peers that were public during 2008 – 2010\(^{(2)}\), and is well above small and mid-cap banks with a market capitalization of $500 million to $10 billion\(^{(3)}\).

ARCC has outperformed during periods of high volatility

Note: The ranking noted herein represents ARCC’s analysis based on certain criteria as more fully described in the additional information provided and is not representative of any given investor’s experience, nor should it be viewed as indicative of ARCC’s past or future performance. All investments involve risk, including possible loss of principal.

*Banks refers to small & mid cap banks with market capitalization of $500 million to $10 billion.

Please see the notes at the end of this presentation for additional important information.
Strong Investment Performance

ARCC has generated strong net realized gains relative to the BDC peer group

ARCC has generated net realized gains in 13 out of 14 years

Annualized Net Realized Gain/Loss Rates\(^{(1)}\)
Since 2004 or IPO for ARCC and BDCs ≥$350 million market capitalization\(^{(2)}\)

ARCC as of March 31, 2019. BDC peer group as of December 31, 2018, as not all BDC Peers have filed March 31, 2019 financial results as of May 15, 2019. Past performance is not indicative of future results.

(1) ARCC calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to March 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes $196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and sale of other assets. BDC peers calculated as an average of a BDC’s historical annual net realized gain/loss rates, where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period divided by the average quarterly investments at amortized cost in such period.

(2) The BDC peer group consists of BDCs with a market capitalization of $350 million or greater as December 31, 2018, who have been public for at least one year or who are under common management with a BDC that meets these criteria. This includes: AINV, BBDC, BKCC, CGBD, OCSI, OCSL, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX.
How We Are Preparing for A Change in the Cycle

- **Enhanced Staffing**
  - Grew team by ~36% over the past several years (1)

- **Increase Monitoring**
  - More frequent and active data collection, reporting and engagement

- **Continue to Enhance Balance Sheet Durability**
  - Extend duration, ladder maturities and expand liquidity

- **Use “Higher Liquidity” in Markets to Optimize Portfolio**
  - ~$1.0 billion of exits and repayments in past two years on sub-optimal positions (2)

---

(1) Based on number of U.S. Direct Lending Investment Professionals from December 31, 2012 to March 31, 2019.
(2) Based on Ares view of 2017 and 2018 exits and repayments.
Panel - Power of the Platform for ARCC

Moderator: Michael Arougheti
# Panelists

<table>
<thead>
<tr>
<th>Panelist</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keith Ashton</td>
<td>Partner, Co-Head of Alternative Credit</td>
</tr>
<tr>
<td>Seth Brufsky</td>
<td>Partner, Co-Head of Global Liquid Credit</td>
</tr>
<tr>
<td>John Gerber</td>
<td>Managing Director, Head of Real Estate Debt Origination</td>
</tr>
<tr>
<td>Scott Graves</td>
<td>Partner, Co-Head of North American Private Equity and Head of Special Opportunities</td>
</tr>
<tr>
<td>Blair Jacobson</td>
<td>Partner, Co-Head of European Credit</td>
</tr>
</tbody>
</table>
Capital Management Strategy

Presenter: Penni Roll
Our Balance Sheet Management Philosophy

We believe that by managing our investment portfolio and liabilities conservatively, we can maintain our investment grade profile.

- Prudent Target Leverage Range
- Defensive Senior-Oriented Portfolio
- Stable & Diverse Sources of Capital
- Match Funded Assets and Liabilities
- Proactively Extend Liabilities
- Maintain Strong Liquidity

There is no assurance that investment objectives will be achieved.
Fortified Balance Sheet

ARCC’s investment portfolio is supported by deep and diverse funding sources

### Large and high quality portfolio
- 80% senior secured loans \(^{(1)}\)
- Highly diversified across 345 portfolio companies
- Average position size 0.3% \(^{(2)}\)
- Largest investment is 3% \(^{(3)}\)

### $ in Billions

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities + Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Portfolio, $13.1</td>
<td></td>
</tr>
<tr>
<td>Cash, $0.6</td>
<td></td>
</tr>
<tr>
<td>Secured Revolving Credit Facilities(^{(4)}), $2.7</td>
<td></td>
</tr>
<tr>
<td>Unsecured Notes, $3.6</td>
<td></td>
</tr>
<tr>
<td>Equity, $7.3</td>
<td></td>
</tr>
</tbody>
</table>

### $8+ billion in committed borrowing capacity *
- Priced at tightest spreads relative to other BDCs \(^{(5)}\)

### 35 banks across 3 revolving facilities
- Significant access to long-dated, lower cost revolving credit facilities with 5-7 year terms
- $4.8 billion in commitments*
- No “mark to market” financing

### 100+ investors across 7 outstanding unsecured issuances
- Seasoned issuer in the institutional unsecured debt markets

Substantial equity capital and a modest amount of debt from stable sources supports our investment portfolio

---

As of March 31, 2019, unless otherwise noted.
* Proforma for April 2019 secured revolving credit facility upsize of $1.2 billion.
Please see the notes at the end of this presentation for additional important information.
Ares Capital Corporation Investor Day 2019 – Not for Publication or Distribution
Long Dated and Term Match Funded Assets & Liabilities

We are duration matched and have consistently extended our maturities over time

**Match Funded**

- Investments at Fair Value: 4.5 years
- Outstanding Liabilities: 5.0 years *

**Limited Maturities Until 2022**

- Only $600m maturing in next 3 years

Note: As of March 31, 2019, unless otherwise stated.

* Proforma for April 2019 secured revolving credit facility upsize of $1.2 billion.

Please see the notes at the end of this presentation for additional important information.

Ares Capital Corporation Investor Day 2019 – Not for Publication or Distribution
Diverse Sources of Liquidity

We have ~$2.0B* of availability on lines of credit and natural repayments that create significant liquidity.

**Sources of Borrowings & Capacity**

- **Outstanding:**
  - Secured Revolving Credit Facilities: $3,571
  - Unsecured Debt: $2,722
  - Total: $6,293

- **Committed Capacity:**
  - Secured Revolving Credit Facilities: $8,336*
  - Unsecured Debt: $3,571
  - Total: $11,907

---

* Proforma for April 2019 secured revolving credit facility upsize of $1.2 billion.

---

**Portfolio Generates Significant Liquidity**

- Exit s as % of Portfolio at Amortized Cost:
  - Average: 40%

---

Note: As of March 31, 2019, unless otherwise stated.
Deep Capital Markets Relationships

ARCC has borrowing relationships with 35 banks that have provided over $4.8 billion in revolving credit facility commitments and have assisted us in raising debt and equity capital.
Leading Capital Markets Execution

ARCC has the largest debt footprint and lowest spreads among BDCs in the investment grade market.

**Cumulative Debt Markets Issuance**

- **ARCC**
  - Issuance: $6,154
  - Unsecured Debt: $5,923
  - Convertible Debt: $231

- **BDC Avg**
  - Issuance: $961

**Recent Credit Spreads on 5-year Unsecured Notes**

- **ARCC**
  - Credit Spreads: 171 bps

- **BDC Avg**
  - Credit Spreads: 285 bps

---

Issued $6.2 billion and repaid $2.8 billion in unsecured debt since 2011.

Priced at tightest spreads relative to other BDCs.

---

(1) Source: Bloomberg as of May 14, 2019. Includes all $USD Senior deals issued by BDCs greater than or equal to $100mm. BDC average includes AINV, FSK, HTGC, MAIN, PSEC, TCPC, TSLX.

(2) Source: BofAML as of May 14, 2019. Based on interpolated G-Spreads for comparable 5 year secondary pricing on investment grade unsecured notes. BDC average includes AINV, MAIN, PSEC, TCPC, TSLX.
Investment Grade Ratings Enhance Depth of Funding Alternatives

Investment grade ratings from Moody’s, S&P and Fitch affirmed upon adoption of SBCAA (1)

<table>
<thead>
<tr>
<th>Investment Grade Ratings</th>
<th>Moody’s</th>
<th>S&amp;P Global</th>
<th>Fitch Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rating</td>
<td>Baa3</td>
<td>BBB-</td>
<td>BBB</td>
</tr>
<tr>
<td>Current Outlook</td>
<td>Positive</td>
<td>Stable</td>
<td>Stable</td>
</tr>
</tbody>
</table>

**Moody’s**

“Investment Grade Ratings Enhance Depth of Funding Alternatives”

**S&P Global**

“ARCC has a longer track record than most other BDCs, many of which were formed after the financial crisis of 2008. We believe the company managed its portfolio well through the last recession ... We also believe ARCC has one of the most diversified funding profiles relative to peers” — June 25, 2018 (4)

**Fitch Ratings**

“Fitch continues to believe that Ares has the strongest capital structure in the BDC space” — February 7, 2019 (5)

The ratings noted herein may not be representative of any given investor’s experience. Past performance is not indicative of future results. All investments involve risk, including loss of principal.

(1) As of May 15, 2019.

Ares Capital Corporation Investor Day 2019 – Not for Publication or Distribution
Benefits of Reducing Asset Coverage Requirement Under the SBCAA

The adoption of the SBCAA provides increased flexibility and potential for incremental earnings while maintaining our conservative risk profile.

**Increased Flexibility**
- De-risks the Company
  - Increases cushion to regulatory leverage limit and therefore reduces default risk on our outstanding debt
  - Increases flexibility, including to manage ARCC through credit cycles

**Maintains Conservative Investment Grade Profile**
- Revised target leverage of 0.90x to 1.25x remains conservative
- We intend to operate in a manner whereby ARCC maintains its investment grade credit profile

**Builds on Leading Track Record to Drive Higher Earnings with Lower Fees**
- We believe our high quality, senior oriented portfolio supports additional leverage
- Our base management fee will be reduced to 1.0% on all assets financed using leverage over 1.0x debt to equity effective June 2019

**Enhances Growth, Scale & Diversification Opportunities**
- Adds to our potential investment opportunities
- Increases opportunities for diversification, scale, and higher profitability
- Should enhance ARCC’s access to capital
The Relaxed Asset Coverage Ceiling Improves Risk Profile

SBCAA election expands the cushion to the regulatory limit, which should make ARCC more durable through market cycles.

We intend to operate with a greater cushion to our leverage limit, which would reduce risk for debt and equity investors.

Note: The degree of cushion depends on underlying asset volatility and use of leverage.
Conservative Leverage Profile Continues Under SBCAA

Expanded regulatory cushion with SBCAA improves risk profile while maintaining low leverage

Leverage Profile Favorable Compared to Other Entities Holding Corporate Loans

Target leverage shown for illustrative purposes only and subject to change. The use of leverage magnifies the potential for gain or loss on the amount invested and may increase the risk of investments. Please see the notes at the end of this presentation for additional important information.
Consistent Performance Supports Modestly Higher Leverage

Low volatility of performance demonstrates that a modest increase in leverage can be managed within the same risk management philosophy.

Volatility of Annual Returns (Standard Deviation of Dividends & Change in NAV)\(^{(1)(2)}\)

<table>
<thead>
<tr>
<th></th>
<th>ARCC</th>
<th>BDC Peers</th>
<th>High Yield Index</th>
<th>Loan Index</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3 Years</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3%</td>
<td>3.8%</td>
<td>5.3%</td>
<td>3.2%</td>
<td></td>
</tr>
<tr>
<td><strong>5 Years</strong></td>
<td>1.6%</td>
<td>4.3%</td>
<td>5.7%</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Since IPO (2004)</strong></td>
<td>7.6%</td>
<td>11.4%</td>
<td>10.5%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

Long term track record of low volatility performance

Demonstrated ability to increase leverage without materially increasing risk

As of December 31, 2018, unless otherwise stated. Past performance is not indicative of future results. The use of leverage magnifies the potential for gain or loss on the amount invested and may increase the risk of investments. Please see the notes at the end of this presentation for additional important information.
Conclusion

Operate in a manner that is designed to maintain our investment grade rating

The Key Tenets of our Capital Management Strategy

- Patiently deploy capital in targeted investments and operate in prudent leverage range
- Stable funding from permanent equity capital and access to diversified, low cost debt
- Maintain significant liquidity
- Ladder maturities and manage liability duration in line with asset duration\(^{(1)}\)
- Continue to lead industry on capital markets execution

Well Capitalized Company with a Long Track Record of Generating Attractive Performance for All Stakeholders

As of March 31, 2019, unless otherwise noted. Past performance is not indicative of future results.

\(^{(1)}\) Weighted average maturity of outstanding liabilities of 4.7 years vs. weighted average maturity of investments at fair value of 4.5 years. The weighted average maturity of investments at fair value excludes the investment in the subordinated certificates of the SDLP. The weighted average maturity of investments within the SDLP portfolio was 3.9 years.
Closing

Presenter: Kipp deVeer
What is the best way to value BDCs?

a) Discount to net asset value
b) Relative dividend or earnings yield
c) Forward price to net operating income ratio
d) Dividend discount model
e) Sustainable return on equity relative to net asset value
What would make you more willing to pay a greater premium to net asset value for ARCC?

a) Higher Core ROE
b) Policy of higher dividends with less spillover retention
c) Programmatic share buybacks
d) Greater first lien exposure
e) More granularity on portfolio
Compelling Long Term Performance at ARCC

High quality portfolio has resulted in a leading track record

- Built a high quality portfolio of **345 portfolio companies** with a **focus on senior secured floating rate loans** to middle market companies that has generated **long term ~430 bps of yield premium** as compared to average leveraged loans \(^{(1)}\)

- **Over 14 year track record** with low realized credit losses on over $52 billion of capital invested that has resulted in strong interest and attractive dividend coverage \(^{(2)}\)

- Approximately $1 billion in cumulative net realized gains on investments (**+1.2% average annual net realized gains**) with a consistent track record of generating net realized gains in 13 out of 14 years \(^{(3)}\)

- **14% asset level gross IRR on realized investments since inception in 2004** \(^{(4)}\)

- Attractive 5 year GAAP **net return on equity ~380 bps greater than the peer average with earnings volatility that is a third** of the BDC peer average \(^{(5)}\)

- **12% average annual shareholder return since IPO in 2004** \(^{(6)}\)
  - Outperformed the S&P 500, BDC peers and representative bank index \(^{(7)}\)

---

**Notes:**
- As of March 31, 2019, unless otherwise stated.
- Past performance is not indicative of future results.
- Please see slides 54 and 80 for comparative performance information and accompanying notes at the end of this presentation for additional important information.

*ARCC*
Consistent Dividend Coverage From Earnings

ARCC has strong dividend coverage from core earnings\(^{(1)}\) and net realized gains

ARCC’s LTM dividend coverage from core EPS plus net realized gains is 186%, above its 5 year average of 127%\(^{(2)}\)

ARCC maintains a consistent, significant level of spillover income to protect future dividends

Dividend Coverage from Core Earnings and Net Realized Gains\(^{(2)}\)

<table>
<thead>
<tr>
<th>Core Earnings per share</th>
<th>Net Realized Gains per share</th>
<th>Regular Dividend</th>
<th>Annual Dividend Coverage (^{(3)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-13</td>
<td>$1.50</td>
<td>$0.00</td>
<td>119%</td>
</tr>
<tr>
<td>FY-14</td>
<td>$1.50</td>
<td>$0.00</td>
<td>114%</td>
</tr>
<tr>
<td>FY-15</td>
<td>$1.75</td>
<td>$0.10</td>
<td>126%</td>
</tr>
<tr>
<td>FY-16</td>
<td>$1.90</td>
<td>$0.20</td>
<td>128%</td>
</tr>
<tr>
<td>FY-17</td>
<td>$1.90</td>
<td>$0.30</td>
<td>95%</td>
</tr>
<tr>
<td>FY-18</td>
<td>$2.00</td>
<td>$0.40</td>
<td>172%</td>
</tr>
<tr>
<td>LTM Q1-19</td>
<td>$2.20</td>
<td>$0.50</td>
<td>186%</td>
</tr>
</tbody>
</table>

Annual Undistributed Taxable Income Per Share\(^{(4)}\)

- 5 Year Average: $0.75
- 2018 Estimated\(^{(5)}\): $0.76

Note: All data as of December 31 of the respective years, except for the trailing 12 months ended March 31, 2019. There can be no assurance that dividends will continue to be paid at historic levels or at all. Past performance is not indicative of future results.

Please see the notes at the end of this presentation for additional important information.
ARCC Has Return Outperformance Relative to BDCs

Despite our leading investment performance, our stock trades at a discount compared to other BDCs with a less attractive track record.

**ARCC’s Realized ROE**\(^{(1)}\) Has **Ranked #1**
Among BDCs Trading at a Premium to Book\(^{(3)}\) over the Past 1, 3 & 5 Years

![Realized ROE Chart]

**ARCC’s GAAP ROE**\(^{(2)}\) Has Been One of the **Top 3**
Among BDCs Trading at a Premium to Book\(^{(3)}\) over the Past 1, 3 & 5 Years

![GAAP ROE Chart]

As of December 31, 2018. Note: The rankings noted herein represent ARCC’s analyses based on certain criteria as more fully described in the additional information provided and are not representative of any given investor’s experience, nor should they be viewed as indicative of ARCC’S past or future performance. All investments involve risk, including possible loss of principal. Please see the notes at the end of this presentation for additional important information.
ARCC’s Stock Has Generated Attractive Long-Term Returns

ARCC has outperformed major indices through a variety of market environments since IPO in 2004

12% Cumulative Shareholder Total Return Since Inception 10/8/04 - 3/31/19 (1)(2)

ARCC (2)
S&P 500 Index
BofAML HY Index
CSLLI
SP LSTA LLI
SNL U.S. RICs
BKX TR Index

Note: Past performance not indicative of future results.
(1) Time period selected to include Ares Capital IPO in October 2004. The benchmarks included represent investments in either the U.S. non-investment grade credit or equity market. The ICE BofAML US HY Master II is a broad index tracking high-yield corporate bonds, the S&P 500 Index is a broad index tracking the U.S. equity markets, the S&P LSTA LLI is a broad index tracking the U.S. loan market, the SNL U.S. RICs is an index tracking publicly traded regulated investment companies, the BKX TR Index is the KBW Bank Index that tracks leading banks and thrifts that are publicly traded in the U.S. and the Credit Suisse Leveraged Loan Index is a broad index tracking the non-investment grade bank loans.
(2) Source: SNL Financial. As of March 31, 2019. Ares Capital’s stock price-based total return is calculated assuming dividends are reinvested at the end of day stock price on the relevant quarterly ex-dividend dates, and assuming investors did not participate in Ares Capital’s rights offering issuance as of March 20, 2008.
We have generated strong fundamental performance since our last investor day in November 2017.

Key Events and Accomplishments Since Last Investor Day

- **Strong Credit Performance**
  - Non-accruals at amortized cost have declined from 3.4% in Q3-17 to 2.3% in Q1-19.
  - Generated $350 mm of cumulative net realized gains since Sept. 2017 through March 2019.

- **Increased Yield**
  - Expanded yields 80 bps since Q3-17.

- **Expanded Earnings**
  - Increased quarterly GAAP earnings from Q3-17 of $0.33 per share to $0.50 per share in Q1-19.

- **Higher Dividends**
  - Increased quarterly dividend twice to $0.40 per share.
  - Declared additional dividends totaling $0.08 per share for 2019.

- **Substantially Completed Rotation of ACAS Portfolio**
  - Generated 36% realized IRR on exited investments from the American Capital portfolio.

Delivered 27% Stock Based Total Return

Note: Past performance is not indicative of future results. Please see the notes at the end of this presentation for additional important information.
Final Recap of Successful American Capital Acquisition

ARCC rotated out of lower yielding ACAS investments and generated significant net realized gains

ACAS Portfolio on Day 1 (1)
- $2.5 billion of investments (3)
- 7.4% portfolio yield at fair value
- Significant non-core U.S. and International investments
- Embedded value in control equity positions

Rotation and Remaining ACAS Portfolio (2)
- Over $2.5 billion in proceeds through exits
- $429 million of net realized gains (4)
- 36% Realized IRR (5)
- $0.6 billion of remaining investments (3) yielding 9.0% at fair value remaining

ACAS Successes
- Enhanced ARCC’s scale and market position
- Supported ARCC’s ability to further diversify portfolio, and grow earnings and dividend

Note: Past performance is not indicative of future results. Diversification does not assure against profit or protect against market loss. Please see the notes at the end of this presentation for additional important information.
Key Objectives for the Future

Our Long Term Goal: Provide Compelling Risk Adjusted Returns for Our Investors Through Varying Market Conditions

- Look for Acquisitions and Other Growth Opportunities
- Maintain Leading Market Position
- Maintain Strong Credit Performance and Generate Best-in-Class Full-Cycle ROEs
- Continue to Have Fortified Balance Sheet with Conservative Leverage

There is no assurance that investment objectives will be achieved.
Endnotes

Slide 14: Ares Credit Group Overview

Performance Notes:
• ARCC received the 2019 All-America Executive Team award alongside 66 other companies. Various Ares personnel received first place awards in the following category: IR program. 152 other institutions also received a first-, second-, or third-place ranking in this category. Institutional Investor based these awards on the opinions of 2,742 portfolio managers and buy-side analysts, and 655 sell-side analysts who participated in this survey.
• Institutional Investor logo from Institutional Investor, ©2019 Institutional Investor, LLC. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.
• Lipper Rankings reported in Lipper Marketplace Best Money Managers, December 31, 2018. Lipper Marketplace is the source of the long-only and multi-strategy credit rankings. Lipper's Best Money Managers rankings consider only those funds that meet the following qualification: performance must be calculated “net” of all fees and commissions; must include cash; performance must be calculated in U.S. dollars; asset base must be at least $10 million in size for “traditional” U.S. asset classes (equity, fixed income, and balanced accounts); and, the classification of the product must fall into one of the categories which they rank. Lipper defines Short Duration as 1-5 years. Lipper’s Active Duration definition does not specify a time period but rather refers to an Active rather than Passive strategy. Ares Institutional Loan Fund was ranked 13 out of 58 for the 20 quarters ended December 31, 2018. Composites for Ares U.S. Bank Loan Aggregate and Ares U.S. High Yield additionally received rankings of 14 of 58 and 8 of 36, respectively, for the 20 quarters ended December 31, 2018.
• Private Equity International selected Ares Management as Lender of the Year in Europe – 2018. Awards based on an industry wide global survey across 60 categories conducted by Private Equity International. Survey participants voted independently. In addition, survey participants could nominate another firm not listed in the category.
• Private Debt Investor selected Ares Management for Global Fundraising of the Year, Lender of the Year in Europe, and Fundraising of the Year in Europe and selected Ares Capital Corporation for BDC of the year in the Americas. Awards based on an industry wide global survey across 43 categories conducted by Private Debt Investor. Survey participants voted independently. In addition, survey participants could nominate another firm not listed in the category.

Slide 20: Proliferation of Sub-Scale U.S. Direct Lending Funds
1. Cycle tested managers defined as managers who raised direct lending capital prior to 2009, according to Prequin.
2. Percentage of direct lending capital raised from 2009-May 2019 by managers who raised direct lending capital prior to 2009 (i.e. cycle-tested), according to Prequin.
3. Percentage of direct lending capital raised from 2009-May 2019 by managers who did not raise direct lending capital prior to 2009 (i.e. not cycle-tested), according to Prequin.
4. Percentage of direct lending managers from 1995- May 2019 that have only raised funds less than $1 billion, per fund, according to Prequin.
5. Percentage of direct lending managers from 1995-May 2019 that have raised at least one fund between $1 billion and $3 billion, according to Prequin.
6. Percentage of direct lending managers from 1995-May 2019 that have raised at least one fund greater than $3 billion, according to Prequin.
7. Average fund size of all first time and successor funds from 2004 through May 2019, according to Prequin.
8. Percentage of direct lending managers from 1995-May 2019 that have raised at least one fund greater than $3 billion, and raised direct lending capital prior to 2009 (i.e. cycle-tested), according to Prequin.
Endnotes

Slide 25: Leveraged Credit Markets Have Shifted Focus to Mega Deals

1. Source: ICE BofAML US High Yield Index as of May 1, 2019. The High Yield Index represents the ICE BofAML Master II Index ("H0A0"). The H0A0 tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody’s, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $100 million. Index constituents are capitalization-weighted based on their current amount outstanding times the market price plus accrued interest. Inception date: August 31, 1986.

2. Source: Credit Suisse Leveraged Loan Index as of May 1, 2019. The Loan Index represents the S&P/LSTA U.S. Leveraged Loan Index ("SPLLI"). The SPLLI is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments. Term loans from syndicated credits must meet the following criteria at issuance in order to be eligible for inclusion in the index: senior secured, minimum secured initial term of one year, US dollar denominated, minimum initial spread of LIBOR + 125 basis points, $500M initially funded loans. Inception date: January 1, 1997.

3. As of March 31, 2019. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital Corporation and may reflect a normalized or adjusted amount. Accordingly, Ares Capital Corporation makes no representation or warranty in respect of this information. This EBITDA data includes information solely in respect of corporate investments in Ares Capital Corporation’s portfolio, subject to the exclusions described in the following sentence. Excluded from the data above is information in respect of the following: (i) the SDLP (and the underlying borrowers in the SDLP), (ii) portfolio companies that do not report EBITDA, including IHAM, (iii) investment funds/vehicles, (iv) discrete projects in the project finance/power generation sector, (v) certain oil and gas companies, (vi) venture capital backed companies and (vii) commercial real estate financial companies.

Slide 26: In Summary...Our Market Opportunity is Expanding

1. Represents loans reported to S&P Global and Refinitiv (formerly Thomson Reuters LPC), excluding duplicates and refinancings within 12 months (assumed to be 10% based on Ares’ observations).

2. Represents estimated loan volume reviewed by Ares’ U.S. Direct Lending platform based on the following information and assumptions: (a) the total volume reviewed by Ares’ U.S. Direct Lending platform equals the product of the number of transactions in the pipeline for the given period, average EBITDA of transactions in the pipeline for the given period, and the average senior debt to EBITDA of middle market transactions per Refinitiv for the given period; (b) the amount calculated in (a) above has been adjusted to exclude transaction volume also reported to S&P Global and Refinitiv (assumed to be 25% based on Ares’ observations) and transaction volume that was not closed by either Ares or the broader market (assumed to be 15% based on Ares’ observations); and (c) the volume calculated in (b) above has been further adjusted to exclude refinancings within 12 months (assumed to be 10% based on Ares’ own observations).

3. Excludes $30 billion of reported loans with spreads not available.

4. Represents reported loans with pricing between L+300 and L+700, and an estimate of target senior loans reviewed by Ares.

5. Represents reported loans with a spread above L+700 and an estimate of junior capital reviewed by Ares.

6. Represents reported loans with a spread of L+300 and below.

7. Source: Wells Fargo Securities and Company Documents. Includes originations of the following BDCs: ACAS, ACSF, ABDC, AINV, BDCA, BKCC, CCT, CGBD, CMFN, CPTA, FDUS, FSIC, FSIC II, FSIC III, FSEP, GARS, GBDC, GLAD, GSBD, HCAP, HRZN, HTGC, KCAP, MAIN, MCC, MGCC, MRCC, NMFC, OCSI, OCSL, OFS, OXSQ, PFLT, PNNT, PSEC, SAR, SCB, SLRC, SUNS, TCPC, TCRD, TCA, TPVG, TSLX, WHF.

8. Source: Wells Fargo Securities and Company Documents. Includes originations of the following BDCs: ABDC, AINV, BBDC, BDCA, BKCC, CGBD, CLON, CPTA, FSEP, FSIC II, FSIC III, FSX, GBDC, GLAD, GSBD, HRZN, HTGC, MAIN, MCC, MRCC, NMFC, OCSI, OCSL, OWL, OXSQ, PFLT, PNNT, PSEC, SCB, SLRC, SUNS, TCPC, TCRD, TCW, TPVG, TSLX, WHF.
Endnotes

Slide 29: ARCC Highlights

1. By both market capitalization and total assets as of March 31, 2019. Source: S&P Global.
2. Based on Ares’ observations.
3. Includes invested capital from inception on October 8, 2004 through March 31, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes sales within one year of origination, $1.8 billion of investments acquired from Allied Capital on April 1, 2010 and $2.5 billion of investments acquired from American Capital on January 3, 2017.
4. Based on original cash invested, net of syndications, approximately $25.4 billion and total proceeds from such exited investments of approximately $32.5 billion from inception on October 8, 2004 through March 31, 2019. Internal rate of return ("IRR") is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. The effect of such management and other expenses may reduce, maybe materially, the IRR’s shown herein. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of Ares Capital’s debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to Ares Capital’s past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.
5. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to March 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes $196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and other transactions.
6. As of December 31, 2018. Realized ROE is calculated as net operating income (or core earnings as defined below) plus net realized gains (losses), net of paid capital gains incentive fees to average equity, annualized over the given period. Core earnings or net operating income include the impact of the following: interest income, dividend income, fees/other income, interest expense, G&A expense, taxes, management fees and incentive fees, but exclude the impact of realized & unrealized gains/(losses), capital gains incentive fees and non-core operating costs. BDC comparable group includes externally and internally managed BDCs with market capitalizations of at least $350 million or more as of December 31, 2018, which have been publicly listed for 1, 3, and 5 years, respectively, excluding senior floating rate funds. The following peers have traded at a premium to book value as of April 24, 2019 according to S&P Global: ARCC, GBDC, GSBD, HTGC, MAIN, NMFC, TCPC and TSLX. The 5 year measurement period excludes GSBD, NMFC and TSLX as they were not public or sufficient data is not available for the 5 years ended December 31, 2018. Non-core operating costs include the following non-operating expenses: capital gains taxes, LTIP expenses, and ACAS acquisition-related costs for ARCC, litigation proceeds and loss on debt extinguishment for HTGC, other gains/losses related to preferred equity facility for TCPC.
7. Source: S&P Global. As of March 31, 2019. Ares Capital Corp’s stock price-based total return is calculated assuming dividends are reinvested at the end of the day stock price on the relevant quarterly ex-dividend dates. Total return is calculated assuming investors did not participate in Ares Capital Corp’s rights offering issuance as of March 20, 2008. Past performance is not indicative of future results.
Endnotes

Slide 33: Flexibility of Capital: Diversified Product Offerings

1. At fair value as of March 31, 2019.
2. All figures are calculated based on the ARCC unrealized portfolio as of December 31, 2018. The use of proceeds chart is weighted by invested capital while the EBITDA range chart is based on number of investments. Past performance is not indicative of future results. Includes investments through the Senior Direct Lending Program. Excluded from the data is information in respect of the following: (i) portfolio companies that do not report EBITDA, including Ivy Hill Asset Management L.P., (ii) investment funds/vehicles, (iii) venture capital backed companies, (iv) commercial real estate companies, and (v) legacy investments from portfolio acquisitions.
3. As of March 31, 2019. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital Corporation and may reflect a normalized or adjusted amount. Accordingly, Ares Capital Corporation makes no representation or warranty in respect of this information. This EBITDA data includes information solely in respect of corporate investments in Ares Capital Corporation’s portfolio, subject to the exclusions described in the following sentence. Excluded from the data above is information in respect of the following: (i) the SDLP (and the underlying borrowers in the SDLP), (ii) portfolio companies that do not report EBITDA, including IHAM, (iii) investment funds/vehicles, (iv) discrete projects in the project finance/power generation sector, (v) certain oil and gas companies, (vi) venture capital backed companies and (vii) commercial real estate financial companies.

Slide 35: We Utilize a Consistent Credit and Investing Process...

1. As of March 31, 2019. ARCC calculated based on the last 5 years. Source for historical GDP metrics through December 31, 2018: World Economic Outlook, Real GDP Growth as of April 2019. Source for Q1-19 GDP metrics: The Conference Board Economic Forecast for the U.S. Economy as of April 10, 2019. ARCC’s portfolio company EBITDA is weighted based on the fair value of the portfolio company investments at each period end. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital Corporation and may reflect a normalized or adjusted amount. Accordingly, Ares Capital Corporation makes no representation or warranty in respect of this information. This portfolio weighted average EBITDA data includes information solely in respect of corporate investments in Ares Capital Corporation’s portfolio, 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 financial companies.
2. Represents the average weighted average cumulative EBITDA growth for realized investments at ARCC, from the closing date to the exit date of such investments, weighted by invested capital. Portfolio company information is derived from available portfolio company data, has not been independently verified and may reflect normalized or adjusted amounts. Accordingly, no representation or warranty is made in respect of the information. Past performance is not indicative of future results. Excluded from the data 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 Ivy Hill Asset Management L.P., (iv) investment funds/vehicles, (v) venture capital backed companies, (vi) commercial real estate finance companies, and (vii) legacy investments from portfolio acquisitions. The average is calculated from inception through December 31, 2018.
3. At fair value, as of March 31, 2019.
Endnotes

Slide 36: ...Which Results in Careful Industry Selection and a Defensive Portfolio

1. Represents percent of portfolio at amortized cost as of March 31, 2019.
5. Represents weighted average as of March 31, 2019.
6. Source: Standard and Poor’s Middle Market 1Q 2019 Quarterly Review. Represents average of 2018 and Q1-19 data.
7. ARCC portfolio company leverage of 5.44x versus middle market portfolio company leverage of 6.05x, per Thomson Reuters. ARCC portfolio company leverage represents average portfolio company leverage for the four quarters ending March 31, 2019. 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 for Ares Capital 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. Middle Market portfolio company leverage source: Thomson Reuters LPC Middle Market Quarterly Data as of Q1-19. Thomson Reuters LPC defines middle market to capture transactions and/or company revenues up to $500 million.

Slide 38: The Result is Premium Returns

1. Represents average yield over the 10 years ended March 31, 2019. For ARCC, 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 fair value.
2. Sharpe Ratios for quarterly performance (dividends paid plus change in net asset value) over the ten year period ended December 31, 2018.
3. The S&P/LSTA Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments. Term loans from syndicated credits must meet the following criteria at issuance in order to be eligible for inclusion in the index: senior secured, minimum initial term of one year, US dollar denominated, minimum initial spread of LIBOR + 125 basis points, $50M initially funded loans. Inception date: January 1, 1997.
4. The ICE BofAML US High Yield Index (“H0A0”) tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody’s, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $100 million. Index constituents are capitalization-weighted based on their current amount outstanding times the market price plus accrued interest. Inception date: August 31, 1986.
5. The Middle Market Index consists of middle market facilities drawn from the larger S&P/LSTA (Loan Syndications and Trading Association) Leveraged Loan Index. It is designed to measure the performance of the U.S. leveraged loan market. S&P/LSTA defines the middle market as deals with an EBITDA of less than $50 million.
Endnotes

Slide 42: Portfolio Construction
1. At fair value as of March 31, 2019.
2. Including First Lien Senior Secured Loans, Second Lien Senior Secured Loans and investments in the subordinated certificates of the Senior Direct Lending Program.
3. Position size divided by total portfolio at amortized cost.
4. Based on fair value as of March 31, 2019. Excludes IHAM & SDLP.

Slide 43: Significant Portfolio Diversification
1. At fair value as of March 31, 2019.
2. Represents Ares Capital’s portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans to U.S. middle-market companies. As of March 31, 2019, the Senior Direct Lending Program LLC’s (the “SDLP”) loan portfolio totaled approximately $3.3 billion in aggregate principal amount and had loans to 22 different borrowers. As of March 31, 2019, the SDLP’s largest loan to a single borrower was $250 million in aggregate principal amount and the five largest loans to borrowers totaled $1.2 billion in aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital’s portfolio.

Slide 44: Industry Selection Supports Portfolio Stability
1. At fair value as of March 31, 2019.
2. LCD Distressed Weekly, February 1, 2019.
3. Represents percent of portfolio at amortized cost as of March 31, 2019.

Slide 45: Risk Position: Asset Mix Changes with Views on Risk and Return
1. Represents Ares Capital’s portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans to U.S. middle-market companies. As of March 31, 2019, the Senior Direct Lending Program LLC’s (the “SDLP”) loan portfolio totaled approximately $3.3 billion in aggregate principal amount and had loans to 22 different borrowers. As of March 31, 2019, the SDLP’s largest loan to a single borrower was $250 million in aggregate principal amount and the five largest loans to borrowers totaled $1.2 billion in aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital’s portfolio.
2. Represents Ares Capital’s portion of legacy 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.
Slide 46: ARCC Remains Focused on the Middle Market

1. The portfolio weighted average EBITDA and the average portfolio 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 SDLP (and the underlying borrowers in the SDLP), (ii) the SSLP (and the underlying borrowers in the SSLP), (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. Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

2. 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.

Slide 47: Our Approach to Second Lien Investing

1. Includes invested capital from inception on October 8, 2004 through March 31, 2019 on second lien investments. Excludes sales within one year of origination, investments acquired from Allied Capital on April 1, 2010 and investments acquired from American Capital on January 3, 2017.

2. The portfolio weighted average EBITDA for the underlying borrowers includes information solely in respect of corporate investments in Ares Capital’s portfolio includes information solely in respect of corporate portfolio companies in which Ares Capital has a debt investment (in each case, subject to the exclusions described in the following sentence). Excluded from the data above is information in respect of the following: (i) the SDLP (and the underlying borrowers in the SDLP), (ii) portfolio companies that do not report EBITDA, including IHAM, (iii) investment funds/vehicles, (iv) discrete projects in the project finance/power generation sector, (v) certain oil and gas companies, (vi) venture capital backed companies and (vii) commercial real estate finance companies. Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information. 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.

3. Calculated based on the number of 2L transactions completed during the quarter ended March 31, 2019.

4. Calculated based on the cost basis of ARCC’s 2L portfolio as of March 31, 2019.

5. Weighted average yield at fair value computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on the relevant accruing debt and other income producing securities, divided by (b) the total relevant investments at fair value.

6. Annualized loss experience is the cumulative realized losses on second lien loans made by ARCC from inception through 12/31/2018 on defaulted loans as an annualized percentage of cumulative ARCC originated second lien loans since inception through December 31, 2018.

7. Includes all second lien debt investments originated in Q4-2018. Yield reflects the weighted average yield on debt and other income producing securities and is computed as (a) annual stated interest rate of yield earned plus the net annual amortization of original issue discount and market discount of premium earned on accruing debt and other income producing securities, divided by (b) the average leverage for Q4-2018 first lien originations.

8. Source: Credit Suisse Leveraged Loan Index as of December 31, 2018, includes all Q4-18 originations. The Loan Index represents the S&P/LSTA U.S. Leveraged Loan Index (“SPLLI”). The SPLLI is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments. Term loans from syndicated credits must meet the following criteria at issuance in order to be eligible for inclusion in the index: senior secured, minimum initial term of one year, US dollar denominated, minimum initial spread of LIBOR + 125 basis points, $50M initially funded loans. Inception date: January 1, 1997.

9. Source: Thomson Reuters LPC Middle Market Quarterly Data as of Q1-19. Yield on Q4-18 first lien originations divided by Q4-18 first lien leverage. Thomson Reuters LPC defines middle market to capture transactions and/or company revenues of up to $500 million.
Endnotes

Slide 52: Putting It All Together … ARCC’s Strong Credit Track Record
1. Includes invested capital from inception on October 8, 2004 through December 31, 2018. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes syndications within one year of origination, $1.8 billion of investments acquired from Allied Capital on April 1, 2010 and $2.5 billion of investments acquired from American Capital on January 3, 2017.
2. Cumulative realized losses of traditional first lien and unitranche loans as an annualized percentage of cumulative first lien and unitranche loans originated since inception through December 31, 2018.
3. Cumulative realized losses of second lien and subordinated loans as an annualized percentage of cumulative second lien and subordinated loans originated since inception through December 31, 2018.
4. Represents the average annual middle market senior loan default rate of 1.8% per “Fitch U.S. Leveraged Loan Default Insights” for 2007-2018 multiplied by (1 minus the recovery rate for senior secured loans of 69%) per “Moody's Annual Default Study” for 2007-2018. Data availability begins in 2007.
5. Represents the average annual broadly syndicated senior loan default rate of 2.7% per “Fitch U.S. Leveraged Loan Default Insights” for 2007-2018 multiplied by (1 minus the recovery rate for senior secured loans of 69%) per “Moody's Annual Default Study” for 2007-2018. Data availability begins in 2007.

Slide 54: Our Performance is Differentiated vs. Peers And Other Lenders
1. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to March 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes $196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and other transactions.
2. BDC peer group consists of BDCs with a market capitalization of $350 million or greater as of December 31, 2018, who have been public for at least one year or who are under common management with a BDC that meets these criteria. Peers include: AINV, BBDC, BKCC, CBGBD, CGBD, CCSI, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX. Net realized gain/(loss) rate calculated as an average of a BDC’s historical annual net realized gain/loss rates, where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period divided by the average quarterly investments at amortized cost in such period.
3. Source: KBW and FDIC Commercial Banking Data. Calculated as net charge-offs for commercial and industrial loans divided by net commercial and industrial loans and leases for the respective periods.
4. Annual average for ARCC is from December 31, 2004 through March 31, 2019. Annual average for BDC peer group and Banks is from December 31, 2004 to December 31, 2018, as not all BDC Peers have filed December 31, 2018 financial results as of May 1, 2019.

Slide 56: ARCC’s Leading Returns Through The Great Recession
1. Realized ROE is calculated as net operating income (or core earnings as defined below) plus net realized gains (losses) to average equity, annualized over the given period. Core earnings or net operating income include the impact of the following: interest income, dividend income, fees/other income, interest expense, G&A expense, taxes, management fees and incentive fees, but exclude the impact of realized & unrealized gains/(losses), and capital gains incentive fees. For ARCC, realized ROE excludes net realized gains from the acquisition of Allied Capital on April 1, 2010.
2. Peers include externally and internally managed BDCs with market capitalizations of at least $350 million or more as of December 31, 2018, excluding senior floating rate funds. The following peers were public during 2008 – 2010: AINV, BKCC, HTGC, MAIN, PNNT, PSEC.
Endnotes

Slide 63: Fortified Balance Sheet
1. At fair value. Including First Lien Senior Secured Loans, Second Lien Senior Secured Loans and investments in the subordinated certificates of the Senior Direct Lending Program.
2. Position size divided by total portfolio at amortized cost.
3. Based on fair value as of March 31, 2019. Excludes IHAM & SDLP.
4. 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.
5. Source for unsecured notes: BofAML as of April 3, 2019. Based on interpolated G-Spreads for comparable 5 year secondary pricing. Levels are highly indicative for BDCs with limited trading volume. For Secured Revolving Credit facilities, analysis includes BDCs with investment portfolios greater than $1 billion, excluding senior floating rate funds.

Slide 64: Long Dated and Term Match Funded Assets & Liabilities
1. Weighted average maturity of outstanding liabilities of 4.7 years vs. weighted average maturity of investments at fair value of 4.5 years. The weighted average maturity of investments at fair value excludes the investment in the subordinated certificates of the SDLP. The weighted average maturity of investments within the SDLP portfolio was 3.9 years.
2. Represents the total aggregate principal amount outstanding due on the stated maturity.
3. As of March 31, 2019, the end of the revolving period for the Revolving Credit Facility is March 30, 2022. Subsequent to the end of this revolving period and prior to the stated maturity date of March 30, 2023, Ares Capital is required to repay outstanding principal amounts under such revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period. As of March 31, 2019, the end of the reinvestment period for the Revolving Funding Facility is January 3, 2022. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2024, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP Funding LLC will be used to repay the aggregate principal amount outstanding. As of March 31, 2019, the end of the reinvestment period for the SMBC Funding Facility is September 14, 2019. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 14, 2024, any principal proceeds from sales and repayments of loan assets held by Ares Capital JB Funding LLC will be used to repay the aggregate principal amount outstanding.
4. While Ares Capital expects to settle the 2022 and 2024 Convertible Notes of $388 million and $403 million, respectively, in cash, Ares Capital has the option to settle both the 2022 and 2024 Convertible Notes in cash, shares of common stock or a combination of cash and shares of common stock.
5. The 2020 High Grade Notes, the 2022 High Grade Notes, the 2023 High Grade Notes and the 2025 High Grade Notes may be redeemed in whole or in part at any time at Ares Capital’s option at a redemption price equal to par plus a “make whole” premium, as determined in the indentures governing the 2020 High Grade Notes, the 2022 High Grade Notes, the 2023 High Grade Notes and the 2025 High Grade Notes and any accrued and unpaid interest.
6. The 2047 Notes with an aggregate principal amount of $230 million may be redeemed in whole or in part at any time or from time to time at Ares Capital’s option at par redemption price of $25 per security plus accrued and unpaid interest.
Endnotes

Slide 65: Diverse Sources of Liquidity
1. Represents the total aggregate principal amount outstanding as of March 31, 2019.
2. Subject to borrowing base, leverage and other restrictions.
3. 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.
4. In April 2019, Ares Capital amended and restated the Revolving Credit Facility, to among other things, (a) increase the total size under the Revolving Credit Facility from approximately $2.1 billion to approximately $3.4 billion, (b) increase the size of the letter of credit sub-facility from $150 million to $200 million, with the ability of Ares Capital to increase incrementally by $75 million on an uncommitted basis, (c) extend the expiration of the revolving period with respect to all commitments of the lenders under the credit facility to March 30, 2023, during which period Ares Capital, subject to certain conditions, may make borrowings under the credit facility, and (d) extend the stated maturity date with respect to all commitments of the lenders under the credit facility to March 30, 2024.

Slide 71: Conservative Leverage Profile Continues Under SBCAA
1. Reflects the ratio of deposits and borrowings divided by tangible equity for U.S. banks with a market capitalization below $10 billion as of December 7, 2017, which includes 760 banks, according to SNL Financial.
2. Reflects the average debt to equity ratio of all rated tranches of 5 most broadly syndicated CLOs as of April 6, 2018 according to S&P LCD. The 5 CLOs used were: TICP CLO III-2 Reissue, Barings CLO 2018-II, OZLM XX CLO, Crestline Denali CLO XII Reset, and Ballyrock CLO 2018-1.
3. Reflects the debt to equity ratio for BBB- tranche debt within the Ivy Hill MM CF XIV, LTD. CLO, the collateral for which is primarily middle market first lien loans, including loans acquired from ARCC.

Slide 72: Consistent Performance Supports Modestly Higher Leverage
1. Returns are calculated as annualized average returns of dividends paid plus changes in net asset value over the time periods represented.
2. BDC peer group consists of BDCs with a market capitalization of $350 million or greater as of December 31, 2018, who have been public for at least one year or who are under common management with a BDC that meets these criteria. This includes: AINV, BKCC, BBDC, CGBD, OCSL, OCSI, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX. Of this group, the following companies have been public for at least 3 years as of December 31, 2018: AINV, BBDC, BKCC, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, OCSL, OCSI, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX. The following companies have been public for at least 5 years as of December 31, 2018: AINV, BBDC, BKCC, GBDC, HTGC, MAIN, NMFC, OCSL, OCSI, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC, and TSLX. The following companies have been public since ARCC’s IPO in October 2004: AINV and PSEC. The High Yield Index represents the ICE BofAML Master II Index (“H0A0”) and the Loan Index represents the S&P/LSTA U.S. Leveraged Loan Index (“SPLLI”). Data is presented as of December 31, 2018.
Endnotes

Slide 77: Compelling Long Term Performance at ARCC

1. Calculated as the average spread between ARCC’s yield on debt and income producing securities and the yield on the S&P LSTA Leveraged Loan Index from 2013 to Q1-2019.
2. Includes invested capital from inception on October 8, 2004 through March 31, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes sales within one year of origination, $1.8 billion of investments acquired from Allied Capital on April 1, 2010 and $2.5 billion of investments acquired from American Capital on January 3, 2017.
3. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to March 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes $196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and other transactions.
4. Based on original cash invested, net of syndications, of approximately $25.4 billion and total proceeds from such exited investments of approximately $32.5 billion from inception on October 8, 2004 through March 31, 2019. Internal rate of return ("IRR") is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of other expenses may reduce, maybe materially, the IRR’s shown herein. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of Ares Capital Corporation’s debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to Ares Capital Corporation’s past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.
5. Analysis includes externally managed BDCs with market capitalizations of at least $350 million or greater as of December 31, 2018, which have been publicly listed for 5 years: AINV, BBDC, BKCC, GBDC, HTGC, MAIN, NMFC. Return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. The effect of such management and, OCSI, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC, and TSLX. GAAP ROE is measured by net income divided by average equity over the five year period ended December 31, 2018.
6. Source: SNL Financial. As of March 31, 2019. Ares Capital Corporation’s stock price-based total return is calculated assuming dividends are reinvested at the end of the day stock price on the quarterly ex-dividend dates. Total return is calculated assuming investors did not participate in Ares Capital Corporation’s rights offering issuance as of March 20, 2008.

Slide 78: Consistent Dividend Coverage From Earnings

1. Core Earnings is a non-GAAP financial measure. Core Earnings is the net increase (decrease) in stockholders’ equity resulting from operations less professional fees and other costs related to the American Capital Acquisition, expense reimbursement from Ares Capital Management LLC (the “Ares Reimbursement”), net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such net realized gains and losses. Net increase (decrease) in stockholders’ equity is the most directly comparable GAAP financial measure. Ares Capital believes that Core Earnings 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.
2. Dividend Coverage represents annual core earnings and net realized gains/losses as a percentage of the regular dividend (excluding additional dividends). Excludes $196 million one-time gain from the Allied Acquisition in Q2-10, and gains/losses from extinguishment of debt and other transactions. Net realized gains/losses are net of income tax expense related to realized gains and losses and capital gains incentive fees incurred and payable as calculated under the investment advisory and management agreement.
3. Excluding additional dividends.
4. Represents excess taxable income carried forward by ARCC into the following fiscal year(s). For 2016, the 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 of 2017 distributions made from such income carried forward from 2016 will be made to shares outstanding on such distribution record date. Five year average based on the period 2014-2018.
5. Estimated annual undistributed income per share of $0.76 is estimated as of March 31, 2019 and subject to change upon the filing of our final 2018 tax return.
Endnotes

Slide 79: ARCC Has Return Outperformance Relative to BDCs

1. As of December 31, 2018. Realized ROE is calculated as net operating income (or core earnings as defined below) plus net realized gains (losses), net of paid capital gains incentive fees to average equity, annualized over the given period. Core earnings or net operating income include the impact of the following: interest income, dividend income, fees/other income, interest expense, G&A expense, taxes, management fees and incentive fees, but exclude the impact of realized & unrealized gains/(losses), capital gains incentive fees and non-core operating costs. Non-core operating costs include the following non-operating expenses: capital gains taxes, LTIP expenses, and ACAS acquisition-related costs for ARCC, litigation proceeds and loss on debt extinguishment for HTGC, other gains/losses related to preferred equity facility for TCPC.

2. As of December 31, 2018. GAAP ROE is calculated as reported net income to average equity, annualized over the given period.

3. BDC comparable group includes externally and internally managed BDCs with market capitalizations of at least $350 million or more as of December 31, 2018, which have been publicly listed for 1, 3, and 5 years, respectively, excluding senior floating rate funds. The following peers traded at a premium to book value as of April 24, 2019 according to S&P Global: ARCC, GBDC, GSBD, HTGC, MAIN, NMFC, TCPC and TSLX. The 5 year measurement period excludes GSBD, NMFC and TSLX as they were not public or sufficient data is not available for the 5 years ended December 31, 2018.

Slide 81: Key Events and Accomplishments Since Last Investor Day

1. From September 30, 2018 through March 31, 2019, excludes gains/losses from extinguishment of debt and other transactions.

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

3. Source: SNL Financial. Represents stock based total return from ARCC’s last investor day on November 16, 2017 through April 30, 2019. Ares Capital Corporation’s stock price-based total return is calculated assuming dividends are reinvested at the end of the day stock price on the relevant quarterly ex-dividend dates. Total return is calculated assuming investors did not participate in Ares Capital Corporation’s rights offering issuance as of March 20, 2008.

4. There can be no assurance that future dividends will be paid at these levels or at all.

5. Additional dividends totaling $0.08 per share, to be paid quarterly at $0.02 per share during 2019.

6. Based on original amounts invested of approximately $1.7 billion and total proceeds from such exited investments of approximately $2.3 billion from January 3, 2017 through March 31, 2019. Internal rate of return (“IRR”) is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. The effect of such management and other expenses may reduce, maybe materially, the IRR’s shown herein. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of Ares Capital Corporation’s debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to Ares Capital Corporation’s past performance and are not necessarily indicative of future results, the achievement of which cannot be assured. The realized IRR excludes a net realized gain of $46 million in connection with the receipt of a litigation judgment payment related to a former portfolio company of American Capital.

Slide 82: Final Recap of Successful American Capital Acquisition


2. As of March 31, 2019.

3. At fair value as of March 31, 2019.

4. Excludes a net realized gain of $46 million in connection with the receipt of a litigation judgment payment related to a former portfolio company of American Capital.

5. Based on original amounts invested of approximately $1.7 billion and total proceeds from such exited investments of approximately $2.3 billion from January 3, 2017 through March 31, 2019. Internal rate of return (“IRR”) is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. The effect of such management and other expenses may reduce, maybe materially, the IRR’s shown herein. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of Ares Capital Corporation’s debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to Ares Capital Corporation’s past performance and are not necessarily indicative of future results, the achievement of which cannot be assured. The realized IRR excludes a net realized gain of $46 million in connection with the receipt of a litigation judgment payment related to a former portfolio company of American Capital.