



Second Quarter 2019
Earnings Presentation

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Financial and Portfolio Highlights

Financial Highlights

	Q2-19	Q1-19	Q2-18
(all per share amounts, excluding net asset value per share, are basic and diluted)			
Core EPS* ⁽¹⁾	\$ 0.49	\$ 0.48	\$ 0.39
Net Investment Income Per Share	\$ 0.49	\$ 0.47	\$ 0.38
Net Realized Gains Per Share	\$ 0.05	\$ 0.13	\$ 0.07
Net Unrealized Gains (Losses) Per Share	\$ (0.07)	\$ (0.10)	\$ 0.15
GAAP Net Income Per Share	\$ 0.47	\$ 0.50	\$ 0.60
Net Asset Value Per Share	\$ 17.27	\$ 17.21	\$ 17.05

Portfolio Highlights

	Q2-19	Q1-19	Q2-18
(dollar amounts in millions)			
Gross Commitments	\$ 1,307	\$ 1,953	\$ 1,619
Exits of Commitments ⁽²⁾	\$ 1,348	\$ 1,353	\$ 2,200
Total Fair Value of Investments	\$ 12,992	\$ 13,064	\$ 11,527
Weighted Average Yield of Debt & Other Income Producing Securities at Amortized Cost ⁽³⁾	10.4%	10.4%	10.4%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	9.2%	9.3%	9.1%

Note: Endnotes begin on page 24.

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

Selected Historical Financial Information

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

	As of and for the Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Core EPS – Basic and Diluted ⁽¹⁾	\$ 0.49	\$ 0.48	\$ 0.45	\$ 0.45	\$ 0.39
Net Investment Income Per Share – Basic and Diluted	\$ 0.49	\$ 0.47	\$ 0.48	\$ 0.44	\$ 0.38
Net Realized and Unrealized Gains (Losses) Per Share – Basic and Diluted	\$ (0.02)	\$ 0.03	\$ (0.12)	\$ 0.05	\$ 0.22
GAAP EPS – Basic and Diluted	\$ 0.47	\$ 0.50	\$ 0.36	\$ 0.49	\$ 0.60
Dividend Declared and Payable Per Share	\$ 0.40	\$ 0.40	\$ 0.39	\$ 0.39	\$ 0.38
Additional Dividend Declared and Payable Per Share	\$ 0.02	\$ 0.02	\$ —	\$ —	\$ —
Stockholders' Equity	\$ 7,368	\$ 7,339	\$ 7,300	\$ 7,313	\$ 7,270
Net Asset Value Per Share	\$ 17.27	\$ 17.21	\$ 17.12	\$ 17.16	\$ 17.05
Debt/Equity Ratio **	.83x	.86x	.73x	.63x	.64x
Debt/Equity Ratio, Net of Available Cash ⁽⁵⁾	.76x	.79x	.69x	.54x	.57x
Unsecured Debt to Total Debt	68.9%	56.7%	65.5%	91.1%	91.1%
Weighted Average Stated Interest on Debt ⁽⁶⁾	4.1%	4.1%	4.1%	4.2%	4.2%
Net Interest and Dividend Margin ⁽⁷⁾	7.8%	7.6%	7.5%	7.5%	7.2%
Ratio of Earnings to Fixed Charges ⁽⁸⁾	4.1	4.1	4.2	4.3	4.0
Market Capitalization					
Principal Debt	\$ 6,124	\$ 6,293	\$ 5,297	\$ 4,632	\$ 4,632
Equity	7,655	7,307	6,642	7,328	7,013
Total Market Capitalization	<u>\$ 13,779</u>	<u>\$ 13,600</u>	<u>\$ 11,939</u>	<u>\$ 11,960</u>	<u>\$ 11,645</u>
Common Stock Data:					
High Price during the period	\$ 18.12	\$ 17.48	\$ 17.58	\$ 17.51	\$ 17.09
Low Price during the period	\$ 17.22	\$ 15.28	\$ 14.71	\$ 16.45	\$ 15.90
Closing Price	\$ 17.94	\$ 17.14	\$ 15.58	\$ 17.19	\$ 16.45

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

** Effective June 21, 2019, Ares Capital's asset coverage requirement applicable to senior securities was reduced from 200% to 150%.

Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	As of				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Investments at Fair Value	\$ 12,992	\$ 13,064	\$ 12,417	\$ 11,220	\$ 11,527
Number of Portfolio Companies ⁽⁹⁾	345	345	344	342	346
Asset Class (at fair value):					
First Lien Senior Secured Loans ⁽¹⁰⁾	41%	44%	47%	44%	40%
Second Lien Senior Secured Loans	33%	30%	29%	30%	30%
Senior Direct Lending Program ⁽¹¹⁾	7%	6%	5%	6%	5%
Senior Subordinated Loans	5%	6%	6%	7%	9%
Collateralized Loan Obligations	0%	0%	0%	0%	1%
Preferred Equity	5%	5%	4%	4%	6%
Other Equity	9%	9%	9%	9%	9%
Interest Rate Type (at fair value)					
% Floating Rate ⁽¹²⁾	84%	85%	85%	83%	78%
% Fixed Rate	6%	6%	4%	6%	8%
% Equity and Other Non-Interest Earning	10%	9%	11%	11%	14%
Yields:					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost ⁽³⁾	10.4%	10.4%	10.2%	10.3%	10.4%
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value ⁽³⁾	10.5%	10.5%	10.3%	10.3%	10.5%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	9.2%	9.3%	9.0%	9.0%	9.1%
Weighted Average Yield on Total Investments at Fair Value ⁽⁴⁾	9.5%	9.5%	9.3%	9.2%	9.0%

Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	For the Three Months Ended					
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	
Commitments:						
Gross Commitments	\$ 1,307	\$ 1,953	\$ 2,709	\$ 1,924	\$ 1,620	
Exits of Commitments ⁽²⁾	(1,348)	(1,353)	(1,021)	(1,914)	(2,200)	
Net Commitments ⁽¹³⁾	\$ (41)	\$ 600	\$ 1,688	\$ 10	\$ (580)	
Gross Commitments Information:						
Number of Transactions	33	37	51	41	46	
Weighted Average Commitment Term in Months	93	90	76	82	75	
Average Commitment in Period	\$ 40	\$ 53	\$ 53	\$ 47	\$ 35	
Fundings:						
Gross Fundings	\$ 1,249	\$ 1,941	\$ 2,275	\$ 1,907	\$ 1,376	
Net Fundings ⁽¹³⁾	\$ (90)	\$ 652	\$ 1,253	\$ (3)	\$ (754)	
Portfolio Turnover	0.10	0.10	0.09	0.17	0.12	

Quarterly Operating Results

(amounts in millions, except per share data)

	For the Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Investment income	\$ 382	\$ 373	\$ 345	\$ 342	\$ 333
Expenses, net of waiver of income based fees ⁽¹⁴⁾	170	168	140	151	165
Net investment income before income taxes	212	205	205	191	168
Income tax expense, including excise tax	4	4	2	6	6
Net investment income	208	201	203	185	162
Net realized and unrealized gains (losses)	(8)	13	(50)	24	92
Net Income	<u>\$ 200</u>	<u>\$ 214</u>	<u>\$ 153</u>	<u>\$ 209</u>	<u>\$ 254</u>
Per Share:					
Core EPS - Basic and Diluted* ⁽¹⁾	\$ 0.49	\$ 0.48	\$ 0.45	\$ 0.45	\$ 0.39
Net Income - Basic and Diluted	\$ 0.47	\$ 0.50	\$ 0.36	\$ 0.49	\$ 0.60
Dividends Declared and Payable	\$ 0.42	\$ 0.42	\$ 0.39	\$ 0.39	\$ 0.38
Weighted average shares of common stock outstanding - Basic and Diluted	426	426	426	426	426
Common shares outstanding at end of period	427	426	426	426	426

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

Quarterly Operating Results Detail

(amounts in millions)

	For the Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Net Investment Income Before Income Taxes:					
Investment Income:					
Interest income from investments	\$ 296	\$ 289	\$ 263	\$ 262	\$ 262
Capital structuring service fees	38	45	47	42	25
Dividend income	38	31	26	25	24
Other income ⁽¹⁵⁾	10	8	9	13	22
Total investment income	382	373	345	342	333
Expenses:					
Interest and credit facility fees	69	67	60	59	61
Base management fees	50	49	45	44	45
Income based fees	49	48	46	45	40
Capital gains incentive fees*	(1)	2	(10)	5	18
Administrative fees	3	4	3	3	4
Other general and administrative	10	8	6	5	7
Total operating expenses	180	178	150	161	175
Waiver of income based fees ⁽¹⁴⁾	(10)	(10)	(10)	(10)	(10)
Total expenses, net of waiver of income based fees⁽¹⁴⁾	170	168	140	151	165
Net investment income before income taxes	212	205	205	191	168
Income tax expense, including excise tax	4	4	2	6	6
Net investment income	\$ 208	\$ 201	\$ 203	\$ 185	\$ 162

* As required by GAAP. As of June 30, 2019, Ares Capital had accrued \$63 million of incentive fees payable related to capital gains under GAAP; however, such amount is not actually payable under Ares Capital's investment advisory and management agreement with its investment adviser, Ares Capital Management (the "Investment Advisory and Management Agreement"). The actual amount due under the Investment Advisory and Management Agreement is only determined annually at the end of each calendar year and may be less than the amount accrued under GAAP.

Quarterly Gain/Loss Detail

(amounts in millions)

	For the Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Net Realized and Unrealized Gains (Losses):					
Realized gains (losses) on investments:					
Gains	\$ 20	\$ 10	\$ 37	\$ 387	\$ 31
Losses	(2)	(3)	(16)	(24)	(9)
Net realized gains on investments	18	7	21	363	22
Unrealized gains (losses) on investments:					
Unrealized appreciation	77	73	54	88	161
Unrealized depreciation	(98)	(114)	(135)	(89)	(107)
Net unrealized gains (losses) on investments	(21)	(41)	(81)	(1)	54
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses on investments	(3)	2	(5)	(340)	6
Total net unrealized gains (losses) on investments	(24)	(39)	(86)	(341)	60
Net realized and unrealized gains (losses) on foreign currency and other transactions	(2)	45	15	2	10
Net realized and unrealized gains (losses)	\$ (8)	\$ 13	\$ (50)	\$ 24	\$ 92

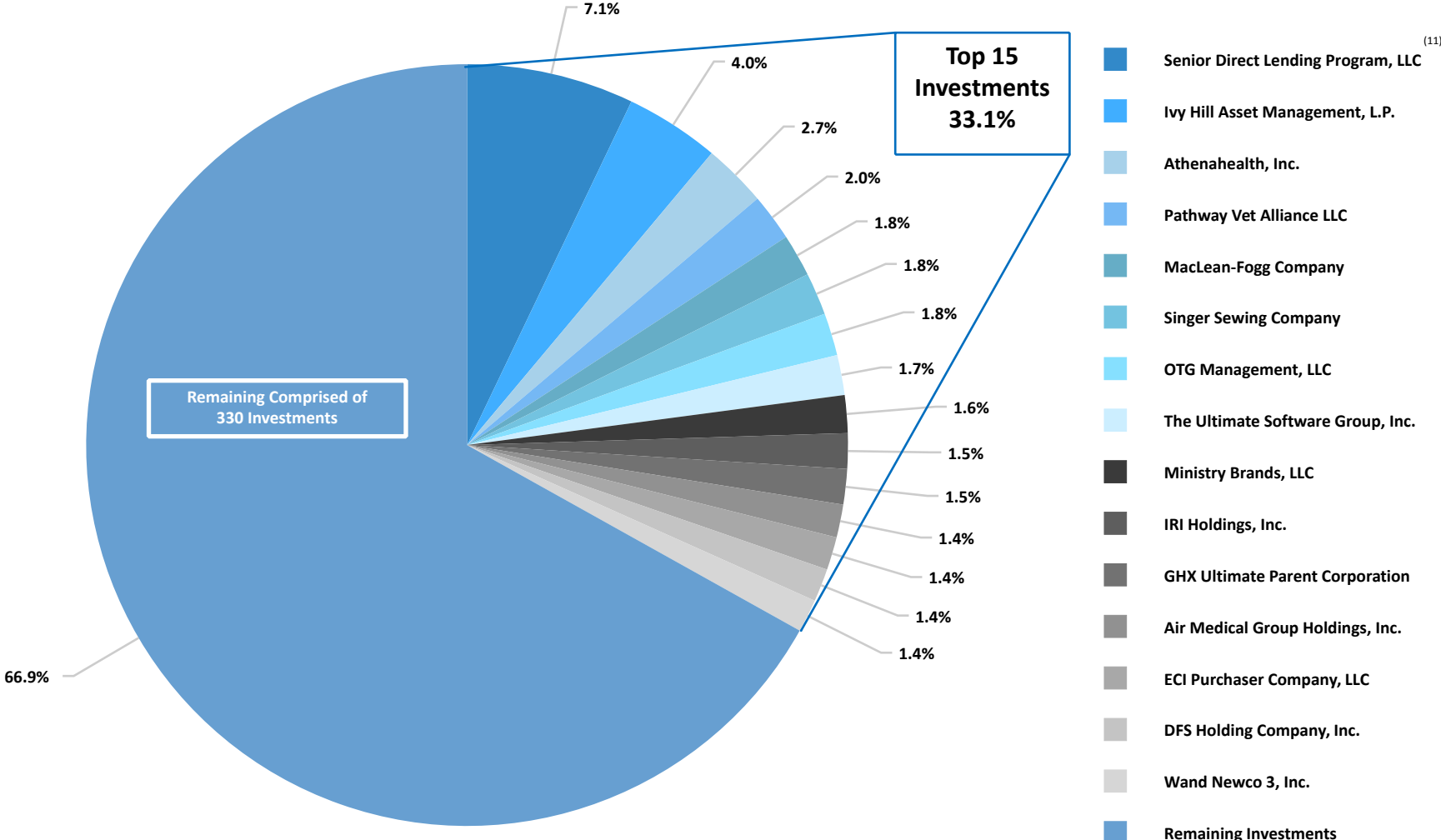
Quarterly Balance Sheets

(amounts in millions, except per share data)

	As of				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
ASSETS					
Investments at fair value	\$ 12,992	\$ 13,064	\$ 12,417	\$ 11,220	\$ 11,527
Cash and cash equivalents	572	572	296	799	509
Interest receivable	105	114	91	93	89
Operating lease right-of-use asset	101	105	—	—	—
Other assets	76	79	79	82	116
Receivable for open trades	—	28	12	61	56
Total assets	\$ 13,846	\$ 13,962	\$ 12,895	\$ 12,255	\$ 12,297
LIABILITIES					
Debt	\$ 6,024	\$ 6,197	\$ 5,214	\$ 4,546	\$ 4,542
Base management fees payable	50	49	45	44	45
Income based fees payable	39	38	36	35	30
Capital gains incentive fees payable*	63	64	112	122	117
Interest and facility fees payable	62	25	64	42	69
Payable for open trades	2	35	25	39	84
Operating lease liabilities	131	137	—	—	—
Accounts payable and other liabilities	107	78	99	114	140
Total liabilities	6,478	6,623	5,595	4,942	5,027
STOCKHOLDERS' EQUITY					
Common stock	—	—	—	—	—
Capital in excess of par value	7,185	7,177	7,173	7,192	7,192
Accumulated undistributed earnings	183	162	127	121	78
Total stockholders' equity	7,368	7,339	7,300	7,313	7,270
Total liabilities and stockholders' equity	\$ 13,846	\$ 13,962	\$ 12,895	\$ 12,255	\$ 12,297
NET ASSETS PER SHARE	\$ 17.27	\$ 17.21	\$ 17.12	\$ 17.16	\$ 17.05

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

Investment Portfolio by Issuer Concentration as of June 30, 2019*



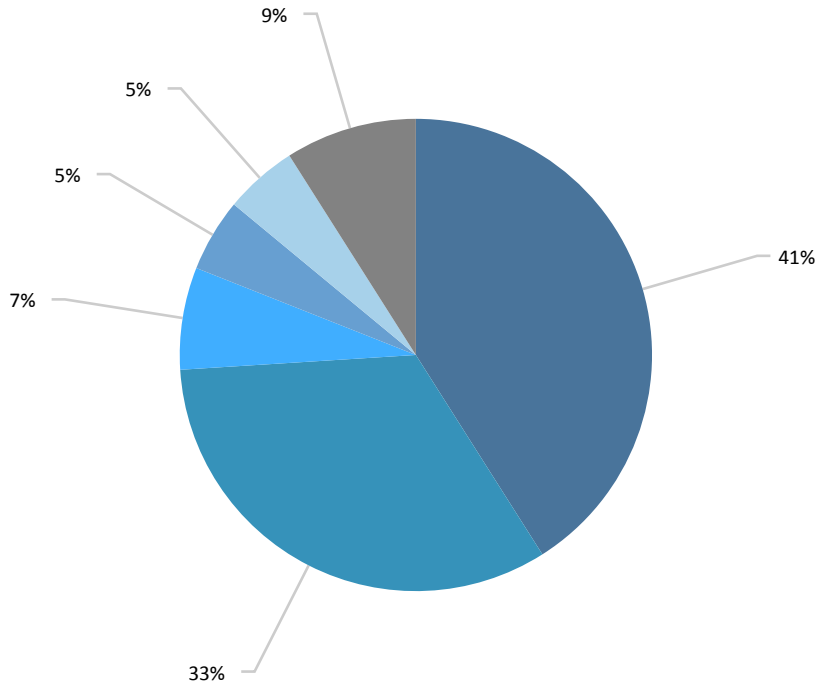
Diversified \$13.0 billion portfolio with 345 investments

* At fair value.



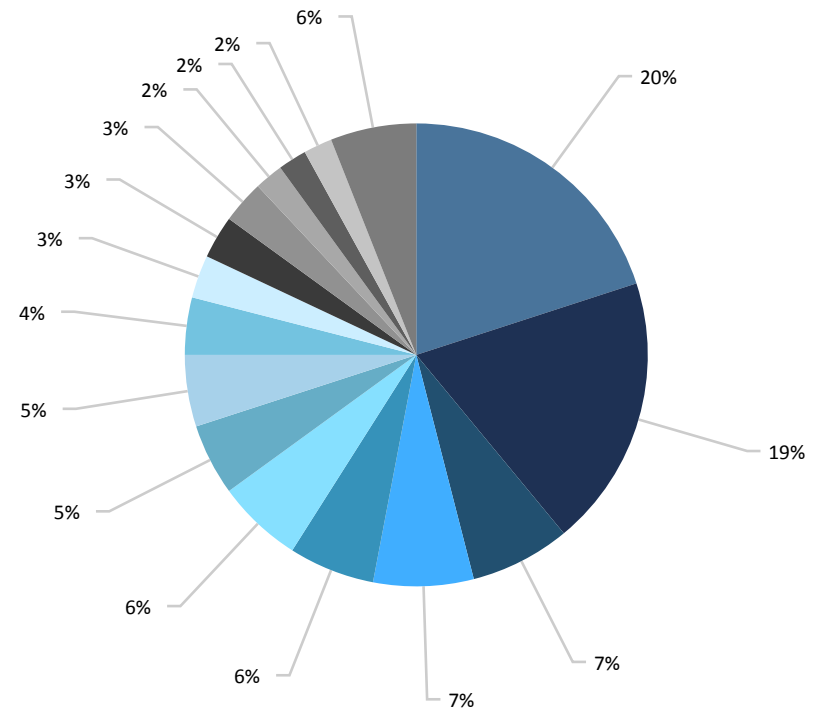
Investment Portfolio as of June 30, 2019*

Asset Class



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

Industry



- Healthcare Services
- Business Services
- Consumer Products
- Senior Direct Lending Program⁽¹¹⁾
- Financial Services
- Power Generation
- Other Services
- Manufacturing
- Automotive Services
- Restaurants and Food Services
- Food and Beverage
- Oil and Gas
- Wholesale Distribution
- Education
- Containers and Packaging
- Remaining

* At fair value.

Debt Summary

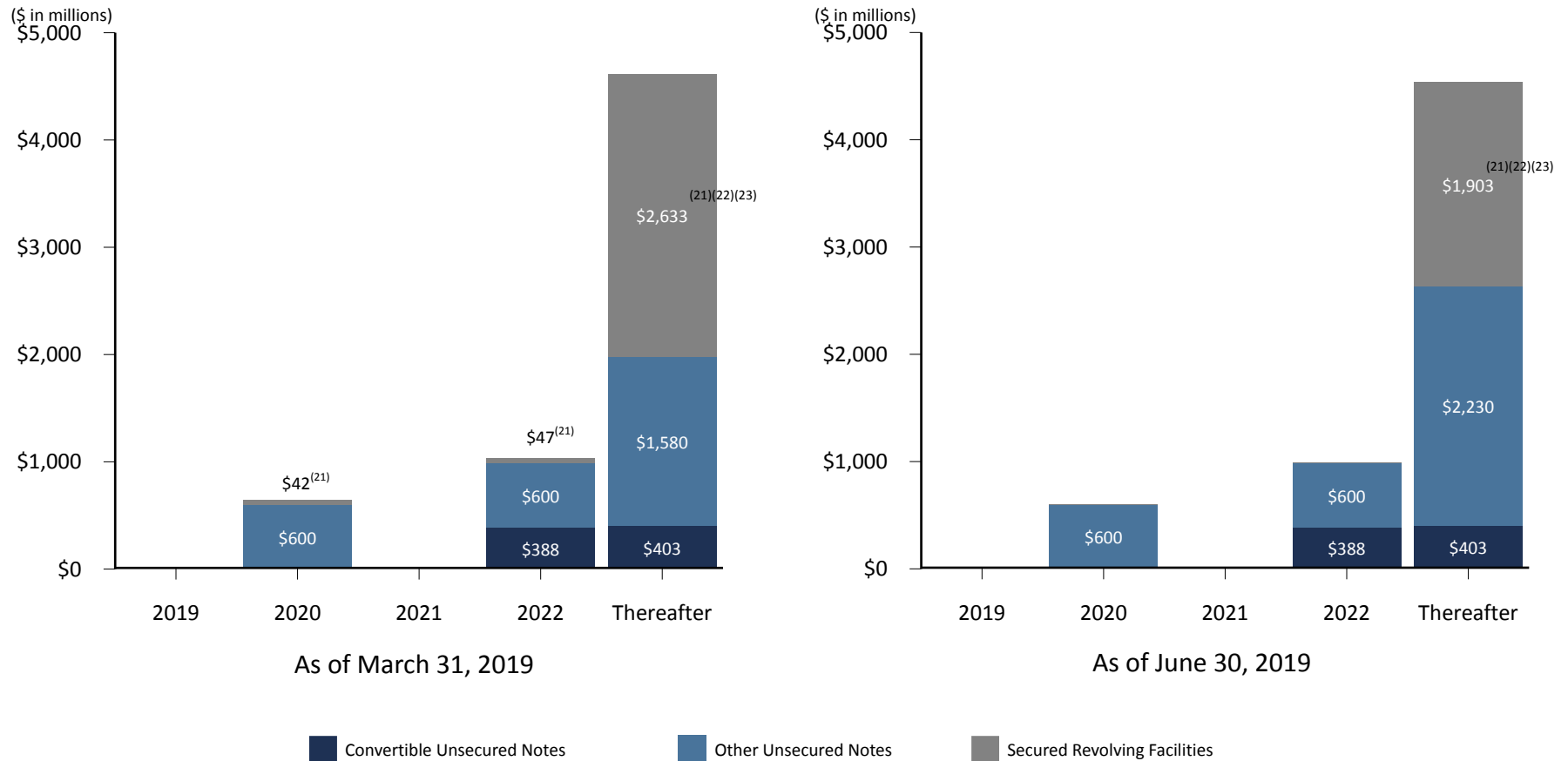
(dollar amounts in millions)	As of 3/31/19			As of 6/30/19			Weighted Average Stated Interest Rate ⁽²⁰⁾	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding ⁽¹⁷⁾	Principal Amount Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding ⁽¹⁷⁾	Principal Amount Outstanding	Carrying Value of Outstanding Debt			
Secured Revolving Facilities⁽¹⁶⁾:									
Revolving Credit Facility	\$ 2,133	\$ 1,997	\$ 1,997	\$ 3,365	\$ 1,119	\$ 1,119	3.947%	LIBOR + 1.75% ⁽²¹⁾	March 2024 ⁽²¹⁾
Revolving Funding Facility	1,000	620	620	1,275	608	608	4.398%	LIBOR + 2.00% ⁽²²⁾	January 2024 ⁽²²⁾
SMBC Funding Facility	400	105	105	400	176	176	4.144%	LIBOR + 1.75% ⁽²³⁾	September 2024 ⁽²³⁾
Subtotal	3,533	2,722	2,722	5,040	1,903	1,903	4.082%		
Unsecured Notes Payable:									
2020 Notes	600	600	599 ⁽¹⁸⁾	600	600	599 ⁽¹⁸⁾	3.875%		January 2020
2022 Notes	600	600	595 ⁽¹⁸⁾	600	600	596 ⁽¹⁸⁾	3.625%		January 2022
2022 Convertible Notes	388	388	374 ⁽¹⁸⁾	388	388	375 ⁽¹⁸⁾	3.750%		February 2022
2023 Notes	750	750	745 ⁽¹⁸⁾	750	750	745 ⁽¹⁸⁾	3.500%		February 2023
2024 Convertible Notes	403	403	386 ⁽¹⁸⁾	403	403	387 ⁽¹⁸⁾	4.625%		March 2024
2024 Notes	—	—	—	650	650	642 ⁽¹⁸⁾	4.200%		June 2024
2025 Notes	600	600	593 ⁽¹⁸⁾	600	600	594 ⁽¹⁸⁾	4.250%		March 2025
2047 Notes	230	230	183 ⁽¹⁹⁾	230	230	183 ⁽¹⁹⁾	6.875%		April 2047
Subtotal	3,571	3,571	3,475	4,221	4,221	4,121	4.099%		
Total Debt	\$ 7,104	\$ 6,293	\$ 6,197	\$ 9,261	\$ 6,124	\$ 6,024	4.094%		

Floating and Fixed Rate Debt as of June 30, 2019:			
Debt (dollar amounts in millions)	Principal Amount Outstanding	Weighted Average Stated Interest Rate ⁽²⁰⁾	Weighted Average Remaining Maturity* (in years)
Floating	\$ 1,508	4.24%	4.70
Fixed ⁽²⁰⁾	4,616	4.08%	4.84
Total	\$ 6,124	4.09%	4.81

*Represents the weighted average maturity of outstanding debt as of June 30, 2019.

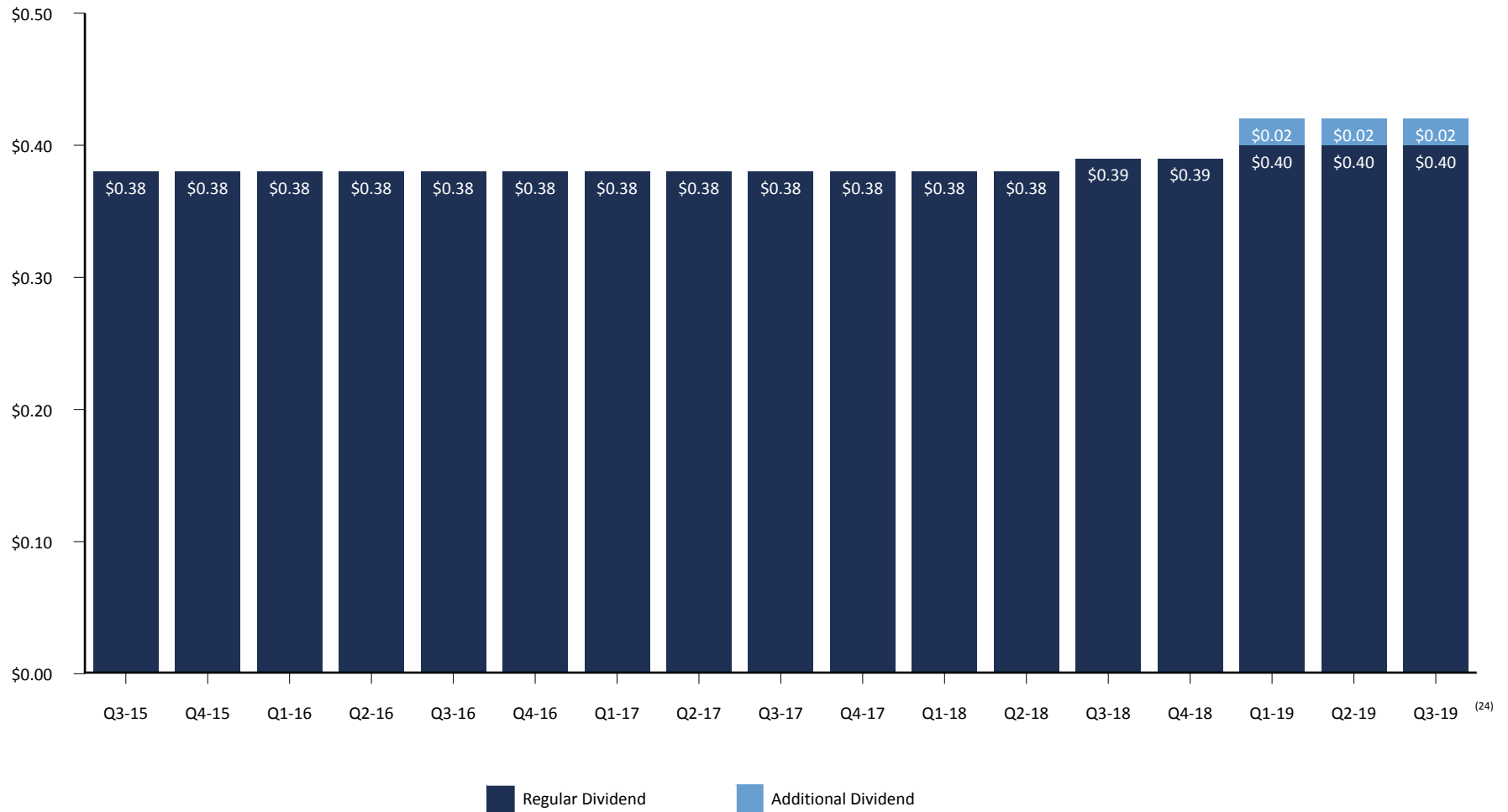
Debt Summary

Debt Maturities*



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

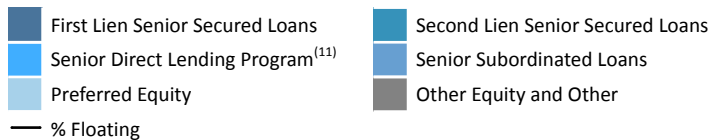
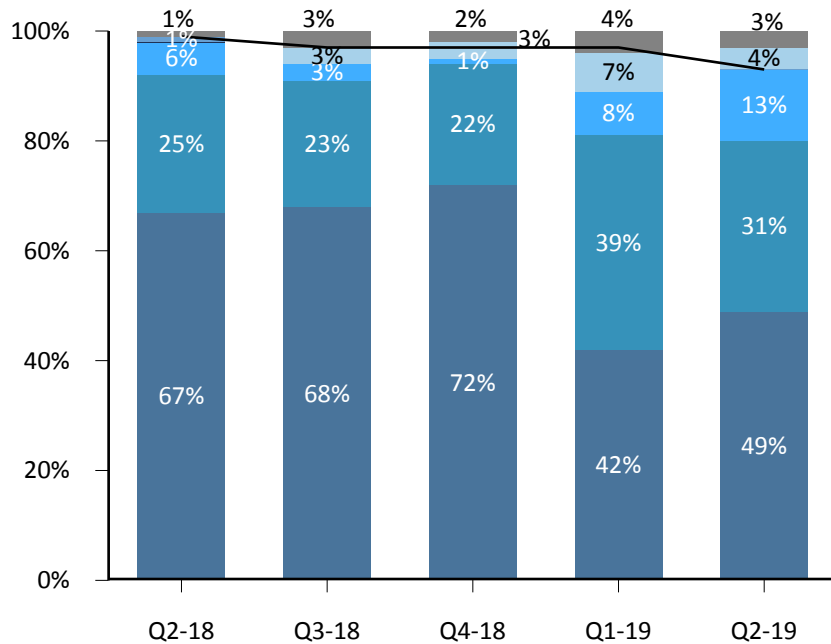
Quarterly Dividends



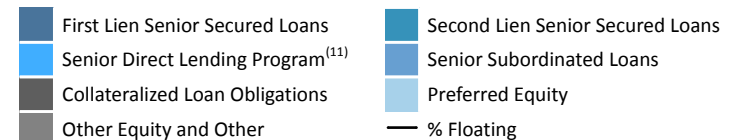
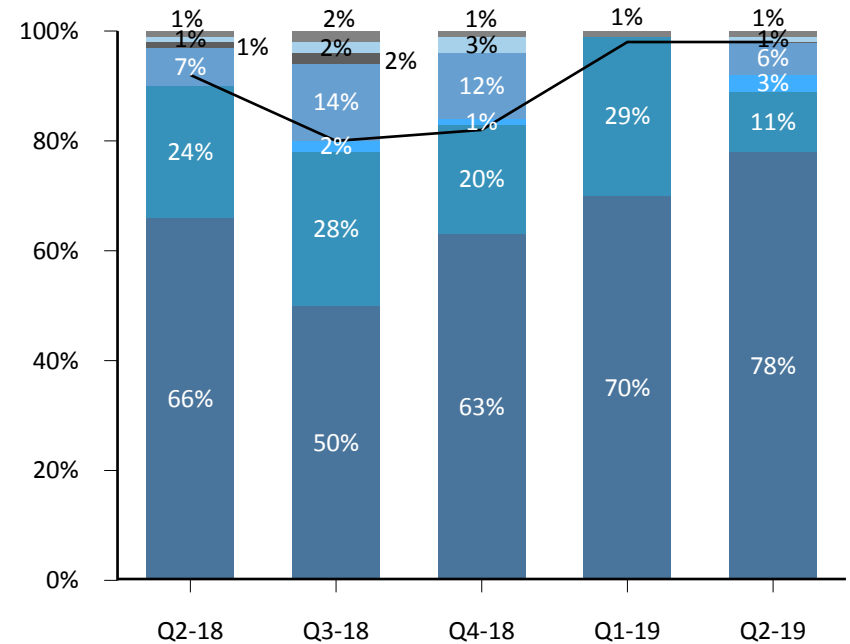
➤ ARCC estimates that it will carry forward excess taxable income of approximately \$323 million⁽²⁵⁾ or \$0.76 per share from 2018 for distribution to stockholders in 2019

Portfolio Activity

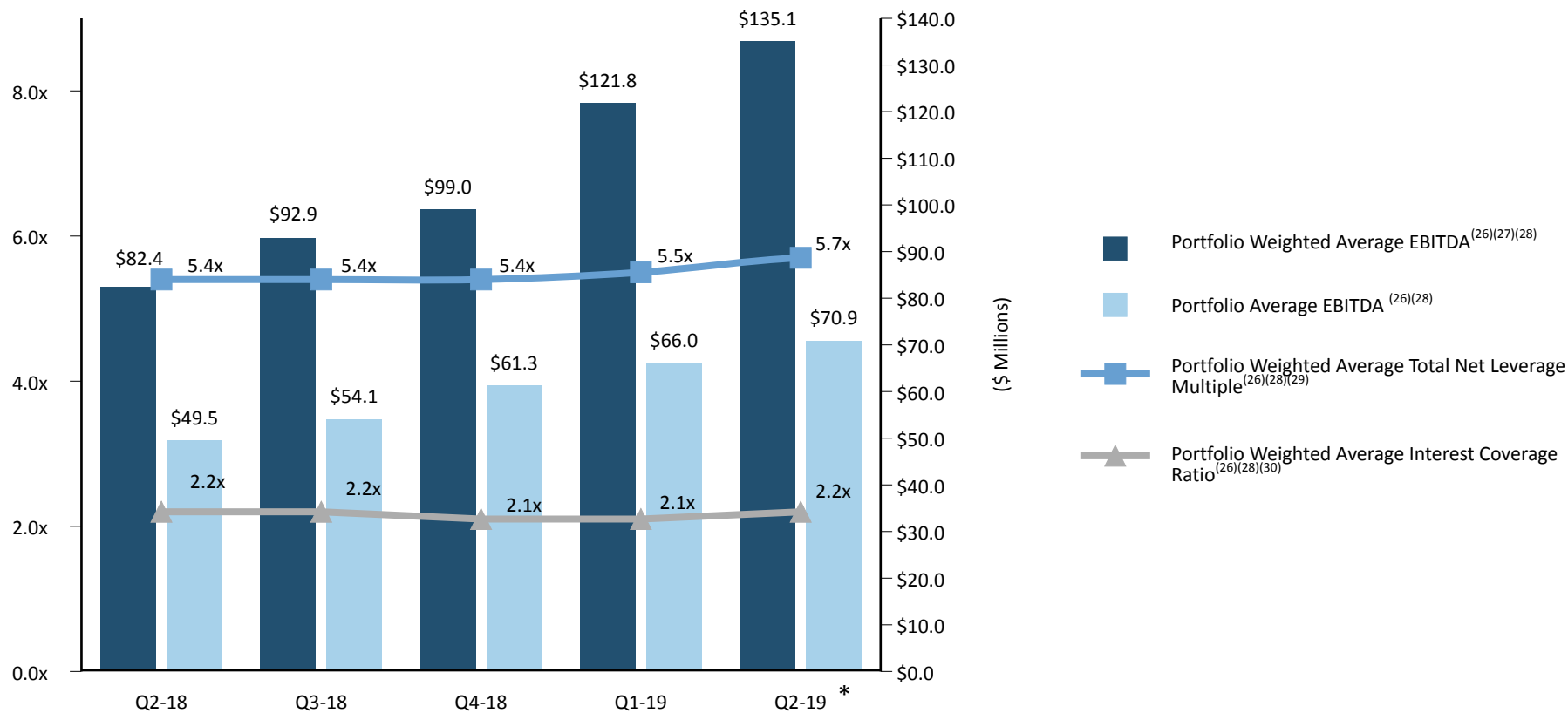
Gross Commitments by Asset Class



Exits of Commitments by Asset Class



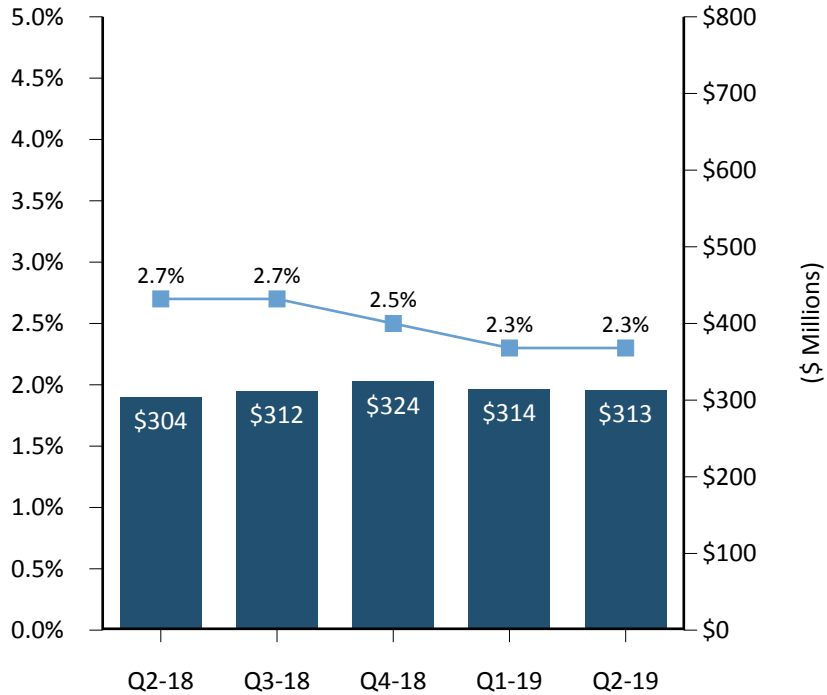
Portfolio Company EBITDA and Credit Statistics



* For the portfolio companies included in the portfolio weighted average EBITDA data above (subject to additional exclusions described in the following sentence), the weighted average EBITDA growth rate as of Q2-19 was approximately 4% on a comparable basis for the most recently reported LTM period versus prior year LTM period. In addition to those portfolio companies excluded as noted, this calculation excludes eight companies where prior year comparable data was not available.⁽³¹⁾

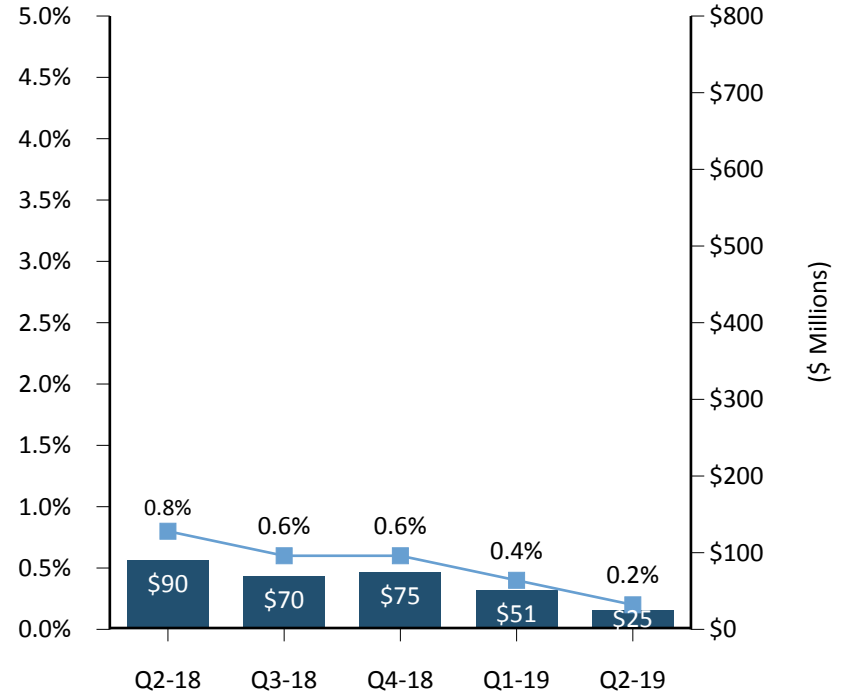
Investments on Non-Accrual Status

Amortized Cost



Investments on Non-Accrual Status

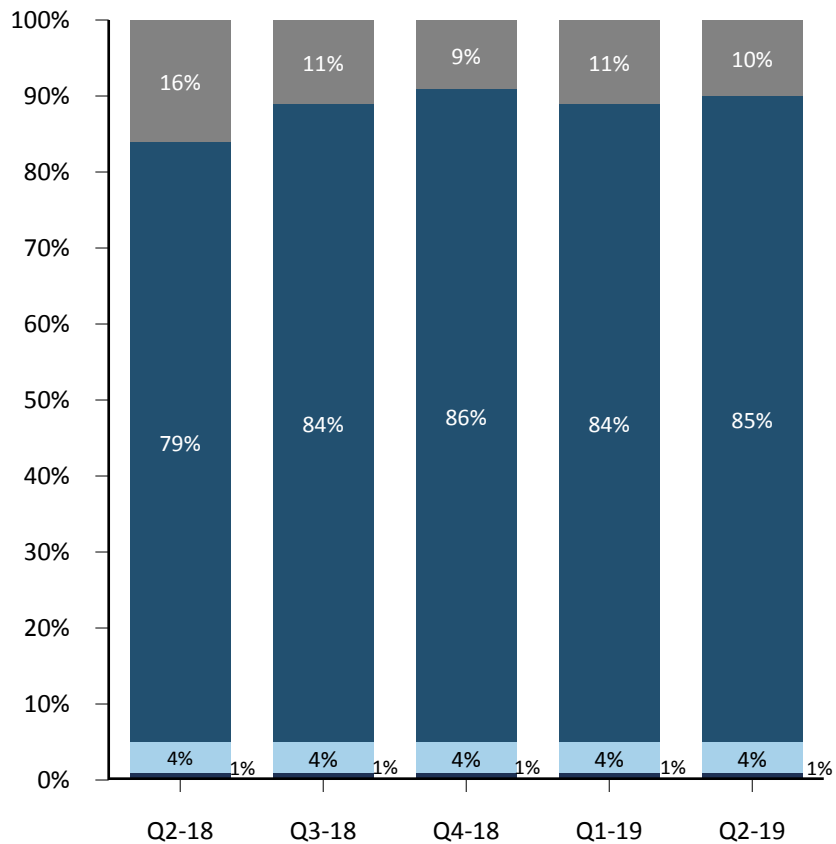
Fair Value



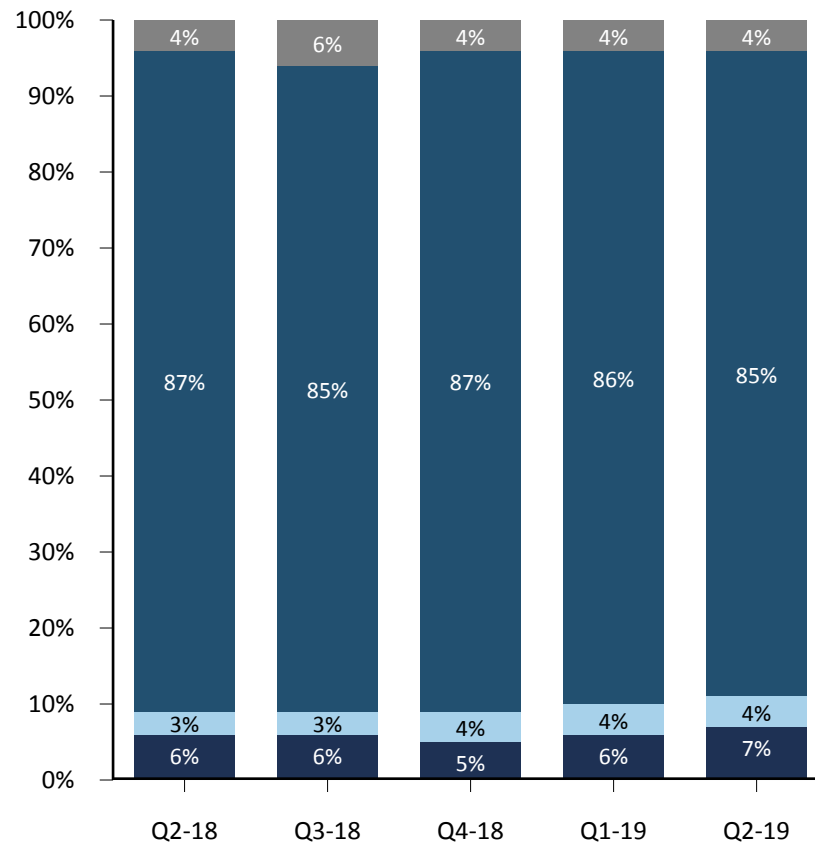
Percentage of Total Investment Portfolio

Portfolio By Grade⁽³²⁾

% By Fair Value



% By Number of Companies



Grade 1
 Grade 2
 Grade 3
 Grade 4

Investment Activity Since Quarter End

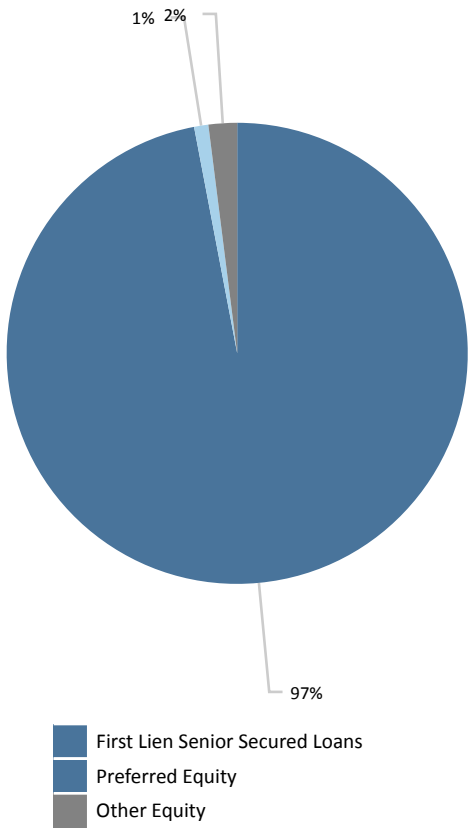
- From July 1, 2019 through July 24, 2019, Ares Capital made approximately \$801 million of new investment commitments
 - 80% were in first lien senior secured loans, 19% were in second lien senior secured loans and 1% were in equity securities
 - 99% were floating rate
 - Weighted average yield of debt and other income producing securities funded at amortized cost of 8.2%

- From July 1, 2019 through July 24, 2019, Ares Capital exited approximately \$617 million of investment commitments
 - 68% were first lien senior secured loans, 21% were senior subordinated loans, 9% were subordinated certificates of the SDLP and 2% were second lien senior secured loans
 - 79% were floating rate and 21% were fixed rate
 - Weighted average yield of debt and other income producing securities exited or repaid at amortized cost was 10.5%
 - Weighted average yield on total investments exited or repaid during the period at amortized cost was 10.4%
 - Total net realized gains of approximately \$17 million

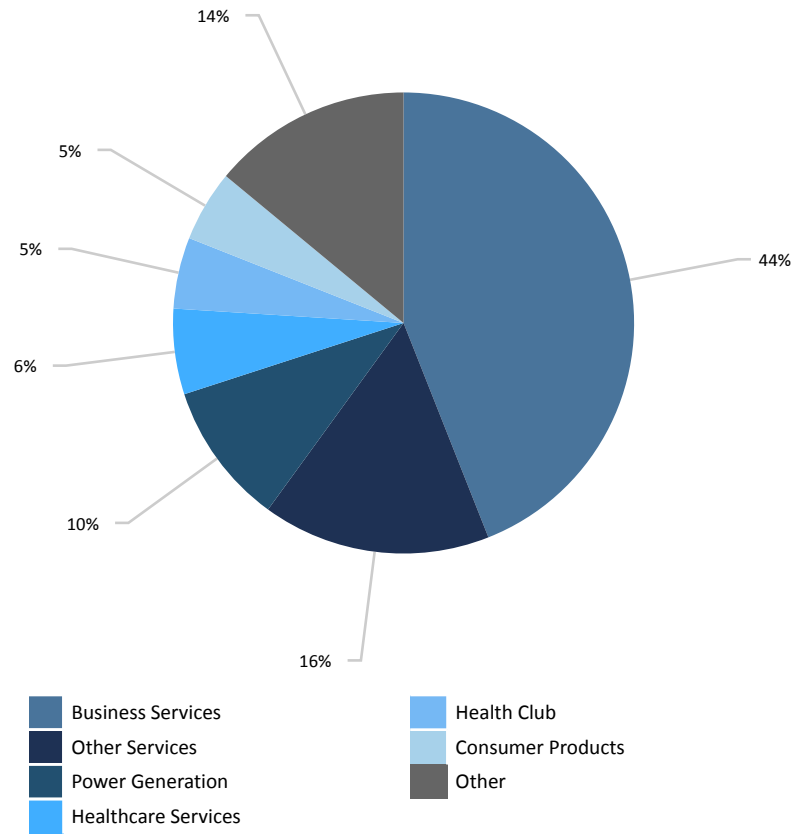
Backlog and Pipeline

- As of July 24, 2019, Ares Capital had a backlog and pipeline of approximately \$850 million and \$105 million, respectively⁽³³⁾
- The following is a breakdown of the backlog and pipeline by asset class and by industry

Asset Class



Industry



Corporate Data

Board of Directors

MICHAEL AROUGHETI
Co-Chairman and Executive Vice President of
Ares Capital Corporation
Co-Founder, Chief Executive Officer and Partner
of Ares

STEVE BARTLETT
Strategic Independent Consultant

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

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

STEVEN MCKEEVER
Founder and Chief Executive Officer of Hidden
Beach Recordings

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

ROBERT ROSEN
Strategic Adviser to Private Equity Group

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

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

Investment Committee

MARK AFFOLTER
Partner of the Ares Credit Group

MICHAEL AROUGHETI
Co-Chairman and Executive Vice President of Ares
Capital Corporation
Co-Founder, Chief Executive Officer and Partner of
Ares

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

MITCHELL GOLDSTEIN
Co-President of Ares Capital Corporation
Co-Head and Partner of the Ares Credit Group

JIM MILLER
Partner of the Ares Credit Group

KORT SCHNABEL
Partner of the Ares Credit Group

DAVID SCHWARTZ
Partner of the Ares Credit Group

MICHAEL SMITH
Co-President of Ares Capital Corporation
Co-Head and Partner of the Ares Credit Group

Corporate Officers

MICHAEL AROUGHETI
Executive Vice President

JOSHUA BLOOMSTEIN
Vice President, General Counsel and
Secretary

KIPP DEVEER
Chief Executive Officer

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Co-President

MIRIAM KRIEGER
Vice President

SCOTT LEM
Chief Accounting Officer,
Vice President and Treasurer

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Chief Compliance Officer

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Reconciliations of Core EPS

The following are reconciliations of basic and diluted earnings per share computed in accordance with GAAP to basic and diluted core earnings per share:

	For the Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Basic and Diluted Core EPS ⁽¹⁾	\$ 0.49	\$ 0.48	\$ 0.45	\$ 0.45	\$ 0.39
Ares Reimbursement ⁽¹⁵⁾	—	—	—	—	0.03
Net realized and unrealized gains (losses)	(0.02)	0.03	(0.12)	0.05	0.22
Capital gains incentive fees attributable to net realized and unrealized gains and losses	—	(0.01)	0.03	(0.01)	(0.04)
Income tax expense related to net realized gains and losses	—	—	—	—	—
Basic and Diluted GAAP EPS	<u>\$ 0.47</u>	<u>\$ 0.50</u>	<u>\$ 0.36</u>	<u>\$ 0.49</u>	<u>\$ 0.60</u>

	For the Six Months Ended	
	6/30/19	6/30/18
Basic and Diluted Core EPS ⁽¹⁾	\$ 0.96	\$ 0.78
Ares Reimbursement ⁽¹⁵⁾	—	0.03
Net realized and unrealized gains	0.01	0.44
Capital gains incentive fees attributable to net realized and unrealized gains and losses	—	(0.09)
Income tax expense related to net realized gains and losses	—	—
Basic and Diluted GAAP EPS	<u>\$ 0.97</u>	<u>\$ 1.16</u>

Endnotes

- 1) Basic and diluted Core EPS is a non-GAAP financial measure. Core EPS is the net per share increase (decrease) in stockholders' equity resulting from operations less expense reimbursement from Ares Capital Management LLC (the "Ares Reimbursement"), net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses, and any income taxes related to such net realized gains and losses. Basic and diluted GAAP EPS is the most directly comparable GAAP financial measure. Ares Capital believes that Core EPS provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Reconciliations of basic and diluted Core EPS to the most directly comparable GAAP financial measure are set forth on page 23 hereof. See Note 12 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended June 30, 2019 for more information about the Ares Reimbursement.
- 2) Includes sales to Ivy Hill Asset Management, L.P. ("IHAM"), a wholly owned portfolio company of Ares Capital, or vehicles managed by IHAM.
- 3) The weighted average yield on debt and other income producing securities is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at amortized cost or at fair value, as applicable.
- 4) The weighted average yield on the total investment portfolio is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total investments at amortized cost or at fair value, as applicable.
- 5) Computed as total principal debt outstanding less available cash divided by stockholders' equity. Available cash excludes restricted cash as well as cash held for dividends payable and for uses specifically designated for paying interest and expenses on certain debt.
- 6) Computed as (a) the annual stated interest expense on our debt obligations divided by (b) total debt obligations at principal amount outstanding. Stated interest expense on debt excludes facility and other fees and the amortization of original issue discount or premium, market discounts and debt issuance costs. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with \$395 million of the term loan tranche of its Revolving Credit Facility. The stated interest rate for the Revolving Credit Facility used to calculate weighted average stated interest on debt reflects the fixed interest rate of 2.064% plus the applicable spread of 1.75%, or 3.814% on \$395 million of the term loan tranche.
- 7) Net interest and dividend margin represents the difference between interest and dividend income and interest and credit facility fees expense for the last twelve month period divided by average total investments at amortized cost during the same period.
- 8) Excludes realized and unrealized gains (losses) and incentive fees attributable to net realized and unrealized gains (losses).
- 9) Includes portfolio companies for which there are outstanding commitments, but for which no amounts were funded at the end of the period.
- 10) First lien senior secured loans include certain loans that Ares Capital classifies as "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position. As of June 30, 2019, the total amortized cost and fair value of loans that Ares Capital classified as "unitranche" loans were \$1,562 million and \$1,503 million, respectively.
- 11) Represents Ares Capital's portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans, including certain loans that the SDLP classifies as "unitranche" loans, to U.S. middle-market companies. As of June 30, 2019, the Senior Direct Lending Program LLC's (the "SDLP") loan portfolio totaled approximately \$3.8 billion in aggregate principal amount and had loans to 23 different borrowers. As of June 30, 2019, the SDLP's largest loan to a single borrower was \$350 million in aggregate principal amount and the five largest loans to borrowers totaled \$1.4 billion in aggregate principal amount. As of June 30, 2019, the total principal amount of loans in the SDLP portfolio that the SDLP classified as "unitranche" loans was \$3.7 billion. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital's portfolio. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended June 30, 2019 for information regarding the SDLP.
- 12) As of June 30, 2019, excluding Ares Capital's investment in the subordinated certificates of the SDLP, 78% of the floating rate investments at fair value contained interest rate floor features.

Endnotes (cont'd)

- 13) Represents gross commitments or fundings less commitments or investments exited, respectively. Q2-19, Q1-19, Q4-18, Q3-18 and Q2-18 include sales to IHAM or vehicles managed by IHAM of \$464 million, \$302 million, \$29 million, \$0 million, and \$453 million, respectively.
- 14) In connection with the acquisition of American Capital, Ltd. (the "American Capital Acquisition"), Ares Capital Management LLC agreed to waive, for each of the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case, to the extent payable by Ares Capital in such quarter pursuant to and as calculated under Ares Capital's investment advisory and management agreement.
- 15) During the second quarter of 2018, Ares Capital's investment adviser reimbursed Ares Capital approximately \$11.8 million for certain rent and utilities incurred by the Company. See Note 12 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended June 30, 2019 for more information about the Ares Reimbursement.
- 16) Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the applicable stated maturity.
- 17) Subject to borrowing base, leverage and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.
- 18) Represents the aggregate principal amount of the notes outstanding adjusted for the unaccreted discount or premium initially recorded at the time of issuance.
- 19) Represents the aggregate principal amount of the notes outstanding less the unaccreted purchased discount initially recorded at the time of acquisition.
- 20) Effective stated rate as of June 30, 2019.
- 21) The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% over an "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of June 30, 2019, the interest rate in effect was LIBOR plus 1.75%. The Revolving Credit Facility consists of a \$674 million term loan tranche with a stated maturity date of March 30, 2024 and a \$2,691 million revolving tranche. For the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of March 30, 2024, Ares Capital is required to repay outstanding principal amounts under both the term loan tranche and 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. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with \$395 million of the term loan tranche of the Revolving Credit Facility. The stated interest rate for the Revolving Credit Facility reflects the fixed interest rate of 2.064% plus the applicable spread of 1.75%, or 3.814% on \$395 million of the term loan tranche.
- 22) The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are January 3, 2022 and January 3, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2024, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP Funding LLC will be used to repay the aggregate principal amount outstanding.
- 23) The interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a "base rate" (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. As of June 30, 2019, the interest rate in effect was LIBOR plus 1.75%. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 14, 2019 and September 14, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 14, 2024, any principal proceeds from sales and repayments of loan assets held by our consolidated subsidiary, Ares Capital JB Funding LLC, will be used to repay the aggregate principal amount outstanding.

Endnotes (cont'd)

- 24) Declared. In addition to the third quarter 2019 regular dividend of \$0.40 per share to be paid on September 30, 2019 to stockholders of record on September 16, 2019, the Company declared additional dividends totaling \$0.08 per share for 2019, to be distributed in four consecutive quarterly payments of \$0.02 per share. The third additional dividend of \$0.02 per share is to be paid on September 30, 2019 to the stockholders of record as of September 16, 2019.
- 25) The amount of excess 2018 U.S. federal taxable income available for carry over into 2019 is only an estimate based on estimated 2018 U.S. federal taxable income. The calculation of estimated 2018 U.S. federal taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2018 U.S. federal taxable income will not be finally determined until Ares Capital's 2018 tax return is filed in 2019. Consequently, both 2018 U.S. federal taxable income and the amount of excess U.S. federal taxable income available for carry over into 2019 are subject to change. See Note 11 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for more information.
- 26) The portfolio weighted average EBITDA and average EBITDA for the underlying borrowers includes information solely in respect of corporate investments in Ares Capital's portfolio and the weighted average total net leverage multiple and interest coverage ratio data includes information solely in respect of corporate portfolio companies in which Ares Capital has a debt investment (in each case, subject to the exclusions described in the following sentence). Excluded from the data above is information in respect of the following: (i) the SDLP (and the underlying borrowers in the SDLP), (ii) portfolio companies that do not report EBITDA, including IHAM, (iii) investment funds/vehicles, (iv) discrete projects in the project finance/power generation sector, (v) certain oil and gas companies, (vi) venture capital backed companies and (vii) commercial real estate finance companies. The portfolio weighted average EBITDA for the underlying borrowers in the SDLP was \$42.8 million, \$44.5 million, \$44.4 million, \$45.7 million and \$52.1 million as of 6/30/18, 9/30/18, 12/31/18, 3/31/19 and 6/30/19, respectively. The portfolio average EBITDA for the underlying borrowers in the SDLP was \$38.6 million, \$40.3 million, \$40.7 million, \$41.8 million and \$45.1 million as of 6/30/18, 9/30/18, 12/31/18, 3/31/19 and 6/30/19, respectively.
- 27) 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.
- 28) EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 29) Portfolio weighted average total net leverage multiples represent Ares Capital's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. Portfolio weighted average total net leverage multiples for borrowers in the SDLP represent the SDLP's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. The weighted average total net leverage multiple for the underlying borrowers in the SDLP was 5.8x, 5.9x, 5.8x, 5.7x and 5.9x as of 6/30/18, 9/30/18, 12/31/18, 3/31/19 and 6/30/19, respectively. Portfolio company credit statistics for Ares Capital and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 30) Portfolio weighted average interest coverage ratio represents the portfolio company's EBITDA as a multiple of interest and facility fees expense. The weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.1x, 2.1x, 2.0x, 2.0x and 2.0x as of 6/30/18, 9/30/18, 12/31/18, 3/31/19 and 6/30/19, respectively. Portfolio company credit statistics for Ares Capital and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 31) The EBITDA growth rate for each included portfolio company is calculated as the percentage change for the most recently reported fiscal year to date comparable periods and is weighted based on the fair value of the portfolio company investments to calculate the portfolio weighted average EBITDA growth rate. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts used in the calculation are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

Endnotes (cont'd)

- 32) Based on our investment adviser's internal investment rating system scale from 1 to 4. Investments with a grade of 4 involve the least amount of risk to our initial cost basis and the trends and risk factors for these investments since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments with a grade of 1 indicate that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition and our investment adviser does not anticipate that we will recoup our initial cost basis and we may realize a substantial loss on our initial cost basis upon exit. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3.
- 33) Investment backlog includes transactions approved by our investment adviser's investment committee and/or for which a formal mandate, letter of intent or a signed commitment has been issued, and therefore we believe are likely to close. Investment pipeline includes transactions where due diligence and analysis are in process, but no formal mandate, letter of intent or signed commitment has been issued. The consummation of any of the investments in this backlog and pipeline depends upon, among other things, one or more of the following: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation. In addition, Ares Capital may sell all or a portion of these investments and certain of these investments may result in the repayment of existing investments. Ares Capital cannot assure you that we will make any of these investments or that we will sell all or any portion of these investments.