ARES CAPITAL CORP
Form 497
January 20, 2012

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The information in this prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated January 19, 2012

PROSPECTUS SUPPLEMENT
(To prospectus dated October 28, 2011)

14,280,000 Shares

Common Stock

We are offering for sale 14,280,000 shares of our common stock.

Ares Capital Corporation is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. We have elected to be regulated as a business development company under the Investment Company Act of 1940 and the rules and regulations promulgated thereunder. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, we also make equity investments.

We are externally managed by Ares Capital Management LLC, a wholly owned subsidiary of Ares Management LLC, a global alternative asset manager and a Securities and Exchange Commission ("SEC") registered investment adviser with approximately $46 billion of total committed capital under management as of December 31, 2011. Ares Operations LLC, a wholly owned subsidiary of Ares Management LLC, provides the administrative services necessary for us to operate.

Our common stock is traded on The NASDAQ Global Select Market under the symbol "ARCC." On January 19, 2012, the last reported sales price of our common stock on The NASDAQ Global Select Market was $16.09 per share. The net asset value per share of our common stock at September 30, 2011 (the last date prior to the date of this prospectus supplement on which we determined net asset value) was $15.13.

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 27 of the accompanying prospectus, including the risk of leverage.

This prospectus supplement and the accompanying prospectus concisely provide important information about us that you should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information with the SEC. This information is available free of charge by calling us collect at (310) 201-4200 or on our website at *www.arescapitalcorp.com*. The SEC also maintains a website at *www.sec.gov* that contains this information. The information on the websites referred to herein is not incorporated by reference into this prospectus supplement and the accompanying prospectus.

The underwriters have agreed to purchase the common stock from us at a price of $ per share, which will result in $ of proceeds to us before expenses. The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the NASDAQ Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

The underwriters may also purchase up to an additional 2,142,000 shares of our common stock from us at the price per share set forth above within 30 days of the date of this prospectus supplement.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2012.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley**

The date of this prospectus supplement is , 2012.

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You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front cover of this prospectus supplement or such prospectus, as applicable. Our business, financial condition, results of operations and prospects may have changed since that date.

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FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus supplement and the accompanying prospectus constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus supplement involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies', future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the impact of changes in laws or regulations (including interpretation thereof) governing our operations or the operations of our portfolio companies;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- our ability to successfully integrate our business with the business of Allied Capital Corporation, including rotating out of certain investments acquired in connection therewith;
- our ability to recover unrealized losses;
- our ability to successfully invest any capital raised in this offering;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital;
- our contractual arrangements and relationships with third parties;
- Middle East turmoil and the potential for rising energy prices and its impact on the industries in which we invest;
- the general economy (including inflation and the U.S. budget deficit) and its impact on the industries in which we invest;
- the uncertainty surrounding the strength of the U.S. economic recovery;

- United States and European sovereign debt issues;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- our ability to successfully integrate any acquisitions;
- the adequacy of our cash resources and working capital;
- the timing, form and amount of any dividend distributions;
- the timing of cash flows, if any, from the operations of our portfolio companies; and
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments.

We use words such as "anticipates," "believes," "expects," "intends," "will," "should," "may" and similar expressions to identify forward-looking statements, although not all forward-looking statements include these words. Our actual results and condition could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" in the accompanying prospectus and the other information included in this prospectus supplement or the accompanying prospectus.

The forward-looking statements included in this prospectus supplement and the accompanying prospectus have been based on information available to us as of their respective dates, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

The forward-looking statements in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

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THE COMPANY

This summary highlights some of the information contained elsewhere in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under "Risk Factors" in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus. Except where the context suggests otherwise, the terms "we," "us," "our," "the Company" and "Ares Capital" refer to Ares Capital Corporation and its consolidated subsidiaries; "Ares Capital Management" and "the investment adviser" refer to Ares Capital Management LLC; "Ares Operations" refers to Ares Operations LLC; and "Ares" and "Ares Management" refer to Ares Management LLC and its affiliated companies (other than portfolio companies of its affiliated funds).

As described in more detail below, we consummated the acquisition (the "Allied Acquisition") of Allied Capital Corporation ("Allied Capital") on April 1, 2010. Other than as set forth in the pro forma financial information or otherwise specifically set forth herein or the accompanying prospectus, financial information presented herein and in the accompanying prospectus for and as of periods ended on or prior to March 31, 2010 does not include any information in respect of Allied Capital. In addition, other than as set forth in the pro forma financial information or otherwise specifically set forth herein or the accompanying prospectus, financial information for the year ended December 31, 2010, including, without limitation, with respect to the Company's consolidated statements of operations, stockholders' equity and cash flows, only includes results attributable to Allied Capital for the period beginning on April 1, 2010.

Ares Capital

Ares Capital, a Maryland corporation, is a specialty finance company that is a closed-end, non-diversified management investment company. We have elected to be regulated as a business development company, or a "BDC," under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder, or the "Investment Company Act." We were founded on April 16, 2004, were initially funded on June 23, 2004 and completed our initial public offering on October 8, 2004. We are one of the largest BDCs with approximately $15 billion of total committed capital under management as of December 31, 2011, including available debt capacity (subject to leverage and borrowing base restrictions), vehicles directly or indirectly managed or co-managed by us or one of our wholly owned subsidiaries and vehicles managed or sub-managed by our wholly owned portfolio company, Ivy Hill Asset Management, L.P. ("IHAM").

We are externally managed by our investment adviser, Ares Capital Management, a wholly owned subsidiary of Ares Management, a global alternative asset manager and a SEC registered investment adviser with approximately $46 billion of total committed capital under management as of December 31, 2011. Ares Operations, our administrator, a wholly owned subsidiary of Ares Management, provides the administrative services necessary for us to operate.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. However, we may from time to time invest in larger companies. In this prospectus supplement, we generally use the term "middle-market" to refer to companies with annual EBITDA between $10 million and $250 million. As used herein, EBITDA means net income before net interest expense, income tax expense, depreciation and amortization.

On April 1, 2010, we consummated the Allied Acquisition in an all stock merger whereby each existing share of common stock of Allied Capital was exchanged for 0.325 shares of our common stock. The Allied Acquisition was valued at approximately $908 million as of April 1, 2010. In connection therewith, we issued approximately 58.5 million shares of our common stock to Allied Capital's then-existing stockholders, thereby resulting in our then-existing stockholders owning approximately

69% of the combined company and the then-existing Allied Capital stockholders owning approximately 31% of the combined company.

We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. First and second lien senior loans generally are senior debt instruments that rank ahead of subordinated debt of a given portfolio company. Mezzanine debt is subordinated to senior loans and is generally unsecured. Our investments have generally ranged between $20 million and $250 million each, although the investment sizes may be more or less than this range. Our investment sizes are expected to grow with our capital availability.

To a lesser extent, we also make preferred and/or common equity investments, which have generally been non-control equity investments of less than $20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments. Also, as a result of the Allied Acquisition, Allied Capital's equity investments, which included equity investments larger than those we have historically made and controlled portfolio company equity investments, became part of our portfolio. We intend to actively seek opportunities over time to dispose of certain of the assets that were acquired in the Allied Acquisition, particularly non-yielding equity investments and controlled portfolio company investments, as well as lower or non-yielding debt investments and investments that may not be core to our investment strategy, and generally rotate them into higher-yielding first and second lien senior loans and mezzanine debt investments. However, there can be no assurance that this strategy will be successful. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity" for further information on the rotation of investments acquired as part of the Allied Acquisition.

The proportion of these types of investments will change over time given our views on, among other things, the economic and credit environment we are operating in. In connection with our investing activities, we may make commitments with respect to indebtedness or securities of a potential portfolio company substantially in excess of our final investment. In such situations, while we may initially agree to fund up to a certain dollar amount of an investment, we may subsequently syndicate a portion of such amount to third parties, such that we are left with a smaller investment than what was reflected in our original commitment. In addition to originating investments, we may also acquire investments in the secondary market.

The first and second lien senior loans in which we invest generally have stated terms of three to 10 years and the mezzanine debt investments in which we invest generally have stated terms of up to 10 years, but the expected average life of such first and second lien loans and mezzanine debt is generally between three and seven years. However, we may invest in loans and securities with any maturity or duration. The instruments in which we invest typically are not initially rated by any rating agency, but we believe that if such instruments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's Ratings Services). We may invest without limit in debt or other securities of any rating, as well as debt or other securities that have not been rated by any nationally recognized statistical rating organization.

We believe that our investment adviser, Ares Capital Management, is able to leverage the current investment platform, resources and existing relationships with financial sponsors, financial institutions, hedge funds and other investment firms of Ares to provide us with attractive investment opportunities. In addition to deal flow, the Ares investment platform assists our investment adviser in analyzing, structuring and monitoring investments. Ares has been in existence for more than 13 years and its senior principals have an average of over 20 years experience investing in senior loans, high yield bonds, mezzanine debt and private equity securities. The Company has access to the Ares staff of approximately 210 investment professionals and approximately 240 administrative professionals who

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provide assistance in accounting, finance, legal, compliance, operations, information technology and investor relations.

Since our initial public offering on October 8, 2004 through September 30, 2011, our realized gains have exceeded our realized losses by $155.6 million (excluding the one-time gain on the Allied Acquisition and gains/losses from the extinguishment of debt and other assets). For this same time period, we have exited 167 investments, resulting in an aggregate cash flow realized internal rate of return to us of approximately 16% (based on original cash invested of $4.3 billion and total proceeds from such exits of $5.3 billion). Approximately 77% of the exits resulted in an aggregate cash flow internal rate of return to us of 10% or greater. Internal rate of return 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 expenses related to investments as these expenses are not allocable to specific investments. 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 our 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 internal rate of return results are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

While our primary focus is to generate current income and capital appreciation through investments in first and second lien senior loans and mezzanine debt and, to a lesser extent, equity securities of eligible portfolio companies, we also may invest up to 30% of our portfolio in opportunistic investments in non-qualifying assets, as permitted by the Investment Company Act. See "Regulation" in the accompanying prospectus. Specifically, as part of this 30% basket, we may invest in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies outside of the United States, entities that are operating pursuant to certain exceptions to the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for in the Investment Company Act.

We and General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") also co-invest through an unconsolidated vehicle, the Senior Secured Loan Fund LLC, which operates using the name "Senior Secured Loan Program" (the "SSLP"). The SSLP was initially formed in December 2007 to co-invest in "stretch senior" and "unitranche" loans (loans that combine both senior and subordinated debt, generally in a first lien position) of middle-market companies and, as of September 30, 2011, had approximately $5.1 billion of available capital, approximately $3.7 billion in aggregate principal amount of which was funded as of September 30, 2011. At September 30, 2011, we had agreed to make available to the SSLP approximately $1.0 billion, of which approximately $174 million was unfunded. The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by both an affiliate of GE and the Company. See " Recent Developments" for information regarding an increase in the size of the SSLP subsequent to September 30, 2011.

We also manage an unconsolidated fund, AGILE Fund I, LLC (the "AGILE Fund"), which had approximately $62 million of total committed capital under management as of December 31, 2011.

In addition, our portfolio company, IHAM, manages 10 unconsolidated credit vehicles and sub-manages four other unconsolidated credit vehicles (these vehicles managed or sub-managed by IHAM are collectively referred to as the "IHAM Vehicles"), which are described in more detail under "Business Investments Managed Vehicles" in the accompanying prospectus. We have also made direct investments in securities of certain of these vehicles. As of December 31, 2011, IHAM had total committed capital under management of approximately $3.4 billion, which included approximately $0.3 billion invested by Ares Capital in IHAM or securities issued by the IHAM Vehicles.

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About Ares

Founded in 1997, Ares is a global alternative asset manager and SEC registered investment adviser with approximately $46 billion of total committed capital under management and approximately 450 employees as of December 31, 2011.

Ares specializes in originating and managing assets in both the leveraged finance and private equity markets. Ares' leveraged finance activities include the origination, acquisition and management of senior loans, high yield bonds, mezzanine debt and special situation investments. Ares' private equity activities focus on providing flexible, junior capital to middle-market companies. Ares has the ability to invest across a capital structure, from senior floating rate debt to common equity. This flexibility, combined with Ares' "buy and hold" philosophy, enables Ares to structure an investment to meet the specific needs of a company rather than the less flexible demands of the public markets.

Ares is comprised of the following groups:

Private Debt Group. The Ares Private Debt Group manages Ares Capital, Ares Credit Strategies Fund II, L.P., Ares Credit Strategies Fund III, L.P., Ares Mezzanine Partners, L.P., Ares' private debt middle-market financing business in Europe, Ares Capital Europe ("ACE"), as well as the Ares Commercial Real Estate group, which together had approximately $18.5 billion of total committed capital under management as of December 31, 2011, including capital which may be committed for investment both directly and through certain financial services portfolio companies of the Company. The Ares Private Debt Group focuses primarily on non-syndicated first and second lien senior loans and mezzanine debt, which in some cases may include an equity component. The Ares Private Debt Group also makes equity investments in private middle-market companies, usually in conjunction with a concurrent debt investment.

Capital Markets Group. The Ares Capital Markets Group had approximately $22.2 billion of total committed capital under management as of December 31, 2011 through a variety of funds and investment vehicles, focusing primarily on syndicated senior secured loans, high yield bonds, distressed debt, other liquid fixed income investments and other publicly traded debt securities.

Private Equity Group. The Ares Private Equity Group had approximately $5.6 billion of total committed capital under management as of December 31, 2011, primarily through Ares Corporate Opportunities Fund L.P., Ares Corporate Opportunities Fund II, L.P. and Ares Corporate Opportunities Fund III, L.P. (collectively referred to as "ACOF"). ACOF generally makes private equity investments in amounts substantially larger than the private equity investments anticipated to be made by Ares Capital. In particular, the Ares Private Equity Group generally focuses on control-oriented equity investments in under-capitalized companies or companies with capital structure issues.

Ares' senior principals have been working together as a group for many years and have an average of over 20 years of experience in leveraged finance, private equity, distressed debt, investment banking and capital markets. They are backed by a large team of highly disciplined professionals. Ares' rigorous investment approach is based upon an intensive, independent financial analysis, with a focus on preservation of capital, diversification and active portfolio management. These fundamentals underlie Ares' investment strategy and have resulted in large pension funds, banks, insurance companies, endowments and certain high net worth individuals investing in Ares' funds.

Ares Capital Management

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 70 U.S.-based investment professionals led by U.S.-based

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senior partners of the Ares Private Debt Group: Michael Arougheti, Eric Beckman, Kipp deVeer, Mitchell Goldstein and Michael Smith. Ares Capital Management leverages off of Ares' investment platform and benefits from the significant capital markets, trading and research expertise of Ares' investment professionals. Ares has approximately 210 investment professionals covering current investments in more than 1,100 companies across over 30 industries. Ares Capital Management's investment committee has eight members, including senior partners in the Ares Private Debt Group, senior partners in the Ares Private Equity Group and a senior adviser in the Ares Capital Markets Group.

Recent Developments

In October 2011, Ares Capital and Ares Capital CP Funding LLC ("Ares Capital CP"), a wholly owned subsidiary of Ares Capital, amended the Revolving Funding Facility (as defined herein) to, among other things, increase the commitment size from $400 million to $500 million.

In October 2011, the total available capital for the Senior Secured Loan Program was increased from $5.1 billion to $7.7 billion. In connection with this increase, GE and Ares Capital agreed to make available to the SSLP up to $6.2 billion and $1.5 billion, respectively.

From October 1, 2011 through December 31, 2011, we made new investment commitments of $853 million, of which $823 million were funded. Of these new commitments, 55% were in first lien senior secured debt, 30% were in investments in subordinated certificates of the SSLP, 9% were in second lien senior secured debt, 4% were in senior subordinated debt, and 2% were in equity securities. Of the $853 million of new investment commitments, 94% were floating rate, 4% were fixed rate, and 2% were non-interest bearing. The weighted average yield of debt and income producing securities funded during the period at amortized cost was 12.5%. We may seek to syndicate a portion of these new investment commitments to third parties, although there can be no assurance that we will be able to do so.

From October 1, 2011 through December 31, 2011, we exited $688 million of investment commitments. Of these investment commitments, 78% were in first lien senior secured debt, 7% were in second lien senior secured debt, 5% were in senior subordinated debt, 5% were in collateralized loan obligations, and 5% were in equity and other securities. Of the $688 million of exited investment commitments, 84% were floating rate investments, 7% were on non-accrual status, 5% were fixed rate investments, and 4% were non-interest bearing. The weighted average yield of debt and income producing securities exited or repaid during the period at amortized cost was 9.5%. On the $688 million of investment commitments exited from October 1, 2011 through December 31, 2011, we recognized total net realized losses of approximately $5 million. Included within the $688 million of investment commitments exited from October 1, 2011 through December 31, 2011 were $92 million of investment commitments acquired as part of the Allied Acquisition. We recognized net realized gains of approximately $2 million on the investments exited that were acquired as part of the Allied Acquisition.

In addition, as of December 31, 2011, we had an investment backlog and pipeline of $170 million and $215 million, respectively. We may syndicate a portion of these investments and commitments to third parties. The consummation of any of the investments in this backlog and pipeline depends upon, among other things: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation. We cannot assure you that we will make any of these investments or that we will syndicate any portion of such investments and commitments.

In January 2012, Ares Capital and Ares Capital CP amended the Revolving Funding Facility to, among other things, (i) extend the reinvestment period by one year to January 18, 2015, (ii) extend the

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maturity date by one year to January 18, 2017, and (iii) replace the pricing grid with an applicable spread over LIBOR of 2.50% and an applicable spread over "base rate" of 1.50%.

Recently, Ares Capital formed Ares Capital JB Funding LLC ("ACJB LLC"), a wholly owned subsidiary of Ares Capital, through which Ares Capital and ACJB LLC have been in negotiations to establish a revolving funding facility (the "New Funding Facility") by entering into a Loan and Servicing Agreement (the "Loan and Servicing Agreement") currently being negotiated with a large international bank. If the transaction is closed as it is currently proposed, the New Funding Facility will allow ACJB LLC to borrow up to $200 million. In connection with the possible New Funding Facility, we expect to enter into a Purchase and Sale Agreement with ACJB LLC pursuant to which we may sell to ACJB LLC certain loans that we have originated or acquired (the "New Loans") from time to time. The obligations of ACJB LLC under the New Funding Facility as proposed will be secured by all of the assets held by ACJB LLC, including the New Loans sold or transferred by Ares Capital to ACJB LLC. It is anticipated that the New Funding Facility will be a revolving funding facility with a three year reinvestment period and an eight year final maturity date and that the reinvestment period and final maturity are both expected to be subject to two one-year extensions by mutual agreement.

Subject to certain exceptions and as currently proposed, we expect that the interest charged on the New Funding Facility will be based on LIBOR plus 2.125% (with no floor) or a "base rate" (which is the greater of a prime rate and the federal funds rate plus 0.50%) plus 1.125% (with no floor). Neither Ares Capital nor ACJB LLC has entered into the New Funding Facility yet and there can be no assurance that the New Funding Facility will be consummated on the terms described above, if at all. To the extent the New Funding Facility is closed, any borrowings will be subject to leverage and borrowing base restrictions consistent with our other facilities. The foregoing description is a summary only and is qualified by the documents anticipated to be entered into in connection with the New Funding Facility, when, as and if executed by Ares Capital, ACJB LLC and the other parties thereto.

Our Corporate Information

Our administrative offices are located at 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, telephone number (310) 201-4200, and our executive offices are located at 245 Park Avenue, 44th Floor, New York, New York 10167, telephone number (212) 750-7300.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear, directly or indirectly, based on the assumptions set forth below. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement or the accompanying prospectus contains a reference to fees or expenses paid or to be paid by "you," "us," "the Company" or "Ares Capital," or that "we" will pay fees or expenses, stockholders will directly or indirectly bear such fees or expenses as investors in Ares Capital.

Stockholder transaction expenses (as a percentage of offering price):	
Sales load paid by us	%(1)
Offering expenses	%(2)
Dividend reinvestment plan expenses	None (3)
Total stockholder transaction expenses paid	%
Estimated annual expenses (as a percentage of consolidated net assets attributable to common stock)(4):	
Management fees	2.32%(5)
Incentive fees payable under investment advisory and management agreement (20% of pre-incentive fee net investment income and 20% of realized capital gains, subject to certain limitations)	2.32%(6)
Interest payments on borrowed funds	3.81%(7)
Other expenses	1.16%(8)
Acquired fund fees and expenses	0.01%(9)
Total annual expenses (estimated)	9.62%(10)

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(1) The underwriting discounts and commissions with respect to the shares sold in this offering, which is a one-time fee, is the only sales load paid in connection with this offering. Because the underwriters may offer the shares from time to time, for the purpose of calculating sales load, we have assumed the underwriters will sell the shares to the public at a price of $ per share, our closing price on January , 2012.

(2) Amount reflects estimated offering expenses of approximately $ million and based on the 14,280,000 shares offered in this offering (assuming that the underwriters do not exercise their option to purchase additional shares).

(3) The expenses of the dividend reinvestment plan are included in "Other expenses."

(4) "Consolidated net assets attributable to common stock" equals our average net assets for the nine months ended September 30, 2011.

(5) Our management fee is currently 1.5% of our total assets other than cash and cash equivalents (which includes assets purchased with borrowed amounts). For the purposes of this table, we have assumed that we maintain no cash or cash equivalents. The 2.32% reflected on the table is calculated on our average net assets (rather than our total assets). See "Management Investment Advisory and Management Agreement" in the accompanying prospectus.

(6) This item represents our investment adviser's incentive fees based on annualizing actual amounts earned on our pre-incentive fee net investment income for the nine months ended September 30, 2011 and assumes that the incentive fees earned at the end of the 2011 calendar year will be based on the actual cumulative realized capital gains computed net of cumulative realized capital losses and unrealized capital depreciation as of September 30, 2011. For purposes of this table, we

have assumed that this fee will remain constant although it is based on Ares Capital's performance and will not be paid unless Ares Capital achieves certain goals. We expect to invest or otherwise utilize all of the net proceeds from this offering within three months of the date of this offering and may have capital gains and interest income that could result in the payment of an incentive fee to our investment adviser in the first year after completion of this offering. Since our initial public offering through September 30, 2011, the average quarterly incentive fee payable to our investment adviser has been approximately 0.56% of our weighted average net assets (2.24% on an annualized basis). For more detailed information about incentive fees previously incurred by us, please see Note 3 to our consolidated financial statements for the year ended December 31, 2010 and the nine months ended September 30, 2011.

The incentive fee consists of two parts:

The first, payable quarterly in arrears, equals 20% of our pre-incentive fee net investment income (including interest that is accrued but not yet received in cash), subject to a 1.75% quarterly (7.0% annualized) hurdle rate and a "catch-up" provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, our investment adviser receives no incentive fee until our net investment income equals the hurdle rate of 1.75% but then receives, as a "catch-up," 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.1875%. The effect of this provision is that, if pre-incentive fee net investment income exceeds 2.1875% in any calendar quarter, our investment adviser will receive 20% of our pre-incentive fee net investment income as if a hurdle rate did not apply.

The second part (the "Capital Gains Fee"), payable annually in arrears, equals 20% of our realized capital gains on a cumulative basis from inception through the end of the year, if any, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees.

We will defer cash payment of any incentive fee otherwise earned by our investment adviser if, during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period.

These calculations will be adjusted for any share issuances or repurchases.

"Incentive fees payable under investment advisory and management agreement" does not include an accrual (in accordance with GAAP) for a capital gains incentive fee of $28.2 million for the nine months ended September 30, 2011 because no capital gains incentive fee was payable under the investment advisory and management agreement. GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Company Act or the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the Capital Gains Fee plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires us to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual Capital Gains Fees paid or capital gains incentive fees accrued under GAAP in all prior periods. The resulting accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater

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than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future or that the amount accrued for will ultimately be paid.

See "Management Investment Advisory and Management Agreement" in the accompanying prospectus.

(7)

"Interest payments on borrowed funds" represents an estimate of our annualized interest expenses based on actual interest and credit facility expenses incurred for the nine months ended September 30, 2011. During the nine months ended September 30, 2011, our average outstanding borrowings were $1,670.6 million and cash paid for interest expense was $66.1 million. We had outstanding borrowings of $1,899.6 million (with a carrying value of $1,800.2 million) at September 30, 2011. This item is based on our assumption that our borrowings and interest costs after an offering will remain similar to those prior to this offering. The amount of leverage that we employ at any particular time will depend on, among other things, our board of directors' and our investment adviser's assessment of market and other factors at the time of any proposed borrowing. See "Risk Factors Risks Relating to Our Business We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us" in the accompanying prospectus.

(8)

Includes our overhead expenses, including payments under our administration agreement with Ares Operations, based on our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, and income taxes. Such expenses are estimates based on annualized "Other expenses" for the nine months ended September 30, 2011. The holders of shares of our common stock (and not the holders of our debt securities or preferred stock, if any) indirectly bear the cost associated with our annual expenses. See "Management Administration Agreement" in the accompanying prospectus.

(9)

The Company's stockholders indirectly bear the expenses of underlying funds or other investment vehicles that would be investment companies under section 3(a) of the Investment Company Act but for the exceptions to that definition provided for in sections 3(c)(1) and 3(c)(7) of the Investment Company Act ("Acquired Funds") in which the Company invests. This amount includes the fees and expenses of Acquired Funds in which the Company is invested as of September 30, 2011. Certain of these Acquired Funds are subject to management fees, which generally range from 1% to 2.5% of total net assets, or incentive fees, which generally range between 15% to 25% of net profits. When applicable, fees and expenses are based on historic fees and expenses for the Acquired Funds. For those Acquired Funds with little or no operating history, fees and expenses are based on expected fees and expenses stated in the Acquired Funds' offering memorandum, private placement memorandum or other similar communication without giving effect to any performance. Future fees and expenses for these Acquired Funds may be substantially higher or lower because certain fees and expenses are based on the performance of the Acquired Funds, which may fluctuate over time. The amount of the Company's average net assets used in calculating this percentage was based on average monthly net assets of $3.1 billion for the nine months ended September 30, 2011.

(10)

"Total annual expenses" as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage and increase our total assets. The SEC requires that the "Total annual expenses" percentage be calculated as a percentage of net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period), rather than the total assets, including assets that have been funded with borrowed monies.

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Example

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that we would have no additional leverage, that none of our assets are cash or cash equivalents, and that our annual operating expenses would remain at the levels set forth in the table above. Transaction expenses are not included in the following example.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 common stock investment, assuming a 5% annual return(1)	$	$	$	$

(1) The above illustration assumes that we will not realize any capital gains computed net of all realized capital losses and unrealized capital depreciation. The expenses you would pay, based on a $1,000 investment and assuming a 5% annual return resulting entirely from net realized capital gains (and therefore subject to the capital gain incentive fee), and otherwise making the same assumptions in the example above, would be: 1 year, $; 3 years, $; 5 years, $; and 10 years, $. However, cash payment of the capital incentive fee would be deferred if during the most recent four full calendar quarter period ending on or prior to the date the payment set forth in the example is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) was less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period (as adjusted for any share issuances or repurchases).

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the investment advisory and management agreement, which, assuming a 5% annual return, would either not be payable or have an insignificant impact on the expense amounts shown above, is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our board of directors authorizes and we declare a cash dividend, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

This example and the expenses in the table above should not be considered a representation of our future expenses as actual expenses (including the cost of debt, if any, and other expenses) that we may incur in the future and such actual expenses may be greater or less than those shown.

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SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA OF ARES CAPITAL

The following selected financial and other data as of and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 are derived from our consolidated financial statements, which have been audited by KPMG LLP, an independent registered public accounting firm whose report thereon is included elsewhere in the accompanying prospectus. The selected financial and other data for the nine months ended September 30, 2011 and 2010 and other quarterly financial information are derived from our unaudited financial statements, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim periods. Interim results as of and for the nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. The data should be read in conjunction with our consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities," which are included elsewhere in this prospectus supplement or the accompanying prospectus.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA
As of and For the Nine Months Ended September 30, 2011 and 2010 and
As of and For the Years Ended December 31, 2010, 2009, 2008, 2007 and 2006
(dollar amounts in millions, except per share data and as otherwise indicated)

	As of and For the Nine Months Ended September 30, 2011	As of and For the Nine Months Ended September 30, 2010	As of and For the Year Ended December 31, 2010	As of and For the Year Ended December 31, 2009	As of and For the Year Ended December 31, 2008	As of and For the Year Ended December 31, 2007	As of and For the Year Ended December 31, 2006
Total Investment Income	$ 447.3	$ 326.2	$ 483.4	$ 245.3	$ 240.4	$ 188.9	$ 120.0
Total Expenses	252.8	173.4	262.2	111.3	113.2	94.8	58.4
Net Investment Income Before Income Taxes	194.5	152.8	221.2	134.0	127.2	94.1	61.6
Income Tax Expense (Benefit), Including Excise Tax	4.6	0.4	5.4	0.6	0.2	(0.8)	4.9
Net Investment Income	189.9	152.5	215.8	133.4	127.0	94.9	56.7
Net Realized and Unrealized Gains (Losses) on Investments, Foreign Currencies and Extinguishment of Debt and Other Assets	11.4	186.6	280.1	69.3	(266.5)	(4.1)	13.0
Gain on the acquisition of Allied Capital Corporation		$ 195.9	$ 195.9				
Net Increase (Decrease) in Stockholders' Equity Resulting from Operations	$ 201.3	$ 534.9	$ 691.8	$ 202.7	$ (139.5)	$ 90.8	$ 69.7
Per Share Data:							
Net Increase (Decrease) in Stockholder's Equity Resulting from Operations:							
Basic(1)	$ 0.98	$ 3.16	$ 3.91	$ 1.99	$ (1.56)	$ 1.34	$ 1.58
Diluted(1)	$ 0.98	$ 3.16	$ 3.91	$ 1.99	$ (1.56)	$ 1.34	$ 1.58
Cash Dividend Declared	$ 1.05	$ 1.05	$ 1.40	$ 1.47	$ 1.68	$ 1.66	$ 1.64
Net Asset Value	$ 15.13	$ 14.43	$ 14.92	$ 11.44	$ 11.27	$ 15.47	$ 15.17
Total Assets	$ 5,045.5	$ 4,432.2	$ 4,562.5	$ 2,313.5	$ 2,091.3	$ 1,829.4	$ 1,348.0
Total Debt (Carrying Value)	$ 1,800.2	$ 1,524.1	$ 1,378.5	$ 969.5	$ 908.8	$ 681.5	$ 482.0
Total Debt (Principal Value)	$ 1,899.6	$ 1,583.3	$ 1,435.1	$ 969.5	$ 908.8	$ 681.5	$ 482.0
Total Stockholders' Equity	$ 3,103.3	$ 2,778.5	$ 3,050.5	$ 1,257.9	$ 1,094.9	$ 1,124.6	$ 789.4
Other Data:							
Number of Portfolio Companies at Period End(2)	141	184	170	95	91	78	60
Principal Amount of Investments Purchased	$ 2,344.4	$ 1,089.5	$ 1,583.9	$ 575.0	$ 925.9	$ 1,251.3	$ 1,087.5
Principal Amount of Investments Acquired as part of the Allied Acquisition		$ 1,833.8	$ 1,833.8				
Principal Amount of Investments Sold and Repayments	$ 1,870.2	$ 1,163.5	$ 1,555.1	$ 515.2	$ 485.3	$ 718.7	$ 430.0
Total Return Based on Market Value(3)	7.1%	34.1%	43.6%	119.9%	(45.3)%	(14.8)%	29.1%
Total Return Based on Net Asset Value(4)	6.6%	24.1%	31.6%	17.8%	(11.2)%	9.0%	10.7%

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	As of and For the Nine Months Ended September 30, 2011	As of and For the Nine Months Ended September 30, 2010	As of and For the Year Ended December 31, 2010	As of and For the Year Ended December 31, 2009	As of and For the Year Ended December 31, 2008	As of and For the Year Ended December 31, 2007	As of and For the Year Ended December 31, 2006
Weighted Average Yield of Debt and Income Producing Equity Securities at Fair Value(5):	11.9%	12.9%	12.9%	12.7%	12.8%	11.7%	12.0%
Weighted Average Yield of Debt and Income Producing Equity Securities at Amortized Cost(5):	11.9%	13.1%	13.2%	12.1%	11.7%	11.6%	11.6%

(1)
In accordance with Accounting Standards Codification ("ASC") 260-10 (previously Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings Per Share), the weighted average shares of common stock outstanding used in computing basic and diluted earnings per common share have been adjusted retroactively by a factor of 1.02% to recognize the bonus element associated with rights to acquire shares of common stock that we issued to stockholders of record as of March 24, 2008 in connection with a rights offering.

(2)
Includes commitments to portfolio companies for which funding has yet to occur.

(3)
Total return based on market value for the nine months ended September 30, 2011 equals the decrease of the ending market value at September 30, 2011 of $13.77 per share over the ending market value at December 31, 2010 of $16.48 per share plus the declared dividends of $1.05 per share for the nine months ended September 30, 2011. Total return based on market value for the year ended December 31, 2010 equals the increase of the ending market value at December 31, 2010 of $16.48 per share over the ending market value at December 31, 2009 of $12.45 per share plus the declared dividends of $1.40 per share for the year ended December 31, 2010. Total return based on market value for the year ended December 31, 2009 equals the increase of the ending market value at December 31, 2009 of $12.45 per share over the ending market value at December 31, 2008 of $6.33 per share plus the declared dividends of $1.47 per share for the year ended December 31, 2009. Total return based on market value for the year ended December 31, 2008 equals the decrease of the ending market value at December 31, 2008 of $6.33 per share from the ending market value at December 31, 2007 of $14.63 per share plus the declared dividends of $1.68 per share for the year ended December 31, 2008. Total return based on market value for the year ended December 31, 2007 equals the decrease of the ending market value at December 31, 2007 of $14.63 per share from the ending market value at December 31, 2006 of $19.11 per share plus the declared dividends of $1.66 per share for the year ended December 31, 2007. Total return based on market value for the year ended December 31, 2006 equals the increase of the ending market value at December 31, 2006 of $19.11 per share over the ending market value at December 31, 2005 of $16.07 per share plus the declared dividends of $1.64 per share for the year ended December 31, 2006. Total return based on market value is not annualized.

(4)
Total return based on net asset value for the nine months ended September 30, 2011 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.05 per share for the nine months ended September 30, 2011, divided by the beginning asset value. Total return based on net asset value for the year ended December 31, 2010 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.40 per share for the year ended December 31, 2010, divided by the beginning net asset value. Total return based on net asset value for the year ended December 31, 2009 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.47 per share for the year ended December 31, 2009, divided by the beginning net asset value. Total return based on net asset value for the year ended December 31, 2008 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.68 per share for the year ended December 31, 2008, divided by the beginning net asset value. Total return based on net asset value for the year ended December 31, 2007 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.66 per share for the year ended December 31, 2007, divided by the beginning net asset value. Total return based on net asset value for the year ended December 31, 2006 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.64 per share for the year ended December 31, 2006, divided by the beginning net asset value. Total return based on net asset value is not annualized.

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

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SELECTED QUARTERLY DATA (Unaudited)
(dollar amounts in thousands, except per share data)

	2011		
	Q3	Q2	Q1
Total investment income	$ 167,365	$ 144,307	$ 135,691
Net investment income before net realized and unrealized gains (losses) and incentive compensation	$ 108,517	$ 85,509	$ 78,764
Incentive compensation	$ 10,159	$ 41,746	$ 30,941
Net investment income before net realized and unrealized gains (losses)	$ 98,358	$ 43,763	$ 47,823
Net realized and unrealized gains (losses)	$ (57,719)	$ (6,840)	$ 75,943
Net increase in stockholders' equity resulting from operations	$ 40,369	$ 36,923	$ 123,766
Basic and diluted earnings per common share	$ 0.20	$ 0.18	$ 0.61
Net asset value per share as of the end of the quarter	$ 15.13	$ 15.28	$ 15.45

	2010			
	Q4	Q3	Q2	Q1
Total investment income	$ 157,170	$ 138,126	$ 121,590	$ 66,510
Net investment income before net realized and unrealized gains (losses) and incentive compensation	$ 99,323	$ 89,025	$ 64,514	$ 39,849
Incentive compensation	$ 35,973	$ 17,805	$ 14,973	$ 8,144
Net investment income before net realized and unrealized gains (losses)	$ 63,350	$ 71,220	$ 49,541	$ 31,705
Net realized and unrealized gains (losses)	$ 93,538	$ 57,157	$ 280,613(1)	$ 44,710
Net increase in stockholders' equity resulting from operations	$ 156,888	$ 128,377	$ 330,154	$ 76,415
Basic and diluted earnings per common share	$ 0.79	$ 0.67	$ 1.73	$ 0.61
Net asset value per share as of the end of the quarter	$ 14.92	$ 14.43	$ 14.11	$ 11.78

(1) Includes gain on the Allied Acquisition of $195,876.

	2009			
	Q4	Q3	Q2	Q1
Total investment income	$ 69,264	$ 60,881	$ 59,111	$ 56,016
Net investment income before net realized and unrealized gains (losses) and incentive compensation	$ 47,920	$ 41,133	$ 39,935	$ 37,750
Incentive compensation	$ 9,568	$ 8,227	$ 7,987	$ 7,550
Net investment income before net realized and unrealized gains (losses)	$ 38,352	$ 32,906	$ 31,948	$ 30,200
Net realized and unrealized gains (losses)	$ 31,278	$ 30,370	$ 2,805	$ 4,834
Net increase (decrease) in stockholders' equity resulting from operations	$ 69,630	$ 63,276	$ 34,753	$ 35,034
Basic and diluted earnings per common share	$ 0.64	$ 0.62	$ 0.36	$ 0.36
Net asset value per share as of the end of the quarter	$ 11.44	$ 11.16	$ 11.21	$ 11.20

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	2008			
	Q4	Q3	Q2	Q1
Total investment income	$ 62,723	$ 62,067	$ 63,464	$ 52,207
Net investment income before net realized and unrealized gains (losses) and incentive compensation	$ 40,173	$ 41,025	$ 45,076	$ 32,466
Incentive compensation	$ 8,035	$ 8,205	$ 9,015	$ 6,493
Net investment income before net realized and unrealized gains (losses)	$ 32,138	$ 32,820	$ 36,061	$ 25,973
Net realized and unrealized gains (losses)	$ (142,638)	$ (74,213)	$ (32,789)	$ (16,807)
Net increase (decrease) in stockholders' equity resulting from operations	$ (110,500)	$ (41,393)	$ 3,272	$ 9,166
Basic and diluted earnings per common share	$ (1.14)	$ (0.43)	$ 0.04	$ 0.12
Net asset value per share as of the end of the quarter	$ 11.27	$ 12.83	$ 13.67	$ 15.17

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UNAUDITED SELECTED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

The following table sets forth the unaudited pro forma condensed consolidated statement of operations for Ares Capital and Allied Capital as a consolidated entity. The unaudited pro forma condensed consolidated operating data for the year ended December 31, 2010 is presented as if the Allied Acquisition had been completed on January 1, 2010. In the opinion of management, all adjustments necessary to reflect the effect of this transaction have been made. The Allied Acquisition was accounted for under the acquisition method of accounting as provided by ASC 805-10 (previously SFAS No. 141(R)), *Business Combinations* ("ASC 805-10").

The unaudited pro forma condensed consolidated statement of operations should be read together with the respective historical audited and unaudited consolidated financial statements of Allied Capital and Ares Capital, and the notes thereto, included elsewhere in this prospectus supplement or the accompanying prospectus. The unaudited pro forma condensed consolidated statement of operations is presented for comparative purposes only and does not necessarily indicate the future operating results of Ares Capital following the completion of the Allied Acquisition. The unaudited pro forma condensed consolidated statement of operations does not include adjustments to reflect any cost savings or other operational efficiencies that may be realized as a result of the Allied Acquisition or any future merger related restructuring or integration expenses.

The following should be read in connection with the section entitled "Unaudited Pro Forma Condensed Consolidated Statement of Operations" and other information included in this prospectus supplement and the accompanying prospectus.

See in this prospectus supplement "Management's Discussion and Analysis of Financial Condition and Results of Operations Allied Acquisition" for a description of the terms of the Allied Acquisition and in the accompanying prospectus "Risk Factors Risks Relating to Our Business We may be unable to realize the benefits anticipated by the Allied Acquisition or it may take longer than anticipated to achieve such benefits" for a description of certain risks associated with the Allied Acquisition.

(dollar amounts in thousands, except per share data and as otherwise indicated)

	For the Year Ended December 31, 2010
Total Investment Income	$ 537,488
Total Expenses	291,912
Net Investment Income Before Income Taxes	245,576
Income Tax Expense	6,594
Net Investment Income	238,982
Net Realized and Unrealized Gains on Investments, Foreign Currencies, Acquisitions, Extinguishment of Debt and Sale of Other Assets	246,879
Net Increase in Stockholders' Equity Resulting from Operations	$ 485,861

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UNAUDITED PRO FORMA PER SHARE DATA

The following selected unaudited combined pro forma per share information for the year ended December 31, 2010 reflects the Allied Acquisition and related transactions as if they had occurred on January 1, 2010.

Such unaudited pro forma combined per share information is based on the historical financial statements of Ares Capital and Allied Capital and on publicly available information and certain assumptions and adjustments as discussed in the section entitled "Unaudited Pro Forma Condensed Consolidated Statement of Operations." This unaudited pro forma combined per share information is provided for illustrative purposes only and is not necessarily indicative of what the operating results of Ares Capital or Allied Capital would have been had the Allied Acquisition and related transactions been completed at the beginning of the period indicated, nor are they necessarily indicative of any future operating results.

The following should be read in connection with the section entitled "Unaudited Pro Forma Condensed Consolidated Statement of Operations" and other information included in this prospectus supplement and the accompanying prospectus.

See in this prospectus supplement "Management's Discussion and Analysis of Financial Condition and Results of Operations Allied Acquisition" for a description of the terms of the Allied Acquisition and in the accompanying prospectus "Risk Factors Risks Relating to Our Business We may be unable to realize the benefits anticipated by the Allied Acquisition or it may take longer than anticipated to achieve such benefits" for a description of certain risks associated with the Allied Acquisition.

	For the Year Ended December 31, 2010			
	Ares Capital	Allied Capital	Pro forma Combined Ares Capital	Per Equivalent Allied Capital Share(1)
Net Increase (Decrease) in Stockholders' Equity Resulting from Operations:				
Basic	$ 3.91	$ (0.20)	$ 2.54	$ 0.83
Diluted	$ 3.91	$ (0.20)	$ 2.54	$ 0.83
Cash Dividends Declared(2)	$ 1.40	$ 0.20	$ 1.40	$ 0.46

(1) The Allied Capital equivalent pro forma per share amount is calculated by multiplying the pro forma combined share amounts by the common stock exchange ratio of 0.325.

(2) The cash dividends declared per share represent the actual dividends declared per share for the period presented. The pro forma combined dividends declared is the dividends per share as declared by Ares Capital.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of 14,280,000 shares of our common stock in this offering will be approximately $ million (or approximately $ million if the underwriters fully exercise their option to purchase additional shares), in each case after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

We expect to use the net proceeds of this offering to repay outstanding indebtedness under the Revolving Credit Facility ($395.0 million outstanding as of December 31, 2011) or the Revolving Funding Facility ($463.0 million outstanding as of December 31, 2011).

Subject to certain exceptions, pricing under the Revolving Credit Facility is based on LIBOR plus an applicable spread of between 2.50% and 4.00% or on the "alternate base rate" plus an applicable spread of between 1.50% and 3.00%, in each case, based on a pricing grid depending upon our credit rating. As of December 31, 2011, the effective LIBOR spread under the Revolving Credit Facility was 3.00%. The Revolving Credit Facility matures on January 22, 2013. Subject to certain exceptions, the interest charged on the Revolving Funding Facility is based on LIBOR plus an applicable spread of 2.50% or on a "base rate" plus an applicable spread of 1.50%. The effective LIBOR spread under the Revolving Funding Facility as of the date of this prospectus supplement was 2.50%. The Revolving Funding Facility is scheduled to expire on January 18, 2017 (subject to a one-year extension option exercisable upon mutual consent).

Affiliates of the underwriters are lenders under the Revolving Credit Facility. Accordingly, affiliates of the underwriters may receive more than 5% of the proceeds of this offering to the extent such proceeds are used to repay or repurchase outstanding indebtedness under the Revolving Credit Facility.

We intend to use any net proceeds from this offering that are not applied as described above for general corporate purposes, which include investing in portfolio companies in accordance with our investment objective.

Investing in portfolio companies could include investments in our investment backlog and pipeline that, as of December 31, 2011, were approximately $170 million and $215 million, respectively. Please note that the consummation of any of the investments in this backlog and pipeline depends upon, among other things: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation, and there can be no guarantee that we will consummate any of these investments or that we will syndicate any portion of such investments or commitments.

Our primary focus is to generate current income and capital appreciation through investments in first and second lien senior loans and mezzanine debt and, to a lesser extent, equity securities of eligible portfolio companies. In addition to such investments, we may invest up to 30% of our portfolio in opportunistic investments of non-qualifying assets, as permitted by the Investment Company Act. As part of this 30% basket, we may invest in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies outside of the United States, entities that are operating pursuant to certain exceptions to the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for in the Investment Company Act.

Pending such investments, we will invest a portion of the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality short-term investments. These securities may earn yields substantially lower than the income that we anticipate receiving once we are fully invested in accordance with our investment objective. As a result, we may not be able to achieve our investment objective and/or pay any dividends during this period or, if we are able to do so, such

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dividends may be substantially lower than the dividends that we expect to pay when our portfolio is fully invested. If we do not realize yields in excess of our expenses, we may incur operating losses and the market price of our common stock may decline. See "Regulation Temporary Investments" in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

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PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on The NASDAQ Global Select Market under the symbol "ARCC." Our common stock has historically traded at prices both above and below its net asset value per share. It is not possible to predict whether the common stock offered hereby will trade at, above, or below net asset value. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus Our shares of common stock have traded at a discount from net asset value and may do so again in the future, which could limit our ability to raise additional equity capital" in the accompanying prospectus.

The following table sets forth, for each fiscal quarter for the fiscal years ended December 31, 2009, 2010 and 2011, the net asset value per share of our common stock, the range of high and low closing sales prices of our common stock, the closing sales price as a percentage of net asset value and the dividends or distributions declared by us. On January 19, 2012, the last reported closing sales price of our common stock on The NASDAQ Global Select Market was $16.09 per share, which represented a premium of approximately 6.3% to the net asset value per share reported by us as of September 30, 2011.

	Net Asset Value(1)	Price Range		High Sales Price to Net Asset Value(2)	Low Sales Price to Net Asset Value(2)	Cash Dividend Per Share(3)
		High	Low			
Year ended December 31, 2009						
First Quarter	$ 11.20	$ 7.39	$ 3.21	66.0%	28.7%	$ 0.42
Second Quarter	$ 11.21	$ 8.31	$ 4.53	74.1%	40.4%	$ 0.35
Third Quarter	$ 11.16	$ 11.02	$ 7.04	98.7%	63.1%	$ 0.35
Fourth Quarter	$ 11.44	$ 12.71	$ 10.21	111.1%	89.2%	$ 0.35
Year ended December 31, 2010						
First Quarter	$ 11.78	$ 14.82	$ 11.75	125.8%	99.7%	$ 0.35
Second Quarter	$ 14.11	$ 16.40	$ 12.53	116.2%	88.8%	$ 0.35
Third Quarter	$ 14.43	$ 15.89	$ 12.44	110.1%	86.2%	$ 0.35
Fourth Quarter	$ 14.92	$ 17.26	$ 15.64	115.7%	104.8%	$ 0.35
Year ending December 31, 2011						
First Quarter	$ 15.45	$ 17.83	$ 16.08	115.4%	104.1%	$ 0.35
Second Quarter	$ 15.28	$ 17.71	$ 15.70	115.9%	102.7%	$ 0.35
Third Quarter	$ 15.13	$ 16.30	$ 13.07	107.7%	86.4%	$ 0.35
Fourth Quarter	*	$ 15.95	$ 13.26	*	*	$ 0.36
Year ending December 31, 2012						
First Quarter (through January 19, 2012)	*	$ 16.09	$ 15.51	*	*	**

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low closing sales prices. The net asset values shown are based on outstanding shares at the end of the relevant quarter.

(2) Calculated as the respective high or low closing sales price divided by net asset value.

(3) Represents the dividend or distribution declared in the relevant quarter.

* Net asset value has not yet been calculated for this period.

** Dividend has not yet been declared for this period.

We currently intend to distribute quarterly dividends or distributions to our stockholders. Our quarterly dividends or distributions, if any, will be determined by our board of directors.

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The following table summarizes our dividends or distributions declared to date:

Date Declared	Record Date	Payment Date	Amount
December 16, 2004	December 27, 2004	January 26, 2005	$ 0.30
Total declared for 2004			$ 0.30
February 23, 2005	March 7, 2005	April 15, 2005	$ 0.30
June 20, 2005	June 30, 2005	July 15, 2005	$ 0.32
September 6, 2005	September 16, 2005	September 30, 2005	$ 0.34
December 12, 2005	December 22, 2005	January 16, 2006	$ 0.34
Total declared for 2005			$ 1.30
February 28, 2006	March 24, 2006	April 14, 2006	$ 0.36
May 8, 2006	June 15, 2006	June 30, 2006	$ 0.38
August 9, 2006	September 15, 2006	September 29, 2006	$ 0.40
November 8, 2006	December 15, 2006	December 29, 2006	$ 0.40
November 8, 2006	December 15, 2006	December 29, 2006	$ 0.10
Total declared for 2006			$ 1.64
March 8, 2007	March 19, 2007	March 30, 2007	$ 0.41
May 10, 2007	June 15, 2007	June 29, 2007	$ 0.41
August 9, 2007	September 14, 2007	September 28, 2007	$ 0.42
November 8, 2007	December 14, 2007	December 31, 2007	$ 0.42
Total declared for 2007			$ 1.66
February 28, 2008	March 17, 2008	March 31, 2008	$ 0.42
May 8, 2008	June 16, 2008	June 30, 2008	$ 0.42
August 7, 2008	September 15, 2008	September 30, 2008	$ 0.42
November 6, 2008	December 15, 2008	January 2, 2009	$ 0.42
Total declared for 2008			$ 1.68
March 2, 2009	March 16, 2009	March 31, 2009	$ 0.42
May 7, 2009	June 15, 2009	June 30, 2009	$ 0.35
August 6, 2009	September 15, 2009	September 30, 2009	$ 0.35
November 5, 2009	December 15, 2009	December 31, 2009	$ 0.35
Total declared for 2009			$ 1.47
February 25, 2010	March 15, 2010	March 31, 2010	$ 0.35
May 10, 2010	June 15, 2010	June 30, 2010	$ 0.35
August 5, 2010	September 15, 2010	September 30, 2010	$ 0.35
November 4, 2010	December 15, 2010	December 31, 2010	$ 0.35
Total declared for 2010			$ 1.40
March 1, 2011	March 15, 2011	March 31, 2011	$ 0.35
May 3, 2011	June 15, 2011	June 30, 2011	$ 0.35
August 4, 2011	September 15, 2011	September 30, 2011	$ 0.35
November 8, 2011	December 15, 2011	December 30, 2011	$ 0.36
Total declared for 2011			$ 1.41

To maintain our status as a regulated investment company, or a "RIC," under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), we must timely distribute an amount equal to at least 90% of our investment company taxable income (as defined by the Code, which generally includes net ordinary income and net short term capital gains) to our stockholders. In

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addition, the Company generally will be required to pay an excise tax equal to 4% of the amount by which 98% of the Company's (i) ordinary income recognized during a calendar year and (ii) capital gain net income (as defined by the Code) recognized for the one year period ending on October 31st of a calendar year exceeds the distributions for the year. For 2011 and beyond, 98.2% of capital gain net income must be distributed to avoid the excise tax. The taxable income on which excise tax is paid is generally distributed to stockholders in the next tax year. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income for distribution in the following year, and pay any applicable excise tax. For the nine months ended September 30, 2011 we recorded a net excise tax expense of $4.1 million. For the year ended December 31, 2010 we recorded a net excise tax expense of $2.2 million. We cannot assure you that we will achieve results that will permit the payment of any cash distributions.

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend, then stockholders' cash dividends will be automatically reinvested in additional shares of our common stock unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash dividends. See "Dividend Reinvestment Plan" in the accompanying prospectus.

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CAPITALIZATION

The following table sets forth our actual capitalization at September 30, 2011. You should read this table together with "Use of Proceeds" and our most recent balance sheet included elsewhere in this prospectus supplement.

	As of September 30, 2011 (unaudited) (in thousands, except per share data)	
	Actual	
Cash and cash equivalents	$	103,146
Debt(1)		
Revolving Funding Facility	$	383,000
Revolving Credit Facility		189,820
Debt Securitization		91,808
February 2016 Convertible Notes		539,394
June 2016 Convertible Notes		215,252
2040 Notes		200,000
2047 Notes		180,938
Total Debt		1,800,212
Stockholders' Equity		
Common stock, par value $.001 per share, 400,000 common shares authorized, 205,130 issued and outstanding		205
Capital in excess of par value		3,271,595
Accumulated overdistributed net investment income		(36,245)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets		(84,010)
Net unrealized loss on investments and foreign currency transactions		(48,267)
Total stockholders' equity		3,103,278
Total capitalization	$	4,903,490

(1) The above table reflects the carrying value of indebtedness outstanding as of September 30, 2011. As of December 31, 2011, indebtedness under the Revolving Credit Facility and the Revolving Funding Facility was $395.0 million and $463.0 million, respectively. The net proceeds from the sale of our common stock in this offering are expected to be used to pay down outstanding indebtedness under the Revolving Credit Facility or the Revolving Funding Facility. See "Use of Proceeds."

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with the Selected Condensed Consolidated Financial Data of Ares Capital and our financial statements and notes thereto appearing elsewhere in this prospectus supplement and the accompanying prospectus.

OVERVIEW

We are a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. We have elected to be regulated as a BDC under the Investment Company Act. We were founded on April 16, 2004, were initially funded on June 23, 2004 and on October 8, 2004 completed our initial public offering.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component like warrants.

To a lesser extent, we also make preferred and/or common equity investments, which have generally been non-control equity investments, of less than $20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments. Also, as a result of the Allied Acquisition, Allied Capital's equity investments, which included equity investments larger than those we have historically made and controlled portfolio company equity investments, became part of our portfolio. We intend to actively seek opportunities over time to dispose of certain of the assets that were acquired in the Allied Acquisition, particularly non-yielding equity investments, as well as lower or non-yielding debt investments and investments that may not be core to our investment strategy, and generally rotate them into higher-yielding first and second lien senior loans and mezzanine debt investments. However, there can be no assurance that this strategy will be successful.

We are externally managed by Ares Capital Management, a wholly owned subsidiary of Ares Management, a global alternative asset manager and an SEC-registered investment adviser, pursuant to an investment advisory and management agreement. Ares Operations, a wholly owned subsidiary of Ares Management, provides the administrative services necessary for us to operate.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities and indebtedness of private U.S. companies and certain public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less.

The Company has elected to be treated as a RIC under Subchapter M of the Code, and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders generally at least 90% of our investment company taxable income, as defined by the Code, for each year. Pursuant to this election, we generally will not have to pay corporate level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

Allied Acquisition

On April 1, 2010, we consummated the Allied Acquisition in an all stock merger whereby each existing share of common stock of Allied Capital was exchanged for 0.325 shares of our common stock. The Allied Acquisition was valued at approximately $908 million as of April 1, 2010. In connection therewith, we issued approximately 58.5 million shares of our common stock to Allied Capital's then-existing stockholders, resulting in our then-existing stockholders owning approximately 69% of the

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combined company and the then-existing Allied Capital stockholders owning approximately 31% of the combined company.

Information presented herein as of the three and nine months ended September 30, 2011 and as of the three and nine months ended September 30, 2010 includes the results of operations and financial condition of the combined company following the Allied Acquisition unless otherwise indicated in the footnotes.

PORTFOLIO AND INVESTMENT ACTIVITY

The Company's investment activity for the three months ended September 30, 2011 and 2010 is presented below (information presented herein is at amortized cost unless otherwise indicated).

(dollar amounts in millions)	For the three months ended September 30, 2011	September 30, 2010
New investment commitments(1):		
New portfolio companies	$ 418.7	$ 39.5
Existing portfolio companies(2)	1,011.1	472.3
Total new investment commitments	1,429.8	511.8
Less:		
Investment commitments exited(3)	971.8	230.7
Net investment commitments	$ 458.0	$ 281.1
Principal amount of investments funded:		
Senior term debt	$ 933.1	$ 236.0
Senior subordinated debt		40.4
Subordinated Certificates of the Senior Secured Loan Fund LLC (the "SSLP")(4)	56.4	209.9
Equity and other	142.2	23.0
Total	$ 1,131.7	$ 509.3
Principal amount of investments sold or repaid excluding investments acquired as part of the Allied Acquisition:		
Senior term debt	$ 621.8	$ 74.7
Senior subordinated debt	123.4	56.5
Equity and other	69.7	0.1
Total	$ 814.9	$ 131.3
Principal amount of investments acquired as part of the Allied Acquisition sold or repaid:		
Senior term debt	$ 60.8	$ 90.5
Senior subordinated debt	35.3	5.0
Collateralized loan obligations		2.5
Equity and other	13.6	1.4
Total	$ 109.7	$ 99.4
Number of new investment commitments(5)	20	19
Average new investment commitment amount	$ 71.5	$ 26.9
Weighted average term for new investment commitments (in months)(7)	62	57
Percentage of new investment commitments at floating rates	96%	44%
Percentage of new investment commitments at fixed rates	4%	51%

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(dollar amounts in millions)	For the three months ended September 30, 2011	September 30, 2010
Weighted average yield of debt and income producing securities(6)(7):		
Funded during the period at fair value	9.9%	13.0%
Funded during the period at amortized cost	10.0%	13.1%
Exited or repaid during the period at fair value(8)	9.9%	13.2%
Exited or repaid during the period at amortized cost	9.9%	13.2%
Weighted average yield of debt and income producing securities acquired as part of the Allied Acquisition(6):		
Exited or repaid during the period at fair value	15.5%	13.3%
Exited or repaid during the period at amortized cost	13.1%	13.2%

(1) New investment commitments include new agreements to fund revolving credit facilities or delayed draw loans.

(2) Includes investment commitments to the SSLP of $56.4 million and $209.9 million for the three months ended September 30, 2011 and 2010, respectively.

(3) Investment commitments exited for the three months ended September 30, 2011 and 2010 include $105.3 million and $99.1 million, respectively, of investment commitments acquired in connection with the Allied Acquisition.

(4) See Notes 4 and 17 to our consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the SSLP.

(5) Number of new investment commitments represents each commitment to a particular portfolio company.

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

(7) Excludes investment commitments acquired as part of the Allied Acquisition on April 1, 2010.

(8) Represents fair value as of the most recent quarter end.

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As of September 30, 2011 and December 31, 2010, investments consisted of the following:

	As of			
	September 30, 2011		December 31, 2010	
(in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Senior term debt	$ 2,587.4	$ 2,547.1	$ 1,722.1	$ 1,695.5
Subordinated Certificates of the SSLP(1)	777.4	796.5	537.5	561.7
Senior subordinated debt	599.1	529.9	1,055.5	1,014.5
Collateralized loan obligations	92.5	90.7	219.3	261.2
Preferred equity securities	244.0	236.4	137.4	143.5
Other equity securities	480.8	534.5	579.2	607.7
Commercial real estate	22.2	20.1	41.0	33.9
Total	$ 4,803.4	$ 4,755.2	$ 4,292.0	$ 4,318.0

(1) The proceeds from these certificates were applied to co-investments with GE to fund first lien senior secured loans to 25 and 20 different borrowers as of September 30, 2011 and December 31, 2010, respectively.

The weighted average yields at fair value and amortized cost of the following portions of our portfolio as of September 30, 2011 and December 31, 2010 were as follows:

	As of			
	September 30, 2011		December 31, 2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt and income producing securities	11.9%	11.9%	13.2%	12.9%
Debt and income producing securities for investments acquired as part of the Allied Acquisition	15.1%	14.7%	15.2%	14.0%
Total portfolio	10.1%	10.2%	10.6%	10.5%
Senior term debt	10.3%	10.5%	10.6%	10.8%
First lien senior term debt	9.8%	9.9%	10.3%	10.2%
Second lien senior term debt	11.6%	11.9%	11.3%	12.1%
Subordinated Certificates of the SSLP(1)	16.0%	15.6%	16.5%	15.8%
Senior subordinated debt	11.1%	12.6%	13.1%	13.6%
Collateralized loan obligations	8.2%	8.4%	18.7%	15.7%
Income producing equity securities (excluding collateralized loan obligations)	10.7%	10.6%	7.7%	7.7%

(1) The proceeds from these certificates were applied to co-investments with GE to fund first lien senior secured loans.

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Below is certain information regarding changes in the investments acquired in the Allied Acquisition since April 1, 2010 through September 30, 2011:

	Investments at Fair Value as of						
	April 1, 2010			September 30, 2011			Net Change in Fair Value
(dollar amounts in millions)	$	% of Total Investments	Weighted Average Yield	$	% of Total Investments	Weighted Average Yield	$
Investments with yields less than 10%							
Debt with yields less than 10%	$ 128.3	7.0%	6.5%	$ 38.4	4.5%	5.0%	$ (89.9)
Debt on non-accrual status	335.6	18.3%	%	58.7	6.8%	%	(276.9)
Equity securities	270.8	14.8%	%	183.4	21.4%	0.4%	(87.4)
Commercial real estate and other	34.5	1.9%	3.3%	10.9	1.3%	%	(23.6)
Total	$ 769.2	42.0%	1.2%	$ 291.4	34.0%	0.9%	$ (477.8)
Investments with yields equal to or greater than 10%							
Debt with yields equal to or greater than 10%	$ 950.2	51.8%	14.3%	$ 567.2	66.0%	15.3%	$ (383.0)
Collateralized loan obligations	114.4	6.2%	18.9%		%	%	(114.4)
Total	$ 1,064.6	58.0%	14.8%	$ 567.2	66.0%	15.3%	$ (497.4)
Total	$ 1,833.8	100.0%	9.1%	$ 858.6	100.0%	10.4%	$ (975.2)

Since April 1, 2010 and through September 30, 2011, we have decreased the assets comprising the legacy Allied Capital portfolio by approximately $975 million, primarily as a result of exits and repayments, at cost, of approximately $1,128 million and net unrealized depreciation in the portfolio of approximately $42 million, net of other increases of approximately $195 million due to fundings of revolving and other commitments of $128 million, payment-in-kind ("PIK") interest and accretion of purchase discounts. From April 1, 2010 through September 30, 2011 we also recognized $124 million in net realized gains on the exits and repayments of investments acquired in the Allied Acquisition resulting in total proceeds received from exits and repayments of $1,252 million. Ares Capital intends to continue its strategy of rotating and repositioning a portion of the legacy Allied Capital portfolio, with a focus on reducing our holdings of lower and non-yielding investments, investments on non-accrual and investments that may not be core to our investment strategy. However, there can be no assurance that this strategy will be successful.

Our investment adviser employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our 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 our initial cost basis in respect of such portfolio investment (i.e., at the time of 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 our 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

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portfolio company or a potential exit. Investments graded 3 involve a level of risk to our initial cost basis that is similar to the risk to our initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup the cost of our 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 our ability to recoup the cost 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 our ability to recoup the cost 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 not anticipated that we will be repaid in an amount equal to our full initial cost basis. For investments graded 1 or 2, our investment adviser enhances its level of scrutiny over the monitoring of such portfolio company.

Each investment acquired in the Allied Acquisition was initially assessed a grade of 3 (i.e., the grade we generally assign a portfolio company at origination or acquisition) on April 1, 2010, the date of initial acquisition, reflecting the relative risk to our initial cost basis of such investments. Our investment adviser grades the investments in our portfolio at least each quarter and it is possible that the grade of certain of these portfolio investments may be reduced or increased over time.

Set forth below is the grade distribution of our portfolio companies as of September 30, 2011 and December 31, 2010:

	As of							
	September 30, 2011				December 31, 2010			
(dollar amounts in millions)	Fair Value	%	Number of Companies	%	Fair Value	%	Number of Companies	%
Grade 1	$ 28.3	0.6%	7	5.0%	$ 13.5	0.3%	10	5.9%
Grade 2	267.7	5.6%	13	9.2%	153.9	3.6%	12	7.1%
Grade 3	4,135.6	87.0%	116	82.3%	3,503.4	81.1%	127	74.7%
Grade 4	323.6	6.8%	5	3.5%	647.2	15.0%	21	12.3%
	$ 4,755.2	100.0%	141	100.0%	$ 4,318.0	100.0%	170	100.0%

As of September 30, 2011, the weighted average grade of the investments in our portfolio (excluding investments acquired in connection with the Allied Acquisition), the investments in our portfolio acquired in connection with the Allied Acquisition and the investments in our portfolio as a whole were 3.0, 2.8 and 3.0, respectively. As of December 31, 2010, the weighted average grade of the investments in our portfolio (excluding investments acquired in connection with the Allied Acquisition), the investments in our portfolio acquired in connection with the Allied Acquisition and the investments in our portfolio as a whole were each 3.1.

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Investments on non-accrual status as of September 30, 2011 and December 31, 2010, were as follows:

	As of			
	September 30, 2011		December 31, 2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Investments, excluding investments acquired in connection with the Allied Acquisition	1.4%	0.4%	2.3%	0.3%
Investments acquired in connection with the Allied Acquisition	2.6%	1.2%	1.5%	1.0%
	4.0%	1.6%	3.8%	1.3%

RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2011 and 2010

Operating results for the three and nine months ended September 30, 2011 and 2010 are as follows:

	For the three months ended		For the nine months ended	
(in millions)	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
Total investment income	$ 167.4	$ 138.1	$ 447.3	$ 326.2
Total expenses	68.4	67.1	252.8	173.4
Net investment income before income taxes	99.0	71.0	194.5	152.8
Income tax expense (benefit), including excise tax	0.7	(0.2)	4.6	0.4
Net investment income	98.3	71.2	189.9	152.4
Net realized gains from investments and foreign currencies	48.8	1.2	105.0	8.7
Net unrealized gains (losses) from investments	(106.5)	57.5	(74.3)	179.9
Gain from the acquisition of Allied Capital				195.9
Realized losses on extinguishment of debt		(1.6)	(19.3)	(2.0)
Net increase in stockholders' equity resulting from operations	$ 40.6	$ 128.3	$ 201.3	$ 534.9

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

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Investment Income

	For the three months ended		For the nine months ended	
(in millions)	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Interest	$ 121.5	$ 107.9	$ 343.4	$ 273.4
Capital structuring service fees	28.1	20.6	59.2	30.4
Dividend income	11.3	3.9	26.8	7.8
Management fees	4.2	4.4	12.2	10.1
Other income	2.3	1.3	5.7	4.5
Total investment income	$ 167.4	$ 138.1	$ 447.3	$ 326.2

The increase in interest income for the three months ended September 30, 2011 was primarily due to the increase in the size of the portfolio from an average of $4.0 billion at amortized cost for the three months ended September 30, 2010 to an average of $4.7 billion at amortized cost for the comparable period in 2011. The increase in capital structuring service fees for the three months ended September 30, 2011 compared to the same period in 2010 was primarily due to the increase in new investment commitments, which increased from $512 million for the three months ended September 30, 2010 to $1.4 billion for the comparable period in 2011. The increase in dividend income for the three months ended September 30, 2011 was due to an increase in dividend income from IHAM which was $4.8 million for the three months ended September 30, 2011 and $2.5 million for the comparable period in 2010, as well as an increase in dividends from certain portfolio companies. Total dividend income for the three months ended September 30, 2011 included $3.5 million of dividend income that were non-recurring in nature.

The increase in interest income for the nine months ended September 30, 2011 was primarily due to the increase in the size of the portfolio which increased from an average of $3.5 billion at amortized cost for the nine months ended September 30, 2010 to an average of $4.5 billion at amortized cost for the comparable period in 2011. The increase in capital structuring service fees for the nine months ended September 30, 2011 was primarily due to the increase in new investment commitments, which increased from $1.2 billion for the nine months ended September 30, 2010 to $2.8 billion for the comparable period in 2011. The increase in dividend income for the nine months ended September 30, 2011 was due to increase in dividend income from IHAM, which was $14.3 million for the nine months ended September 30, 2011, compared to $4.3 million for the comparable period in 2010, as well as an increase in dividends from certain portfolio companies. Total dividend income for the nine months ended September 30, 2011 included $7.9 million of dividends that were non-recurring in nature.

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Operating Expenses

(in millions)	For the three months ended September 30, 2011	September 30, 2010	For the nine months ended September 30, 2011	September 30, 2010
Interest and credit facility fees	$ 31.0	$ 22.8	$ 89.7	$ 54.5
Incentive management fees related to pre-incentive fee net investment income	21.7	17.8	54.6	40.9
Incentive management fees related to capital gains per GAAP	(11.5)		28.2	
Base management fees	18.3	15.4	52.5	35.6
Professional fees	3.7	3.2	11.0	9.2
Administrative fees	2.0	2.6	6.9	6.2
Professional fees and other costs related to the Allied Acquisition	1.1	1.5	2.0	17.8
Other general and administrative	2.1	3.8	7.9	9.2
Total operating expenses	$ 68.4	$ 67.1	$ 252.8	$ 173.4

Interest and credit facility fees for the three and nine months ended September 30, 2011 and 2010, were comprised of the following:

(in millions)	For the three months ended September 30, 2011	September 30, 2010	For the nine months ended September 30, 2011	September 30, 2010
Stated interest expense	$ 24.2	$ 16.7	$ 66.3	$ 38.7
Facility fees	0.9	1.0	5.2	3.5
Amortization of debt issuance costs	3.4	2.1	9.6	6.6
Accretion of discount related to the Allied Unsecured Notes	0.1	3.0	2.6	5.7
Accretion of original issue discount on the Convertible Notes	2.4		6.0	
Total interest and credit facility fees expense	$ 31.0	$ 22.8	$ 89.7	$ 54.5

Stated interest expense for the three and nine months ended September 30, 2011 increased from the comparable periods in 2010 due to the increase in our average principal debt outstanding for such periods and an increase in our weighted average stated interest rate. For the three months ended September 30, 2011, the average principal debt outstanding was $2.0 billion as compared to $1.4 billion for the comparable period in 2010, and the weighted averaged stated interest rate was 4.9% as compared to 4.8% for the comparable period in 2010. For the nine months ended September 30, 2011, the average principal debt outstanding was $1.7 billion as compared to $1.5 billion for the comparable period in 2010, and the weighted average stated interest rate was 5.3% as compared to 2.6% for the comparable period in 2010. Our weighted average stated interest rate of indebtedness for 2011 increased from the comparable periods in 2010 due to having higher amounts of unsecured indebtedness, with longer durations to maturity and higher stated interest rates, outstanding during the respective periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources, Debt Capital Activities" below.

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The increase in base management fees and incentive management fees related to pre-incentive fee net investment income for the three and nine months ended September 30, 2011 from the comparable periods in 2010 was primarily due to the increase in the size of the portfolio and in the case of incentive management fees, the related increase in pre-incentive fee net investment income. For the three months ended September 30, 2011, we recorded a reduction in accrued capital gains incentive fees in accordance with GAAP of $11.5 million due to a reduction in cumulative net realized and unrealized gains since June 30, 2011. For the nine months ended September 30, 2011, the capital gains incentive fee expense was $28.2 million bringing the total capital gains incentive fee accrual in accordance with GAAP to $43.8 million (included in management and incentive fees payable in the consolidated balance sheet) as of September 30, 2011. As a result of an amendment to the capital gains portion of the incentive fee under the investment advisory and management agreement (the "Capital Gains Amendment") that was adopted June 6, 2011, the nine months ended September 30, 2011 included an accrual of $26.0 million of capital gains incentive fees in accordance with GAAP as a result of the application of the Capital Gains Amendment with respect to the assets purchased in the Allied Acquisition. The accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future. For the three and nine months ended September 30, 2011 we did not incur a Capital Gains Fee under the investment advisory and management agreement and therefore there are no amounts currently due under the agreement. There was no capital gains incentive fee accrual in accordance with GAAP, nor a Capital Gains Fee recorded for the three and nine months ended September 30, 2010. See Note 3 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more information on the incentive and base management fees.

Professional fees include legal, accounting, valuation and other professional fees incurred related to the management of the Company. Administrative fees represent fees paid to Ares Operations for our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our executive officers and their respective staffs. The general increases in professional fees and administrative fees were primarily due to the increase in the size of the Company following the Allied Acquisition and the various associated costs of managing a larger portfolio. The decline in professional fees and other costs related to the Allied Acquisition primarily resulted from having substantially completed the integration of Allied Capital by December 31, 2010, and thus we incurred a lower level of expenses in 2011. Other general and administrative expenses include rent, insurance, depreciation, director's fees and other costs.

Income Tax Expense, Including Excise Tax

The Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must, among other things, timely distribute to its stockholders generally at least 90% of its investment company taxable income, as defined by the Code, for each year. In order to maintain its RIC status, the Company, among other things, has made and intends to continue to make the requisite distributions to its stockholders which will generally relieve the Company from U.S. federal income taxes.

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Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such income, the Company accrues excise tax on estimated excess taxable income. For the three and nine months ended September 30, 2011, a net expense of $2.3 million and $4.1 million, respectively, was recorded for U.S. federal excise tax. For the three and nine months ended September 30, 2010, the Company recorded no amounts for U.S. federal excise tax.

Certain of our wholly owned subsidiaries are subject to U.S. federal and state income taxes. For the three and nine months ended September 30, 2011, we recorded a tax (benefit) expense of $(1.6) million and $0.5 million, respectively, for these subsidiaries, and for the three and nine months ended September 30, 2010, we recorded a tax (benefit) expense of $(0.2) million and $0.4 million, respectively, for these subsidiaries.

Net Realized Gains/Losses

During the three months ended September 30, 2011, the Company had $973.7 million of sales, repayments or exits of investments resulting in $48.8 million of net realized gains. These sales, repayments or exits included $98.3 million of investments sold to IHAM or certain funds managed by IHAM (see Note 13 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on IHAM and its managed funds). Net realized gains on investments were comprised of $96.0 million of gross realized gains and $47.2 million of gross realized losses. The $48.8 million of net realized gains included approximately $16.2 million in net realized losses from investments acquired as part of the Allied Acquisition (see Note 15 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011). The realized gains and losses on investments during the three months ended September 30, 2011 consisted of the following:

Portfolio Company (in millions)	**Net Realized Gains (Losses)**
Reflexite Corporation	$ 40.9
DSI Renal, Inc.	27.5
Industrial Container Services, LLC	19.9
Knightsbridge CLO 2007-1 Ltd.	3.7
INC Research, Inc.	2.0
Sigma International Group, Inc.	(4.3)
Wastequip, Inc.	(10.2)
Primis Marketing Group, Inc	(14.1)
Cook Inlet Alternative Risk, LLC	(16.5)
Other	(0.1)
Total	$ 48.8

Additionally, during the three months ended September 30, 2010, the Company had $231.8 million of sales and repayments resulting in $1.2 million of net realized gains. Net realized gains on investments were comprised of $3.6 million of gross realized gains and $2.4 million of gross realized losses. Of the $1.2 million of net realized gains, approximately $1.0 million were from investments

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acquired as part of the Allied Acquisition. The realized gains and losses on investments for the three months ended September 30, 2010 consisted of the following:

Portfolio Company (in millions)	**Net Realized Gains (Losses)**
Component Hardware Group, Inc.	$ 1.9
Promo Works, LLC	1.4
Distant Lands Trading Co.	(1.8)
Other	(0.3)
Total	$ 1.2

During the nine months ended September 30, 2011, the Company had $1,976.4 million of sales, repayments or exits of investments resulting in $105.0 million of net realized gains. These sales, repayments or exits included $178.8 million of investments sold to IHAM or certain funds managed by IHAM. Net realized gains on investments were comprised of $225.1 million of gross realized gains and $120.1 million of gross realized losses. The $105.0 million of net realized gains included approximately $93.0 million in net realized gains from investments acquired as part of the Allied Acquisition. The realized gains and losses on investments during the nine months ended September 30, 2011 consisted of the following:

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Portfolio Company (in millions)	Net Realized Gains (Losses)
Reflexite Corporation	$ 40.9
DSI Renal, Inc.	27.5
Callidus Debt Partners CLO Fund VI, Ltd.	23.9
Industrial Container Services, LLC	19.9
Dryden XVIII Leveraged Loan 2007 Limited	19.3
Callidus MAPS CLO Fund I LLC	15.0
Callidus Debt Partners CLO Fund VII, Ltd.	10.8
Callidus MAPS CLO Fund II, Ltd.	8.2
Callidus Debt Partners CLO Fund IV, Ltd.	8.0
Callidus Debt Partners CLO Fund V, Ltd.	5.7
Border Foods, Inc.	5.2
Callidus Debt Partners CLO Fund III, Ltd.	4.4
BB&T Capital Partners/Windsor Mezzanine Fund, LLC	3.9
Knightsbridge CLO 2007-1 Ltd.	3.7
Direct Buy Holdings, Inc.	2.8
Network Hardware Resale, Inc.	2.8
Univita Health Inc.	2.1
INC Research, Inc.	2.0
Pangaea CLO 2007-1 Ltd.	2.0
Van Ness Hotel, Inc.	(2.3)
Carador PLC	(3.0)
Trivergance Capital Partners, LP	(3.8)
Sigma International Group, Inc.	(4.3)
AWTP, LLC	(7.6)
Universal Trailer Corporation	(7.9)
Coverall North America, Inc.	(8.4)
Summit Business Media, LLC	(10.1)
Wastequip, Inc.	(10.2)
Primis Marketing Group, Inc.	(14.1)
Cook Inlet Alternative Risk, LLC	(16.5)
MPBP Holdings, Inc.	(27.7)
Other	12.8
Total	$ 105.0

Also during the nine months ended September 30, 2011, in connection with the redemptions of the remaining balances of the 6.000% Notes due on April, 2012 (the "2012 Notes") and the 6.625% Notes due on July 15, 2011 (the "2011 Notes"), the Company recognized a loss on the extinguishment of debt of $19.3 million.

During the nine months ended September 30, 2010, the Company recognized a gain on the acquisition of Allied Capital of $195.9 million. Additionally, during the nine months ended September 30, 2010, the Company had $1.2 billion of sales and repayments resulting in $8.7 million of net realized gains. The $8.7 million of net realized gains included approximately $1.6 million in net realized gains from investments acquired as part of the Allied Acquisition. These sales and repayments included $94.5 million of loans sold to certain funds managed by IHAM (see Note 13 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on IHAM and its managed funds). Net realized gains on investments were comprised of

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$26.2 million of gross realized gains and $17.5 million of gross realized losses. The realized gains and losses on investments for the nine months ended September 30, 2010 consisted of the following:

Portfolio Company (in millions)	**Net Realized Gains (Losses)**
DSI Renal, Inc.	$ 3.9
Instituto de Banca y Comercio, Inc.	3.6
Best Brands Corp.	2.4
Component Hardware Group, Inc.	1.9
The Kenan Advantage Group, Inc.	1.8
Capella Healthcare, Inc.	1.6
Promo Works, LLC	1.4
Daily Candy, Inc.	1.3
Magnacare Holdings, Inc.	1.2
Wyle Laboratories, Inc.	1.2
Savers, Inc.	1.0
Arrow Group Industries	(1.2)
Distant Lands Trading Co.	(1.8)
Planet Organic Health Corp.	(1.8)
3091779 Nova Scotia, Inc.	(3.2)
Growing Family, Inc.	(7.6)
Other	3.0
Total	$ 8.7

Net Unrealized Gains/Losses

We value our portfolio investments quarterly and any changes in value are recorded as unrealized gains or losses. See "Portfolio Valuation" below. Net unrealized gains and losses during the three and nine months ended September 30, 2011 and 2010 for the Company's portfolio were comprised of the following:

	For the three months ended		**For the nine months ended**	
(in millions)	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
Unrealized appreciation	$ 25.5	$ 115.6	$ 114.7	$ 298.6
Unrealized depreciation	(92.7)	(59.4)	(193.3)	(119.2)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	(39.3)	1.3	4.3	0.5
Total net unrealized gains (losses)	$ (106.5)	$ 57.5	$ (74.3)	$ 179.9

(1) The net unrealized (appreciation) depreciation reversed related to net realized gains or losses represents the unrealized appreciation or depreciation recorded on the related asset at the end of the prior period.

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Included in net unrealized gains and losses above were net unrealized gains and losses for the investments acquired as part of the Allied Acquisition as follows:

(in millions)	For the three months ended September 30, 2011	September 30, 2010	For the nine months ended September 30, 2011	September 30, 2010
Unrealized appreciation	$ 6.3	$ 59.3	$ 24.6	$ 132.4
Unrealized depreciation	(38.5)	(41.5)	(98.4)	(68.3)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	12.4	1.3	(50.7)	1.3
Total net unrealized gains (losses)	$ (19.8)	$ 19.1	$ (124.5)	$ 65.4

(1) The net unrealized (appreciation) depreciation reversed related to net realized gains or losses represents the unrealized appreciation or depreciation recorded on the related asset at the end of the prior period.

The changes in unrealized appreciation and depreciation during the three months ended September 30, 2011 consisted of the following:

Portfolio Company (in millions)	Net unrealized appreciation (depreciation)
Ivy Hill Asset Management, L.P.	$ 9.4
Penn Detroit Diesel Allison, LLC	2.3
CT Technologies Intermediate Holdings, Inc.	(2.5)
MWD Acquisition Sub, Inc.	(2.5)
Infilaw Holding, LLC	(2.6)
Direct Buy Holdings, Inc.	(2.7)
Stag-Parkway, Inc.	(2.9)
CitiPostal Inc.	(3.0)
Allbridge Financial, LLC	(3.5)
Orion Foods, LLC	(3.7)
ADF Restaurant Group, LLC	(4.0)
Industrial Container Services, LLC	(4.4)
Reed Group, Ltd.	(7.1)
eInstruction Corporation	(7.2)
AP Global Holdings, Inc.	(8.4)
Prommis Solutions, LLC	(10.4)
Other	(14.0)
Total	$ (67.2)

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The changes in unrealized appreciation and depreciation during the three months ended September 30, 2010 consisted of the following:

Portfolio Company (in millions)		**Net unrealized appreciation (depreciation)**
Senior Secured Loan Fund LLC(1)	$	12.8
Air Medical Group Holdings LLC		10.3
Stag-Parkway, Inc.		9.6
Orion Foods, LLC		6.0
DSI Renal, Inc.		5.2
Reflexite Corporation		4.5
Ivy Hill Asset Management, L.P.		4.0
American Broadband Holding Company		4.0
Things Remembered, Inc.		3.2
National Print Group, Inc.		3.1
Bumble Bee Foods, LLC		2.7
Canon Communications LLC		2.4
Insight Pharmaceuticals Corporation		2.4
CT Technologies Intermediate Holdings, Inc.		2.3
Callidus Capital Corporation		2.1
Pillar Processing, LLC		(2.1)
ADF Restaurant Group, LLC		(2.3)
Making Memories Wholesale, Inc.		(2.3)
Aquila Binks Forest Development, LLC		(2.4)
Ciena Capital LLC		(3.3)
Campus Management Corp.		(4.2)
Reed Group, Ltd.		(5.2)
BenefitMall Holdings, Inc.		(8.0)
Coverall North America, Inc.		(8.7)
Other		20.1
Total	$	56.2

(1) See Notes 4 and 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011.

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The changes in unrealized appreciation and depreciation during the nine months ended September 30, 2011 consisted of the following:

Portfolio Company (in millions)	**Net unrealized appreciation (depreciation)**
Ivy Hill Asset Management, L.P.	$ 41.2
American Broadband Holding Company	5.4
Insight Pharmaceuticals Corporation	4.4
Growing Family, Inc.	4.4
Penn Detroit Diesel Allison, LLC	4.0
Savers, Inc.	4.0
Firstlight Financial Corporation	3.6
BenefitMall Holdings, Inc.	3.4
Knightsbridge CLO 2008-1 Ltd.	3.3
Huddle House, Inc.	3.1
AWTP, LLC	2.9
Waste Pro USA, Inc.	2.8
Bushnell Inc.	2.5
DSI Renal, Inc.	2.4
Diversified Collections Services, Inc.	2.2
Vistar Corporation	2.1
R3 Education, Inc.	(2.2)
MWD Acquisition Sub, Inc.	(2.3)
ADF Restaurant Group, LLC	(2.4)
Passport Health Communications, Inc.	(2.4)
Infilaw Holding, LLC	(2.6)
Instituto de Banca y Comercio, Inc.	(2.6)
Pillar Processing, LLC	(3.0)
Callidus Capital Corporation	(3.4)
The Step2 Company, LLC	(4.2)
VSS-Tranzact Holdings, LLC	(4.4)
Industrial Container Services, LLC	(4.4)
Senior Secured Loan Fund LLC(1)	(5.1)
Making Memories Wholesale, Inc.	(5.9)
Reed Group, Ltd.	(6.5)
AP Global Holdings, Inc.	(8.4)
Orion Foods, LLC	(9.0)
CitiPostal Inc.	(9.7)
eInstruction Corporation	(15.4)
Ciena Capital LLC	(16.7)
Direct Buy Holdings, Inc.	(26.2)
Prommis Solutions, LLC	(33.3)
Other	(0.2)
Total	$ (78.6)

(1) See Notes 4 and 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011.

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The changes in unrealized appreciation and depreciation during the nine months ended September 30, 2010 consisted of the following:

Portfolio Company (in millions)	Net unrealized appreciation (depreciation)
Senior Secured Loan Fund LLC(1)	$ 25.0
R3 Education, Inc.	15.7
Air Medical Group Holdings LLC	15.1
Stag-Parkway, Inc.	14.1
Ivy Hill Asset Management, L.P.	12.5
DSI Renal, Inc.	11.6
Things Remembered, Inc.	10.1
S.B. Restaurant Company	7.1
Orion Foods, LLC	6.8
Callidus Debt Partners CDO Fund VI, Ltd.	6.4
Component Hardware Group, Inc.	5.5
Woodstream Corporation	5.4
American Broadband Holding Company	4.9
Industrial Container Services, LLC	4.9
Canon Communications LLC	4.8
Callidus Debt Partners CDO Fund VII, Ltd.	4.7
Callidus MAPS CLO Fund II, Ltd.	4.7
Reflexite Corporation	4.5
Bumble Bee Foods, LLC	4.4
Callidus MAPS CLO Fund I LLC	4.1
Tradesmen International, Inc.	4.0
Vantage Oncology, Inc	3.7
Vistar Corporation	3.7
Instituto de Banca y Comercio, Inc.	3.7
Dryden XVIII Leveraged Loan 2007 Limited	3.6
Network Hardware Resale, Inc.	3.4
National Print Group, Inc.	3.2
OTG Management, Inc.	3.1
Callidus Debt Partners Equity Interest, Ltd.	3.1
CT Technologies Intermediate Holdings, Inc.	3.0
Callidus Debt Partners CDO Fund IV, Ltd.	2.9
Waste Pro USA, Inc.	2.7
Callidus Debt Partners CDO Fund V, Ltd.	2.4
NPH, Inc	2.3
BB&T Capital Partners / Windsor Mezzanine Fund, LLC	2.3
Promo Works, LLC	2.3
eInstruction Corporation	2.2
Web Services Company, LLC	2.2
Community Education Centers, Inc.	2.1
Callidus Debt Partners CDO Fund III, Ltd.	2.1
Carador PLC	2.1
Border Foods, Inc.	(2.4)
Crescent Hotels & Resorts, LLC	(2.6)
Making Memories Wholesale, Inc.	(2.6)
The Step2 Company, LLC	(2.8)

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Portfolio Company (in millions)		Net unrealized appreciation (depreciation)
Trivergance Capital Partners, LP		(2.9)
Huddle House, Inc.		(3.4)
Knightsbridge CLO 2007-1 Ltd.		(3.6)
Knightsbridge CLO 2008-1 Ltd.		(3.7)
BenefitMall Holdings, Inc.		(3.8)
ADF Restaurant Group, LLC		(4.4)
Reed Group, Ltd.		(5.1)
Ciena Capital LLC		(5.1)
Aquila Binks Forest Development, LLC		(5.2)
MPBP Holdings, Inc.		(5.2)
Coverall North America, Inc.		(7.3)
FirstLight Financial Corporation		(7.4)
Other		14.5
Total	$	179.4

(1) See Notes 4 and 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Since the Company's inception, the Company's liquidity and capital resources have been generated primarily from the net proceeds of public offerings of common stock, advances from the Revolving Funding Facility and the Revolving Credit Facility, net proceeds from the issuance of secured and unsecured notes as well as cash flows from operations. As part of the Allied Acquisition, the Company assumed all outstanding debt obligations of Allied Capital, including the Allied Unsecured Notes (as defined below).

As of September 30, 2011, the Company had $103.1 million in cash and cash equivalents and $1.8 billion in total indebtedness outstanding at carrying value ($1.9 billion at principal amount). Subject to leverage and borrowing base restrictions, the Company had approximately $593.4 million available for additional borrowings under the Revolving Funding Facility and the Revolving Credit Facility as of September 30, 2011.

We may from time to time seek to retire or repurchase our common stock through cash purchases, as well as retire, cancel or purchase our outstanding indebtedness through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions (including under the Investment Company Act) and other factors. The amounts involved may be material.

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Equity Issuances

There were no sales of our equity securities during the nine months ended September 30, 2011.

The following table summarizes the total number of shares issued and proceeds we received in an underwritten public offering of the Company's common stock, net of underwriter and offering costs for the nine months ended September 30, 2010:

(in millions, except per share data)	Shares of common stock issued	Offering price per share	Proceeds net of underwriter and offering costs
February 2010 public offering	23.0	$ 12.75	$ 277.2
Total for the nine months ended September 30, 2010	23.0		$ 277.2

Part of the proceeds from the above public offering were used to repay outstanding indebtedness. The remaining unused portions of the proceeds were used to fund investments in portfolio companies in accordance with our investment objective and strategies and market conditions.

As of September 30, 2011, the Company's total market capitalization was $2.8 billion compared to $3.4 billion as of December 31, 2010.

Debt Capital Activities

Our debt obligations consisted of the following as of September 30, 2011 and December 31, 2010:

	As of			
	September 30, 2011		December 31, 2010	
(in millions)	Carrying Value(1)	Total Available(2)	Carrying Value	Total Available(2)
Revolving Funding Facility	$ 383.0	$ 400.0	$ 242.0	$ 400.0
Revolving Credit Facility	189.8	810.0(3)	146.0	810.0(3)
Debt Securitization	91.8	91.8	155.3	183.2
2011 Notes (principal amount outstanding of $0 and $300.6, respectively)			296.3(4)	300.6
2012 Notes (principal amount outstanding of $0 and $161.2, respectively)			158.1(4)	161.2
February 2016 Convertible Notes (principal amount outstanding of $575.0)	539.4(5)	575.0		
June 2016 Convertible Notes (principal amount outstanding of $230.0)	215.3(5)	230.0		
2040 Notes (principal amount outstanding of $200.0)	200.0	200.0	200.0	200.0
2047 Notes (principal amount outstanding of $230.0)	180.9(4)	230.0	180.8(4)	230.0
	$ 1,800.2(6)	$ 2,536.8	$ 1,378.5(6)	$ 2,285.0

(1) Except for the Allied Unsecured Notes and the Convertible Notes (as defined below), all carrying values are the same as the principal amounts outstanding.

(2) Subject to borrowing base and leverage restrictions. Represents the total aggregate amount available under such instrument.

(3) Includes an "accordion" feature that allows us, under certain circumstances, to increase the size of the facility to a maximum of $1,050.0 million.

(4) Represents the aggregate principal amount outstanding of the applicable series of notes less the unaccreted discount recorded as a part of the Allied Acquisition. The total unaccreted discount on the Allied Unsecured Notes was $49.1 million and $56.6 million at September 30, 2011 and December 31, 2010, respectively.

(5) Represents the aggregate principal amount outstanding of the Convertible Notes less the unaccreted discount initially recorded upon issuance of the Convertible Notes. The total unaccreted discount for the February 2016 Convertible Notes and the June 2016 Convertible Notes was $35.6 million and $14.7 million, respectively, at September 30, 2011.

(6) Total principal amount of debt outstanding totaled $1,899.6 million and $1,435.1 million at September 30, 2011 and December 31, 2010, respectively.

The weighted average stated interest rate and weighted average maturity, both on principal value, of all our principal indebtedness outstanding as of September 30, 2011 were 5.0% and 10.6 years, respectively. The weighted average interest rate and weighted average maturity of all our outstanding borrowings as of December 31, 2010 were 5.2% and 11.8 years, respectively.

The ratio of total principal amount of indebtedness outstanding to stockholders' equity as of September 30, 2011 was 0.61:1.00 compared to 0.47:1.00 as of December 31, 2010.

The ratio of total carrying value of indebtedness outstanding to stockholders' equity as of September 30, 2011 was 0.58:1.00 compared to 0.45:1.00 as of December 31, 2010.

In accordance with the Investment Company Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the Investment Company Act, is at least 200% after such borrowing. As of September 30, 2011, our asset coverage was 272%.

Revolving Funding Facility

In October 2004, we formed Ares Capital CP, a wholly owned subsidiary of the Company, through which we established a revolving securitized facility (as amended, the "Revolving Funding Facility"). The Revolving Funding Facility allows Ares Capital CP to borrow up to $400 million (see "The Company Recent Developments" as well as Note 17 to our consolidated financial statements for the three and nine months ended September 30, 2011 for more information regarding the Revolving Funding Facility). In connection with the January 22, 2010 amendment, we entered into an Amended and Restated Purchase and Sale Agreement with Ares Capital CP Funding Holdings LLC, our wholly owned subsidiary ("CP Holdings"), pursuant to which we may sell to CP Holdings certain loans that we have originated or acquired (the "Loans") from time to time, which CP Holdings will subsequently sell to Ares Capital CP, which is a wholly owned subsidiary of CP Holdings. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The January 22, 2010 amendment to the Revolving Funding Facility, among other things, extended the maturity date of the facility to January 22, 2013.

On January 18, 2011, we and Ares Capital CP amended the Revolving Funding Facility to, among other things, provide for a three year reinvestment period until January 18, 2014 (with two one-year extension options, subject to our and our lenders' consent) and extend the stated maturity date to January 18, 2016 (with two one-year extension options, subject to our and our lenders' consent).

Subject to certain exceptions, the interest charged on the Revolving Funding Facility is based on LIBOR plus an applicable spread of between 2.25% and 3.75% or on a "base rate" (which is the higher of a prime rate, or the federal funds rate plus 0.50%) plus an applicable spread of between 1.25% to 2.75%, in each case based on a pricing grid depending upon our credit rating. Additionally, we are required to pay a commitment fee of between 0.50% and 2.00% depending on the usage level on any unused portion of the Revolving Funding Facility. As of September 30, 2011, the effective

LIBOR spread under the Revolving Funding Facility was 2.75%. See "The Company Recent Developments" for more information regarding the Revolving Funding Facility.

As of September 30, 2011, there was $383.0 million outstanding under the Revolving Funding Facility and the Company and Ares Capital CP were in material compliance with the terms of the Revolving Funding Facility. See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Revolving Funding Facility.

Revolving Credit Facility

In December 2005, we entered into a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), under which, as amended, the lenders agreed to extend credit to the Company. The Revolving Credit Facility matures on January 22, 2013 and has commitments totaling $810 million. The Revolving Credit Facility also includes an "accordion" feature that allows the Company under certain circumstances, to increase the size of the facility to a maximum of $1,050.0 million. As of September 30, 2011, there was $189.8 million outstanding under the Revolving Credit Facility and the Company was in material compliance with the terms of the Revolving Credit Facility. As of September 30, 2011, subject to borrowing base availability, there was $576.4 million available for borrowing (net of standby letters of credits issued).

Subject to certain exceptions, pricing under the Revolving Credit Facility is based on LIBOR plus an applicable spread of between 2.50% and 4.00% or on the "alternate base rate" plus an applicable spread of between 1.50% and 3.00%, in each case, based on a pricing grid depending upon our credit rating. As of September 30, 2011, the effective LIBOR spread under the Revolving Credit Facility was 3.00%.

See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Revolving Credit Facility.

Debt Securitization

In July 2006, through ARCC Commercial Loan Trust 2006, a vehicle serviced by our wholly owned subsidiary ARCC CLO 2006 LLC, we completed a $400 million debt securitization (the "Debt Securitization") and issued approximately $314 million aggregate principal amount of asset-backed notes (the "CLO Notes") to third parties that were secured by a pool of middle-market loans purchased or originated by the Company. We initially retained approximately $86 million of aggregate principal amount of certain "BBB" and non-rated securities in the Debt Securitization and have subsequently repurchased $34.8 million of the CLO Notes, bringing our total holdings of CLO Notes to $120.8 million (the "Retained Notes"). During the three months ended September 30, 2011, we repaid $46.5 million of the CLO Notes. At September 30, 2011, $91.8 million was outstanding under the CLO Notes (excluding the Retained Notes), which are included in the September 30, 2011 consolidated balance sheet. As of September 30, 2011, the Company was in material compliance with the terms of the Debt Securitization.

The CLO Notes provided for a reinvestment period which ended on June 17, 2011, has a stated maturity of December 20, 2019 and has a blended pricing of LIBOR plus 0.43% as of September 30, 2011. See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Debt Securitization.

Unsecured Notes

Allied Unsecured Notes

As part of the Allied Acquisition, the Company assumed all outstanding debt obligations of Allied Capital, including Allied Capital's unsecured notes, which consisted of the 2011 Notes, the

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2012 Notes and 6.875% Notes due on April 15, 2047 (the "2047 Notes" and, together with the 2011 Notes and the 2012 Notes, the "Allied Unsecured Notes"). On March 16, 2011 we redeemed the remaining balance of the 2011 Notes for a total redemption price (including a redemption premium) of $306.8 million, in accordance with the terms of the indenture governing the 2011 Notes, which resulted in a loss on the extinguishment of debt of $8.9 million. On April 27, 2011, we redeemed the remaining balance of the 2012 Notes for a total redemption price (including a redemption premium) of $169.3 million, in accordance with the terms of the indenture governing the 2012 Notes, which resulted in a loss on the extinguishment of debt of $10.5 million.

As of September 30, 2011, there was $230.0 million principal amount outstanding of the 2047 Notes which bear interest at a rate of 6.875% and mature on April 15, 2047. The 2047 Notes require payment of interest quarterly, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time or from time to time on or after April 15, 2012, at a par redemption price of $25 per security plus accrued and unpaid interest and upon the occurrence of certain tax events as stipulated in the notes.

2040 Notes

On October 21, 2010, we issued $200 million in aggregate principal amount of senior unsecured notes that mature on October 15, 2040 (the "2040 Notes") that may be redeemed in whole or in part at our option at any time or from time to time on or after October 15, 2015 at a par redemption price of $25 per security plus accrued and unpaid interest. The principal amount of the 2040 Notes will be payable at maturity. The 2040 Notes bear interest at a rate of 7.75% per year payable quarterly.

As of September 30, 2011 the Company was in material compliance with the terms of the 2047 Notes and the 2040 Notes.

See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Allied Unsecured Notes and the 2040 Notes.

Convertible Notes

(in millions)	Carrying value as of September 30, 2011(1)	
February 2016 Convertible Notes (principal amount of $575.0)	$	539.4
June 2016 Convertible Notes (principal amount of $230.0)	$	215.3
Total	$	754.7

(1) Represents the aggregate principal amount outstanding of the Convertible Notes less the unaccreted discount initially recorded upon issuance of the Convertible Notes.

February 2016 Convertible Notes. In January 2011, we issued $575 million of unsecured convertible senior notes that mature on February 1, 2016 (the "February 2016 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. We do not have the right to redeem the February 2016 Convertible Notes prior to maturity. The February 2016 Convertible Notes bear interest at a rate of 5.75% per year, payable semi-annually. In certain circumstances, the February 2016 Convertible Notes will be convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, at an initial conversion rate of 52.2766 shares of common stock per $1,000 principal amount of the February 2016 Convertible Notes, which was equivalent to an initial conversion price of approximately $19.13 per share of our common stock, subject to customary anti-dilution adjustments. The initial conversion price was approximately 17.5% above the $16.28 per share closing price of our common stock on January 19, 2011.

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Prior to the close of business on the business day immediately preceding August 15, 2015, holders may convert their February 2016 Convertible Notes only under certain circumstances set forth in the indenture governing the terms of the February 2016 Convertible Notes (the "February 2016 Indenture"). On or after August 15, 2015 until the close of business on the scheduled trading day immediately preceding February 1, 2016, holders may convert their February 2016 Convertible Notes at any time. Upon conversion, we will pay or deliver, as the case may be, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock, subject to the requirements of the February 2016 Indenture.

June 2016 Convertible Notes. In March 2011, we issued $230 million of unsecured convertible senior notes that mature on June 1, 2016 (the "June 2016 Convertible Notes" and, together with the February 2016 Convertible Notes, the "Convertible Notes"), unless previously converted or repurchased in accordance with their terms. We do not have the right to redeem the June 2016 Convertible Notes prior to maturity. The June 2016 Convertible Notes bear interest at a rate of 5.125% per year, payable semi-annually. In certain circumstances, the June 2016 Convertible Notes will be convertible into cash, shares of Ares Capital's common stock or a combination of cash and shares of our common stock, at our election, at an initial conversion rate of 52.5348 shares of common stock per $1,000 principal amount of the June 2016 Convertible Notes, which was equivalent to an initial conversion price of approximately $19.04 per share of our common stock, subject to customary anti-dilution adjustments. The initial conversion price was approximately 17.5% above the $16.20 per share closing price of our common stock on March 22, 2011.

Prior to the close of business on the business day immediately preceding December 15, 2015, holders may convert their June 2016 Convertible Notes only under certain circumstances set forth in the indenture governing the terms of the June 2016 Convertible Notes (the "June 2016 Indenture"). On or after December 15, 2015 until the close of business on the scheduled trading day immediately preceding June 1, 2016, holders may convert their June 2016 Convertible Notes at any time. Upon conversion, we will pay or deliver, as the case may be, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock, subject to the requirements of the June 2016 Indenture.

The Convertible Notes are our senior unsecured obligations and rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to our existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of our secured indebtedness (including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

As of September 30, 2011, the Company was in material compliance with the terms of the indentures governing the Convertible Notes. See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Convertible Notes.

PORTFOLIO VALUATION

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment without regard to the unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized. Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, we look at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (i.e., substantially all of our investments) are valued at fair value as determined in good faith by our board of directors, based on, among other things, the input of our investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period, and under a valuation policy and a consistently applied valuation process. The valuation process is conducted at the end of each fiscal quarter, and a minimum of 50% of our portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, our independent accountants review our valuation process as part of their overall integrated audit.

As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (an estimate of the total fair value of the portfolio company's debt and equity), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate our valuation.

Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board of directors as described herein. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the gains or losses reflected in the valuations currently assigned. See the factors set forth in "Risk Factors" included in the accompanying prospectus, including the risk factor entitled "Risk Factors Risks Relating to our Investments Recent unprecedented declines in market prices and liquidity in the corporate debt markets resulted in significant net unrealized depreciation of our portfolio in the recent past, reducing our net asset value, and such conditions may occur again in the future."

Our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with our portfolio management team.

- Preliminary valuations are reviewed and discussed with our investment adviser's management and investment professionals, and then valuation recommendations are presented to our board of directors.

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The audit committee of our board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms, with respect to the valuations of a minimum of 50% of our portfolio at fair value.

Our board of directors discusses valuations and determines the fair value of each investment in our portfolio without a readily available market quotation in good faith based on, among other things, the input of our investment adviser, audit committee and where applicable, independent third-party valuation firms.

Effective January 1, 2008, the Company adopted Accounting Standards Codification ("ASC") 820-10 (previously Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements), which expands the application of fair value accounting for investments (see Note 8 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011). Investments acquired as part of the Allied Acquisition were accounted for in accordance with ASC 805-10 (previously SFAS No. 141(R), Business Combinations), which requires that all assets be recorded at fair value. As a result, the initial amortized cost basis and fair value for the acquired investments were the same at April 1, 2010 (see Note 15 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011).

OFF BALANCE SHEET ARRANGEMENTS

The Company has various commitments to fund investments in its portfolio, as described below.

As of September 30, 2011 and December 31, 2010, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments the funding of which is at (or substantially at) the Company's discretion:

	As of	
(in millions)	**September 30, 2011**	**December 31, 2010**
Total revolving and delayed draw commitments	$ 713.7	$ 260.7
Less: funded commitments	(107.1)	(60.0)
Total unfunded commitments	606.6	200.7
Less: commitments substantially at discretion of the Company	(11.9)	(19.9)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(63.2)	(6.7)
Total net adjusted unfunded revolving and delayed draw commitments	$ 531.5	$ 174.1

Included within the total revolving and delayed draw commitments as of September 30, 2011 are commitments to issue up to $73.4 million in standby letters of credit through a financial intermediary on behalf of certain portfolio companies. Under these arrangements, if the standby letters of credit were to be issued, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. As of September 30, 2011, the Company had $41.5 million in standby letters of credit issued and outstanding on behalf of the portfolio companies, of which no amounts were recorded as a liability on our balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company. Of these letters of credit, $0.2 million expire in December 2011, $0.2 million expire in January 2012, $0.1 million expire in February 2012, $0.8 million expire in April 2012, $0.6 million expire in July 2012, $12.5 million expire in August 2012 and $27.1 million expire in September 2012.

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As of September 30, 2011 and December 31, 2010, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships:

	As of	
(in millions)	**September 30, 2011**	**December 31, 2010**
Total private equity commitments	$ 181.3	$ 537.6
Less: funded private equity commitments	(68.3)	(104.3)
Total unfunded private equity commitments	113.0	433.3
Less: private equity commitments substantially at discretion of the Company	(103.7)	(400.4)
Total net adjusted unfunded private equity commitments	$ 9.3	$ 32.9

In the ordinary course of business, Allied Capital had issued guarantees on behalf of certain portfolio companies. Under these arrangements, payments would be required to be made to third parties if the portfolio companies were to default on their related payment. As part of the Allied Acquisition, the Company assumed such outstanding guarantees or similar obligations. As a result, as of each of September 30, 2011 and December 31, 2010, the Company had outstanding guarantees or similar obligations totaling $0.8 million.

Further in the ordinary course of business, we may sell certain of our investments to third party purchasers. In particular, since the Allied Acquisition we have sold and currently continue to seek opportunities to sell certain of Allied Capital's equity investments larger than those we have historically made and controlled portfolio company equity investments. In connection with these sales (as well as certain other sales) we have, and may continue to do so in the future, agreed to indemnify such purchasers for future liabilities arising from the investments and the related sale transaction. Such indemnification provisions may give rise to future liabilities.

As of September 30, 2011, one of the Company's portfolio companies, Ciena Capital LLC ("Ciena"), had one non-recourse securitization Small Business Administration ("SBA") loan warehouse facility, which has reached its maturity date but remains outstanding. Ciena is working with the providers of the SBA loan warehouse facility with regard to the repayment of that facility. Allied Capital had previously issued a performance guaranty (which Ares Capital succeeded to as a result of the Allied Acquisition) whereby Ares Capital must indemnify the warehouse providers for any damages, losses, liabilities and related costs and expenses that they may incur as a result of Ciena's failure to perform any of its obligations as loan originator, loan seller or loan servicer under the warehouse facility. As of September 30, 2011, there are no known issues or claims with respect to this performance guaranty.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates and the valuations of our investment portfolio.

Interest Rate Risk

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

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As of September 30, 2011, approximately 21% of the investments at fair value in our portfolio were at fixed rates, approximately 65% were at variable rates, 12% were non-interest earning and 2% were on non-accrual status. Additionally, for the investments at variable rates, 66% of the investments contained interest rate floors (representing 43% of total investments at fair value). The Revolving Credit Facility, the Revolving Funding Facility and the Debt Securitization all bear interest at variable rates with no interest rate floors, while the 2047 Notes, the 2040 Notes and the Convertible Notes bear interest at fixed rates.

We regularly measure our exposure to interest rate risk. We assess interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on that review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates.

While hedging activities may mitigate our exposure to adverse fluctuations in interest rates, certain hedging transactions that we may enter into in the future, such as interest rate swap agreements, may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio investments.

Based on our September 30, 2011 balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

Basis Point Change (in millions)	**Interest Income**	**Interest Expense**	**Net Income**
Up 300 basis points	$ 47.3	$ 19.9	$ 27.4
Up 200 basis points	$ 26.6	$ 13.3	$ 13.3
Up 100 basis points	$ 8.0	$ 6.6	$ 1.4
Down 100 basis points	$ (0.8)	$ (1.7)	$ 0.9
Down 200 basis points	$ (0.9)	$ (1.7)	$ 0.8
Down 300 basis points	$ (0.9)	$ (1.7)	$ 0.8

Based on our December 31, 2010 balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

Basis Point Change (in millions)	**Interest Income**	**Interest Expense**	**Net Income**
Up 300 basis points	$ 26.2	$ 16.3	$ 9.9
Up 200 basis points	$ 14.8	$ 10.9	$ 3.9
Up 100 basis points	$ 5.5	$ 5.4	$ 0.1
Down 100 basis points	$ (1.5)	$ (1.6)	$ 0.1
Down 200 basis points	$ (1.9)	$ (1.6)	$ (0.3)
Down 300 basis points	$ (2.3)	$ (1.6)	$ (0.7)

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CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of certain material U.S. federal income tax considerations applicable to us and to an investment in shares of our common stock. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, we have not described tax consequences that we assume to be generally known by investors or certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts, financial institutions, persons who hold our common stock as part of an integrated financial transaction and persons with a functional currency that is not the U.S. dollar. This summary assumes that investors hold our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, temporary and final U.S. Treasury regulations, and administrative and judicial interpretations, each as of the date of this prospectus supplement and all of which are subject to change, possibly retroactively, which could affect the continuing accuracy of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service (the "IRS") regarding the offerings pursuant to this prospectus supplement or the accompanying prospectus. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

A "U.S. stockholder" is a beneficial owner of shares of our common stock that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- a trust, if a court within the United States has primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A "non-U.S. stockholder" is a beneficial owner of shares of our common stock that is not a U.S. stockholder, nor an entity treated as a partnership for U.S. federal income tax purposes.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder that is a partnership holding shares of our common stock or a partner of such a partnership should consult his, her or its tax advisers with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisers regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of U.S. federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

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ELECTION TO BE TAXED AS A RIC

As a BDC, we have elected to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally will not pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To qualify as a RIC, we must, among other things, meet certain income source and asset diversification requirements (as described below). In addition, we must distribute to our stockholders, for each taxable year, generally an amount equal to at least 90% of our "investment company taxable income," as defined by the Code (the "Annual Distribution Requirement"). See "Risk Factors Risks Relating to Our Business We may be subject to certain corporate-level taxes regardless of whether we continue to qualify as a RIC."

TAXATION AS A RIC

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement;

then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (generally, net long-term capital gain in excess of net short-term capital loss) we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gain not distributed (or deemed distributed) to our stockholders.

We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (collectively, the "Excise Tax Requirement"). We have paid in the past, and can be expected to pay in the future, such excise tax on a portion of our income.

Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and (2) other requirements relating to our status as a RIC, including the Diversification Tests (as defined below). If we dispose of assets to meet the Annual Distribution Requirement, the Diversification Tests, or the Excise Tax Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

To qualify as a RIC for U.S. federal income tax purposes, we generally must, among other things:

- qualify to be treated as a BDC at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities or other income derived with respect to our business of investing in such stock or securities or (b) net income derived from an interest in a "qualified publicly traded partnership, or "QPTP" (collectively, the "90% Income Test"); and
- diversify our holdings so that at the end of each quarter of the taxable year:
    - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs and other securities that, with respect to any issuer, do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of that issuer; and

no more than 25% of the value of our assets is invested in the securities, other than U.S. Government securities or securities of other RICs, of (i) one issuer, (ii) two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) securities of one or more QPTPs (collectively, the "Diversification Tests").

We may be required to recognize taxable income in circumstances in which we do not receive cash, such as income from hedging or foreign currency transactions. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, that have increasing interest rates or that are issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement and/or the Excise Tax Requirement, even though we will not have received any corresponding cash amount.

Furthermore, a portfolio company in which we invest may face financial difficulty that requires us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such restructuring could, depending on the specific terms of the restructuring, result in unusable capital losses and future non-cash income. Any such restructuring may also result in our recognition of non-qualifying income for purposes of the 90% Income Test or receiving assets that would not count toward satisfying the Diversification Requirements.

In addition, certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (a) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (b) convert lower taxed long-term capital gain into higher taxed short-term capital gain or ordinary income, (c) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (d) adversely affect the time when a purchase or sale of stock or securities is deemed to occur or (e) adversely alter the characterization of certain complex financial transactions. We will monitor our transactions and may make certain tax elections in order to mitigate the effects of these provisions; however, no assurance can be given that we will be eligible for any such tax elections or that any elections we make will fully mitigate the effects of these provisions.

Gain or loss recognized by us from warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

Our investment in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes. In that case, our yield on those securities would be decreased. Stockholders will generally not be entitled to claim a U.S. foreign tax credit or deduction with respect to non-U.S. taxes paid by us.

If we purchase shares in a "passive foreign investment company" (a "PFIC"), we may be subject to U.S. federal income tax on a portion of any "excess distribution" or gain from the disposition of such shares, even if such income is distributed as a taxable dividend by us to our stockholders. Additional charges in the nature of interest may be imposed on us in respect of deferred taxes arising from such distributions or gains. If we invest in a PFIC and elect to treat the PFIC as a "qualified electing fund" under the Code (a "QEF"), in lieu of the foregoing requirements, we will be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed to us. Alternatively, we may elect to mark-to-market at the end of each taxable year our shares in such PFIC; in this case, we will recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it does not exceed prior increases included in income. Our ability to make either election will depend on factors beyond our control, and are subject to limitations which may limit the availability of benefit of these elections. Under either election, we may be required to recognize in any year income in excess of our distributions from PFICs and our proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of determining whether we satisfy the Excise Tax Requirement.

Our functional currency is the U.S. dollar for U.S. federal income tax purposes. Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time we accrue income, expenses or other liabilities denominated in a foreign currency and the time we actually collect such income or pay such expenses or liabilities may be treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts, the disposition of debt denominated in a foreign currency and other financial transactions denominated in foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, may also be treated as ordinary income or loss.

If we borrow money, we may be prevented by loan covenants from declaring and paying dividends in certain circumstances. Even if we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements, under the Investment Company Act, we are generally not permitted to make distributions to our stockholders while our debt obligations and senior securities are outstanding unless certain "asset coverage" tests or other financial covenants are met. Limits on our payment of dividends may prevent us from meeting the Annual Distribution Requirement, and may, therefore, jeopardize our qualification for taxation as a RIC, or subject us to the 4% excise tax on undistributed income.

Some of the income and fees that we recognize, such as management fees or income recognized in a work-out or restructuring of a portfolio investment, may not satisfy the 90% Income Test. In order to ensure that such income and fees do not disqualify us as a RIC for a failure to satisfy the 90% Income Test, we may be required to recognize such income and fees through one or more entities treated as U.S. corporations for U.S. federal income tax purposes. While we expect that recognizing such income through such corporations will assist us in satisfying the 90% Income Test, no assurance can be given that this structure will be respected for U.S. federal income tax purposes, which could result in such income not being counted towards satisfying the 90% Income Test. If the amount of such income were too great and we were otherwise unable to mitigate this effect, it could result in our disqualification as a RIC. If, as we expect, the structure is respected, such corporations will be required to pay U.S. corporate income tax on their earnings, which ultimately will reduce the yield on such income and fees.

If we fail to satisfy the 90% Income Test or the Diversification Tests in any taxable year, we may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain *de minimis* failures of the diversification requirements where we correct the failure within a specified period. If the applicable relief provisions are not available or cannot be met, all of our income would be subject to corporate-level U.S. federal income tax as described below. We cannot provide assurance that we would qualify for any such relief should we fail the 90% Income Test or the Diversification Test.

If we fail to satisfy the Annual Distribution Requirement or otherwise fail to qualify as a RIC in any taxable year, and are not eligible for relief as described above, we will be subject to tax in that year on all of our taxable income, regardless of whether we make any distributions to our stockholders. In that case, all of our income will be subject to corporate-level U.S. federal income tax, reducing the amount available to be distributed to our stockholders. In contrast, assuming we qualify as a RIC, our corporate-level U.S. federal income tax should be substantially reduced or eliminated. See "Election to

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Be Taxed as a RIC" above and "Risk Factors Risks Relating to Our Business We may be subject to certain corporate-level taxes regardless of whether we continue to qualify as a RIC."

Capital Loss Carryforwards and Unrealized Losses

As a RIC, we are permitted to carry forward a net capital loss realized in a taxable year beginning on or before January 1, 2011 to offset our capital gain, if any, realized during the eight years following the year of the loss. A capital loss carryforward realized in a taxable year beginning before January 1, 2011 is treated as a short-term capital loss in the year to which it is carried. We are permitted to carry forward a net capital loss realized in taxable years beginning on or after January 1, 2011 to offset capital gain indefinitely. For net capital losses realized in taxable years beginning on or after January 1, 2011, the excess of our net short-term capital loss over our net long-term capital gain is treated as a short-term capital loss arising on the first day of our next taxable year and the excess of our net long-term capital loss over our net short-term capital gain is treated as a long-term capital loss arising on the first day of our next taxable year. If future capital gain is offset by carried-forward capital losses, such future capital gain is not subject to fund-level U.S. federal income tax, regardless of whether distributed to stockholders. A RIC cannot carry back or carry forward any net operating losses.

It is believed that transactions we have undertaken, including the Allied Acquisition, have resulted in a limitation on our ability to use both our own and Allied Capital's capital loss carryforwards and, potentially, to use unrealized capital losses inherent in the tax basis of our own pre-acquisition assets and Allied Capital's assets we acquired. These limitations, imposed by Section 382 of the Code, are imposed on an annual basis. Losses in excess of the limitation may be carried forward, subject to the overall eight-year limitation. The Section 382 limitation applied to our and Allied Capital's losses generally will equal the product of the net asset value of each corporation immediately prior to the Allied Acquisition, respectively, and the "long-term tax-exempt rate," published by the IRS, in effect at such time. As of April 2010, the month during which the Allied Acquisition was consummated, the long-term tax-exempt rate was 4.03%. Additionally, under Section 384 of the Code, we may also be prohibited from using Allied Capital's loss carryforwards and unrealized losses against any of our unrealized gains at the time of the Allied Acquisition, to the extent such gains are realized within five years following the Allied Acquisition. While our ability to utilize losses in the future depends upon a variety of factors that cannot be known in advance, because capital loss carryforwards realized in taxable years beginning before January 1, 2011 generally expire eight taxable years following recognition, substantially all of our and Allied Capital's losses may become permanently unavailable. Future transactions we enter into may further limit our ability to utilize losses.

As of December 31, 2010, for U.S. federal income tax purposes, we had capital loss carryforwards of approximately $148.0 million and net unrealized losses of approximately $1.4 billion.

Finally, in addition to the other limitations on the use of losses, pursuant to Section 381 of the Code, only a portion of our capital gain net income for the taxable year of the Allied Acquisition (disregarding capital loss carryforwards) can be reduced by Allied Capital's capital loss carryforwards (as otherwise limited under Sections 382 and 384 of the Code, as described above), with such portion equal to the total capital gain net income for such taxable year multiplied by the fraction of the taxable year that remains following the Allied Acquisition.

TAXATION OF U.S. STOCKHOLDERS

Whether an investment in the shares of our common stock is appropriate for a U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares of our common stock by a U.S. stockholder may have adverse tax consequences. The following summary generally describes certain U.S. federal income tax consequences of an investment in shares of our common stock by taxable U.S. stockholders and not by U.S. stockholders that are generally exempt from U.S. federal income taxation. U.S. stockholders should consult their own tax advisors before investing in shares of our common stock.

Distributions on Our Common Stock

Distributions by us generally are taxable to U.S. stockholders as ordinary income or long-term capital gain. Distributions of our investment company taxable income (which is, generally, our ordinary income excluding net capital gain) will be taxable as ordinary income to U.S. stockholders to the extent of our current and accumulated earnings and profits, whether paid in cash or reinvested in additional shares of our common stock. Distributions of our net capital gain (which is generally the excess of our net long-term capital gain over our net short-term capital loss) properly reported by us as "capital gain dividends" will be taxable to a U.S. stockholder as long-term capital gains (which, under current law, are taxed at preferential rates for taxable years beginning before January 1, 2013) in the case of individuals, trusts or estates. This is true regardless of the U.S. stockholder's holding period for his, her or its common stock and regardless of whether the dividend is paid in cash or reinvested in additional common stock. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's common stock and, after the adjusted basis is reduced to zero, will constitute capital gain to such U.S. stockholder. We have made distributions in excess of our earnings and profits and expect to continue to do so in the future. As a result, a U.S. stockholder will need to consider the effect of our distributions on such U.S. stockholder's adjusted tax basis in our common stock in their individual circumstances.

A portion of our ordinary income dividends, but not capital gain dividends, paid to corporate U.S. stockholders may, if certain conditions are met, qualify for the 70% dividends-received deduction to the extent that we have received dividends from certain corporations during the taxable year, but only to the extent such ordinary income dividends are treated as paid out of our earnings and profits. We expect only a small portion of our dividends to qualify for this deduction.

In general, for taxable years beginning before January 1, 2013, "qualified dividend income" realized by non-corporate U.S. stockholders is taxable at the same rate as net capital gain. Generally, qualified dividend income is dividend income attributable to certain U.S. and foreign corporations, as long as certain holding period requirements as met. As long as certain requirements are met, our dividends paid to non-corporate U.S. stockholders attributable to qualified dividend income may be treated by such U.S. stockholders as qualified dividend income, but only to the extent such ordinary income dividends are treated as paid out of our earnings and profits. We expect only a small portion of our dividends to qualify as qualified dividend income.

Although we currently intend to distribute any of our net capital gain at least annually, we may in the future decide to retain some or all of our net capital gain, but designate the retained amount as a "deemed distribution." In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's tax basis for his, her or its common stock.

Because we expect to pay tax on any retained net capital gain at our regular corporate tax rate, and because that rate currently is in excess of the maximum rate currently payable by individuals on net capital gain, the amount of tax that individual stockholders will be treated as having paid and for which they will receive a credit would exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations or may be refunded to the extent it exceeds the stockholder's liability for U.S. federal income tax. A U.S. stockholder that is not subject to U.S. federal income tax or otherwise is not required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In order to utilize the deemed distribution approach, we must provide a written statement to our stockholders reporting the deemed distribution after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

We will be subject to the alternative minimum tax, also referred to as the "AMT," but any items that are treated differently for AMT purposes must be apportioned between us and our stockholders and this may affect U.S. stockholders' AMT liabilities. Although regulations explaining the precise method of apportionment have not yet been issued, such items will generally be apportioned in the same proportion that dividends paid to each stockholder bear to our taxable income (determined without regard to the dividends paid deduction), unless a different method for a particular item is warranted under the circumstances.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

We have the ability to declare a large portion of a dividend in shares of our stock. As long as a portion of such dividend is paid in cash (which portion, under current law, can be as low as 10% for our taxable years ending on or before December 31, 2011) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, our stockholders will be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of our stock. In general, any dividend on shares of our stock will be taxable as a dividend, regardless of whether any portion is paid in stock.

If an investor purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though it represents a return of his, her or its investment. We have built-up or have the potential to build up large amounts of unrealized gain which, when realized and distributed, could have the effect of a taxable return of capital to stockholders.

Sale or Other Disposition of Our Common Stock

A U.S. stockholder generally will recognize taxable gain or loss if the U.S. stockholder sells or otherwise disposes of his, her or its shares of our common stock. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the stock sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if substantially identical stock or securities are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition.

For taxable years beginning before January 1, 2013, in general, U.S. stockholders that are individuals, trusts or estates are taxed at preferential rates on their net capital gain (generally, the excess of net long-term capital gain over net short-term capital loss for a taxable year, including long-term capital gain derived from an investment in our shares). Such rate is lower than the maximum rate on ordinary income currently payable by individuals. Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain at the maximum rate that also applies to ordinary income. Non-corporate U.S. stockholders with net capital losses for a year (i.e., capital loss in excess of capital gain) generally may deduct up to $3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate U.S. stockholder in excess of $3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate U.S. stockholders generally may not deduct any net capital losses for a year, but may carry back such losses for three years or carry forward such losses for five years.

Information Reporting and Backup Withholding

We will send to each of our U.S. stockholders, after the end of each calendar year, a notice providing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each year's distributions generally will be reported to the IRS. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder's particular situation.

We may be required to withhold U.S. federal income tax ("backup withholding") from all taxable distributions to any non-corporate U.S. stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Backup withholding is not an additional tax. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder's U.S. federal income tax liability and may entitle such stockholder to a refund, provided that proper information is timely provided to the IRS.

Medicare Tax on Net Investment Income

For taxable years beginning after December 31, 2012, non-corporate U.S. stockholders generally will be subject to a Medicare tax on their "net investment income," which ordinarily includes taxable distributions or deemed distributions on stock, such as our common stock, as well as taxable gain on the disposition of stock, including our common stock.

Withholding and Information Reporting on Foreign Financial Accounts

Under legislation enacted in 2010 and recent guidance from the IRS, we generally will be required to withhold 30% of any dividends on our common stock paid after December 31, 2013 and the gross proceeds from a sale of our common stock paid after December 31, 2014 to (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial United States owners or provides the name, address and taxpayer identification number of each substantial United States owner and such entity meets certain other specified requirements. We will not pay any additional amounts in respect to any amounts withheld.

Under U.S. Treasury regulations, if a stockholder recognizes a loss with respect to shares of $2 million or more for a non-corporate stockholder or $10 million or more for a corporate stockholder

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in any single taxable year (or a greater loss over a combination of years), the stockholder must file with the IRS a disclosure statement on Form 8886. Direct stockholders of portfolio securities in many cases are excepted from this reporting requirement, but under current guidance, stockholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to stockholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Significant monetary penalties apply to a failure to comply with this reporting requirement. States may also have a similar reporting requirement. Stockholders should consult their own tax advisors to determine the applicability of these regulations in light of their individual circumstances.

TAXATION OF NON-U.S. STOCKHOLDERS

Whether an investment in shares of our common stock is appropriate for a non-U.S. stockholder will depend upon that person's particular circumstances. An investment in shares of our common stock by a non-U.S. stockholder may have adverse tax consequences and, accordingly, may not be appropriate for a non-U.S. stockholder. Non-U.S. stockholders should consult their own tax advisors before investing in our common stock.

Distributions on our Common Stock

Distributions of our investment company taxable income to non-U.S. stockholders will be subject to U.S. withholding tax at a rate of 30% (unless lowered or eliminated by an applicable income tax treaty) to the extent payable from our current and accumulated earnings and profits unless an exception applies. However, with respect to certain distributions made to non-U.S. stockholders in taxable years beginning before January 1, 2012, no withholding will be required and the distributions generally will not be subject to U.S. federal income tax if (i) the distributions are reported as "interest-related dividends" or "short term capital gain dividends" in a written statement furnished to stockholders,(ii) the distributions are derived from sources specified in the Code for such dividends and (iii) certain other requirements are satisfied. No assurance can be given that we would designate any of our distributions as interest-related dividends or short term capital gain dividends, even if we are permitted to do so. In the case of common stock held through an intermediary, even if we make a designation with respect to a payment, no assurance can be made that the intermediary will respect such a designation.

If a non-U.S. stockholder receives distributions and such distributions are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, attributable to a permanent establishment in the United States of such non-U.S. stockholder, such distributions generally will be subject to U.S. federal income tax at the rates applicable to U.S. persons. In that case, we will not be required to withhold U.S. federal income tax if the non-U.S. stockholder complies with applicable certification and disclosure requirements. Special certification requirements apply to a non-U.S. stockholder that is a foreign trust and such entities are urged to consult their own tax advisors.

Actual or deemed distributions of our net capital gain (which is generally the excess of our net long-term capital gain over our net short-term capital loss) to a non-U.S. stockholder, and gains recognized by a non-U.S. stockholder upon the sale of our common stock, will not be subject to withholding of U.S. federal income tax and generally will not be subject to U.S. federal income tax unless (a) the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States or (b) the non-U.S. stockholder is an individual, has been present in the United States for 183 days or more during the taxable year, and certain other conditions are satisfied. For a corporate non-U.S. stockholder, distributions (both actual and deemed), and gains recognized upon the sale of our common stock that are effectively connected with a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" (unless lowered or eliminated by an applicable income tax treaty).

If we distribute our net capital gain in the form of deemed rather than actual distributions (which we may do in the future), a non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the non-U.S. stockholder's allocable share of the tax we pay on the capital gain deemed to have been distributed. In order to obtain the refund, the non-U.S. stockholder must obtain a U.S. taxpayer identification number (if one has not been previously obtained) and file a U.S. federal income tax return even if the non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return.

We have the ability to declare a large portion of a dividend in shares of our stock. As long as a portion of such dividend is paid in cash (which portion can be as low as 10% for our taxable years ending on or before December 31, 2011) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, our non-U.S. stockholders will be taxed on 100% of the dividend in the same manner as a cash dividend (including the application of withholding tax rules described above), even though most of the dividend was paid in shares of our stock. In such a circumstance, we may be required to withhold all or substantially all of the cash we would otherwise distribute to a non-U.S. stockholder.

A non-U.S. stockholder who is otherwise subject to withholding of U.S. federal income tax, may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Under legislation enacted in 2010 and recent guidance from the IRS, we generally will be required to withhold 30% of any dividends on our common stock paid after December 31, 2013 and the gross proceeds from a sale of our common stock paid after December 31, 2014 to (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial United States owners or provides the name, address and taxpayer identification number of each substantial United States owner and such entity meets certain other specified requirements. If payment of this withholding tax is made, non-U.S. stockholders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to such dividends or proceeds will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction. Non-U.S. stockholders should consult their own tax advisers regarding the particular consequences to them of this legislation and guidance.

FAILURE TO QUALIFY AS A RIC

If we were unable to qualify for treatment as a RIC, and relief were not available as discussed above, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders and would not be required to make distributions for tax purposes. Distributions would generally be taxable to our stockholders as ordinary dividend income to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate U.S. stockholders would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. If we were to fail to meet the RIC requirements for more than two

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consecutive years and then sought to requalify as a RIC, we would be required to recognize gain to the extent of any unrealized appreciation in our assets unless we made a special election to pay corporate-level tax on any such unrealized appreciation recognized during the succeeding 10-year period.

POSSIBLE LEGISLATIVE OR OTHER ACTIONS AFFECTING TAX CONSIDERATIONS

Prospective investors should recognize that the present U.S. federal income tax treatment of an investment in us may be modified by legislative, judicial or administrative action at any time, and that any such action may affect investments and commitments previously made. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in U.S. federal tax laws and interpretations thereof could adversely affect the tax consequences of an investment in us.

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UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC are acting as underwriters of the offering. Subject to the terms and conditions set forth in a purchase agreement between us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Morgan Stanley & Co. LLC	
Total	14,280,000

Subject to the terms and conditions set forth in the purchase agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the purchase agreement if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The underwriters are purchasing the shares of common stock from us at $ per share (representing approximately $ aggregate net proceeds to us, before we deduct our aggregate out-of-pocket expenses of approximately $ million, or approximately $ if the underwriters' option to purchase additional shares described below is exercised in full). The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the Nasdaq Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. In connection with the sale of the shares of common stock offered hereby, the underwriters may be deemed to have received compensation in the form of underwriting discounts. The underwriters may effect such transactions by selling shares of common stock to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or purchasers of shares of common stock for whom they may act as agents or to whom they may sell as principal.

Option to Purchase Additional Shares

We have granted an option to the underwriters to purchase up to 2,142,000 additional shares at the price per share set forth on the cover page of this prospectus supplement. The underwriters may exercise this option for 30 days from the date of this prospectus supplement. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

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No Sales of Similar Securities

We have agreed, with exceptions, not to sell or transfer any common stock for 45 days after the date of this prospectus supplement without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC.

Our executive officers and directors and Ares Capital Management and certain of its affiliates have agreed, with exceptions, not to sell or transfer any common stock for 30 days after the date of this prospectus supplement without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC. Specifically, we and these other persons have agreed, with certain limited exceptions not to directly or indirectly

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. In the event that either (x) during the last 17 days of the lock-up period referred to above, we issue an earnings release or material news or a material event relating to the Company occurs or (y) prior to the expiration of the lock-up period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the lock-up period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Nasdaq Global Select Market Listing

The shares are listed on the Nasdaq Global Select Market under the symbol "ARCC."

Short Positions

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that

there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Passive Market Making

In connection with this offering, underwriters may engage in passive market making transactions in the common stock on the Nasdaq Global Select Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of common stock and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters are not required to engage in passive market making and may end passive market making activities at any time.

Electronic Offer, Sale and Distribution of Shares

The underwriters may make prospectuses available in electronic (PDF) format. A prospectus in electronic (PDF) format may be made available on a web site maintained by the underwriters, and the underwriters may distribute such prospectuses electronically. The underwriters may allocate a limited number of shares for sale to their online brokerage customers.

Other Relationships

The underwriters and their affiliates have provided in the past and may provide from time to time in the future in the ordinary course of their business certain commercial banking, financial advisory, investment banking and other services to Ares and its affiliates and managed funds and Ares Capital or our portfolio companies for which they have received or will be entitled to receive separate fees. In particular, the underwriters or their affiliates may execute transactions with Ares Capital or on behalf of Ares Capital, Ares or any of our or their portfolio companies, affiliates and/or managed funds. In addition, the underwriters or their affiliates may act as arrangers, underwriters or placement agents for companies whose securities are sold to or whose loans are syndicated to Ares, Ares Capital or Ares Capital Management and their affiliates and managed funds.

Affiliates of certain of the underwriters are limited partners of private investment funds affiliated with our investment adviser, Ares Capital Management.

The underwriters or their affiliates may also trade in our securities, securities of our portfolio companies or other financial instruments related thereto for their own accounts or for the account of others and may extend loans or financing directly or through derivative transactions to Ares, Ares Capital, Ares Capital Management or any of the portfolio companies.

We may purchase securities of third parties from the underwriters or their affiliates after the offering. However, we have not entered into any agreement or arrangement regarding the acquisition of any such securities, and we may not purchase any such securities. We would only purchase any such securities if among other things we identified securities that satisfied our investment needs and completed our due diligence review of such securities.

After the date of this prospectus supplement, the underwriters and their affiliates may from time to time obtain information regarding specific portfolio companies or us that may not be available to the general public. Any such information is obtained by the underwriters and their affiliates in the ordinary course of its business and not in connection with the offering of the common stock. In addition, after the offering period for the sale of our common stock, the underwriters or their affiliates may develop analyses or opinions related to Ares, Ares Capital or our portfolio companies and buy or sell interests in one or more of our portfolio companies on behalf of their proprietary or client accounts and may engage in competitive activities. There is no obligation on behalf of these parties to disclose their respective analyses, opinions or purchase and sale activities regarding any portfolio company or regarding Ares Capital to our stockholders.

In the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Affiliates of the underwriters serve as agents and lenders under our credit facilities or other debt instruments and are also lenders to private investment funds managed by Ivy Hill Asset Management, L.P., our portfolio company. Certain of the underwriters and their affiliates were underwriters in connection with our initial public offering and our subsequent common stock offerings, debt offerings, convertible notes offerings and rights offering, for which they received customary fees.

The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is One Bryant Park, New York, New York 10036. The principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, New York 10036.

Conflicts of Interest

Proceeds of this offering will be used to repay or repurchase outstanding indebtedness, including indebtedness under the Revolving Credit Facility. Affiliates of the underwriters are lenders under the Revolving Credit Facility. Accordingly, to the extent proceeds of this offering are used to repay outstanding indebtedness under the Revolving Credit Facility, affiliates of the underwriters may receive more than 5% of the proceeds of this offering which are used to repay or repurchase outstanding indebtedness under the Revolving Credit Facility.

Notice to Prospective Investors in the EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on

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which the Prospectus Directive is implemented in that Relevant Member State, no offer of shares may be made to the public in that Relevant Member State other than:

(a) to any legal entity which is a "qualified investor" (as defined in the Prospectus Directive);

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than "qualified investors" (as defined in the Prospectus Directive)), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the underwriters; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or the underwriters to public a prospectus pursuant to Article 3 of the Prospectus Directive.

Each person in a Relevant Member State (other than a Relevant Member State where there is a Permitted Public Offer (as defined in the Prospective Directive)) who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (A) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive, and (B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the underwriters has been given to the offer or resale. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to "qualified investors" (as defined in the Prospective Directive) or in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale.

We, our representatives and our affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly, any person making or intending to make an offer in that Relevant Member State of shares that are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

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Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, Ares Capital Corporation or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This document is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set forth herein and has no responsibility for this document. The shares to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this document you should consult an authorized financial advisor.

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by Proskauer Rose LLP, Los Angeles, California, Sutherland Asbill & Brennan LLP, Washington, D.C., and Venable LLP, Baltimore, Maryland. Proskauer Rose LLP has from time to time represented the underwriters, Ares and Ares Capital Management on unrelated matters. Certain legal matters in connection with the offering will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(in thousands, except per share data)

	As of	
	September 30, 2011 (unaudited)	**December 31, 2010**
ASSETS		
Investments at fair value		
Non-controlled/non-affiliate investments	$ 2,876,091	$ 2,482,642
Non-controlled affiliate company investments	316,751	380,396
Controlled affiliate company investments	1,562,311	1,454,952
Total investments at fair value (amortized cost of $4,803,420 and $4,291,955, respectively)	4,755,153	4,317,990
Cash and cash equivalents	103,146	100,752
Receivable for open trades	22,560	8,876
Interest receivable	82,663	72,548
Other assets	81,984	62,380
Total assets	$ 5,045,506	$ 4,562,546
LIABILITIES		
Debt	$ 1,800,212	$ 1,378,509
Management and incentive fees payable	83,843	52,397
Accounts payable and other liabilities	37,201	34,742
Interest and facility fees payable	20,972	21,763
Payable for open trades		24,602
Total liabilities	1,942,228	1,512,013
Commitments and contingencies (Note 7)		
STOCKHOLDERS' EQUITY		
Common stock, par value $.001 per share, 400,000 and 300,000 common shares authorized, respectively, 205,130 and 204,419 common shares issued and outstanding, respectively	205	204
Capital in excess of par value	3,271,595	3,205,326
Accumulated overdistributed net investment income	(36,245)	(11,336)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets	(84,010)	(169,696)
Net unrealized gain (loss) on investments and foreign currency transactions	(48,267)	26,035
Total stockholders' equity	3,103,278	3,050,533
Total liabilities and stockholders' equity	$ 5,045,506	$ 4,562,546
NET ASSETS PER SHARE	$ 15.13	$ 14.92

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands, except per share data)

	For the three months ended September 30, 2011 (unaudited)	For the three months ended September 30, 2010 (unaudited)	For the nine months ended September 30, 2011 (unaudited)	For the nine months ended September 30, 2010 (unaudited)
INVESTMENT INCOME:				
From non-controlled/non-affiliate company investments:				
Interest from investments	$ 69,588	$ 66,319	$ 191,830	$ 177,285
Capital structuring service fees	20,006	8,122	38,412	15,258
Dividend income	4,886	1,381	7,094	3,299
Management fees	427	1,711	1,055	4,261
Interest from cash & cash equivalents	16	47	110	75
Other income	1,611	1,094	3,727	3,648
Total investment income from non-controlled/non-affiliate company investments	96,534	78,674	242,228	203,826
From non-controlled affiliate company investments:				
Interest from investments	7,909	13,607	26,800	33,602
Capital structuring service fees	730		730	
Dividend income	549	127	4,008	318
Management fees	63	75	439	363
Other income	233	63	871	485
Total investment income from non-controlled affiliate company investments	9,484	13,872	32,848	34,768
From controlled affiliate company investments:				
Interest from investments	44,032	27,908	124,732	62,545
Capital structuring service fees	7,314	12,489	20,020	15,146
Dividend income	5,907	2,415	15,708	4,211
Management fees	3,677	2,652	10,723	5,430
Other income	417	116	1,104	300
Total investment income from controlled affiliate company investments	61,347	45,580	172,287	87,632
Total investment income	167,365	138,126	447,363	326,226
EXPENSES:				
Interest and credit facility fees	30,971	22,755	89,739	54,453
Incentive management fees	10,159	17,805	82,846	40,922
Base management fees	18,317	15,436	52,461	35,574
Professional fees	3,683	3,233	10,929	9,191
Administrative fees	2,017	2,642	6,901	6,251
Professional fees and other costs related to the acquisition of Allied Capital Corporation	1,116	1,450	2,016	17,773
Other general and administrative	2,061	3,749	7,890	9,236
Total expenses	68,324	67,070	252,782	173,400
NET INVESTMENT INCOME BEFORE INCOME TAXES	99,041	71,056	194,581	152,826
Income tax expense (benefit), including excise tax	683	(164)	4,637	360
NET INVESTMENT INCOME	98,358	71,220	189,944	152,466
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCIES:				

Net realized gains (losses):				
Non-controlled/non-affiliate company investments	(28,731)	1,225	29,458	10,998
Non-controlled affiliate company investments	33,120	9	31,104	(3,725)
Controlled affiliate company investments	44,420	(6)	44,442	1,296
Foreign currency transactions				85
Net realized gains	48,809	1,228	105,004	8,654
Net unrealized gains (losses):				
Non-controlled/non-affiliate company investments	(22,672)	17,509	(43,244)	113,590
Non-controlled affiliate company investments	(34,454)	16,064	(37,214)	35,152
Controlled affiliate company investments	(49,402)	23,934	6,156	31,321
Foreign currency transactions				(152)
Net unrealized gains (losses)	(106,528)	57,507	(74,302)	179,911
Net realized and unrealized gains (losses) from investments and foreign currencies	(57,719)	58,735	30,702	188,565
GAIN ON THE ACQUISITION OF ALLIED CAPITAL CORPORATION				195,876
REALIZED LOSS ON EXTINGUISHMENT OF DEBT		(1,578)	(19,318)	(1,961)
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	$ 40,639	$ 128,377	$ 201,328	$ 534,946
BASIC AND DILUTED EARNINGS PER COMMON SHARE (Note 10)	$ 0.20	$ 0.67	$ 0.98	$ 3.16
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (Note 10)	205,130	192,167	204,770	169,500

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of September 30, 2011
(dollar amounts in thousands)
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Investment Funds and Vehicles							
AGILE Fund I, LLC(7)(9)	Investment partnership	Member interest (0.50% interest)		4/1/2010	$ 245	$ 130	
CIC Flex, LP(9)	Investment partnership	Limited partnership units (0.94 unit)		9/7/2007	2,533	3,137	
Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	1,059	1,088	
Dynamic India Fund IV, LLC(9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	4,728	
Firstlight Financial Corporation(6)(9)	Investment company	Senior subordinated loan ($71,363 par due 12/2016)	1.00% PIK	12/31/2006	71,089	55,918(4)	
		Class A common stock (10,000 shares)		12/31/2006	10,000		
		Class B common stock (30,000 shares)		12/31/2006	30,000		
					111,089	55,918	
HCI Equity, LLC(7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	808	715	
Imperial Capital Private Opportunities, LP(9)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	6,643	5,120	
Ivy Hill Middle Market Credit Fund, Ltd.(7)(8)(9)	Investment company	Class B deferrable interest notes ($40,000 par due 11/2018)	6.25% (Libor + 6.00%/Q)	11/20/2007	40,000	37,600	
		Subordinated notes ($16 par due 11/2018)	15.00%	11/20/2007	15,515	16,000	
					55,515	53,600	
Knightsbridge CLO 2008-1 Ltd.(7)(8)(9)	Investment company	Class C notes ($14,400 par due 6/2018)	7.75% (Libor + 7.50%/Q)	3/24/2010	14,400	14,400	
		Class D notes ($9,000 par due 6/2018)	8.75% (Libor + 8.50%/Q)	3/24/2010	9,000	9,000	
		Class E notes ($14,850 par due 6/2018)	5.25% (Libor + 5.00%/Q)	3/24/2010	13,596	13,749	
					36,996	37,149	

Kodiak Funding, LP(9)	Investment partnership	Limited partnership interest (1.52% interest)		4/1/2010	877	823	
Novak Biddle Venture Partners III, L.P.(9)	Investment partnership	Limited partnership interest (2.47% interest)		4/1/2010	221	196	
Partnership Capital Growth Fund I, L.P.(9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	2,126	4,006	
Senior Secured Loan Fund LLC(7)(11)(17)	Co-investment vehicle	Subordinated certificates ($788,128 par due 12/2020)	8.29% (Libor + 8.00%/Q)	10/30/2009	777,406	796,513	
VSC Investors LLC(9)	Investment company	Membership interest (1.95% interest)		1/24/2008	1,139	1,139	
					1,001,479	964,262	31.07%
Healthcare-Services							
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	936	

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Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC(6)	Healthcare analysis services	Senior secured loan ($7,263 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,263	6,900(2)(16)	
		Senior secured loan ($7,661 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,661	7,278(3)(16)	
		Class A common stock (9,679 shares)		6/15/2007	4,000	9,337	
		Class C common stock (1,546 shares)		6/15/2007		1,491	
					18,924	25,006	
HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Class A units (10,720,874 units)		6/26/2008	10,721	4,437	
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,101	
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	Senior secured loan ($12,973 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	12,973	12,973(16)	
		Senior secured loan ($45,570 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	45,570	45,570(2)(16)	
		Senior secured loan ($8,476 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	8,476	8,476(3)(16)	
					67,019	67,019	
MW Dental Holding Corp.	Dental services	Senior secured revolving loan ($1,700 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	1,700	1,649(16)	
		Senior secured loan ($30,723 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	30,723	29,801(16)	
		Senior secured loan ($49,875 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	49,875	48,379(2)(16)	
		Senior secured loan ($2,693 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	2,693	2,612(3)(16)	
					84,991	82,441	
Napa Management Services Corporation	Anesthesia management services provider	Senior secured loan ($10,961 par due 4/2016)	8.50% (Libor + 7.00%/Q)	4/15/2011	10,605	10,961(16)	
		Senior secured loan ($29,625 par due 4/2016)	8.50% (Libor + 7.00%/Q)	4/15/2011	29,625	29,625(2)(16)	
		Senior secured loan ($7,801 par due 4/2016)	8.50% (Libor + 7.00%/Q)	4/15/2011	7,801	7,801(3)(16)	
		Common units (5,000 units)			5,000	5,000	
					53,031	53,387	

NS Merger Sub. Inc. and NS Holdings, Inc.	Healthcare technology provider	Senior subordinated loan ($579 par due 6/2017)	13.50%	6/21/2010	579	579
		Senior subordinated loan ($50,000 par due 6/2017)	13.50%	6/21/2010	50,000	50,000(2)
		Common stock (2,500,000 shares)		6/21/2010	2,500	2,388
					53,079	52,967
OnCURE Medical Corp.	Radiation oncology care provider	Common stock (857,143 shares)		8/18/2006	3,000	3,038

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Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Senior secured loan ($10,202 par due 5/2014)	8.25% (Libor + 7.00%/M)	5/9/2008	10,202	10,202(2)(16)	
		Senior secured loan ($9,417 par due 5/2014)	8.25% (Libor + 7.00%/M)	5/9/2008	9,417	9,417(3)(16)	
		Series A preferred stock (1,594,457 shares)		7/30/2008	11,156	8,550	
		Common stock (16,106 shares)		7/30/2008	100		
					30,875	28,169	
PG Mergersub, Inc. and PGA Holdings, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Senior secured loan ($9,131 par due 11/2015)	6.75% (Libor + 5.00%/Q)	11/3/2010	9,106	9,131(3)(16)	
		Senior subordinated loan ($4,000 par due 3/2016)	12.50%	3/12/2008	3,954	4,000	
		Preferred stock (333 shares)		3/12/2008	125	14	
		Common stock (16,667 shares)		3/12/2008	167	705	
					13,352	13,850	
PRA Holdings, Inc.	Drug testing services	Senior secured loan ($11,330 par due 12/2014)	4.35% (Libor + 4.00%/Q)	12/14/2007	11,011	11,103(2)	
		Senior secured loan ($12,000 par due 12/2014)	4.35% (Libor + 4.00%/Q)	12/14/2007	11,657	11,760(3)	
					22,668	22,863	
Reed Group, Ltd.	Medical disability management services provider	Senior secured revolving loan ($1,250 par due 12/2013)		4/1/2010	1,097	1,062(15)	
		Senior secured loan ($10,755 par due 12/2013)		4/1/2010	9,129	9,142(15)	
		Senior secured loan ($20,576 par due 12/2013)		4/1/2010	15,918	4,242(15)	
		Equity interests		4/1/2010	203		
					26,347	14,446	
Soteria Imaging Services, LLC(6)	Outpatient medical imaging provider	Junior secured loan ($1,275 par due 11/2010)	14.50%	4/1/2010	1,134	914	
		Junior secured loan ($1,822 par due 11/2010)	12.50%	4/1/2010	1,640	1,305	
		Preferred member units (1,823,179 units)		4/1/2010			

					2,774	2,219	
Sunquest Information Systems, Inc.	Laboratory software solutions provider	Junior secured loan ($75,000 par due 6/2017)	9.75% (Libor + 8.50%/Q)	12/16/2010	75,000	74,250(16)	
		Junior secured loan ($50,000 par due 6/2017)	9.75% (Libor + 8.50%/Q)	12/16/2010	50,000	49,500(2)(16)	
					125,000	123,750	
U.S. Renal Care, Inc.	Dialysis provider	Senior secured loan ($7,462 par due 12/2016)	5.50% (Libor + 4.00%/Q)	6/9/2011	7,425	7,164(16)	
		Senior subordinated loan ($50,314 par due 6/2017)	11.25% Cash, 2.00% PIK	5/24/2010	50,314	50,314(2)(4)	
					57,739	57,478	
Vantage Oncology, Inc.	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	6,005	
					576,304	559,112	18.02%
Business Services							
Aviation Properties Corporation(7)	Aviation services	Common stock (100 shares)		4/1/2010			

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Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
BenefitMall Holdings Inc.(7)	Employee benefits broker services company	Senior subordinated loan ($40,326 par due 6/2014)	18.00%	4/1/2010	40,326	40,326	
		Common stock (39,274,290 shares)		4/1/2010	53,510	53,871	
		Warrants		4/1/2010			
					93,836	94,197	
CitiPostal Inc.(7)	Document storage and management services	Senior secured revolving loan ($1,950 par due 12/2013)	6.50% (Libor + 4.50%/Q)	4/1/2010	1,950	1,950(16)	
		Senior secured revolving loan ($1,250 par due 12/2013)	6.75% (Base Rate + 3.25%/Q)	4/1/2010	1,250	1,250(16)	
		Senior secured loan ($492 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	492	492(4)	
		Senior secured loan ($50,437 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	50,437	50,437(2)(4)	
		Senior subordinated loan ($14,108 par due 12/2015)		4/1/2010	13,038	2,880(15)	
		Common stock (37,024 shares)		4/1/2010			
					67,167	57,009	
Cook Inlet Alternative Risk, LLC	Risk management services	Senior subordinated note ($4,000 par due 9/2015)	9.00%	9/30/2011	4,000	4,000	
		Member interest (3.17%)		4/1/2010			
					4,000	4,000	
Cornerstone Records Management, LLC	Physical records storage and management service provider	Senior secured loan ($16,277 par due 8/2016)	8.50% (Libor + 7.00%/M)	8/12/2011	16,277	15,951(16)	
Coverall North America, Inc.(7)	Commercial janitorial service provider	Subordinated notes ($9,386 par due 2/2016)	10.00% Cash, 2.00% PIK	2/22/2011	9,386	9,386(4)	
Diversified Collections Services, Inc.	Collections services	Senior secured loan ($34,000 par due 9/2012)	13.75% (Libor + 11.75%/M)	6/25/2010	34,000	34,000(2)(16)	
		Senior secured loan ($5,719 par due 3/2012)	7.50% (Libor + 5.50%/M)	6/25/2010	5,719	5,719(3)(16)	
		Senior secured loan ($2,000 par due 9/2012)	13.75% (Libor + 11.75%/M)	6/25/2010	2,000	2,000(3)(16)	
		Preferred stock (14,927 shares)		5/18/2006	169	304	
		Common stock (478,816 shares)		4/1/2010	1,478	3,091	
		Common stock (114,004 shares)		2/5/2005	295	1,171	
					43,661	46,285	
Impact Innovations Group, LLC	IT consulting and outsourcing services	Member interest (50.00% interest)		4/1/2010		200	

Interactive Technology Solutions, LLC	IT services provider	Senior secured loan ($7,391 par due 6/2015)	8.75% (Base Rate + 5.50%/Q)	10/21/2010	7,391	7,391(16)
		Senior secured loan ($8,281 par due 6/2015)	8.75% (Base Rate + 5.50%/Q)	10/21/2010	8,281	8,281(3)(16)
					15,672	15,672
Investor Group Services, LLC(6)	Business consulting for private equity and corporate clients	Senior secured revolving loan ($500 par due 6/2013)	5.75% (Libor + 5.50%/M)	6/22/2006	500	500
		Limited liability company membership interest (10.00% interest)		6/22/2006		649
					500	1,149
Microstar Logistics LLC	Keg management solutions provider	Junior secured loan ($85,000 par due 8/2016)	10.00% (Libor + 9.00%/Q)	8/5/2011	85,000	85,000(16)

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Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Multi-Ad Services, Inc.(6)	Marketing services and software provider	Preferred units (1,725,280 units)		4/1/2010	788	1,379	
		Common units (1,725,280 units)		4/1/2010			
					788	1,379	
MVL Group, Inc.(7)	Marketing research provider	Senior secured loan ($22,772 par due 7/2012)	12.00%	4/1/2010	22,772	22,772	
		Senior subordinated loan ($35,619 par due 7/2012)	12.00% Cash, 2.50% PIK	4/1/2010	35,050	35,619(4)	
		Junior subordinated loan ($144 par due 7/2012)	10.00%	4/1/2010		12	
		Common stock (560,716 shares)		4/1/2010			
					57,822	58,403	
Pillar Processing LLC and PHL Holding Co.(6)	Mortgage services	Senior secured loan ($1,875 par due 5/2014)	14.50%	7/31/2008	1,875	1,875	
		Senior secured loan ($5,500 par due 5/2014)	14.50%	7/31/2008	5,500	5,500(2)	
		Senior secured loan ($7,253 par due 11/2013)	5.73% (Libor + 5.50%/M)	11/20/2007	7,253	7,253(2)	
		Senior secured loan ($4,527 par due 11/2013)	5.73% (Libor + 5.50%/M)	11/20/2007	4,527	4,527(3)	
		Common stock (85 shares)			3,768	2,729	
					22,923	21,884	
Prommis Solutions, LLC, E-Default Services, LLC, Statewide Tax and Title Services, LLC & Statewide Publishing Services, LLC	Bankruptcy and foreclosure processing services	Senior subordinated loan ($17,126 par due 2/2014)		2/9/2007	16,788	5,819(15)	
		Senior subordinated loan ($27,576 par due 2/2014)		2/9/2007	27,032	9,371(2)(15)	
		Preferred units (30,000 units)		4/11/2006	3,000		
					46,820	15,190	
Promo Works, LLC	Marketing services	Senior secured loan ($8,655 par due 12/2013)		4/1/2010	4,463	3,404(15)	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	192	
Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (45.98% interest)		5/20/2011		754	

Tradesmen International, Inc.	Construction labor support	Junior secured loan ($14,014 par due 5/2014)	13.00% Cash, 1.00% PIK	4/1/2010	10,718	14,014(4)	
		Warrants to purchase up to 771,036 shares		4/1/2010		3,411	
					10,718	17,425	
Tripwire, Inc.	IT security software provider	Senior secured loan ($30,000 par due 5/2018)	10.50% (Libor + 9.25%/Q)	5/23/2011	30,000	30,000(16)	
		Senior secured loan ($50,000 par due 5/2018)	10.50% (Libor + 9.25%/Q)	5/23/2011	50,000	50,000(2)(16)	
		Class A common stock (2,970 shares)		5/23/2011	2,970	2,976	
		Class B common stock (2,655,638 shares)		5/23/2011	30	30	
					83,000	83,006	
Venturehouse-Cibernet Investors, LLC	Financial settlement services for intercarrier wireless roaming	Equity interest		4/1/2010			
VSS-Tranzact Holdings, LLC(6)	Management consulting services	Common membership interest (8.51% interest)		10/26/2007	10,204	2,108	
					572,487	532,594	17.16%

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Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Education							
American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	Senior secured revolving loan ($1,000 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	1,000	1,000(16)	
		Senior secured loan ($31,466 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	31,466	31,466(16)	
		Senior secured loan ($49,012 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	49,012	49,012(2)(16)	
					81,478	81,478	
Campus Management Corp. and Campus Management Acquisition Corp.(6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	13,231	
Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	Senior secured loan ($18,571 par due 12/2014)	6.25% (Libor + 5.25%/Q)	12/10/2010	18,571	18,571(16)	
		Junior secured loan ($31,506 par due 12/2015)	15.25% (Libor + 11.00% Cash, 4.00% PIK/Q)	12/10/2010	31,506	31,191(4)	
		Junior secured loan ($9,485 par due 12/2015)	15.29% (Libor + 11.00% Cash, 4.00% PIK/Q)	12/10/2010	9,485	9,391(4)	
		Warrants to purchase up to 578,427 shares		12/10/2010		389	
					59,562	59,542	
eInstruction Corporation	Developer, manufacturer and retailer of educational products	Junior secured loan ($17,000 par due 7/2014)	7.74% (Libor + 7.50%/M)	4/1/2010	15,002	12,580	
		Senior subordinated loan ($26,209 par due 1/2015)		4/1/2010	24,151	13,425(15)	
		Common stock (2,406 shares)		4/1/2010	926		
					40,079	26,005	
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation(6)	Developer, manufacturer and retailer of educational products	Preferred stock (99,492 shares)	12.00% PIK	8/1/2011	10,149	10,149(4)	
		Common stock (50,800 shares)		8/1/2011	51	51	
					10,200	10,200	
Infilaw Holding, LLC				8/25/2011	30,000	30,000(16)	

	Law school operator	Senior secured loan ($30,000 par due 8/2016)	10.75% (Base Rate + 7.50%/Q)			
		Series A preferred units (131,000 units)	10.75% (Base Rate + 7.50%/Q)	8/25/2011	131,000	128,380(16)
					161,000	158,380
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	Series B preferred stock (1,750,000 shares)		8/5/2010	5,000	5,926
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	
		Common stock (20 shares)		6/7/2010		
					5,689	5,926
JTC Education Holdings, Inc.	Postsecondary school operator	Senior secured loan ($20,302 par due 12/2014)	12.50% (Libor + 9.50%/M)	12/31/2009	20,302	20,302(16)
		Senior secured loan ($9,833 par due 12/2014)	12.50% (Libor + 9.50%/M)	12/31/2009	9,833	9,833(3)(16)
					30,135	30,135

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Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
R3 Education, Inc. and EIC Acquisitions Corp.(8)	Medical school operator	Senior secured loan ($9,261 par due 4/2013)	9.00% (Libor + 6.00%/Q)	9/21/2007	9,261	15,091(16)	
		Senior secured loan ($3,663 par due 4/2013)	9.00% (Libor + 6.00%/Q)	9/21/2007	3,663	5,969(3)(16)	
		Senior secured loan ($4,331 par due 4/2013)	9.00% (Libor + 6.00%/Q)	5/24/2007	4,331	7,058(16)	
		Senior secured loan ($6,304 par due 4/2013)	13.00% PIK	12/8/2009	3,542	10,273(4)	
		Preferred stock (8,800 shares)		7/30/2008	2,200	1,100	
		Common membership interest (26.27% interest)		9/21/2007	15,800	18,433	
		Warrants to purchase up to 27,890 shares		12/8/2009			
					38,797	57,924	
					437,460	442,821	14.27%
Restaurants and Food Services							
ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan ($2,010 par due 11/2013)	6.50% (Libor + 3.50%/Q)	11/27/2006	2,010	2,010(16)	
		Senior secured revolving loan ($608 par due 11/2013)	6.50% (Base Rate + 2.50%/Q)	11/27/2006	608	608(16)	
		Senior secured loan ($66 par due 11/2013)	6.50% (Base Rate + 2.50%/Q)	11/27/2006	66	66(16)	
		Senior secured loan ($7,449 par due 11/2013)	6.50% (Libor + 3.50%/Q)	11/27/2006	7,449	7,449(16)	
		Senior secured loan ($11,315 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	11,318	11,315(2)(16)	
		Senior secured loan ($9,434 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	9,434	9,434(3)(16)	
		Promissory note ($14,897 par due 11/2016)		6/1/2006	14,886	8,562	
		Warrants to purchase up to 0.61 shares		6/1/2006			
					45,771	39,444	
Fulton Holdings Corp.	Airport restaurant operator	Senior secured loan ($40,000 par due 5/2016)	12.50%	5/28/2010	40,000	40,000(2)	
		Common stock (19,672 shares)		5/28/2010	1,967	1,776	
					41,967	41,776	
Huddle House, Inc.(7)	Restaurant owner and operator	Senior subordinated loan ($20,765 par due 12/2015)	12.00% Cash, 3.00% PIK	4/1/2010	20,481	19,772(4)	
				4/1/2010			

		Common stock (358,279 shares)				
					20,481	19,772
Orion Foods, LLC (fka Hot Stuff Foods, LLC)(7)	Convenience food service retailer	Senior secured revolving loan ($3,300 par due 9/2014)	10.75% (Base Rate + 7.50%/M)	4/1/2010	3,300	3,300(16)
		Senior secured loan ($34,027 par due 9/2014)	10.00% (Libor + 8.50%/Q)	4/1/2010	34,027	34,027(16)
		Junior secured loan ($37,552 par due 9/2014)	14.00%	4/1/2010	25,976	28,163
		Preferred units (10,000 units)		10/28/2010		
		Class A common units (25,001 units)		4/1/2010		
		Class B common units (1,122,452 units)		4/1/2010		
					63,303	65,490

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Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
OTG Management, Inc.	Airport restaurant operator	Senior secured revolving loan ($937 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/9/2011	937	937(16)	
		Senior secured loan ($19,687 par due 8/2016)	8.50% (Libor + 7.00%/M)	8/9/2011	19,687	19,687(16)	
		Junior secured loan ($34,285 par due 8/2016)	14.50% (Libor + 13.00%/Q)	8/9/2011	34,285	34,285(16)	
		Common units (3,000,000 units)		1/5/2011	3,000	3,175	
		Warrants to purchase up to 100,866 shares of common stock		6/19/2008	100	5,527	
					58,009	63,611	
PMI Holdings, Inc.	Restaurant owner and operator	Senior secured loan ($9,022 par due 5/2015)	10.00% (Libor + 8.00%/M)	5/5/2010	9,022	9,022(2)(16)	
		Senior secured loan ($36 par due 5/2015)	10.25% (Base Rate + 7.00%/M)	5/5/2010	36	36(2)(16)	
		Senior secured loan ($9,022 par due 5/2015)	10.00% (Libor + 8.00%/M)	5/5/2010	9,022	9,022(3)(16)	
		Senior secured loan ($36 par due 5/2015)	10.25% (Base Rate + 7.00%/M)	5/5/2010	36	36(3)(16)	
					18,116	18,116	
S.B. Restaurant Company	Restaurant owner and operator	Senior secured loan ($34,712 par due 7/2012)	13.00% (Libor + 9.00% Cash, 2.00% PIK/Q)	4/1/2010	29,970	34,712(4)(16)	
		Preferred stock (46,690 shares)		4/1/2010		117	
		Warrants to purchase up to 257,429 shares of common stock		4/1/2010			
					29,970	34,829	
Vistar Corporation and Wellspring Distribution Corp.	Food service distributor	Junior secured loan ($80,250 par due 5/2015)	11.00%	5/23/2008	78,800	80,250	
		Junior secured loan ($30,000 par due 5/2015)	11.00%	5/23/2008	30,000	30,000(2)	
		Class A non-voting common stock (1,366,120 shares)		5/3/2008	7,500	5,957	
					116,300	116,207	
					393,917	399,245	12.87%
Financial Services							
AllBridge Financial, LLC(7)	Asset management services	Equity interests		4/1/2010	11,395	12,607	
Callidus Capital Corporation(7)	Asset management services	Common stock (100 shares)		4/1/2010	6,000	2,798	
Ciena Capital LLC(7)			6.00%	11/29/2010	14,000	14,000	

	Real estate and small business loan servicer	Senior secured revolving loan ($14,000 par due 12/2013)					
		Senior secured loan ($32,000 par due 12/2015)	12.00%	11/29/2010	32,000	32,000	
		Equity interests		11/29/2010	53,374	30,400	