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## Section 1: 8-K (8-K)

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# UNITED STATES

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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### FORM 8-K

#### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported) April 30, 2019

## ARES CAPITAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

**Maryland**  
(State or Other Jurisdiction  
of Incorporation)

**814-00663**  
(Commission  
File Number)

**33-1089684**  
(IRS Employer  
Identification No.)

**245 Park Avenue, 44th Floor, New York, NY**  
(Address of Principal Executive Offices)

**10167**  
(Zip Code)

Registrant's telephone number, including area code **(212) 750-7300**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On April 30, 2019, the registrant issued a press release announcing its financial results for the quarter ended March 31, 2019. The text of the press release is included as Exhibit 99.1 to this Form 8-K.

The information disclosed under this Item 2.02, including Exhibit 99.1 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

**Item 7.01 Regulation FD Disclosure.**

On April 30, 2019, the registrant issued a press release, included herewith as Exhibit 99.1, announcing the declaration of a second quarter 2019 dividend of \$0.40 per share, payable on June 28, 2019 to stockholders of record as of June 14, 2019. The registrant previously declared on February 12, 2019 an additional dividend of \$0.02 per share payable, subject to the satisfaction of certain Maryland law requirements, on June 28, 2019 to stockholders of record as of June 14, 2019.

The information disclosed under this Item 7.01, including Exhibit 99.1 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">99.1</a>	Press Release, dated April 30, 2019

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARES CAPITAL CORPORATION

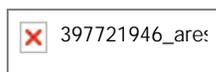
Date: April 30, 2019

By: /s/ PENNI F. ROLL  
Name: Penni F. Roll  
Title: Chief Financial Officer

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## Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



### ARES CAPITAL CORPORATION ANNOUNCES MARCH 31, 2019 FINANCIAL RESULTS AND DECLARES SECOND QUARTER 2019 DIVIDEND OF \$0.40 PER SHARE

#### DIVIDEND DECLARATIONS

New York, NY — April 30, 2019 — Ares Capital Corporation (“Ares Capital”) (NASDAQ: ARCC) announced that its Board of Directors has declared a second quarter dividend of \$0.40 per share. The second quarter dividend is payable on June 28, 2019 to stockholders of record as of June 14, 2019. Ares Capital previously declared on February 12, 2019 an additional dividend of \$0.02 per share, payable, subject to the satisfaction of certain Maryland law requirements, on June 28, 2019 to stockholders of record as of June 14, 2019.

#### MARCH 31, 2019 FINANCIAL RESULTS

Ares Capital also announced financial results for its first quarter ended March 31, 2019.

#### HIGHLIGHTS

##### *Financial*

(dollar amounts in millions, except per share data)	Q1-19		Q1-18	
	Total Amount	Per Share(1)	Total Amount	Per Share(1)
Core EPS(2)		\$ 0.48		\$ 0.38
GAAP EPS		\$ 0.50		\$ 0.57
Net investment income	\$ 201	\$ 0.47	\$ 144	\$ 0.34
Net realized gains (losses)	\$ 56	\$ 0.13	\$ (12)	\$ (0.03)
Net unrealized gains (losses)	\$ (43)	\$ (0.10)	\$ 110	\$ 0.26
GAAP net income	\$ 214	\$ 0.50	\$ 242	\$ 0.57
Dividends declared and payable		\$ 0.42 (3)		\$ 0.38

As of

(dollar amounts in millions, except per share data)	March 31, 2019	December 31, 2018	March 31, 2018
Portfolio investments at fair value	\$ 13,064	\$ 12,417	\$ 12,199
Total assets	\$ 13,962	\$ 12,895	\$ 12,693
Stockholders' equity	\$ 7,339	\$ 7,300	\$ 7,178
Net assets per share	\$ 17.21	\$ 17.12	\$ 16.84

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- (1) All per share amounts are basic and diluted.
- (2) 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 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 in Schedule 1 hereto.
- (3) Includes an additional dividend of \$0.02 per share paid in the first quarter ended March 31, 2019.

## Portfolio Activity

(dollar amounts in millions)	Q1-19	Q4-18	Q1-18
<i>Portfolio Activity During the Period:</i>			
Gross commitments	\$ 1,953	\$ 2,709	\$ 1,792
Exits of commitments	\$ 1,353	\$ 1,021	\$ 1,342
<i>Portfolio as of the End of the Period:</i>			
Number of portfolio company investments	345	344	360
<i>Weighted average yield of debt and other income producing securities(4):</i>			
At amortized cost	10.4%	10.2%	10.1%
At fair value	10.5%	10.3%	10.1%
<i>Weighted average yield on total investments(5):</i>			
At amortized cost	9.3%	9.0%	8.9%
At fair value	9.5%	9.3%	8.8%

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

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

## FIRST QUARTER 2019 OPERATING RESULTS

For the first quarter of 2019, Ares Capital reported GAAP net income of \$214 million or \$0.50 per share (basic and diluted), Core EPS(2) of \$0.48 per share (basic and diluted), net investment income of \$201 million or \$0.47 per share (basic and diluted), and net realized and unrealized gains of \$13 million or \$0.03 per share (basic and diluted).

Net income can vary substantially from period to period due to various factors, including the level of new investment commitments, the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, quarterly comparisons of net income may not be meaningful.

As of March 31, 2019, total assets were \$14.0 billion, stockholders' equity was \$7.3 billion and net asset value per share was \$17.21.

In the first quarter of 2019, Ares Capital made \$2.0 billion in new investment commitments, including commitments to 13 new portfolio companies and 24 existing portfolio companies. Of the new commitments, 36 were sponsored transactions. As of March 31, 2019, 167 separate private equity sponsors were represented in Ares Capital's portfolio. Of the \$2.0 billion in new commitments made during the first quarter of 2019, 42% were in first lien senior secured loans, 39% were in second lien senior secured loans, 8% were in the subordinated certificates of the Senior Direct Lending Program, LLC (the "SDLP"), 7% were in preferred equity and 4% were in other equity securities. Of these commitments, 94% were in floating rate debt securities, of which 91% contained interest rate floors and 9% were in the subordinated certificates of the SDLP to make co-investments with Varagon Capital Partners ("Varagon") and its clients in floating rate first lien senior secured loans through the SDLP, all of which contained interest rate floors. Ares Capital may seek to sell all or a portion of these new investment commitments, although there can be no assurance that Ares Capital will be able to do so.

In the first quarter of 2019, significant new commitments included:

- \$467 million in first lien senior secured revolving and term loans, a second lien senior secured term loan and preferred and other equity in a revenue cycle management provider to physician practices and hospitals;
- \$180 million in a second lien senior secured term loan in a collision repair company;

- \$157 million in first lien senior secured revolving, delayed draw and term loans, second lien senior secured delayed draw and term loans and preferred and other equity in an enterprise management software provider for the convenience retail and petroleum wholesale market;
- \$156 million in the subordinated certificates of the SDLP to make co-investments with Varagon and its clients in first lien senior secured loans to two portfolio companies in a variety of industries;
- \$93 million in a first lien senior secured term loan in an outsourced data collection provider to the market research industry;
- \$91 million in a second lien senior secured term loan in a manufacturer of biologic, metal and synthetic implants and devices;
- \$89 million in first lien senior secured revolving and term loans in a manufacturer of packaging solutions and plastic injection molded products;
- \$58 million in a first lien senior secured delayed draw term loan and second lien senior secured delayed draw and term loans in an insurance service provider;
- \$56 million in first lien senior secured revolving and term loans and equity in a health food company;
- \$55 million in first lien senior secured revolving and term loans in a cloud-based business management solutions provider;
- \$54 million in a second lien senior secured term loan in a diversified food products manufacturer;
- \$52 million in a first lien senior secured term loan in a supply chain risk management platform provider;
- \$51 million in first lien senior secured revolving, delayed draw and term loans in an electronic payment processing solutions provider; and
- \$49 million in first lien senior secured revolving and term loans in a software provider for application development.

Also in the first quarter of 2019, Ares Capital exited approximately \$1.4 billion of investment commitments. Of the total investment commitments exited, 70% were first lien senior secured loans, 29% were second lien senior secured loans and 1% were other equity securities. Of the approximately \$1.4 billion of exited investment commitments, 98% were floating rate, 1% were on non-accrual status and 1% were non-interest bearing.

The fair value of Ares Capital's portfolio investments at March 31, 2019 was \$13.1 billion, including \$11.8 billion in accruing debt and other income producing securities. The total portfolio investments at fair value were comprised of approximately 44% of first lien senior secured loans, 30% of second lien senior secured loans, 6% of subordinated certificates of the SDLP (the proceeds of which were applied to co-investments with Varagon and its clients to fund first lien senior secured loans through the SDLP), 6% of senior subordinated loans, 5% of preferred equity securities and 9% of other equity securities. As of March 31, 2019, the weighted average yield of debt and other income producing securities in the portfolio at amortized cost and fair value was 10.4% and 10.5%, respectively, the weighted average yield on total investments in the portfolio at amortized cost and fair value was 9.3% and 9.5%, respectively, and 85% of the total investments at fair value were in floating rate securities.

"ARCC reported strong first quarter earnings driven by net portfolio growth, increased fee income and stable credit and investment performance," said Kipp deVeer, Chief Executive Officer of Ares Capital. "While we have remained highly selective, we have also continued to find attractive investment opportunities with \$2 billion in new commitments to well positioned middle market companies."

"On the balance sheet front, we have extended debt maturities, increased available capital and further diversified our sources of financing in support of our strategy of making compelling risk adjusted return investments in franchise companies," said Penni Roll, Chief Financial Officer of Ares Capital.

## **PORTFOLIO QUALITY**

Ares Capital Management LLC ("Ares Capital Management" or Ares Capital's "investment adviser") employs an investment rating system to categorize Ares Capital's investments. In addition to various risk management and monitoring tools, Ares Capital's investment adviser grades the credit risk of all investments on a scale of 1 to 4 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to Ares Capital's initial cost basis in respect of such portfolio investment (i.e., at the time of origination or acquisition), although it may also take into account under certain circumstances the performance of the portfolio company's business, the collateral coverage of the investment and other relevant factors. Under this system, investments with a grade of 4 involve the least amount of risk to Ares Capital's initial cost basis. The trends and risk factors for this investment since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments graded 3 involve a level of risk to Ares Capital's initial cost basis that is similar to the risk to Ares Capital's initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to Ares Capital's ability to ultimately recoup the cost

of Ares Capital's investment are neutral to favorable. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3. Investments graded 2 indicate that the risk to Ares Capital's ability to recoup the initial cost basis of such investment has increased materially since origination or acquisition, including as a result of factors such as declining performance and non-compliance with debt covenants; however, payments are generally not more than 120 days past due. An investment grade of 1 indicates that the risk to Ares Capital's ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition, and the portfolio company likely has materially declining performance. For debt investments with an investment grade of 1, most or all of the debt covenants are out of compliance and payments are substantially delinquent. For investments graded 1, it is anticipated that Ares Capital will not recoup Ares Capital's initial cost basis and may realize a substantial loss of Ares Capital's initial cost basis upon exit. For investments graded 1 or 2, Ares Capital's investment adviser enhances its level of scrutiny over the monitoring of such portfolio company. The grade of a portfolio investment may be reduced or increased over time.

As of March 31, 2019 and December 31, 2018, the weighted average grade of the investments in Ares Capital's portfolio at fair value was 3.1 and 3.0, respectively, and loans on non-accrual status represented 2.3% and 2.5%, respectively, of total investments at amortized cost (or 0.4% and 0.6%, respectively, at fair value).

## **LIQUIDITY AND CAPITAL RESOURCES**

As of March 31, 2019, Ares Capital had \$572 million in cash and cash equivalents and \$6.3 billion in total aggregate principal amount of debt outstanding (\$6.2 billion at carrying value). Subject to leverage, borrowing base and other restrictions, Ares Capital had approximately \$0.8 billion available for additional borrowings under its existing credit facilities as of March 31, 2019.

In March 2019, Ares Capital issued \$402.5 million aggregate principal amount of unsecured convertible notes, that mature on March 1, 2024 (the "2024 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. Ares Capital does not have the right to redeem the 2024 Convertible Notes prior to maturity. The 2024 Convertible Notes bear interest at a rate of 4.625% per year, payable semi-annually. The initial conversion price of \$19.88 was approximately 15% above the \$17.29 per share closing price of Ares Capital's common stock on March 5, 2019.

## **FIRST QUARTER 2019 DIVIDEND PAID AND 2019 DECLARED ADDITIONAL DIVIDENDS**

On February 12, 2019, Ares Capital declared a first quarter 2019 dividend of \$0.40 per share and an additional first quarter 2019 dividend of \$0.02 per share for a total of approximately \$179 million. The record date for these dividends was March 15, 2019 and the dividends were paid on March 29, 2019.

On February 12, 2019, Ares Capital also declared additional dividends of \$0.02 per share to be distributed in the second, third and fourth quarter of 2019. The second quarter 2019 additional dividend of \$0.02 per share will be payable on June 28, 2019 to stockholders of record as of June 14, 2019. The third quarter 2019 additional dividend of \$0.02 per share will be payable on September 30, 2019 to stockholders of record as of September 16, 2019. The fourth quarter 2019 additional dividend of \$0.02 per share will be payable on December 27, 2019 to stockholders of record as of December 16, 2019. Payment of the additional June 28, 2019, September 30, 2019 and December 27, 2019 dividends are subject to the satisfaction of certain Maryland law requirements.

## **RECENT DEVELOPMENTS**

In April 2019, Ares Capital amended and restated its senior secured credit facility (as amended, the "Revolving Credit Facility") to, among other things, (a) increase the total size under the Revolving Credit Facility from approximately \$2.1 billion to approximately \$3.4 billion, (b) increase the size of the letter of credit sub-facility from \$150 million to \$200 million, with the ability of Ares Capital to increase incrementally by \$75 million on an uncommitted basis, (c) extend the expiration of the revolving period with respect to all commitments of the lenders under the credit facility to March 30, 2023, during which period Ares Capital, subject to certain conditions, may make borrowings under the credit facility, and (d) extend the stated maturity date with respect to all commitments of the lenders under the credit facility to March 30, 2024.

From April 1, 2019 through April 24, 2019, Ares Capital made new investment commitments of approximately \$183 million, of which \$130 million were funded. Of these new commitments, 51% were in first lien senior secured loans, 48% were in second lien senior secured loans and 1% were in the subordinated certificates of the SDLP. Of the approximately \$183 million of new investment commitments, 100% were floating rate. The weighted average yield of debt and other income producing securities funded during the period at amortized cost was 9.8%. Ares Capital may seek to sell all or a portion of these new investment commitments, although there can be no assurance that it will be able to do so.

From April 1, 2019 through April 24, 2019, Ares Capital exited approximately \$747 million of investment commitments. Of the total investment commitments, 88% were first lien senior secured loans, 11% were senior subordinated loans and 1% were other equity securities. Of the approximately \$747 million of exited investment commitments, 99% were floating rate and 1% were non-interest bearing. The weighted average yield of debt and other income producing securities exited or repaid during the period at amortized cost was 9.3% and the weighted average yield on total investments exited or repaid during the period at amortized cost was 9.3%. On the approximately \$747 million of investment commitments exited from April 1, 2019 through April 24, 2019, Ares Capital recognized total net realized gains of approximately \$14 million.

In addition, as of April 24, 2019, Ares Capital had an investment backlog and pipeline of approximately \$1,055 million and \$195 million, respectively. Investment backlog includes transactions approved by Ares Capital's investment adviser's investment committee and/or for which a formal mandate, letter of intent or a signed commitment have been issued, and therefore Ares Capital believes 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 have 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, Ares Capital's 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 it will make any of these investments or that Ares Capital will sell all or any portion of these investments.

On April 24, 2019, at an in-person meeting, the Board of Directors of Ares Capital approved the form of Second Amended and Restated Advisory and Management Agreement to be entered into by Ares Capital and its investment adviser, effective as of June 6, 2019. The Second Amended and Restated Advisory and Management Agreement will reduce the rate used in calculating the base management fee calculated thereunder from 1.50% to 1.00% per annum with respect to assets financed using leverage over 1.0x debt to equity.

On April 24, 2019, the Board of Directors of Ares Capital appointed (i) Lisa Morgan as Chief Compliance Officer of Ares Capital, replacing Miriam Krieger who had served in such capacity since July 2011, and (ii) Miriam Krieger as Vice President of Ares Capital.

#### **WEBCAST / CONFERENCE CALL**

Ares Capital will host a webcast/conference call on Tuesday, April 30, 2019 at 12:00 p.m. (Eastern Time) to discuss its quarter ended March 31, 2019 financial results. PLEASE VISIT ARES CAPITAL'S WEBCAST LINK LOCATED ON THE HOME PAGE OF THE INVESTOR RESOURCES SECTION OF ARES CAPITAL'S WEBSITE FOR A SLIDE PRESENTATION THAT COMPLEMENTS THE EARNINGS CONFERENCE CALL.

All interested parties are invited to participate via telephone or the live webcast, which will be hosted on a webcast link located on the Home page of the Investor Resources section of Ares Capital's website at [www.arescapitalcorp.com](http://www.arescapitalcorp.com). Please visit the website to test your connection before the webcast. Domestic callers can access the conference call by dialing (888) 317-6003. International callers can access the conference call by dialing +1 (412) 317-6061. All callers will need to enter the Participant Elite Entry Number 0181728 followed by the # sign and reference "Ares Capital Corporation" once connected with the operator. All callers are asked to dial in 10-15 minutes prior to the call so that name and company information can be collected. For interested parties, an archived replay of the call will be available approximately one hour after the end of the call through May 14, 2019 at 5:00 p.m. (Eastern Time) to domestic callers by dialing (877) 344-7529 and to international callers by dialing +1 (412) 317-0088. For all replays, please reference conference number 10129711. An archived replay will also be available through May 14, 2019 on a webcast link located on the Home page of the Investor Resources section of Ares Capital's website.

#### **ABOUT ARES CAPITAL CORPORATION**

Ares Capital is a leading specialty finance company that provides one-stop debt and equity financing solutions to U.S. middle market companies and power generation projects. Ares Capital originates and invests in senior secured loans, mezzanine debt and, to a lesser extent, equity investments through its national direct origination platform. Ares Capital's investment objective is to generate both current income and capital appreciation through debt and equity investments primarily in private companies. Ares Capital has elected to be regulated as a business development company ("BDC") and is the largest BDC by both market capitalization and total assets. Ares Capital is externally managed by a subsidiary of Ares Management Corporation (NYSE: ARES), a publicly traded, leading global alternative asset manager. For more information about Ares Capital Corporation, visit

[www.arescapitalcorp.com](http://www.arescapitalcorp.com). However, the contents of such website are not and should not be deemed to be incorporated by reference herein.

#### **FORWARD-LOOKING STATEMENTS**

Statements included herein or on the webcast/conference call may constitute “forward-looking statements,” which relate to future events or Ares Capital’s future performance or financial condition. These statements are not guarantees of future performance, condition or results and involve a number of risks and uncertainties. Actual results and conditions may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in Ares Capital’s filings with the Securities and Exchange Commission. Ares Capital undertakes no duty to update any forward-looking statements made herein or on the webcast/conference call.

#### **INVESTOR RELATIONS CONTACTS**

Ares Capital Corporation  
Carl G. Drake or John Stilmar  
(888) 818-5298  
irarcc@aresmgmt.com

**ARES CAPITAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
(in millions, except per share data)

	As of	
	March 31, 2019 (unaudited)	December 31, 2018
<b>ASSETS</b>		
Total investments at fair value (amortized cost of \$13,440 and \$12,754, respectively)	\$ 13,064	\$ 12,417
Cash and cash equivalents	572	296
Interest receivable	114	91
Receivable for open trades	28	12
Operating lease right-of-use asset	105	—
Other assets	79	79
<b>Total assets</b>	<b>\$ 13,962</b>	<b>\$ 12,895</b>
<b>LIABILITIES</b>		
Debt	\$ 6,197	\$ 5,214
Base management fees payable	49	45
Income based fees payable	38	36
Capital gains incentive fees payable	64	112
Interest and facility fees payable	25	64
Payable for open trades	35	25
Operating lease liabilities	137	—
Accounts payable and other liabilities	78	99
<b>Total liabilities</b>	<b>6,623</b>	<b>5,595</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$0.001 per share, 600 common shares authorized; 426 and 426 common shares issued and outstanding, respectively	—	—
Capital in excess of par value	7,177	7,173
Accumulated undistributed earnings	162	127
<b>Total stockholders' equity</b>	<b>7,339</b>	<b>7,300</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,962</b>	<b>\$ 12,895</b>
<b>NET ASSETS PER SHARE</b>	<b>\$ 17.21</b>	<b>\$ 17.12</b>

**ARES CAPITAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(in millions, except per share data)  
(unaudited)

	For the Three Months Ended March 31,	
	2019	2018
<b>INVESTMENT INCOME</b>		
Interest income from investments	\$ 289	\$ 254
Capital structuring service fees	45	29
Dividend income	31	22
Other income	8	12
Total investment income	373	317
<b>EXPENSES</b>		
Interest and credit facility fees	67	60
Base management fees	49	46
Income based fees	48	38
Capital gains incentive fees	2	20
Administrative fees	4	3
Other general and administrative	8	11
Total expenses	178	178
Waiver of income based fees	(10)	(10)
Total expenses, net of waiver of income based fees	168	168
<b>NET INVESTMENT INCOME BEFORE INCOME TAXES</b>	<b>205</b>	<b>149</b>
Income tax expense, including excise tax	4	5
<b>NET INVESTMENT INCOME</b>	<b>201</b>	<b>144</b>
<b>REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS, FOREIGN CURRENCY AND OTHER TRANSACTIONS:</b>		
Net realized gains (losses)	56	(12)
Net unrealized gains (losses)	(43)	110
Net realized and unrealized gains on investments, foreign currency and other transactions	13	98
<b>NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS</b>	<b>\$ 214</b>	<b>\$ 242</b>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE</b>	<b>\$ 0.50</b>	<b>\$ 0.57</b>
<b>WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING - BASIC AND DILUTED</b>	<b>426</b>	<b>426</b>

## SCHEDULE 1

### Reconciliations of basic and diluted Core EPS to basic and diluted GAAP EPS

Reconciliations of basic and diluted Core EPS to basic and diluted GAAP EPS, the most directly comparable GAAP financial measure, for the three months ended March 31, 2019 and 2018 are provided below.

	For the Three Months Ended March 31,	
	2019	2018
	(unaudited)	(unaudited)
Basic and diluted Core EPS(1)	\$ 0.48	\$ 0.38
Net realized and unrealized gains	0.03	0.23
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.01)	(0.04)
Income tax expense related to net realized gains and losses	—	—
Basic and diluted GAAP EPS	<u>\$ 0.50</u>	<u>\$ 0.57</u>

- (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 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.