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Leading Lender to the Middle Market

Ares Capital is a leading specialty finance company that is focused on providing debt and equity financing solutions to U.S. middle market companies.

Attractive Industry & Corporate Structure

- Middle market companies have exhibited strong growth, driving demand for financing and capital
- Decades of bank consolidation and increased regulations have shifted more opportunities to non-bank lenders
- The BDC structure has a low leverage profile
- All BDC industry debt that has matured has been repaid at par (1)

Significant Competitive Advantages

- Largest BDC (2) with a $13.9 billion portfolio (3) and significant direct origination platform
- Long tenured and experienced management team
- Disciplined underwriting process supports highly selective approach
- Incumbency benefits derived from large portfolio, providing attractive future investing opportunities
- Deep portfolio management capabilities that seek to enhance investment performance

Well Positioned with Strong Investment Performance

- Highly diversified portfolio
- Top tier long term credit performance (4)
- Strong asset coverage as well as modest leverage ratio
- Deep sources of liquidity from the portfolio and diverse financing options
- Demonstrated track record with attractive returns

Active, Investment Grade Rated, Index Eligible Issuer

- One of three BDCs with an investment grade rating from Moody’s, S&P and Fitch (5)
- Completed 20 debt capital markets transactions totaling $7 billion of financings (6)
- Strongest execution and most liquid issuer amongst BDCs (7)
- Demonstrated access to liquidity - 38 debt and equity transactions totaling ~$11 billion since inception (6)

Past performance is not a guarantee of future results. Diversification does not assure profit or protect against market loss.

(1) Information based on Ares’ observations of current market conditions.
(2) By both market capitalization as of September 30, 2019 and total assets as of June 30, 2019, as not all BDC peers have filed September 30, 2019 financial results as of November 1, 2019.
(3) At fair value as of September 30, 2019.
(4) ARCC generated nearly 250 bps of average annual incremental gain differential vs. Peers since 2004. Annual average for ARCC is from December 31, 2004 through September 30, 2019. Annual average for BDC peer group is from December 31, 2004 to June 30, 2019, as not all BDCs have filed September 30, 2019 financial results as of November 1, 2019.
(5) As of November 1, 2019.
(7) Source: Bank of America Merrill Lynch as of 03/28/19 as measured by senior unsecured notes issued by BDCs greater than or equal to $100mm.
Overview of Ares Management

With approximately $144 billion in assets under management, Ares Management Corporation is a leading global alternative asset manager with three distinct but complementary investment groups.

Profile

- Founded: 1997
- AUM: $144bn
- Employees: 1,200+
- Investment Professionals: ~465
- Global Offices: 20+
- Direct Institutional Relationships: 935+
- Listing: NYSE – Market Capitalization\(^{(1)}\): ~$7.3bn

Global Footprint

The Ares Edge

- Founded with consistent credit based approach to investments
- Deep management team with integrated and collaborative approach
- 20+ year track record of compelling risk adjusted returns through market cycles
- Pioneer and a leader in leveraged finance and private credit

Credit

- AUM: $106.3bn
- Strategies:
  - Direct Lending
  - Liquid Credit
  - Alternative Credit

Private Equity

- AUM: $24.7bn
- Strategies:
  - Corporate Private Equity
  - Special Opportunities
  - Energy Opportunities
  - Infrastructure and Power

Real Estate

- AUM: $11.9bn
- Strategies:
  - Real Estate Equity
  - Real Estate Debt

\(^{(1)}\) As of November 1, 2019.

NOTE: As of September 30, 2019, unless otherwise noted. 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. Past performance is not indicative of future results.
ARCC Has Delivered Compelling Long Term Performance

ARCC has a high quality portfolio and leading track record

- **~430 BPS PREMIUM** To Leveraged Loans
- **~15 YEARS** Length of Track Record
- **+1.2%** Annual Net Realized Gains Since Inception
- **14% IRR** On Realized Investments Since Inception
- **420 bps Greater Net ROE** Than Peers
- **13% RETURN** Stock Based Return Since Inception

- Built a high quality portfolio of **352 portfolio companies** with a focus on senior secured loans to middle market companies that has generated long term **~430 bps of yield premium** as compared to leveraged loans and **~310 bps yield premium** to high yield \(^{(1)}\)

- **~15 year track record** with low realized credit losses on over $55 billion of capital invested that has resulted in strong interest and attractive dividend coverage \(^{(2)}\)

- Approximately $1.0 billion in cumulative net realized gains (our gains minus our losses) 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 $34 billion of realized investments since inception in 2004 \(^{(4)}\)

- Attractive 5 year GAAP net return on equity ~**420 bps greater than the peer average** \(^{(5)}\)

- **13% average annual shareholder return** since IPO in 2004 \(^{(6)}\)
  - Outperformed the S&P 500, BDC peers and representative bank index* \(^{(7)}\)

As of September 30, 2019, unless otherwise stated.
Note: Past performance is not indicative of future results.
*Performance to indices and peers is shown for illustrative purposes only and may not be directly comparable. Please refer to Index Definitions for further information.
Please see the notes at the end of this presentation for additional important information.
Ares Capital Corporation - Not for Publication or Distribution
ARCC Has Stable and Broad Sources of Capital

Conservative balance sheet with a longstanding track record of accessing diverse sources of financing

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**Simple Balance Sheet with Low Leverage and Significant Liquidity**

- **Equity**: $7,963
- **Secured Revolvers**: $2,220
- **Unsecured Notes**: $3,680
- **Convertible Notes**: $791
- **Excess Borrowing Capacity**: $2,920

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**Bank**

- **Efficient revolving debt facilities with up to 5 year committed terms**

**Capital Markets**

- **Raised $7 billion in unsecured and convertible notes since 2011**
- **Repaid $2.8 billion of unsecured and convertible notes since 2011**

- **35 banks** across 3 revolving facilities

- **No “mark-to-market” provisions**

- **Over 100 investors** have invested in our unsecured and convertible notes

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**Conservative net debt to equity of 0.89x**

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Note: As of September 30, 2019, unless otherwise stated.
(1) Represents the total aggregate principal amount outstanding as of September 30, 2019.
ARCC’s Market Opportunity and Competitive Advantages
ARCC’s Proven Business Model

ARCC’s time-tested strategy has driven strong returns

- **Broad** product offering
- **Proactive** portfolio management & **skilled** workout professionals
- **Long tenured & highly experienced** investment team
- **Prudent** balance sheet management
- **Rigorous** underwriting & asset selectivity
- **Diversified** sources of revenue
- **Diversified portfolio** of stable credits
- Direct origination & **benefits of scale**

Past performance is not indicative of future results.
Ares Capital Corporation - Not for Publication or Distribution
Secular Trends Drive Opportunity in Direct Lending

Over the last 20 years, the non-bank lending markets have evolved, driven by several long running trends:

- Multidecade trends of bank consolidation has left a void for middle market companies
- Just as banks have retrenched, capital markets have also focused on larger borrowers, further expanding the middle market opportunity

Bank Holdings of Commercial & Industrial (C&I) Loans

U.S. Public vs. Private Dollar Volume

- Since 2009, the growth in private market equity deal volume has grown 20% per year, while the dollar volume of public market equity deal volume has shrunk
- 2015 was the first time more equity capital was raised than the IPO and follow on markets

(1) Source: Standard and Poor’s LCD Leveraged Lending Review Q2-19. Excludes left and right agent commitments (including administrative, syndication and documentation agent as well as arranger).
(2) Source: Public market follow on and IPO data per Refinitiv and PE transaction volume data per Preqin.
Scale Drives Sourcing Advantages

Multi-channel deal sourcing and a national footprint leads to significant deal flow

Deep Relationships

- Relationships with 500+ sponsors
- Multiple investments with 175+ sponsors

Scale Supports Differentiation

- Commit $500mm+ in a single transaction
- Arranger role in 90% of transactions (1)

Proprietary Origination Channels

- 50% of commitments to our existing borrowers (2)
- 13% of portfolio to non-sponsored companies (3)

Comprehensive Sourcing Capabilities Enable Optimal Asset Selectivity with a ~4% Closing Rate (4)

All data as of September 30, 2019, unless otherwise stated. *Office locations in New York, NY and Tarrytown, NY.

(1) Calculated based on the cost basis of ARCC’s portfolio as of September 30, 2019, excluding our investment in the subordinated certificates of the SDLP, equity-only investments and legacy investments from portfolio acquisitions.

(2) Over the past 5 years. Calculated based on the total number of commitments completed during each quarter.

(3) At amortized cost.

(4) 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.

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Why is **Direct** Origination Important?

1. **Widens the Funnel to Provide For a Larger Deal Universe**
   - Selectivity

2. **Primary Diligence on Thousands of Deals Reviewed Since Inception**
   - Potential for Better Investing

3. **Control Over Structures and Better Economics**
   - Differentiated and Diversified Portfolios

4. **Incumbency and Relationships**
   - Long-Term Annuity

**Broad, direct origination is the core foundation of our disciplined investment strategy**

Diversification does not assure profit or protect against market loss.
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Long Tenured & Highly Experienced Investment Team

We believe ARCC benefits from a long tenured and highly experienced team with significant experience in direct lending and extensive middle market knowledge.

ARCC’s Leadership Team Brings

<table>
<thead>
<tr>
<th>Knowledge</th>
<th>Experience</th>
<th>Tenure</th>
<th>Consistency</th>
</tr>
</thead>
</table>

Invested over $55 billion across 1,200+ transactions since 2004

24 years average investing experience

Investment Committee members average tenure at Ares of 14 years

Cycle-tested team

ARCC’s long-term track record has been driven by the strength and experience of the investment team.

As of September 30, 2019. Past performance is not indicative of future results.

(1) Includes invested capital from inception on October 8, 2004 through September 30, 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.

(2) Average number of years investing for all Investment Committee members.
Differentiated Portfolio Management Capabilities and Focus

- 23 person dedicated portfolio management team is enhanced by Ares firm wide resources such as legal, industry experts, etc.
- 7 have restructuring experience
- Team has deep capabilities:
  - Restructuring
  - Valuation
  - Due diligence

Large Portfolio Management Team

Proprietary Technology

Active Management Approach

Extensive Workout Restructuring Experience

- Ares has spent a significant amount of time and effort creating a web based platform which enhances access, speed and quality of information
  - System architecture provides extensive reporting capabilities and data to support investment and portfolio management decisions
- Be early, be smart, be flexible
- Deep ability to protect capital while avoiding unnecessary damage to sponsor relationships
- Generated net positive realized gains vs losses since inception

As of September 30, 2019, unless otherwise noted. Past performance is not indicative of future results.
ARCC Has an Attractive Profile for Creditors and Shareholders
Highly Diversified and Predominately Senior Secured Portfolio

Attractively positioned $13.9 billion (1) portfolio with significant downside protection

- **83% Senior Secured Loans(2)**
- **Average Position Size 0.3%(3)**
- **Largest investment is 3%(4)**

**Portfolio by Asset Class(1)**
- First Lien Senior Secured Loans - 45%
- Second Lien Senior Secured Loans - 32%
- Senior Direct Lending Program, LLC - 6%(5)
- Senior Subordinated Loans - 4%
- Preferred Equity - 5%
- Other Equity - 8%

**Issuer Concentration(1)**
- Senior Direct Lending Program, LLC - 6%(5)
- Athenahealth, Inc. - 3%
- OTG Management, LLC - 2%
- Singer Sewing Company - 2%
- MacLean-Fogg Company - 2%
- The Ultimate Software Group, Inc. - 2%
- Ministry Brands, LLC - 2%
- Remaining Investments - 73%
- Ivy Hill Asset Management, L.P. - 4%
- Pathway Vet Alliance LLC - 2%
- IRI Holdings, Inc. - 2%

Diversification does not assure profit or protect against market loss. Please see notes at the end of this presentation for additional important information.
Industry Selection Supports High Quality Credit Portfolio

Focus on selecting defensively positioned companies in less cyclical industries

ARCC Portfolio by Industry (1)

High Yield and Leveraged Loan Industry Exposure to Cyclical Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>ARCC (3) High Yield (4)</th>
<th>Leveraged Loans (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel &amp; Gaming</td>
<td>&lt;1%</td>
<td>5%</td>
</tr>
<tr>
<td>Media &amp; Entertainment</td>
<td>&lt;1%</td>
<td>5%</td>
</tr>
<tr>
<td>Retail</td>
<td>&lt;1%</td>
<td>2%</td>
</tr>
<tr>
<td>Chemicals, Metals &amp; Mining</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>Transportation / Aerospace &amp; Defense</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>4%</td>
<td>12%</td>
</tr>
</tbody>
</table>

79% of LTM S&P LLI defaults were in cyclical industries undergoing structural shifts (e.g., media, energy and retail)(2)

As of September 30, 2019, unless otherwise stated in Endnotes.
Please see the notes at the end of this presentation for additional important information.
Conservative Portfolio Company Credit Statistics

On average, our portfolio companies use moderate leverage and have strong interest coverage.

Moderate portfolio company leverage with loan-to-values of 50-55%

Strong portfolio company interest coverage

Investing in larger companies

* 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 Q3-19 was approximately 3% 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. (6) Please see the notes at the end of this presentation for additional important information.
ARCC’s Strong Historical Financial Results

Past performance is not indicative of future results.

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Sustained Market Premium Yield for ARCC with Lower Losses

ARCC’s portfolio has historically generated premium performance to syndicated bank loans and high yield bonds with fewer charge-offs*

ARCC’s Portfolio Yield vs. Leveraged Loans & High Yield Bonds*

As of September 30, 2019, unless otherwise noted in Endnotes. Past performance is not indicative of future results.
*Performance to indices is shown for illustrative purposes only and may not be directly comparable. Please refer to Index Definitions for further information.

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

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

Since IPO in October 2004 through September 30, 2019:

| 14% IRR (1)(2) | Cumulative internal rate of return on $34 billion of realized investments |
| ~$1.0 billion Net Realized Gains(3) | Cumulative net realized gains generated in excess of losses |
| 1.2% Net Realized Gain Rate%(3) | 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 |

ARCC generated nearly 250 bps of average annual incremental gain differential vs. Peers since 2004(7)

### Net Realized Gain/(Loss) and Net Charge Off Rates of ARCC, BDC Peers, and Banks

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</tr>
</thead>
<tbody>
<tr>
<td>ARCC(3)</td>
<td>0.4%</td>
<td>0.3%</td>
<td>(2.0)%</td>
<td>1.3%</td>
<td>2.1%</td>
<td>0.9%</td>
<td>1.0%</td>
<td>1.2%</td>
<td>1.5%</td>
<td>1.2%</td>
<td>0.2%</td>
<td>3.5%</td>
<td>0.3%</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>BDC Peer Group Average(4)</td>
<td>0.3%</td>
<td>0.3%</td>
<td>(7.6)%</td>
<td>(4.3)%</td>
<td>(1.4)%</td>
<td>(0.5)%</td>
<td>(0.9)%</td>
<td>0.7%</td>
<td>(0.1)%</td>
<td>(1.4)%</td>
<td>(2.7)%</td>
<td>(1.9)%</td>
<td>(1.4)%</td>
<td>(1.3)%</td>
<td></td>
</tr>
<tr>
<td>Outperformance vs. BDCs (%)</td>
<td>0.1%</td>
<td>—%</td>
<td>5.6%</td>
<td>5.6%</td>
<td>3.5%</td>
<td>1.4%</td>
<td>1.9%</td>
<td>0.5%</td>
<td>1.6%</td>
<td>2.6%</td>
<td>2.9%</td>
<td>5.4%</td>
<td>5.2%</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>Bank C&amp;I Net Charge Off Rate(5)</td>
<td>(0.5)%</td>
<td>(1.0)%</td>
<td>(2.3)%</td>
<td>(1.7)%</td>
<td>(1.0)%</td>
<td>(0.5)%</td>
<td>(0.3)%</td>
<td>(0.2)%</td>
<td>(0.2)%</td>
<td>(0.4)%</td>
<td>(0.4)%</td>
<td>(0.3)%</td>
<td>(0.3)%</td>
<td>(0.6)%</td>
<td></td>
</tr>
<tr>
<td>Outperformance vs. Banks (%)</td>
<td>0.9%</td>
<td>1.3%</td>
<td>0.3%</td>
<td>3.0%</td>
<td>3.1%</td>
<td>1.4%</td>
<td>1.3%</td>
<td>1.4%</td>
<td>1.7%</td>
<td>1.6%</td>
<td>0.6%</td>
<td>3.8%</td>
<td>0.6%</td>
<td>1.8%</td>
<td></td>
</tr>
</tbody>
</table>

Data as of September 30, 2019, unless otherwise noted in Endnotes.
Note: Past performance is not indicative of future results. Please see notes at the end of this presentation for additional important information.
ARCC Has a Compelling Track Record of Credit Performance

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><strong>Period Measured (1)</strong></td>
<td>2004 – Q2-19</td>
<td>2004 – Q2-19</td>
</tr>
<tr>
<td><strong>Significant Capital Deployed (1)</strong></td>
<td>$40 billion</td>
<td>$12 billion</td>
</tr>
<tr>
<td><strong>Meaningful Realizations</strong></td>
<td>71% Realized</td>
<td>58% Realized</td>
</tr>
<tr>
<td><strong>Long History of Investments</strong></td>
<td>1,100+ Investments</td>
<td>300+ Investments</td>
</tr>
<tr>
<td><strong>Leading Loss Performance</strong></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

As of June 30, 2019, unless otherwise stated.
Note: Past performance is not indicative of future results. Please see notes at the end of this presentation for additional important information.
Consistent Core Earnings and Return on Equity

ARCC has generated strong core earnings\(^1\) and stable core ROE\(^2\) since its IPO.

Long standing track record of stable core ROE ranging from ~8% to ~12% annually over the past 10 years.

We have out-earned our dividend with cumulative core earnings plus net realized gains since our IPO.

**Consistent Core Return on Equity \(^2\)**

![Graph showing Consistent Core Return on Equity](image)

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

![Graph showing Cumulative Core Earnings Plus Net Realized Gains vs. Cumulative Dividends](image)

Note: All data as of September 30, 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 notes at the end of this presentation for additional important information.
Capital & Liquidity
Deep and Diverse Access to Debt Financing

Our deep bank and capital market relationships enhance our access to capital supported by our investment grade ratings.

<table>
<thead>
<tr>
<th>Aggregate Principal Amount of Commitments Outstanding</th>
<th>Principal Outstanding</th>
<th>Weighted Average Stated Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured Revolving Facilities (3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving Credit Facility (4)</td>
<td>$3,365</td>
<td>$1,316</td>
</tr>
<tr>
<td>Revolving Funding Facility (5)</td>
<td>1,275</td>
<td>638</td>
</tr>
<tr>
<td>SMBC Funding Facility (6)</td>
<td>500</td>
<td>266</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$5,140</td>
<td>$2,220</td>
</tr>
<tr>
<td>Unsecured Notes Payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 Notes</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>2022 Notes</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>2022 Convertible Notes</td>
<td>388</td>
<td>388</td>
</tr>
<tr>
<td>2023 Notes</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>2024 Convertible Notes</td>
<td>403</td>
<td>403</td>
</tr>
<tr>
<td>2024 Notes</td>
<td>900</td>
<td>900</td>
</tr>
<tr>
<td>2025 Notes</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>2047 Notes</td>
<td>230</td>
<td>230</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$4,471</td>
<td>$4,471</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$9,611</td>
<td>$6,691</td>
</tr>
<tr>
<td>Weighted Average Stated Interest Rate (7)</td>
<td>4.01%</td>
<td>4.02%</td>
</tr>
<tr>
<td>Debt / Equity Ratio, Net of Cash</td>
<td></td>
<td>0.89x</td>
</tr>
</tbody>
</table>

ARCC Has Long Standing Investment Grade Ratings

- Moody’s
  - Current Rating: Baa3
  - Current Outlook: Positive

- S&P Global
  - Current Rating: BBB-
  - Current Outlook: Positive

- Fitch Ratings
  - Current Rating: BBB
  - Current Outlook: Stable

One of three BDCs with investment grade ratings from Moody’s, S&P and Fitch (8)

---

All data as of September 30, 2019, unless otherwise noted. 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. Please see the notes at the end of this presentation for additional important information.
Deep Sources of Liquidity and Well Laddered Maturities

Investment portfolio provides ample cash flows to support debt maturities

The long term average of 36% sales and repayments on our current portfolio of $14.3 billion at amortized cost implies $5.1 billion of annual liquidity, which is significantly in excess of debt maturities in any one year.

Note: As of September 30, 2019, unless otherwise stated.

(1) Investments with contractual maturity dates are included in the year of the stated maturity. The investments in the subordinated certificates of the SDLP and investments with no contractual maturity dates are included in the “Thereafter” years.
Additional Sources of Repayment

In addition to the liquidity from our portfolio we have ~$2.9B of availability on lines of credit as well as a history of issuing debt to refinance maturities.

Sources of Borrowings & Capacity

<table>
<thead>
<tr>
<th>Outstanding (1)</th>
<th>Committed Capacity (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,220</td>
<td>~$2.9 billion of available borrowing capacity</td>
</tr>
<tr>
<td>$6,691</td>
<td>$791</td>
</tr>
<tr>
<td>$3,680</td>
<td>$3,680</td>
</tr>
<tr>
<td>$5,140</td>
<td>$2,220</td>
</tr>
</tbody>
</table>

Convertible Unsecured Notes
Other Unsecured Notes
Secured Revolving Credit Facilities (3)

Contractual Maturities (4)

- Only $600m maturing in next 2+ years

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td>$600</td>
<td>$600</td>
<td>$388</td>
<td>$750</td>
<td>$403</td>
<td>$1,730</td>
</tr>
<tr>
<td>$2,220</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,220</td>
</tr>
</tbody>
</table>

Market access supplements existing liquidity - completed 20 debt capital markets transactions / $7 billion of financings to date

Note: As of September 30, 2019, unless otherwise stated. Please see notes at the end of this presentation for additional important information.
Strong Coverage Ratios

ARCC noteholders benefit from conservative liability structure and significant unencumbered assets

Strong Asset Coverage for Unsecured Notes (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>Coverage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.5x</td>
</tr>
<tr>
<td>2015</td>
<td>2.6x</td>
</tr>
<tr>
<td>2016</td>
<td>2.6x</td>
</tr>
<tr>
<td>2017</td>
<td>2.9x</td>
</tr>
<tr>
<td>2018</td>
<td>3.2x</td>
</tr>
<tr>
<td>Q3-19</td>
<td>2.7x</td>
</tr>
</tbody>
</table>

Significant Fixed Charge Coverage from Earnings (2)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed Charge Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3.2x</td>
</tr>
<tr>
<td>2015</td>
<td>3.2x</td>
</tr>
<tr>
<td>2016</td>
<td>3.6x</td>
</tr>
<tr>
<td>2017</td>
<td>3.5x</td>
</tr>
<tr>
<td>2018</td>
<td>4.1x</td>
</tr>
<tr>
<td>Q3-19</td>
<td>3.8x</td>
</tr>
</tbody>
</table>

Note: The use of leverage magnifies the potential for gain or loss on the amount invested and may increase the risk of investments.

(1) Calculated as investments at fair value pledged to secured facilities and SBA debentures less debt outstanding in secured facilities and SBA debentures, plus cash and cash equivalents, plus unencumbered investments at fair value, all divided by unsecured notes outstanding. Note: Certain assets are not pledged to the Revolving Credit Facility and the facility restricts in certain respects ARCC’s ability to pledge these assets. As of the end of each given period.

(2) Calculated as the ratio of earnings to fixed charges where earnings represent net investment income excluding interest and facility fees, income taxes and capital gains incentive fees accrued in accordance with GAAP, and fixed charges represent interest and facility fees. As of the end of each given period.
Our Conservative Leverage Profile

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

Expanded Cushion

Leverage Profile Favorable Compared to Other Entities

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

We believe ARCC is well positioned to continue generating attractive future financial performance.

Competitive Advantages

- Largest BDC\(^{(1)}\) with long-tenured management team
- Meaningful sourcing and underwriting advantages

Attractive Credit Profile

- Highly diversified portfolio
- Defensively positioned

Leading Track Record

- Attractive risk-adjusted returns
- Industry leading credit results \(^{(2)}\)

Investment Grade Rated, Index Eligible Issuer

- Investment grade rating from Moody’s, S&P and Fitch \(^{(3)}\)
- Deep sources of liquidity and well laddered maturities

Past performance is not indicative of future results.

\(^{(1)}\) By both market capitalization as of September 30, 2019 and total assets as of June 30, 2019, as not all BDC peers have filed September 30, 2019 financial results as of November 1, 2019.

\(^{(2)}\) ARCC generated nearly 250 bps of average annual incremental gain differential vs. Peers since 2004. Annual average for ARCC is from December 31, 2004 through September 30, 2019. Annual average for BDC peer group is from December 31, 2004 to June 30, 2019, as not all BDCs have filed September 30, 2019 financial results as of November 1, 2019.

\(^{(3)}\) As of November 1, 2019
Appendix: Additional Investment and Financial Considerations
ARCC Serves Strong and Vibrant Middle Market Companies

Defining the U.S. Middle Market

- Annual Revenue: $10M–$1B
- Nearly 200,000 Businesses
- 3rd Largest Global Economy
- Nearly 33% of Private Sector GDP
- 1/3 of All U.S. Jobs

Strong Industry Fundamentals

- Middle Market Indicator vs. S&P 500
- Growth in Workforce Size

For illustrative purposes only. Source: National Center for the Middle Market. As of June 30, 2019.
ARCC’s Portfolio Has Generated Higher Returns with Less Risk

Our investment strategy and competitive advantages have led to attractive returns with lower volatility.

### Annual Returns (Dividends & Change in NAV)\(^{(1)}(2)\)

- **3 Years**
  - ARCC: 12.1%
  - BDC Peers: 8.4%
  - High Yield Index: 9.6%
  - Loan Index: 6.3%

- **5 Years**
  - ARCC: 11.2%
  - BDC Peers: 7.0%
  - High Yield Index: 5.2%
  - Loan Index: 4.0%

- **Since IPO (2004)**
  - ARCC: 11.8%
  - BDC Peers: 6.3%
  - High Yield Index: 7.3%
  - Loan Index: 4.7%

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

- **3 Years**
  - ARCC: 1.3%
  - BDC Peers: 3.9%
  - High Yield Index: 5.9%
  - Loan Index: 3.4%

- **5 Years**
  - ARCC: 1.5%
  - BDC Peers: 4.4%
  - High Yield Index: 6.2%
  - Loan Index: 3.4%

- **Since IPO (2004)**
  - ARCC: 7.4%
  - BDC Peers: 11.2%
  - High Yield Index: 10.4%
  - Loan Index: 9.7%

As of June 30, 2019, unless otherwise stated. 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 Realized Gains to Offset Losses

Active portfolio management and internal resources seek to protect downside and have generated net returns on the principal amount of investments across a variety of methods.

---

Our ability to successfully invest equity, acquire companies, structure loans and work out troubled investments has created ~$1,000 mm of net realized gains since our inception (1)

**Sources of Cumulative Net Realized Gains Since 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>~$565</td>
</tr>
<tr>
<td>ARCC Equity Net Gains</td>
<td>Primarily equity tags and minority equity investments</td>
<td>~$340</td>
</tr>
<tr>
<td>ARCC Other Debt Gains</td>
<td>Primarily call protection and discount accretion</td>
<td>~$275</td>
</tr>
<tr>
<td>ARCC Debt Losses</td>
<td>Relatively minimal losses through credit selection &amp; loss avoidance once in deals</td>
<td>~(435)</td>
</tr>
<tr>
<td><strong>Cumulative Net Realized Gains</strong></td>
<td></td>
<td>~$1,000</td>
</tr>
</tbody>
</table>

Note: Past performance is not indicative of future results.

(1) From inception on October 8, 2004 through September 30, 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.
Stable Non-Accruals

ARCC’s non-accruals generally remain low and below historical averages.

Non – Accruals at Cost
Percentage of Total Investment Portfolio

Non – Accruals by Fair Value
Percentage of Total Investment Portfolio

As of September 30, 2019.
(1) Calculated as the average quarterly percentages from Q4-2009 through Q3-2019.
Rigorous Underwriting and Credit Management

Our in-depth process often spans several months, allowing for thoughtful decision making.

Key Attributes of ARCC Borrowers (1)

- Defensive oriented franchise businesses
- High free cash flow
- Above market growth prospects
- Diverse sources of profitability
- Premier financial sponsors with meaningful “skin in the game”
- Leading management teams
- Appropriate capital structure
- ARCC has lead role

Ares’ Approach:

- Seek to invest in leading, non-cyclical businesses with attractive growth prospects and high free cash flows
- Use direct origination and scale to provide greater influence on loan structures to maintain high selectivity
- Seek to be the lead lender with voting control to have the ability to impact outcomes
- Use incumbent positions to support growth of leading portfolio companies and to help enhance credit quality
- Be proactive managing investments and use our robust process to preserve capital and create value

(1) Not every investment meets each of the criteria.
ARCC’s Robust Valuation Process and Approach

**Disciplined, Longstanding Process for Determining Portfolio Valuation**

<table>
<thead>
<tr>
<th>Valuation Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 23 person dedicated portfolio management team provides portfolio monitoring and is responsible for managing the quarterly valuation process</td>
</tr>
<tr>
<td>- Perspective is enhanced by the larger Ares platform including broader industry and deal data and capital markets trends</td>
</tr>
<tr>
<td>- Our view of the market, based upon the ~1,500 middle market deals reviewed during 2018, provides further insight on valuations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Deal team and portfolio management team complete a valuation analysis and write-up on each portfolio company on a quarterly basis</td>
</tr>
<tr>
<td>- Initial recommendations for valuations are produced using widely recognized and utilized valuation approaches and methodologies, including market approach, income approach, and / or cost approach</td>
</tr>
<tr>
<td>- Each valuation package is presented to the Investment Committee for approval with members of the investment team and portfolio management team present</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third Party Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Each portfolio investment is reviewed by one of our four independent valuation providers engaged by the Board of Directors at least once during a trailing 12-month period (with certain de minimis exceptions)</td>
</tr>
<tr>
<td>- SDLP &amp; IHAM are reviewed each quarter</td>
</tr>
<tr>
<td>- Some other portfolio companies may be selected to be reviewed more frequently</td>
</tr>
<tr>
<td>- The independent valuation providers provide positive assurance with independent range of values on each investment valuation reviewed</td>
</tr>
<tr>
<td>- In addition, our independent registered public accounting firm performs select procedures relating to our valuation process within the context of performing the integrated audit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Final Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>- All valuations are presented to the Board of Directors for review and final determination of fair value</td>
</tr>
</tbody>
</table>

As of September 30, 2019, unless otherwise noted.
BDC Structure Offers Benefits to Creditors

We believe creditors benefit from the leverage restrictions and diversification requirements of the BDC/RIC structure.

---

### BDCs are closed-end investment companies regulated by the SEC

- Created to encourage investment in small and middle market companies.
- As of September 30, 2019, there were 53 publicly listed/active BDCs with a total combined market capitalization of $41.2 billion\(^{(1)}\).
- Make debt and equity investments with ability to invest across a company’s capital structure.
- Must generally invest at least 70% of assets in U.S. private companies or U.S. public companies with market capitalizations under $250 million.

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### The BDC/RIC structure provides limitation on leverage and requires portfolio diversification

- Portfolio must be well diversified:
  - No single investment can account for more than 25% of total assets.
  - At least 50% of total assets must be comprised of individual holdings of less than 5% of total assets each.
- ARCC has an asset coverage ratio requirement of at least 150% (maximum debt to equity of approximately 2:1) in order to borrow or pay dividends.
- Required to pay at least 90% of taxable income as dividends to shareholders to qualify as a RIC:
  - Portfolio must generate sufficient cash flows to pay interest as well as dividends to equity investors junior to debt holders.

---

### Ares Capital Corporation is the Largest BDC\(^{(2)}\)

Diversification does not assure profit or protect against market loss.

\(^{(1)}\) Source: SNL Financial and Wells Fargo securities.

\(^{(2)}\) By both market capitalization as of September 30, 2019 and total assets as of June 30, 2019, as not all BDC peers have filed September 30, 2019 financial results as of November 1, 2019.
Reconciliation of Core Earnings

Reconciliations of Core Earnings to GAAP Earnings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Earnings (1)</td>
<td>$ 381</td>
<td>$ 442</td>
<td>$ 473</td>
<td>$ 486</td>
<td>$ 504</td>
<td>$ 592</td>
<td>$ 718</td>
<td>$ 525</td>
<td>$ 615</td>
</tr>
<tr>
<td>Professional fees and other costs related to the American Capital Acquisition (2)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(12)</td>
<td>(40)</td>
<td>(3)</td>
<td>(3)</td>
<td>—</td>
</tr>
<tr>
<td>Ares Reimbursement (3)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>12</td>
<td>12</td>
<td>—</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses)</td>
<td>159</td>
<td>58</td>
<td>153</td>
<td>(129)</td>
<td>(20)</td>
<td>156</td>
<td>164</td>
<td>214</td>
<td>(32)</td>
</tr>
<tr>
<td>Incentive fees attributable to net realized and unrealized gains and losses</td>
<td>(32)</td>
<td>(11)</td>
<td>(29)</td>
<td>27</td>
<td>5</td>
<td>(41)</td>
<td>(33)</td>
<td>(43)</td>
<td>7</td>
</tr>
<tr>
<td>Income tax and other expenses related to net realized and unrealized gains and losses</td>
<td>—</td>
<td>—</td>
<td>(6)</td>
<td>(5)</td>
<td>(3)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>GAAP Earnings</td>
<td>$ 508</td>
<td>$ 489</td>
<td>$ 591</td>
<td>$ 379</td>
<td>$ 474</td>
<td>$ 667</td>
<td>$ 858</td>
<td>$ 705</td>
<td>$ 589</td>
</tr>
</tbody>
</table>

(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) See Note 16 to Ares Capital’s consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for information regarding the American Capital Acquisition.

(3) See Note 13 to Ares Capital’s consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for information regarding the Ares Reimbursement.
Index & ETF Definitions
Index Definitions

Indices are provided for illustrative purposes only and not indicative of any investment. They have not been selected to represent appropriate benchmarks or targets for ARCC. Rather, the indices shown are provided solely to illustrate the performance of well known and widely recognized indices. Any comparisons herein of the investment performance of ARCC to an index are qualified as follows: (i) the volatility of such index will likely be materially different from that of ARCC; (ii) such index will, in many cases, employ different investment guidelines and criteria than ARCC and, therefore, holdings in ARCC will differ significantly from holdings of the securities that comprise such index and ARCC may invest in different asset classes altogether from the illustrative index, which may materially impact the performance of ARCC relative to the index; and (iii) the performance of such index is disclosed solely to allow for comparison on ARCC’s performance to that of a well known index. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that will differ from ARCC. The indices do not reflect the deduction of fees or expenses. You cannot invest directly in an index. No representation is being made as to the risk profile of any benchmark or index relative to the risk profile of ARCC. There can be no assurance that the future performance of any specific investment, or product will be profitable, equal any corresponding indicated historical performance, or be suitable for a portfolio.

1. **The ICE BofA Merrill Lynch 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. Accrued interest is calculated assuming next-day settlement. Cash flows from bond payments that are received during the month are retained in the index until the end of the month and then are removed as part of the rebalancing. Cash does not earn any reinvestment income while it is held in the index. The index is rebalanced on the last calendar day of the month, based on information available up to and including the third business day before the last business day of the month. No changes are made to constituent holdings other than on month end rebalancing dates. Inception date: August 31, 1986.

2. **The Credit Suisse Institutional Leveraged Loan Index ("CSLLI")** is designed to mirror the investable universe of the $US-denominated leveraged loan market. The index inception is January 1992. The index is added to the index on their effective date if they qualify according to the following criteria: 1) Loan facilities must be rated “SB” or lower. That is, the highest Moody’s/S&P ratings are Baa1/BB+ or Ba1/BBB+. If unrated, the initial spread level must be Libor plus 125 basis points or higher. 2) Only fully-funded term loan facilities are included. 3) The tenor must be at least one year. 4) Issuers must be domiciled in developed countries; issuers from developing countries are excluded.

3. **The Standard & Poor’s 500 Index ("S&P 500")** is a market capitalization-weighted index of the 500 largest U.S. publicly traded companies. The S&P 500 is a float-weighted index, meaning company market capitalizations are adjusted by the number of shares available for public trading. The S&P 500 is considered to be a proxy of the U.S. equity market.

4. **The SNL U.S. Registered Investment Companies Index** includes all publicly traded (NYSE, NYSE American, Nasdaq, OTC) Regulated Investment Companies in SNL’s coverage universe. As of December 31, 2018, the index included 55 companies, including ARCC.

5. **The KBW Nasdaq Bank Index ("BKX")** is designed to track the performance of the leading banks and thrifts that are publicly traded in the U.S. The Index includes banking stocks representing the largest U.S. national money centers, regional banks and thrift institutions.

6. **The S&P/LSTA Leveraged Loan Index ("S&P LSTA LLI")** reflect the market-weighted performance of institutional leveraged loans in the U.S. loan market based upon real-time market weightings, spreads and interest payments. Facilities are eligible for inclusion in the index if they are senior secured institutional term loans with a minimum initial spread of 125 and term of one year. They are retired from the index when there is no bid posted on the facility for at least 12 successive weeks or when the loan is repaid.

Ares Capital Corporation - Not for Publication or Distribution
Endnotes
Endnotes

Slide 5: ARCC Has Delivered Compelling Long Term Performance
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 and ICE of BofAML US High Yield Index (“H0A0”) from 2013 to Q3-2019.
2. Includes invested capital from inception on October 8, 2004 through September 30, 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 September 30, 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 $26.6 billion and total proceeds from such exited investments of approximately $33.9 billion from inception on October 8, 2004 through September 30, 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.
5. Analysis includes externally managed BDCs with market capitalizations of at least $400 million or greater as of June 30, 2019, which have been publicly listed for 5 years: AINV, BBDC, BKCC, FSK, GBDC, HTGC, MAIN, NMFC, OCSL, OCI, PFLT, PNNT, PSEC, SLRC, SUNS, TCP, and TSLX. GAAP ROE is measured by net income divided by average equity over the five year period ended June 30, 2019.
6. Source: SNL Financial. As of September 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.
7. As of September 30, 2019. S&P 500 returns measured by the S&P 500 Index, which measures the performance of the large-cap segment of the market. The S&P 500 is considered to be a proxy of the U.S. equity market and is composed of 500 constituent companies. BDC returns measured by SNL U.S. Registered Investment Companies (RICs) Index, which includes all publicly traded (NYSE, NYSE American, NASDAQ, OTC) Regulated Investment Companies in SNL’s coverage universe. Bank returns measured by the KBW Nasdaq Bank Index (BKX), which is a modified market capitalization weighted index designed to track the performance of leading banks and thrifts that are publicly traded in the U.S. The BKX Index includes banking stocks representing large U.S. national money centers, regional banks and thrift institutions.

Slide 15: Highly Diversified and Predominately Senior Secured Portfolio
1. At fair value as of September 30, 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. Average of the amortized cost divided by total portfolio at amortized cost for each portfolio company.
4. Based on fair value as of September 30, 2019. Excludes IHAM & the subordinated certificates of the SDLP.
5. 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 September 30, 2019, the Senior Direct Lending Program, LLC’s (the “SDLP”) loan portfolio totaled approximately $3.5 billion in aggregate principal amount and had loans to 21 different borrowers. As of September 30, 2019, the SDLP’s largest loan to a single borrower was $349 million in aggregate principal amount and the five largest loans to borrowers totaled $1.3 billion in aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital’s portfolio.
Slide 16: Industry Selection Supports High Quality Credit Portfolio

1. 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 $44.5 million, $44.4 million, $45.7 million, $52.1 million and $51.1 million as of 9/30/18, 12/31/18, 3/31/19, 6/30/19 and 9/30/19, respectively. The portfolio average EBITDA for the underlying borrowers in the SDLP was $40.3 million, $40.7 million, $41.8 million, $45.1 million and $44.0 million as of 9/30/18, 12/31/18, 3/31/19, 6/30/19 and 9/30/19, respectively.

2. 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.

3. 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.

4. 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 5.9x, 5.8x, 5.7x, 5.9x and 6.0x as of 9/30/18, 12/31/18, 3/31/19, 6/30/19 and 9/30/19, 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.

5. 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, 2.0x, 2.0x, 2.0x and 2.1x as of 9/30/18, 12/31/18, 3/31/19, 6/30/19 and 9/30/19, 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.

6. 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

Slide 19: Sustained Market Premium Yield for ARCC with Lower Losses

1. 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. 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.

3. The ICE BofAML US High Yield Index ("HYA0") 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.

4. Represents ARCC's average quarterly non-accrual rate at amortized cost from inception in October 8, 2004 to September 30, 2019.


6. 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 September 30, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes realized gains/losses from the extinguishment of debt and other transactions.


Slide 20: Strong Credit and Investment Performance

1. As of September 30, 2019. Based on original cash invested, net of syndications, of approximately $26.6 billion and total proceeds from such exited investments of approximately $33.9 billion from inception on October 8, 2004 through September 30, 2019.

2. 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.

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 September 30, 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. BDC peer group consists of BDCs with a market capitalization of $400 million or greater as of June 30, 2019 or who are under common management with a BDC that meets these criteria and have been publicly traded for at least one year. Peers include: AINV, BBDC, BKCC, CGBD, OCIS, OCSI, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, SUNS, TCP 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.

5. 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.

6. LTM period for ARCC is October 1, 2018 to September 30, 2019. LTM period for the BDC peer group and Banks is July 1, 2018 to June 30, 2019, as not all BDC peers have filed September 30, 2019 financial results as of November 1, 2019.

7. Annual average for ARCC is December 31, 2004 through September 30, 2019. Annual average for the BDC peer group and Banks is from December 31, 2004 through June 30, 2019, as not all BDC peers have filed September 30, 2019 financial results as of November 1, 2019.
Endnotes

Slide 21: ARCC Has a Compelling Track Record of Credit Performance

1. Includes invested capital from inception on October 8, 2004 through June 30, 2019. 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. Defined as total gains/(losses) on assets with a payment default as a percentage of total invested capital since inception, divided by number of years since inception for all first lien loans. For realized investments, this number includes interest, fees, principal proceeds, and related expenses. For unrealized investments, this number includes interest, principal proceeds, fees and related expenses received to-date, as well as the fair market value of the security as determined by the Manager in accordance with U.S. generally accepted accounting principles. Total proceeds represents total cash proceeds received from first lien debt investments as of June 30, 2019. For realized investments, this number includes interest, principal proceeds, fees and related expenses. For unrealized investments, this number includes interest, principal proceeds, fees and related expenses received to-date.

3. Defined as total gains/(losses) on assets with a payment default as a percentage of total invested capital since inception, divided by number of years since inception for all second lien and subordinated loans. For realized investments, this number includes interest, fees, principal proceeds, and related expenses. For unrealized investments, this number includes interest, principal proceeds, fees and related expenses received to-date, as well as the fair market value of the security as determined by the Manager in accordance with U.S. generally accepted accounting principles. Total proceeds represents total cash proceeds received from second lien and subordinated debt investments as of June 30, 2019. For realized investments, this number includes interest, principal proceeds, fees and related expenses. For unrealized investments, this number includes interest, principal proceeds, fees and related expenses received to-date.

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 22: Consistent Core Earnings and Return on Equity

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. See Note 16 to Ares Capital’s consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for information regarding the American Capital Acquisition. See Note 13 to Ares Capital’s consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2018 for information regarding the Ares Reimbursement.

2. Core return on equity calculated as Core Earnings as defined in item (1) above divided by average equity over the relevant time period. Core return on equity as of Q3-19 is Q3-19 Core Earnings as defined in item (1) divided by Q3-19 equity, annualized.
Endnotes

Slide 24: Deep and Diverse Access to Debt Financing

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

2. Effective stated rate as of September 30, 2019.

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. 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 September 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.

5. 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.

6. 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 September 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 10, 2022 and September 10, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 10, 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.

7. Assumes all committed capital is fully drawn. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with the $395 million 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 the term loan tranche.

8. As of November 1, 2019.
**Endnotes**

**Slide 26: Additional Sources of Repayment**

1. Represents the total aggregate principal amount outstanding as of September 30, 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. Represents the total aggregate principal amount outstanding due on the stated maturity.
5. 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 the both the 2022 and 2024 Convertible Notes in cash, shares of common stock or a combination of cash and shares of common stock.
6. The 2020 High Grade Notes, the 2022 High Grade Notes, the 2023 High Grade Notes, the 2024 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, the 2024 High Grade Notes and the 2025 High Grade Notes and any accrued and unpaid interest.
7. 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.
8. As of September 30, 2019, 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.
9. As of September 30, 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.
10. As of September 30, 2019, the end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 10, 2022 and September 10, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 10, 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.

**Slide 28: Our Conservative Leverage Profile**

1. Calculated as the difference between the regulatory leverage limit of approximately 1.00x debt to equity and the mid point of our targeted leverage range of 0.65x – 0.75x debt to equity.
2. Calculated as the difference between the regulatory leverage limit of approximately 2.00x debt to equity which went into effect on June 21, 2019 and the mid point of our newly communicated target leverage range of 0.90x – 1.25x debt to equity.
3. 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 31, 2018, which includes 756 banks, according to SNL Financial.
4. Reflects the average debt to equity ratio of the 291 broadly syndicated CLOs over $500 million that priced during 2018 according to S&P LCD.
5. 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. Data as of close of the CLO in May 1, 2018.

**Slide 32: ARCC’s Portfolio Has Generated Higher Returns with Less Risk**

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 $400 million or greater as of June 30, 2019 or who are under common management with a BDC that meets these criteria and have been publicly traded for at least one year. This includes: AINV, BBDC, BKCC, CGBD, OCSI, FSX, FSDC, GBDC, 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 June 30, 2019: AINV, BBDC, BKCC, FSDC, GBDC, HTGC, MAIN, NMFC, OCSI, FSX, FSDC, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX. The following companies have been public for at least 5 years as of June 30, 2019: AINV, BBDC, BKCC, FSDC, GBDC, HTGC, MAIN, NMFC, OCSI, FSX, FSDC, 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 (“HOAD”) and the Loan Index represents the S&P/LSTA U.S. Leveraged Loan Index (“SPLL”). Data is presented as of June 30, 2019.