

ARES CAPITAL CORP

Form 10-Q

November 05, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549









# FORM 10-Q



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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2009**

**OR**

o

**TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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For the transition period to

Commission File No. 000-50697

# **ARES CAPITAL CORPORATION**

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(Exact name of Registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**33-1089684**  
(I.R.S. Employer  
Identification Number)

**280 Park Avenue, 22nd Floor, Building East, New York, NY 10017**

(Address of principal executive office) (Zip Code)

**(212) 750-7300**

(Registrant's telephone number, including area code)

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**N/A**

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<b>Class</b>	<b>Outstanding at November 5, 2009</b>
Common stock, \$0.001 par value	109,592,728

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(dollar amounts in thousands, except per share data)

	September 30, 2009 (unaudited)	As of	December 31, 2008
<b>ASSETS</b>			
Investments at fair value (amortized cost of \$2,245,137 and \$2,267,593, respectively)			
Non-controlled/non-affiliate company investments	\$ 1,506,376	\$	1,477,492
Non-controlled affiliate company investments	295,787		329,326
Controlled affiliate company investments	165,561		166,159
Total investments at fair value	1,967,724		1,972,977
Cash and cash equivalents	61,469		89,383
Receivable for open trades			3
Interest receivable	21,159		17,547
Other assets	14,729		11,423
Total assets	\$ 2,065,081	\$	2,091,333
<b>LIABILITIES</b>			
Debt	\$ 767,871	\$	908,786
Management and incentive fees payable	56,527		32,989
Payable for open trades	489		
Accounts payable and accrued expenses	14,750		10,006
Interest and facility fees payable	2,717		3,869
Dividend payable	136		40,804
Total liabilities	842,490		996,454
Commitments and contingencies (Note 6)			
<b>STOCKHOLDERS EQUITY</b>			
Common stock, par value \$.001 per share, 200,000,000 common shares authorized, 109,592,728 and 97,152,820 common shares issued and outstanding, respectively	110		97
Capital in excess of par value	1,505,031		1,395,958
Accumulated undistributed net investment loss	(2,436)		(7,637)
Accumulated net realized loss on investments, foreign currency transactions and extinguishment of debt	(2,397)		(124)
Net unrealized loss on investments and foreign currency transactions	(277,717)		(293,415)
Total stockholders equity	1,222,591		1,094,879
Total liabilities and stockholders equity	\$ 2,065,081	\$	2,091,333
<b>NET ASSETS PER SHARE</b>	\$ 11.16	\$	11.27

See accompanying notes to consolidated financial statements.



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(dollar amounts in thousands, except per share data)

	For the three months ended		For the nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>INVESTMENT INCOME:</b>				
From non-controlled/non-affiliate company investments:				
Interest from investments	\$ 49,728	\$ 45,425	\$ 138,866	\$ 118,112
Capital structuring service fees		3,029	1,653	14,175
Interest from cash & cash equivalents	35	325	245	1,314
Dividend income	525	375	1,568	1,246
Management fees	29		29	
Other income	1,501	599	4,198	2,007
Total investment income from non-controlled/non-affiliate company investments	51,818	49,753	146,559	136,854
From non-controlled affiliate company investments:				
Interest from investments	4,916	7,924	17,019	24,668
Capital structuring service fees		281		1,376
Dividend income	148	256	285	522
Management fees	63	188	1,380	564
Other income	140	136	308	379
Total investment income from non-controlled affiliate company investments	5,267	8,785	18,992	27,509
From controlled affiliate company investments:				
Interest from investments	2,255	2,946	7,348	9,126
Capital structuring service fees			194	3,000
Dividend income	1,511	133	1,511	133
Management fees		437	1,286	1,068
Other income	30	13	118	48
Total investment income from controlled affiliate company investments	3,796	3,529	10,457	13,375
Total investment income	60,881	62,067	176,008	177,738
<b>EXPENSES:</b>				
Interest and credit facility fees	5,721	9,535	18,603	26,613
Base management fees	7,508	7,963	22,502	22,729
Incentive management fees	8,227	8,205	23,764	23,713
Professional fees	2,044	1,499	5,749	4,370
Professional fees related to the acquisition of Allied Capital Corporation	1,989		1,989	
Insurance	313	301	988	927
Administrative	809	802	2,905	1,702
Depreciation	167	134	505	338

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Directors fees	134	57	370	197
Other	609	869	3,016	2,597
Total expenses	27,521	29,365	80,391	83,186
NET INVESTMENT INCOME BEFORE INCOME TAXES				
	33,360	32,702	95,617	94,552
Income tax expense (benefit), including excise tax	454	(118)	563	(302)
NET INVESTMENT INCOME	32,906	32,820	95,054	94,854
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS:				
Net realized gains (losses):				
Non-controlled/non-affiliate company investments	12,049	2,018	9,887	2,235
Non-controlled affiliate company investments		2,600	(482)	2,601
Controlled affiliate company investments	(13,705)		(13,705)	
Foreign currency transactions		(38)	68	(40)
Net realized gains (losses)	(1,656)	4,580	(4,232)	4,796
Net unrealized gains (losses):				
Non-controlled/non-affiliate company investments	(552)	(52,689)	1,336	(81,283)
Non-controlled affiliate company investments	14,916	(21,354)	3,644	(45,212)
Controlled affiliate company investments	17,699	(4,750)	10,773	(2,117)
Foreign currency transactions	(37)		(55)	7
Net unrealized gains (losses)	32,026	(78,793)	15,698	(128,605)
Net realized and unrealized gains (losses) from investments and foreign currency transactions	30,370	(74,213)	11,466	(123,809)
REALIZED GAIN ON EXTINGUISHMENT OF DEBT			26,543	
NET INCREASE (DECREASE) IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$ 63,276	\$ (41,393)	\$ 133,063	\$ (28,955)
BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE (see Note 4)	\$ 0.62	\$ (0.43)	\$ 1.34	\$ (0.33)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (see Note 4)	102,831,909	97,152,820	99,066,652	87,152,501

See accompanying notes to consolidated financial statements.

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As of September 30, 2009 (unaudited)

(dollar amounts in thousands, except per unit data)

Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
<b>Healthcare Services</b>								
American Renal Associates, Inc.	Dialysis provider	Senior secured loan (\$1,082 par due 12/2010)	8.5% (Libor + 6.00%/D)	12/14/2005	\$ 1,082	\$ 1,082	\$ 1.00(3)	(15)
		Senior secured loan (\$10,401 par due 12/2011)	8.5% (Libor + 6.00%/Q)	12/14/2005	10,401	10,401	\$ 1.00(3)	(15)
Capella Healthcare, Inc.	Acute care hospital operator	Junior secured loan (\$55,000 par due 2/2016)	13.00%	2/29/2008	55,000	53,350	\$ 0.97	
		Junior secured loan (\$30,000 par due 2/2016)	13.00%	2/29/2008	30,000	29,100	\$ 0.97(2)	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC(6)	Healthcare analysis services	Preferred stock (7,427 shares)		6/15/2007	7,427	7,055	\$ 950.00(4)	
		Common stock (9,679 shares)		6/15/2007	4,000	8,134	\$ 840.38(5)	
		Common stock (1,546 shares)		6/15/2007			\$ (5)	
DSI Renal, Inc.	Dialysis provider	Senior secured revolving loan (\$122 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	122	103	\$ 0.85	
		Senior secured revolving loan (\$3,520 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	3,520	2,992	\$ 0.85	
		Senior secured revolving loan (\$1,120 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	1,120	952	\$ 0.85	
		Senior secured revolving loan (\$1,152 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	1,152	979	\$ 0.85	
		Senior secured revolving loan (\$1,600 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	1,600	1,360	\$ 0.85	
		Senior secured revolving loan (\$2 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	2	2	\$ 0.85	
				4/4/2006	18	15	\$ 0.85	

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		Senior secured revolving loan (\$18 par due 3/2013)	5.30% (Libor + 5.00%/M)					
		Senior secured revolving loan (\$24 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	24	21	\$	0.85
		Senior secured revolving loan (\$54 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	54	46	\$	0.85
		Senior secured revolving loan (\$17 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	17	14	\$	0.85
		Senior secured revolving loan (\$20 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	20	17	\$	0.85
		Senior secured revolving loan (\$294 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	210	250	\$	0.85
		Senior secured revolving loan (\$44 par due 3/2013)	5.30% (Libor + 5.00%/M)	4/4/2006	31	37	\$	0.85
		Senior secured loan (\$17,025 par due 4/2014)	5.30% (Libor + 5.00%/M)	4/4/2006	12,161	14,472	\$	0.85
		Senior subordinated note (\$63,992 par due 4/2014)	16.00% PIK	4/4/2006	63,439	49,263	\$	0.77(2)(4)
		Senior subordinated note (\$13,736 par due 4/2014)	16.00% PIK	4/4/2006	13,675	10,577	\$	0.77(3)(4)
GG Merger Sub I, Inc.	Drug testing services	Senior secured loan (\$11,330 par due 12/2014)	4.30% (Libor + 4.00%/Q)	12/14/2007	10,839	9,744	\$	0.86
		Senior secured loan (\$12,000 par due 12/2014)	4.30% (Libor + 4.00%/Q)	12/14/2007	11,481	10,320	\$	0.86
HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Class A units (10,062,095 units)		6/26/2008	10,062	7,194	\$	0.72(5)
Heartland Dental Care, Inc.	Dental services	Senior subordinated note (\$32,717 par due 8/2013)	11.00% Cash, 3.25% PIK	7/31/2008	32,717	32,717	\$	1.00(4)
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	Senior subordinated note (\$4,623 par due 12/2012)	12.75% Cash, 2.00% PIK	2/9/2009	3,241	4,646	\$	1.00(4)
MPBP Holdings, Inc., Cohr Holdings, Inc. and MPBP Acquisition Co., Inc.	Healthcare equipment services	Senior secured loan (\$997 par due 1/2014)		1/31/2007	512	489	\$	0.49(3)
		Junior secured loan (\$20,000 par due 1/2014)	6.50% (Libor + 6.25%/B)	1/31/2007	20,000	5,000	\$	0.25
		Junior secured loan (\$12,000 par due 1/2014)	6.50% (Libor + 6.25%/B)	1/31/2007	12,000	3,000	\$	0.25(3)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Common stock (50,000 shares)		1/31/2007	5,000			(5)
MWD Acquisition Sub, Inc.	Dental services	Junior secured loan (\$5,000 par due 5/2012)	6.49% (Libor + 6.25%/M)	5/3/2007	5,000	4,350	\$	0.87(3)
OnCURE Medical Corp.	Radiation oncology care provider	Senior secured loan (\$3,076 par due 8/2009)	3.75% (Libor + 3.50%/M)	8/18/2006	3,076	2,707	\$	0.88(3)
		Senior subordinated note (\$32,517 par due 8/2013)	11.00% Cash, 1.50% PIK	8/18/2006	32,542	29,288	\$	0.90(4)
		Common stock (857,143 shares)		8/18/2006	3,000	3,000	\$	3.50(5)
Passport Health Communications, Inc, Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Senior secured loan (\$12,725 par due 5/2014)	10.50% (Libor + 7.50%/M)	5/9/2008	12,725	12,470	\$	0.98(15)
		Senior secured loan (\$11,746 par due 5/2014)	10.50% (Libor + 7.50%/M)	5/9/2008	11,746	11,511	\$	0.98(3) (15)
		Series A preferred stock (1,594,457 shares)		7/30/2008	9,900	9,900	\$	6.21(5)
		Common stock (16,106 shares)		7/30/2008	100	100	\$	6.21(5)
PG Mergersub, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Senior subordinated loan (\$4,000 par due 3/2016)	12.50%	3/12/2008	3,935	3,920	\$	0.98
		Preferred stock (333 shares)		3/12/2008	333	334	\$	1,003.00(5)
		Common stock (16,667 shares)		3/12/2008	167	167	\$	10.00(5)
The Schumacher Group of Delaware, Inc.	Outsourced physician service provider	Senior subordinated loan (\$30,909 par due 7/2012)	11.13% Cash, 1.00% PIK	7/18/2008	30,909	30,909	\$	1.00(4)
		Senior subordinated loan (\$5,229 par due 7/2012)	11.13% Cash, 1.00% PIK	7/18/2008	5,229	5,229	\$	1.00(4)
Triad Laboratory Alliance, LLC	Laboratory services	Senior secured loan (\$4,282 par due 12/2011)	8.50% (Libor + 5.50%/Q)	12/21/2005	4,116	4,282	\$	1.00(3) (15)
		Senior subordinated note (\$15,534 par due 12/2012)	12.00% Cash, 1.75% PIK	12/21/2005	15,534	15,068	\$	0.97(4)

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VOTC Acquisition Corp.	Radiation oncology care provider	Senior secured loan (\$17,329 par due 7/2012)	11.00% Cash, 2.00% PIK	6/30/2008	17,329	17,329	\$	1.00(4)
		Series E preferred shares (3,888,222 shares)		7/14/2008	8,748	3,800	\$	0.98(5)
					475,316	417,696		34.16%
<b>Education</b>								
Campus Management Corp. and Campus Management Acquisition Corp.(6)	Education software developer	Senior secured loan (\$3,280 par due 8/2013)	13.00 Cash, 3.00% PIK	2/8/2008	3,280	3,280	\$	1.00(16) (4)
		Senior secured loan (\$30,494 par due 8/2013)	13.00 Cash, 3.00% PIK	2/8/2008	30,494	30,494	\$	1.00(2) (16) (4)
		Senior secured loan (\$9,028 par due 8/2013)	10.00% Cash, 3.00% PIK	2/8/2008	9,028	9,028	\$	1.00(16) (4)
		Preferred stock (493,147 shares)	8.00% PIK	2/8/2008	8,952	12,800	\$	24.33(4)
ELC Acquisition Corporation	Developer, manufacturer and retailer of educational products	Senior secured loan (\$162 par due 11/2012)	3.50% (Libor + 3.25%/M)	11/30/2006	162	154	\$	0.95(3)
		Junior secured loan (\$8,333 par due 11/2013)	7.25% (Libor + 7.00%/M)	11/30/2006	8,333	7,917	\$	0.95(3)
Instituto de Banca y Comercio, Inc. Leeds IV Advisors, Inc.(8)	Private school operator	Senior secured revolving loan (\$11,730 par due 3/2014)	6.50% (Libor + 4.00%/Q)	3/15/2007	1,232	1,232	\$	1.00(3) (15)
		Senior secured loan (\$11,730 par due 3/2014)	8.50% (Libor + 6.00%/Q)	3/15/2007	11,730	11,730	\$	1.00(3) (15)
		Senior subordinated loan (\$30,644 par due 6/2014)	13.00% Cash, 3.00% PIK	6/4/2008	30,644	30,644	\$	1.00(4)
		Preferred stock (165,811 shares)		6/4/2008	788	1,883	\$	11.35(5)
		Preferred stock (140,577 shares)		3/31/2009	668	1,596	\$	12.94(5)
		Common stock (214,286 shares)		6/4/2008	54	2,433	\$	11.35(5)
Lakeland Finance, LLC	Private school operator	Senior secured note (\$30,000 par due 12/2012)	11.50%	12/13/2005	30,000	30,000	\$	1.00
		Senior secured note (\$3,000 par due 12/2012)	11.50%	12/13/2005	3,000	3,000	\$	1.00(2)
R3 Education, Inc. (formerly known as Equinox EIC Partners, LLC and MUA Management Company)(6)(8)	Medical school operator	Senior secured revolving loan (\$1,186 par due 12/2012)	6.25% (Libor + 6.00%/M)	4/3/2007	1,186	1,162	\$	0.98
				9/21/2007	14,113	13,830	\$	0.98(2)

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Senior secured loan (\$14,113 par due 12/2012)	6.25% (Libor + 6.00%/M)					
Senior secured loan (\$7,300 par due 12/2012)	6.25% (Libor + 6.00%/M)	4/3/2007	7,275	7,130	\$	0.98(3)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Common membership interest (26.27% interest)		9/21/2007	15,800	17,185	(5)	
		Preferred Stock (8,000 shares)			2,000	2,000	\$ 250.00(5)	
		Preferred stock (800 shares)			200	200	\$ 250.00(5)	
					178,974	189,294		15.48%
<b>Beverage, Food and Tobacco</b>								
3091779 Nova Scotia Inc.(8)	Baked goods manufacturer	Junior secured loan (Cdn \$14,241 par due 11/2012)	10.00% Cash, 4.00% PIK	11/2/2007	15,047	11,278	\$ 0.85(4) (12)	
		Senior secured revolving loan (Cdn \$7,338 par due 11/2012)	8.00%	11/2/2007	6,757	7,127	\$ 1.00(4) (12)	
		Warrants to purchase 57,545 shares					\$ (5)	
Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior secured loan (\$24,216 par due 10/2013)	14.50% (Libor + 11.50%/M)	10/5/2007	24,216	23,974	\$ 0.99(15)	
		Senior secured loan (\$11,870 par due 10/2013)	14.50% (Libor + 11.50%/M)	10/5/2007	11,870	11,752	\$ 0.99(15)	
		Senior units (50,000 units)			5,000	3,500	\$ 70.00	
Best Brands Corporation	Baked goods manufacturer	Senior secured loan (\$13,135 par due 12/2012)	7.51% (Libor + 7.25%M)	2/15/2008	10,966	13,135	\$ 1.00(4)	
		Senior secured loan (\$8,759 par due 6/2013)	7.51% (Libor + 7.25%M)	12/14/2006	7,462	8,759	\$ 1.00(4)	
		Junior secured loan (\$28,692 par due 6/2013)	12.00% Cash, 4.00% PIK	12/14/2006	28,053	28,692	\$ 1.00(2)(4)	
		Junior secured loan (\$8,611 par due 6/2013)	12.00% Cash, 4.00% PIK	12/14/2006	8,611	8,611	\$ 1.00(3)(4)	
		Junior secured loan (\$11,733 par due 6/2013)	12.00% Cash, 4.00% PIK	12/14/2006	11,733	11,733	\$ 1.00(3)(4)	
Bumble Bee Foods, LLC and BB Co-Invest LP	Canned seafood manufacturer	Senior subordinated loan (\$30,756 par due 11/2018)	16.25% (12.00% Cash, 4.25% Optional PIK)	11/18/2008	30,756	30,756	\$ 1.00(4)	
		Common stock (4,000 shares)		11/18/2008	4,000	5,700	\$ 1,425.00(5)	
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated note (\$5,874 par due 2/2013)	13.00% PIK	2/6/2008	5,874	5,874	\$ 1.00(2)(4)	
				9/1/2006	2,500	1,725	\$ 275.65(5)	



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Preferred stock  
(6,258 shares)

					172,845	172,616		14.12%
<b>Restaurants and Food Services</b>								
ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan (\$1,408 par due 11/2013)	6.50% (Libor + 3.5%/Q)	11/27/2006	1,408	1,408	\$	1.00(15)
		Senior secured revolving loan (\$2,010 par due 11/2013)	6.50% (Libor + 3.5%/S)	11/27/2006	2,010	2,010	\$	1.00(4) (15)
		Senior secured loan (\$23,615 par due 11/2012)	12.50% (Libor + 6.50% Cash, 3.00% PIK/Q)	11/27/2006	23,622	23,615	\$	1.00(4) (15)
		Senior secured loan (\$11,069 par due 11/2012)	12.50% (Libor + 6.50% Cash, 3.00% PIK/Q)	11/27/2006	11,069	11,069	\$	1.00(2)(4)(15)
		Promissory note (\$13,105 par due 11/2016)	12.00% PIK	6/1/2006	13,093	13,795	\$	1.05(15)
		Warrants to purchase 0.61 shares		6/1/2006		4,370	\$	(5)
Encanto Restaurants, Inc.(8)	Restaurant owner and operator	Junior secured loan (\$21,368 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/2006	21,368	20,299	\$	0.95(2)(4)
		Junior secured loan (\$4,070 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/2006	4,070	3,867	\$	0.95(3)(4)
OTG Management, Inc.	Airport restaurant operator	Junior secured loan (\$15,884 par due 6/2013)	20.50% (Libor + 11.00% Cash, 6.50% PIK/M)	6/19/2008	15,884	15,884	\$	1.05(15)
		Warrants to purchase up to 88,991 shares of common stock				750	\$	8.43(5)
		Warrants to purchase up to 9 shares of common stock					\$	(5)
Vistar Corporation and Wellspring Distribution Corp.	Food service distributor	Senior subordinated loan (\$43,625 par due 5/2015)	13.50%	5/23/2008	43,625	41,444	\$	0.95
		Senior subordinated loan (\$25,000 par due 5/2015)	13.50%	5/23/2008	25,000	23,750	\$	0.95(2)
		Senior subordinated loan (\$5,000 par due 5/2015)	13.50%	5/23/2008	5,000	4,750	\$	0.95(2)
		Class A non-voting common stock (1,366,120 shares)		5/23/2008	7,500	3,253	\$	2.38(5)
					173,649	170,264		13.93%

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
<b>Financial</b>								
Carador PLC(6)(8)(9)	Investment company	Ordinary shares (7,110,525 shares)		12/15/2006	9,033	2,311	\$ 0.38(5)	
CIC Flex, LP(9)	Investment partnership	Limited partnership units (0.69 unit)		9/7/2007	41	41	\$ 59,420.29(5)	
Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47% interest)		6/17/2008	1,059	1,059	(5)	
Firstlight Financial Corporation(6)(9)	Investment company	Senior subordinated loan (\$72,894 par due 12/2016)	1.00% PIK	12/31/2006	72,871	54,670	\$ 0.75(4)	
		Common stock (10,000 shares)		12/31/2006	10,000		\$ (5)	
		Common stock (30,000 shares)		12/31/2006	30,000		\$ (5)	
Ivy Hill Asset Management, L.P.		Member interest			3,586	11,088		
Ivy Hill Middle Market Credit Fund, Ltd. (7)(8)(9)	Investment company	Class B deferrable interest notes (\$40,000 par due 11/2018)	6.72% (Libor + 6.00%/Q)	11/20/2007	40,000	36,800	\$ 0.92	
		Subordinated notes (\$15,681 par due 11/2018)		11/20/2007	15,681	14,113	\$ 0.90(5)	
Imperial Capital Group, LLC and Imperial Capital Private Opportunities, LP(6)(9)	Investment banking services	Limited partnership interest (80% interest)		5/10/2007	3,094	3,094	(5)	
		Common units (7,710 units)		5/10/2007	14,997	20,000	\$ 2,594.03(5)	
		Common units (2,526 units)		5/10/2007	3	3	\$ 1.00(5)	
		Common units (315 units)		5/10/2007			\$ (5)	
Partnership Capital Growth Fund I, LP(9)	Investment partnership	Limited partnership interest (25% interest)		6/16/2006	2,711	2,711	(5)	
Trivergance Capital Partners, LP(9)	Investment partnership	Limited partnership interest (100% interest)		6/5/2008	1,672	1,672	(5)	
VSC Investors LLC(9)	Investment company	Membership interest (4.63% interest)		1/24/2008	635	635	(5)	
					205,383	148,197		12.12%
<b>Services Other</b>								
American Residential Services, LLC	Plumbing, heating and air-conditioning services	Junior secured loan (\$20,403 par due 4/2015)	10.00% Cash, 2.00% PIK	4/17/2007	20,505	19,685	\$ 0.96(2)(4)	

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Diversified Collection Services, Inc.	Collections services	Senior secured loan (\$10,529 par due 8/2011)	9.50% (Libor + 6.75%/M)	2/2/2005	8,849	10,529 \$	1.00(15)
		Senior secured loan (\$3,747 par due 8/2011)	9.50% (Libor + 6.75%/M)	2/2/2005	3,747	3,747 \$	1.00(3) (15)
		Senior secured loan (\$323 par due 8/2011)	9.50% (Libor + 6.75%/Q)	2/2/2005	272	323 \$	1.00(15)
		Senior secured loan (\$115 par due 8/2011)	9.50% (Libor + 6.75%/Q)	2/2/2005	115	115 \$	1.00(3) (15)
		Senior secured loan (\$1,931 par due 2/2011)	13.75% (Libor + 11.00%/M)	2/2/2005	1,931	1,931 \$	1.00(15)
		Senior secured loan (\$7,492 par due 8/2011)	13.75% (Libor + 11.00%/M)	2/2/2005	7,492	7,492 \$	1.00(15)
		Preferred stock (14,927 shares)		5/18/2006	169	264 \$	17.69(5)
		Common stock (114,004 shares)		2/2/2005	295	286 \$	2.51(5)
GCA Services Group, Inc.	Custodial services	Senior secured loan (\$20,865 par due 12/2011)	12.00%	12/15/2006	23,193	23,255 \$	1.00(2)
		Senior secured loan (\$5,000 par due 12/2011)	12.00%	12/15/2006	4,755	4,768 \$	1.00
		Senior secured loan (\$10,346 par due 12/2011)	12.00%	12/15/2006	9,840	9,866 \$	1.00(3)
Growing Family, Inc. and GFH Holdings, LLC	Photography services	Senior secured revolving loan (\$1,513 par due 8/2011)	10.50% (Libor + 3.00% Cash, 4.00% PIK/A)	3/16/2007	1,513	454 \$	0.30(4) (14) (15)
		Senior secured loan (\$11,188 par due 8/2011)	13.00% (Libor + 3.50% Cash, 6.00% PIK/Q)	3/16/2007	11,188	3,356 \$	0.30(4) (14) (15)
		Senior secured loan (\$372 par due 8/2011)	11.25% (Base Rate + 8.00%/A)	3/16/2007	372	111 \$	0.30(4) (14) (15)
		Senior secured loan (\$3,575 par due 8/2011)	15.50% (Libor + 6.00% Cash, 6.00% PIK/Q)	3/16/2007	3,575	1,073 \$	0.30(4) (14) (15)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Senior secured loan (\$147 par due 8/2011)	15.50% (Libor + 6.00% Cash, 6.00% PIK/Q)	3/16/2007	147	44	\$ 0.30(4) (14) (15)	
		Common stock (552,430 shares)		3/16/2007	872	\$	(5)	
NPA Acquisition, LLC	Powersport vehicle auction operator	Junior secured loan (\$12,000 par due 2/2013)	6.99% (Libor + 6.75%/M)	8/23/2006	12,000	12,000	\$ 1.00(3)	
		Common units (1,709 shares)		8/23/2006	1,000	2,300	\$ 1,345.82(5)	
Web Services Company, LLC	Laundry service and equipment provider	Senior secured loan (\$4,950 par due 8/2014)	5.30% (Libor + 5.00%/Q)	6/15/2009	4,582	4,802	\$ 0.97(4)	
		Senior subordinated loan (\$18,103 par due 8/2016)	11.50% Cash, 2.50% PIK	8/29/2008	18,103	17,198	\$ 0.95(4)	
		Senior subordinated loan (\$25,640 par due 8/2016)	11.50% Cash, 2.50% PIK	8/29/2008	25,640	24,358	\$ 0.95(2)(4)	
					160,155	147,957		12.10%
<b>Business Services</b>								
Booz Allen Hamilton, Inc.	Strategy and technology consulting services	Senior secured loan (\$743 par due 7/2015)	7.50% (Libor + 4.50%/S)	7/31/2008	728	743	\$ 1.00(3) (15)	
		Senior subordinated loan (\$22,400 par due 7/2016)	11.00% Cash, 2.00% PIK	7/31/2008	22,196	22,400	\$ 1.00(2)(4) (15)	
		Senior subordinated loan (\$250 par due 7/2016)	11.00% Cash, 2.00% PIK	7/31/2008	220	250	\$ 1.00(2)(4)	
Investor Group Services, LLC(6)	Financial services	Limited liability company membership interest (10.00% interest)		6/22/2006		500	(5)	
Pillar Holdings LLC and PHL Holding Co. (6)	Mortgage services	Senior secured revolving loan (\$375 par due 11/2013)	5.80% (Libor + 5.50%/B)	11/20/2007	375	375	\$ 1.00	
		Senior secured revolving loan (\$938 par due 11/2013)	5.80% (Libor + 5.50%/B)	11/20/2007	938	938	\$ 1.00	
		Senior secured loan (\$1,875 par due 5/2014)	14.50%	7/31/2008	1,875	1,875	\$ 1.00	
		Senior secured loan (\$5,500 par due 5/2014)	14.50%	7/31/2008	5,500	5,500	\$ 1.00	
		Senior secured loan (\$16,902 par due 11/2013)	5.80% (Libor + 5.50%/B)	11/20/2007	16,902	16,902	\$ 1.00(2)	

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		Senior secured loan (\$10,550 par due 11/2013)	5.80% (Libor + 5.50%/B)	11/20/2007	10,550	10,550 \$	1.00(3)
		Common stock (84.78 shares)		11/20/2007	3,768	7,234 \$	85,105.88(5)
Primis Marketing Group, Inc. and Primis Holdings, LLC(6)	Database marketing services	Senior subordinated note (\$10,222 par due 2/2013)	13.50% Cash, 2.00% PIK	8/24/2006	10,222	511 \$	0.05(4)(14)
		Preferred units (4,000 units)		8/24/2006	3,600		(5)
		Common units (4,000,000 units)		8/24/2006	400		(5)
Prommis Solutions, LLC, E-Default Services, LLC, Statewide Tax and Title Services, LLC & Statewide Publishing Services, LLC (formerly known as MR Processing Holding Corp.)	Bankruptcy and foreclosure processing services	Senior subordinated note (\$26,394 par due 2/2014)	11.50% Cash, 2.00% PIK	2/8/2007	26,394	25,866 \$	0.98(4)
		Senior subordinated note (\$26,498 par due 2/2014)	11.50% Cash, 2.00% PIK	2/8/2007	26,498	25,968 \$	0.98(2)(4)
		Preferred stock (30,000 shares)		4/11/2006	3,000	6,221 \$	207.37(5)
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	250 \$	1.00(5)
Summit Business Media, LLC	Business media consulting services	Junior secured loan (\$10,669 par due 11/2013)	15.00% PIK	8/3/2007	10,276	1,600 \$	0.15(3) (4) (14)
VSS-Tranzact Holdings, LLC(6)	Management consulting services	Common membership interest (8.51% interest)		10/26/2007	10,000	6,000	(5)
					153,692	133,683	10.93%
<b>Retail</b>							
Apogee Retail, LLC	For-profit thrift retailer	Senior secured loan (\$1,863 par due 3/2012)	5.49% (Libor + 5.25%/M)	3/27/2007	1,863	1,677 \$	0.90
		Senior secured loan (\$2,977 par due 3/2012)	5.49% (Libor + 5.25%/M)	3/27/2007	2,977	2,679 \$	0.90
		Senior secured loan (\$11,296 par due 11/2012)	12.00% Cash, 4.00% PIK	5/28/2008	11,296	11,296 \$	1.00(4)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Senior secured loan (\$26,738 par due 3/2012)	5.50% (Libor + 5.25%/M)	3/27/2007	26,738	24,065	\$ 0.90(2)	
		Senior secured loan (\$11,700 par due 3/2012)	5.50% (Libor + 5.25%/M)	3/27/2007	11,700	10,530	\$ 0.90(3)	
Dufry AG(8)	Retail newstand operator	Common stock (39,056 shares)		3/28/2008	3,000	2,200	\$ 56.33(5)	
Savers, Inc. and SAI Acquisition Corporation	For-profit thrift retailer	Senior subordinated note (\$6,044 par due 8/2014)	10.00% Cash, 2.00% PIK	8/8/2006	6,044	5,923	\$ 0.98(4)	
		Senior subordinated note (\$22,236 par due 8/2014)	10.00% Cash, 2.00% PIK	8/8/2006	22,236	21,792	\$ 0.98(2)(4)	
		Common stock (1,170,182 shares)		8/8/2006	4,500	5,840	\$ 4.99(5)	
Things Remembered, Inc. and TRM Holdings Corporation	Personalized gifts retailer	Senior secured loan (\$4,506 par due 9/2012)	5.5% Cash, 1.00% PIK Option	9/28/2006	4,506	3,154	\$ 0.70(3)	
		Senior secured loan (\$7,303 par due 9/2012)	5.5% Cash, 1.00% PIK Option	9/28/2006	7,303	5,112	\$ 0.70(3)	
		Senior secured loan (\$28,402 par due 9/2012)	5.5% Cash, 1.00% PIK Option	9/28/2006	28,402	19,882	\$ 0.70(2)	
		Preferred stock (800 shares)		9/28/2006	200	\$	(5)	
		Common stock (80 shares)		9/28/2006	1,800	\$	(5)	
		Warrants to purchase 858 shares of commons shares		3/19/2009		\$	(5)	
		Warrants to purchase 73 shares of Preferred shares		3/19/2009		\$	(5)	
					132,565	114,150		9.34%
<b>Manufacturing</b>								
Arrow Group Industries, Inc.	Residential and outdoor shed manufacturer	Senior secured loan (\$5,616 par due 4/2010)	5.28% (Libor + 5.00%/Q)	3/28/2005	5,653	5,223	\$ 0.93(3) (15)	
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	Senior secured loan (\$9,018 par due 5/2011)	8.25% (Libor + 4.25%/M)	5/16/2006	9,018	8,657	\$ 0.96(3) (15)	
		Senior secured loan (\$536 par due 5/2011)	8.25% (Libor + 4.25%/M)	5/16/2006	536	515	\$ 0.96(3) (15)	
		Senior secured loan (\$156 par due 5/2011)	8.50% (Base + 5.25%/M)	5/16/2006	156	150	\$ 0.96(3) (15)	
				5/16/2006	1,604	1,508	\$ 0.94(3) (15)	

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		Senior secured loan (\$1,604 par due 5/2011)	10.00% (Libor + 6.00%/M)					
		Senior secured loan (\$4,900 par due 5/2011)	13.00% Cash, 3.00% PIK	5/16/2006	4,900	4,704 \$		0.96(2)(4)
Qualitor, Inc.	Automotive aftermarket components supplier	Senior secured loan (\$1,743 par due 12/2011)	6.00% (Base Rate + 2.75%/M)	12/29/2004	1,743	1,656 \$		0.95(3)
		Junior secured loan (\$5,000 par due 6/2012)	9.00% (Base Rate + 5.75%/M)	12/29/2004	5,000	4,750 \$		0.95(3)
Reflexite Corporation (7)	Developer and manufacturer of high-visibility reflective products	Senior subordinated loan (\$16,557 par due 2/2015)	12.50% Cash, 5.50% PIK	2/28/2008	16,557	16,557 \$		1.00(4)
		Common stock (1,821,860 shares)		3/28/2006	27,435	24,898 \$		13.67(5)
Saw Mill PCG Partners LLC	Precision components manufacturer	Common units (1,000 units)		2/2/2007	1,000	\$		(5)
UL Holding Co., LLC	Petroleum product manufacturer	Senior secured loan (\$10,945 par, due 12/2012)	9.34% (Libor + 8.88% /Q)	2/13/2009	10,945	10,726 \$		0.98(5)
		Senior secured loan (\$2,985 par, due 12/2012)	14.00%	2/13/2009	2,985	2,925 \$		0.98(5)
		Senior secured loan (\$2,985 par, due 12/2012)	14.00%	2/13/2009	2,985	2,925 \$		0.98(5)
		Senior secured loan (\$995 par, due 12/2012)	14.00%	2/13/2009	995	975 \$		0.98(5)
		Senior secured loan (\$2,985 par, due 12/2012)	9.35% (Libor + 8.88% / Q)	2/13/2009	2,985	2,925 \$		0.98(5)
		Common units (50,000 units)		4/25/2008	500	500 \$		10.00(5)
		Common units (50,000 units)		4/25/2008		\$		(5)
Universal Trailer Corporation(6)	Livestock and specialty trailer manufacturer	Common stock (74,920 shares)		10/8/2004	7,930	\$		(5)
					102,927	89,594		7.33%

**Printing, Publishing and Media**

Canon Communications LLC	Print publications services	Junior secured loan (\$11,907 par due 11/2011)	13.75% (Libor + 8.75% Cash, 2.00% PIK/Q)	5/25/2005	11,902	10,121 \$		0.85(2) (4) (15)
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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Junior secured loan (\$12,134 par due 11/2011)	13.75% (Base Rate + 8.75% Cash, 2.00% PIK/Q)	5/25/2005	12,130	10,314 \$	0.85(3) (4) (15)	
Courtside Acquisition Corp.	Community newspaper publisher	Senior subordinated loan (\$34,295 par due 6/2014)	17.00% PIK	6/29/2007	34,295	\$	(4) (14)	
LVCG Holdings LLC(7)	Commercial printer	Membership interests (56.53% interest)		10/12/2007	6,600	1,980 \$	(5)	
National Print Group, Inc.	Printing management services	Senior secured revolving loan (\$1,826 par due 3/2012)	9.00% (Liber + 6.00%/S)	3/2/2006	1,826	1,114 \$	0.61(15)	
		Senior secured revolving loan (\$343 par due 3/2012)	8.25% (Base Rate + 5.00%/M)	3/2/2006	272	166 \$	0.61(15)	
		Senior secured loan (\$6,942 par due 3/2012)	16.00% (Base Rate + 9.00 Cash, 4.00% PIK/Q)	3/2/2006	6,888	4,235 \$	0.75(3) (15) (4)	
		Senior secured loan (\$1,405 par due 3/2012)	16.00% (Base Rate + 8.00 Cash, 4.00% PIK/M)	3/2/2006	1,128	693 \$	0.75(3) (15) (4)	
		Preferred stock (9,344 shares)		3/2/2006	2,000	\$	(5)	
The Teaching Company, LLC and The Teaching Company Holdings, Inc.(11)	Education publications provider	Senior secured loan (\$18,000 par due 9/2012)	10.50%	9/29/2006	18,000	18,000 \$	1.00(2) (11)	
		Senior secured loan (\$10,000 par due 9/2012)	10.50%	9/29/2006	10,000	10,000 \$	1.00(3) (11)	
		Preferred stock (29,969 shares)	8.00%	9/29/2006	2,997	3,873 \$	129.23(5)	
		Common stock (15,393 shares)		9/29/2006	3	4 \$	0.26(5)	
					108,041	60,500		4.95%
<b>Aerospace &amp; Defense</b>								
AP Global Holdings, Inc.	Safety and security equipment manufacturer	Senior secured loan (\$7,813 par due 10/2013)	4.75% (Liber + 4.50%/M)	11/8/2007	7,671	7,110 \$	0.91(3)	
ILC Industries, Inc.	Industrial products provider	Junior secured loan (\$12,000 par due 8/2012)	11.50%	6/27/2006	12,000	12,000 \$	1.00(3)	
Thermal Solutions LLC and TSI Group, Inc.	Thermal management and electronics	Senior secured loan (\$572 par due 3/2011)	4.03% (Liber + 3.75%/Q)	3/28/2005	572	549 \$	0.96(3)	



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	packaging manufacturer	Senior secured loan (\$2,740 par due 3/2012)	4.53% (Libor + 4.25%/Q)	3/28/2005	2,740	2,494 \$	0.91(3)
		Senior subordinated notes (\$2,730 par due 3/2013)	11.50% Cash, 2.50% PIK	3/21/2006	2,730	2,593 \$	0.97(2)(4)
		Senior subordinated notes (\$2,150 par due 9/2012)	11.50% Cash, 2.75% PIK	3/28/2005	2,150	2,042 \$	0.97(4)
		Senior subordinated notes (\$3,394 par due 9/2012)	11.50% Cash, 2.75% PIK	3/28/2005	3,394	3,225 \$	0.97(2)(4)
		Preferred stock (71,552 shares)		3/28/2005	716	716 \$	10.00(5)
		Common stock (1,460,246 shares)		3/28/2005	15	15 \$	0.01(5)
Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Junior secured loan (\$16,000 par due 7/2014)	15.00%	1/17/2008	16,000	16,000 \$	1.00
		Junior secured loan (\$12,000 par due 7/2014)	15.00%	1/17/2008	12,000	12,000 \$	1.00(3)
		Junior Preferred stock (14,655 shares)	10.00% PIK	1/17/2008	1,816	1,455 \$	99.28(4) (5)
		Senior Preferred stock (775 shares)	8.00% PIK	1/17/2008	96	77 \$	99.35(4) (5)
		Common stock (151,439 shares)		1/17/2008	188	148 \$	0.98(5)
					62,088	60,424	4.94%
<b>Consumer Products Non-Durable</b>							
Innovative Brands, LLC	Consumer products and personal care manufacturer	Senior secured loan (\$9,059 par due 9/2011)	15.50%	10/12/2006	9,059	9,059 \$	1.00
		Senior secured loan (\$8,362 par due 9/2011)	15.50%	10/12/2006	8,362	8,362 \$	1.00(3)
Making Memories Wholesale, Inc.(7)	Scrapbooking branded products manufacturer	Senior secured loan (\$9,875 par due 8/2014)	10.00% (Libor + 6.50%/Q)	8/21/2009	7,869	9,875 \$	1.00(15)
		Senior secured loan (\$5,042 par due 8/2014)	15.00% (7.50% Cash, 7.50% PIK/Q)	8/21/2009	4,070	3,025 \$	0.60(4)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Common stock (100 shares)		8/21/2009			\$ (5)	
Shoes for Crews, LLC	Safety footwear and slip-related mat manufacturer	Senior secured loan (\$302 par due 7/2010)	5.50% (Base + 2.25%/Q)	10/8/2004	304	302	\$ 1.00(3)	
The Thymes, LLC(7)	Cosmetic products manufacturer	Preferred stock (6,283 shares)	8.00% PIK	6/21/2007	6,283	5,654	\$ 899.89(4)	
		Common stock (5,400 shares)		6/21/2007			\$ (5)	
Wear Me Apparel, LLC(6)	Clothing manufacturer	Senior subordinated notes (\$24,110 par due 4/2013)	17.50% PIK	4/2/2007	24,110	18,083	\$ 0.75(4) (14)	
		Common stock (10,000 shares)		4/2/2007	10,000		\$ (5)	
					70,057	54,360		4.45%
<b>Telecommunications</b>								
American Broadband Communications, LLC and American Broadband Holding Company	Broadband communication services	Senior subordinated loan (\$34,004 par due 11/2014)	18.00% (10.00% Cash, 8.00% PIK/Q)	2/8/2008	34,004	34,004	\$ 1.00(4)	
		Senior subordinated loan (\$8,580 par due 11/2014)	18.00% (10.00% Cash, 8.00% PIK/Q)	11/7/2007	8,580	8,580	\$ 1.00(4)	
		Warrants to purchase 170 shares		11/7/2007			\$ (5)	
					42,584	42,584		3.48%
<b>Environmental Services</b>								
AWTP, LLC	Water treatment services	Junior secured loan (\$9,510 par due 12/2012)	11.50% (Base Rate + 8.25%/Q)	12/23/2005	9,510	4,755	\$ 0.50(4) (14)	
		Junior secured loan (\$4,172 par due 12/2012)	11.50% (Base Rate + 8.25%/Q)	12/23/2005	4,172	2,086	\$ 0.50(3)(4) (14)	
Mactec, Inc.	Engineering and environmental services	Class B-4 stock (16 shares)		11/3/2004			\$ (5)	
		Class C stock (5,556 shares)		11/3/2004		150	\$ 27.00(5)	
Sigma International Group, Inc.	Water treatment parts manufacturer	Junior secured loan (\$4,000 par due 10/2013)	15.00% (Libor + 7.00%/Q)	10/11/2007	4,000	2,800	\$ 0.70(3) (15)	
		Junior secured loan (\$1,833 par due 10/2013)	15.00% (Libor + 7.00%/Q)	10/11/2007	1,833	1,283	\$ 0.70(2) (15)	
		Junior secured loan (\$2,750 par due 10/2013)	15.00% (Libor + 7.00%/Q)	11/1/2007	2,750	1,925	\$ 0.70(2) (15)	
		Junior secured loan (\$6,000 par due 10/2013)	15.00% (Libor + 7.00%/Q)	11/1/2007	6,000	4,200	\$ 0.70(3) (15)	

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		Junior secured loan (\$2,000 par due 10/2013)	15.00% (Libor + 7.00%/Q)	11/6/2007	2,000	1,400 \$	0.70(3) (15)
		Junior secured loan (\$917 par due 10/2013)	15.00% (Libor + 7.00%/Q)	11/6/2007	917	642 \$	0.70(2) (15)
Waste Pro USA, Inc.	Waste management services	Class A Common Equity (611,614.80 shares)		11/9/2006	12,263	13,263 \$	21.69(4)
Wastequip, Inc.(6)	Waste management equipment manufacturer	Senior subordinated loan (\$13,121 par due 2/2015)	10.00% Cash, 2.00% PIK	2/5/2007	13,030	3,936 \$	0.30(4)
		Common stock (13,889 shares)		2/2/2007	1,389	\$	(5)
					57,864	36,440	2.98%
<b>Computers and Electronics</b>							
RedPrairie Corporation	Software manufacturer	Junior secured loan (\$3,300 par due 1/2013)	6.97% (Libor + 6.50%/Q)	7/13/2006	3,300	3,135 \$	0.95(2)
		Junior secured loan (\$12,000 par due 1/2013)	6.97% (Libor + 6.50%/Q)	7/13/2006	12,000	11,400 \$	0.95(3)
TZ Merger Sub, Inc.	Computers and Electronics	Senior secured loan (\$4,830 par due 07/2015)	7.50% (Libor + 4.50%/Q)	6/15/2009	4,726	4,830 \$	1.00(2) (15)
X-rite, Incorporated	Artwork software manufacturer	Junior secured loan (\$3,116 par due 7/2013)	14.38% (Libor + 10.38%/Q)	7/6/2006	3,116	3,116 \$	1.00(15)
		Junior secured loan (\$7,790 par due 7/2013)	14.38% (Libor + 10.38%/Q)	7/6/2006	7,790	7,790 \$	1.00(3) (15)
					30,932	30,271	2.48%
<b>Cargo Transport</b>							
The Kenan Advantage Group, Inc.	Fuel transportation provider	Senior subordinated notes (\$25,899 par due 12/2013)	9.50% Cash, 3.50% PIK	12/15/2005	25,899	25,381 \$	0.95(2)(4)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Senior secured loan (\$2,407 par due 12/2011)	3.00% (Libor + 2.75%/M)	12/15/2005	2,407	2,238	\$ 0.93(3)	
		Preferred stock (10,984 shares)		12/15/2005	1,098	1,459	\$ 132.83(4)(5)	
		Common stock (30,575 shares)		12/15/2005	31	41	\$ 1.34(5)	
					29,435	29,119		2.38%
<b>Health Clubs</b>								
Athletic Club Holdings, Inc.	Premier health club operator	Senior secured loan (\$1,750 par due 10/2013)	4.74% (Libor + 4.50%/M)	10/11/2007	1,750	1,540	\$ 0.88(13)	
		Senior secured loan (\$1,000 par due 10/2013)	4.75% (Libor + 4.50%/M)	10/11/2007	1,000	880	\$ 0.88(13)	
		Senior secured loan (\$11,496 par due 10/2013)	4.75% (Libor + 4.50%/M)	10/11/2007	11,496	10,116	\$ 0.88(3) (13)	
		Senior secured loan (\$12,495 par due 10/2013)	4.75% (Libor + 4.50%/M)	10/11/2007	12,495	10,996	\$ 0.88(2) (13)	
		Senior secured loan (\$4 par due 10/2013)	7.75% (Base Rate + 4.50%/Q)	10/11/2007	4	4	\$ 0.88(3) (13)	
		Senior secured loan (\$5 par due 10/2013)	6.75% (Base Rate + 3.50%/Q)	10/11/2007	5	4	\$ 0.88(2) (13)	
					26,750	23,540		1.93
<b>Containers-Packaging</b>								
Industrial Container Services, LLC(6)	Industrial container manufacturer, reconditioner and servicer	Senior secured loan (\$681 par due 9/2011)	4.25% (Libor + 4.00%/M)	6/21/2006	661	628	\$ 0.95(2)	
		Senior secured loan (\$43 par due 9/2011)	4.25% (Libor + 4.00%/M)	6/21/2006	43	41	\$ 0.95(3)	
		Senior secured loan (\$4926 par due 9/2011)	4.29% (Libor + 4.00%/M)	6/21/2006	4,926	4,680	\$ 0.95(2)	
		Senior secured loan (\$322 par due 9/2011)	4.29% (Libor + 4.00%/M)	6/21/2006	322	306	\$ 0.95(3)	
		Senior secured loan (\$6,157 par due 9/2011)	4.28% (Libor + 4.00%/M)	6/21/2006	6,157	5,850	\$ 0.95(2)	
		Senior secured loan (\$402 par due 9/2011)	4.28% (Libor + 4.00%/M)	6/21/2006	402	382	\$ 0.95(3)	
		Senior secured loan (\$98 par due 9/2011)	4.25% (Libor + 4.00%/M)	6/21/2006	98	93	\$ 0.95(2)	
		Senior secured loan (\$1,495 par due 9/2011)	4.25% (Libor + 4.00%/M)	6/21/2006	1,495	1,420	\$ 0.95(3)	
		Common stock (1,800,000 shares)		9/29/2005	1,800	8,550	\$ 4.75(5)	
					15,904	21,950		1.80%

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<b>Grocery</b>							
Planet Organic Health Corp.(8)	Organic grocery store operator	Junior secured loan (\$860 par due 7/2014)	13.00%	7/3/2007	859	817 \$	0.95
		Junior secured loan (\$10,249 par due 7/2014)	13.00%	7/3/2007	10,240	9,737 \$	0.95(3)
		Senior subordinated loan (\$12,341 par due 7/2012)	13.00% Cash, 4.00% PIK	7/3/2007	12,288	9,873 \$	0.80(2)(4)
					23,387	20,427	1.67%
<b>Consumer Products Durable</b>							
Direct Buy Holdings, Inc. and Direct Buy Investors, LP(6)	Membership-based buying club franchisor and operator	Senior secured loan (\$2,281 par due 11/2012)	6.82% (Libor + 6.50%/M)	12/14/2007	2,199	1,710 \$	0.75
		Partnership interests (19.31% interest)		11/30/2007	10,000	2,500	(5)
					12,199	4,210	0.34%
<b>Housing Building Materials</b>							
HB&G Building Products	Synthetic and wood product manufacturer	Senior subordinated loan (\$8,956 par due 3/2011)	19.0% PIK	10/8/2004	8,984	448 \$	0.05(2)(4) (14)
		Common stock (2,743 shares)		10/8/2004	753	\$	(5)
		Warrants to purchase 4,464 shares		10/8/2004	653	\$	(5)
					10,390	448	0.04%
					\$ 2,245,137	\$ 1,967,724	

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(1) Other than our investments in HCP Acquisition Holdings, LLC, Ivy Hill Middle Market Credit Fund, Ltd., LVCG Holdings LLC, Making Memories Wholesale, Inc., Reflexite Corporation and The Thymes, LLC, we do not Control any of our portfolio companies, as defined in the Investment Company Act. In general, under the Investment Company Act, we would Control a portfolio company if we owned more than 25% of its outstanding voting securities and/or had the power to exercise control over the management or policies of such portfolio company. All of our portfolio company investments are subject to legal restrictions on sales which as of September 30, 2009 represented 161% of the Company's net assets.

(2) These assets are owned by the Company's wholly owned subsidiary Ares Capital CP, are pledged as collateral for the CP Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the CP Funding Facility (see Note 7 to the consolidated financial statements). Unless otherwise noted, as of September 30, 2009, all other investments were pledged as collateral for the Revolving Credit Facility (see Note 7 to the consolidated financial statements).

(3) Pledged as collateral for the ARCC CLO. Unless otherwise noted, as of September 30, 2009, all other investments were pledged as collateral for the Revolving Credit Facility (see Note 7 to the consolidated financial statements).

(4) Has a payment-in-kind interest feature (see Note 2 to the consolidated financial statements).

(5) Non-income producing at September 30, 2009.

(6) As defined in the Investment Company Act, we are an Affiliated Person of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the period for the nine months ended September 30, 2009 in which the issuer was an Affiliated company (but not a portfolio company that we Control) are as follows (in thousands):

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend Income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
Apple & Eve, LLC and US Juice Partners, LLC	\$ 4,500	\$ 12,831	\$ 5,000	\$ 4,045	\$	\$	\$ 26	\$	\$ 10,423
Carador, PLC	\$	\$	\$	\$	\$	\$ 285	\$	\$	\$ (1,956)
Campus Management Corp. and Campus Management Acquisition Corp.	\$	\$ 2,309	\$ 15,000	\$ 4,706	\$	\$	\$ 78	\$ (482)	\$ 800
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC	\$	\$	\$	\$ 778	\$	\$	\$ 9	\$	\$ 2,380
Direct Buy Holdings, Inc. and Direct Buy Investors LP	\$	\$	\$	\$ 97	\$	\$	\$	\$	\$ (4,000)
Firstlight Financial Corporation	\$	\$	\$	\$ 2,789	\$	\$	\$ 1,380	\$	\$ (11,032)
Imperial Capital Group, LLC	\$ 2,210	\$	\$	\$	\$	\$	\$	\$	\$ 5,003
Industrial Container Services, LLC	\$ 6,154	\$ 10,349	\$	\$ 552	\$	\$	\$ 122	\$	\$ (1,335)
Investor Group Services, LLC	\$	\$ 750	\$	\$	\$	\$	\$ 19	\$	\$

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Pillar Holdings LLC and PHL Holding Co.	\$	\$	2,936	\$	\$	2,180	\$	\$	25	\$	\$	1,967
Primis Marketing Group, Inc. and Primis Holdings, LLC	\$	\$		\$	\$		\$	\$		\$	\$	(511)
R3 Education, Inc.	\$	24,000	\$	31,600	\$	697	\$	\$	29	\$	\$	87
VSS-Tranzact Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Wastequip, Inc.	\$	\$	\$	\$	1,099	\$	\$	\$	\$	\$	\$	(3,950)
Wear Me Apparel, LLC	\$	\$	\$	\$	75	\$	\$	\$	\$	\$	\$	6,027

(7) As defined in the Investment Company Act, we are an Affiliated Person of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). In addition, as defined in the Investment Company Act, we Control this portfolio company because we own more than 25% of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the period for the nine months ended September 30, 2009 in which the issuer was both an Affiliated company and a portfolio company that we Control are as follows (in thousands):

Company	Redemptions		Interest income	Capital structuring service fees	Dividend Income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
	Purchases	(cost) Sales (cost)						
HCP Acquisition Holdings, LLC	\$ 1,495	\$	\$	\$	\$	\$	\$	\$ (801)
Ivy Hill Asset Management, LP	\$ 3,816	\$	\$ 236	\$	\$ 1,511	\$	\$ 494	\$ 7,502
Ivy Hill Middle Market Credit Fund, Ltd.	\$	\$	\$ 131	\$ 4,072	\$	\$ 1,265	\$	\$ 813
LVCG Holdings, LLC	\$	\$	\$	\$	\$	\$ 50	\$	\$ (6,520)
Making Memories Wholesale, Inc.	\$ 11,953	\$ 100	\$ 26,177	\$ 181	\$	\$ 1	\$ (14,198)	\$ 15,111
R3 Education, Inc.	\$ 15,613	\$ 6,050	\$	\$ 652	\$	\$ 17	\$	\$ (3,616)
Reflexite Corporation	\$ 7,800	\$	\$ 2,000	\$ 2,067	\$ 194	\$	\$ 71	\$ (10,603)
The Thymes, LLC	\$	\$	\$	\$ 376	\$	\$	\$	\$ 629

(8) Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets.

(9) Non-registered investment company.

(10) A majority of the variable rate loans to our portfolio companies bear interest at a rate that may be determined by reference to either Libor or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, we have provided the interest rate in effect at September 30, 2009.

(11) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.50% on \$19.6 million aggregate principal amount of the portfolio company's senior term debt previously syndicated by us.

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(12) Principal amount denominated in Canadian dollars has been translated into U.S. dollars (see Note 2 to the consolidated financial statements).

(13) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.50% on \$25.0 million aggregate principal amount of the portfolio company's senior term debt previously syndicated by us.

(14) Loan was on non-accrual status as of September 30, 2009.

(15) Loan includes interest rate floor feature.

(16) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.98% on \$15.0 million aggregate principal amount of the portfolio company's senior term debt previously syndicated by us.

See accompanying notes to consolidated financial statements.



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As of December 31, 2008

(dollar amounts in thousands, except per unit data)

Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
<b>Healthcare Services</b>								
American Renal Associates, Inc.	Dialysis provider	Senior secured loan (\$1,443 par due 12/2010)	4.72% (Libor + 3.25%/Q)	12/14/2005	\$ 1,443	\$ 1,399	\$ 0.97(3)	
		Senior secured loan (\$180 par due 12/2010)	5.00% (Base Rate + 1.75%/D)	12/14/2005	180	175	\$ 0.97(3)	
		Senior secured loan (\$5,705 par due 12/2011)	4.72% (Libor + 3.25%/Q)	12/14/2005	5,705	5,534	\$ 0.97(3)	
		Senior secured loan (\$34 par due 12/2011)	5.00% (Base Rate + 1.75%/D)	12/14/2005	34	33	\$ 0.97(3)	
		Senior secured loan (\$262 par due 12/2011)	4.72% (Libor + 3.25%/Q)	12/14/2005	262	254	\$ 0.97(3)	
		Senior secured loan (\$2,620 par due 12/2011)	7.30% (Libor + 3.25%/Q)	12/14/2005	2,620	2,541	\$ 0.97(3)	
Capella Healthcare, Inc.	Acute care hospital operator	Junior secured loan (\$70,000 par due 2/2016)	13.00%	2/29/2008	70,000	63,000	\$ 0.90	
		Junior secured loan (\$25,000 par due 2/2016)	13.00%	2/29/2008	25,000	22,500	\$ 0.90(2)	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC(6)	Healthcare analysis services	Preferred stock (7,427 shares)	14.00% PIK	6/15/2007	7,427	7,427	\$ 1,000.00(4)	
		Common stock (9,679 shares)		6/15/2007	4,000	5,382	\$ 556.05(5)	
		Common stock (1,546 shares)		6/15/2007		\$	(5)	
DSI Renal, Inc.	Dialysis provider	Senior secured revolving loan (\$142 par due 3/2013)	6.25% (Base Rate + 3.00%/D)	4/4/2006	142	127	\$ 0.89	
		Senior secured revolving loan (\$3,520 par due 3/2013)	3.47% (Libor + 3.00%/M)	4/4/2006	3,520	3,168	\$ 0.90	
				4/4/2006	1,120	1,008	\$ 0.90	

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		Senior secured revolving loan (\$1,120 par due 3/2013)	3.47% (Libor + 3.00%/M)					
		Senior secured revolving loan (\$1,152 par due 3/2013)	4.50% (Libor + 3.00%/Q)	4/4/2006	1,152	1,037	\$	0.90
		Senior secured revolving loan (\$1,600 par due 3/2013)	4.50% (Libor + 3.00%/Q)	4/4/2006	1,600	1,440	\$	0.90
		Senior subordinated note (\$29,589 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/2006	29,658	21,896	\$	0.74(4)
		Senior subordinated note (\$26,927 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/2006	26,971	19,847	\$	0.73(2)(4)
		Senior subordinated note (\$12,211 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/2006	12,231	9,036	\$	0.74(3)(4)
GG Merger Sub I, Inc.	Drug testing services	Senior secured loan (\$23,330 par due 12/2014)	7.09% (Libor + 4.00%/S)	12/14/2007	22,426	18,938	\$	0.81
HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Class A units (8,566,824 units)		6/26/2008	8,567	6,500	\$	0.76(5)
Heartland Dental Care, Inc.	Dental services	Senior subordinated note (\$40,217 par due 8/2013)	11.00% Cash, 3.25% PIK	7/31/2008	40,217	40,217	\$	1.00(4)
MPBP Holdings, Inc., Cohr Holdings, Inc. and MPBP Acquisition Co., Inc.	Healthcare equipment services	Junior secured loan (\$20,000 par due 1/2014)	9.19% (Libor + 6.25%/S)	1/31/2007	20,000	7,000	\$	0.35
		Junior secured loan (\$12,000 par due 1/2014)	9.19% (Libor + 6.25%/S)	1/31/2007	12,000	4,200	\$	0.35(3)
		Common stock (50,000 shares)		1/31/2007	5,000		\$	(5)
MWD Acquisition Sub, Inc.	Dental services	Junior secured loan (\$5,000 par due 5/2012)	8.13% (Libor + 6.25%/M)	5/3/2007	5,000	4,250	\$	0.85(3)
OnCURE Medical Corp.	Radiation oncology care provider	Senior subordinated note (\$32,176 par due 8/2013)	11.00% Cash, 1.50% PIK	8/18/2006	32,176	28,935	\$	0.90(4)
		Senior secured loan (\$3,083 par due 8/2009)	4.75% (Libor + 3.50%/M)	8/18/2006	3,083	3,000	\$	0.97(3)
		Common stock (857,143 shares)		8/18/2006	3,000	2,713	\$	3.17(5)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Senior secured loan (\$12,935 par due 5/2014)	10.50% (Libor + 7.50%/S)	5/9/2008	12,935	12,671	\$ 0.98(15)	
		Senior secured loan (\$11,940 par due 5/2014)	10.50% (Libor + 7.50%/S)	5/9/2008	11,940	11,701	\$ 0.98(3) (15)	
		Series A preferred stock (1,594,457 shares)		7/30/2008	9,900	9,902	\$ 6.21(5)	
		Common stock (16,106 shares)		7/30/2008	100	100	\$ 6.21(5)	
PG Mergersub, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Senior subordinated loan (\$5,000 par due 3/2016)	12.50%	3/12/2008	4,901	4,750	\$ 0.95	
		Preferred stock (333 shares)		3/12/2008	333	333	\$ 1,000.00(5)	
		Common stock (16,667 shares)		3/12/2008	167	167	\$ 10.00(5)	
The Schumacher Group of Delaware, Inc.	Outsourced physician service provider	Senior subordinated loan (\$35,849 par due 7/2012)	11.00% Cash, 2.50% PIK	7/18/2008	35,849	35,849	\$ 1.00(4)	
Triad Laboratory Alliance, LLC	Laboratory services	Senior subordinated note (\$15,354 par due 12/2012)	12.00% Cash, 1.75% PIK	12/21/2005	15,354	14,894	\$ 0.97(4)	
		Senior secured loan (\$2,473 par due 12/2011)	4.71% (Libor + 3.25%/Q)	12/21/2005	2,473	2,201	\$ 0.89(3)	
VOTC Acquisition Corp.	Radiation oncology care provider	Senior secured loan (\$3,068 par due 7/2012)	11.00% Cash, 2.00% PIK	6/30/2008	3,068	3,068	\$ 1.00(4)	
		Senior secured loan (\$14,000 par due 7/2012)	11.00% Cash, 2.00% PIK	6/30/2008	14,000	14,000	\$ 1.00(4)	
		Series E preferred shares (3,888,222 shares)		7/14/2008	8,749	6,561	\$ 1.69(5)	
					464,303	397,754		36.33%
<b>Education</b>								
Campus Management Corp. and Campus Management Acquisition	Education software developer	Senior secured revolving loan (\$2,309 par due 8/2013)	13.00%	2/8/2008	2,309	2,309	\$ 1.00	

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Corp.(6)		Senior secured loan (\$19,924 par due 8/2013)	13.00%	2/8/2008	19,924	19,924	\$	1.00
		Senior secured loan (\$25,108 par due 8/2013)	13.00%	2/8/2008	25,108	25,108	\$	1.00(2)
		Senior secured loan (\$12,019 par due 8/2013)	13.00%	2/8/2008	12,019	12,019	\$	1.00
		Preferred stock (493,147 shares)	8.00% PIK	2/8/2008	8,952	12,000	\$	24.33(4)
ELC Acquisition Corporation	Developer, manufacturer and retailer of educational products	Senior secured loan (\$242 par due 11/2012)	5.45% (Libor + 3.25%/Q)	11/30/2006	243	219	\$	0.90(3)
		Junior secured loan (\$8,333 par due 11/2013)	7.47% (Libor + 7.00%/M)	11/30/2006	8,333	7,500	\$	0.90(3)
Instituto de Banca y Comercio, Inc.(8)	Private school operator	Senior secured revolving loan (\$1,643 par due 3/2014)	5.00% (Libor + 3.00%/Q)	3/15/2007	1,643	1,643	\$	1.00
		Senior secured loan (\$7,500 par due 3/2014)	8.42% (Libor + 5.00%/Q)	3/15/2007	7,500	7,500	\$	1.00
		Senior secured loan (\$7,266 par due 3/2014)	8.42% (Libor + 5.00%/Q)	3/15/2007	7,266	7,266	\$	1.00
		Senior secured loan (\$4,987 par due 3/2014)	8.42% (Libor + 5.00%/Q)	3/15/2007	4,987	4,987	\$	1.00(2)
		Senior secured loan (\$11,820 par due 3/2014)	8.42% (Libor + 5.00%/Q)	3/15/2007	11,820	11,820	\$	1.00(3)
		Senior subordinated loan (\$19,641 par due 6/2014)	10.50% Cash, 3.50% PIK	6/4/2008	19,641	19,641	\$	1.00(4)
		Promissory note (\$429 par due 9/2015)	6.00%	6/4/2008	429	1,714	\$	4.00
		Preferred stock (214,286 shares)		6/4/2008	1,018	4,072	\$	19.00(5)
		Common stock (214,286 shares)		6/4/2008	54	214	\$	1.00(5)
Lakeland Finance, LLC	Private school operator	Senior secured note (\$18,000 par due 12/2012)	11.50%	12/13/2005	18,000	16,920	\$	0.94
		Senior secured note (\$15,000 par due 12/2012)	11.50%	12/13/2005	15,000	14,100	\$	0.94(2)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets	
R3 Education, Inc. (formerly known as Equinox EIC Partners, LLC and MUA Management Company, Ltd.)(7)(8)	Medical school operator	Senior secured revolving loan (\$3,850 par due 12/2012)	8.25% (Base Rate + 5.00%/D)	4/3/2007	3,850	3,773	\$ 0.98		
		Senior secured revolving loan (\$1,250 par due 12/2012)	8.25% (Base Rate + 5.00%/D)	4/3/2007	1,250	1,225	\$ 0.98		
		Senior secured loan (\$3,024 par due 12/2012)	6.46% (Libor + 6.00%/M)	4/3/2007	3,024	2,963	\$ 0.98(2)		
		Senior secured loan (\$14,113 par due 12/2012)	6.46% (Libor + 6.00%/M)	9/21/2007	14,113	13,830	\$ 0.98(2)		
		Senior secured loan (\$7,350 par due 12/2012)	9.09% (Libor + 6.00%/S)	4/3/2007	7,350	7,203	\$ 0.98(3)		
		Common membership interest (26.27% interest)		9/21/2007	15,800	20,785	(5)		
		Preferred stock (800 shares)				200	200	\$ 250.00(5)	
						209,833	218,935		20.00%
<b>Restaurants and Food Services</b>									
ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan (\$1,381 par due 11/2013)	5.75% (Base Rate + 2.50%/D)	11/27/2006	1,381	1,313	\$ 0.95		
		Senior secured revolving loan (\$2,005 par due 11/2013)	6.61% (Libor + 3.00% Cash, 0.50% PIK/S)	11/27/2006	2,005	1,905	\$ 0.95(4)		
		Senior secured loan (\$2 par due 11/2012)	12.00% (Base Rate + 7.5%/D)	11/27/2006	2	2	\$ 1.00		
		Senior secured loan (\$1 par due 11/2012)	12.00% (Base Rate + 7.5%/D)	11/27/2006	1	1	\$ 1.00(3)		
		Senior secured loan (\$22,656 par due 11/2012)	11.61% (Libor + 7.50% Cash, 1.00% PIK/S)	11/27/2006	22,912	21,520	\$ 0.94(4)		
		Senior secured loan (\$992 par due 11/2012)	11.61% (Libor + 7.50% Cash, 1.00% PIK/S)	11/27/2006	992	942	\$ 0.95(2)(4)		
		Senior secured loan (\$11,081 par due 11/2012)	11.61% (Libor + 7.50% Cash, 1.00% PIK/S)	11/27/2006	11,075	10,529	\$ 0.95(3)(4)		

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		Promissory note (\$12,079 par due 11/2016)	10.00% PIK	6/1/2006	12,067	12,067	\$	1.00(4)
		Warrants to purchase 0.61 shares		6/1/2006			\$	(5)
Encanto Restaurants, Inc.(8)	Restaurant owner and operator	Junior secured loan (\$21,184 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/2006	21,184	19,084	\$	0.90(2)(4)
		Junior secured loan (\$4,035 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/2006	4,035	3,635	\$	0.90(3)(4)
OTG Management, Inc.	Airport restaurant operator	Junior secured loan (\$15,312 par due 6/2013)	18.00% (Libor + 11.00% Cash, 4.00% PIK/M)	6/19/2008	15,312	15,312	\$	1.00(4)(15)
		Warrants to purchase up to 9 shares of common stock					\$	(5)
Vistar Corporation and Wellspring Distribution Corp.	Food service distributor	Senior subordinated loan (\$48,625 par due 5/2015)	13.50%	5/23/2008	48,625	46,680	\$	0.96
		Senior subordinated loan (\$25,000 par due 5/2015)	13.50%	5/23/2008	25,000	24,000	\$	0.96(2)
		Class A non-voting common stock (1,366,120 shares)		5/23/2008	7,500	3,500	\$	2.56(5)
					172,091	160,490		14.66%
<b>Beverage, Food and Tobacco</b>								
3091779 Nova Scotia Inc.(8)	Baked goods manufacturer	Junior secured loan (Cdn\$14,058 par due 11/2012)	11.50% Cash, 1.50% PIK	11/2/2007	14,904	10,961	\$	0.74(4)(12)
		Warrants to purchase 57,545 shares					\$	(5)
Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior secured revolving loan (\$8,000 par due 10/2013)	7.90% (Libor + 6.00%/M)	10/5/2007	8,000	6,400	\$	0.80
		Senior secured loan (\$10,637 par due 10/2013)	6.47% (Libor + 6.00%/M)	10/5/2007	10,637	8,509	\$	0.80
		Senior secured loan (\$19,976 par due 10/2013)	6.47% (Libor + 6.00%/M)	10/5/2007	19,976	15,981	\$	0.80(2)
		Senior secured loan (\$10,805 par due 10/2013)	6.47% (Libor + 6.00%/M)	10/5/2007	10,805	8,644	\$	0.80(3)
		Senior units (50,000 units)		10/5/2007	5,000	2,500	\$	50.00(5)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Best Brands Corporation	Baked goods manufacturer	Senior secured loan (\$10,971 par due 12/2012)	10.43% (Libor + 4.50% Cash, 4.50% PIK/M)	2/15/2008	9,501	9,326 \$	0.86(4)	
		Junior secured loan (\$4,319 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	4,307	3,883 \$	0.90(4)	
		Junior secured loan (\$26,400 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	26,308	23,729 \$	0.90(2)(4)	
		Junior secured loan (\$12,201 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	12,164	10,969 \$	0.90(3)(4)	
Bumble Bee Foods, LLC and BB Co-Invest LP	Canned seafood manufacturer	Senior subordinated loan (\$40,706 par due 11/2018)	16.25% (12.00% Cash, 4.25% Optional PIK)	11/18/2008	40,706	40,706 \$	1.00(4)	
		Common stock (4,000 shares)		11/18/2008	4,000	4,000 \$	1,000.00(5)	
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated note (\$5,547 par due 2/2013)	12.00% PIK	2/6/2008	5,547	5,547 \$	1.00(2)(4)	
		Preferred stock (6,258 shares)		9/1/2006	2,500	2,500 \$	399.49(5)	
					174,355	153,655		14.03%
<b>Services Other</b>								
American Residential Services, LLC	Plumbing, heating and air-conditioning services	Junior secured loan (\$20,201 par due 4/2015)	10.00% Cash, 2.00% PIK	4/17/2007	20,201	18,180 \$	0.90(2)(4)	
Diversified Collection Services, Inc.	Collections services	Senior secured loan (\$11,809 par due 8/2011)	8.50% (Libor + 5.75%/M)	2/2/2005	9,715	11,219 \$	0.95	
		Senior secured loan (\$4,203 par due 8/2011)	8.50% (Libor + 5.75%/M)	2/2/2005	4,209	3,993 \$	0.95(3)	
		Senior secured loan (\$1,837 par due 2/2011)	11.25% (Libor + 8.50%/M)	2/2/2005	1,837	1,653 \$	0.90(2)	
		Senior secured loan (\$7,125 par due 8/2011)	11.25% (Libor + 8.50%/M)	2/2/2005	7,125	6,412 \$	0.90(3)	
		Preferred stock (14,927 shares)		5/18/2006	169	109 \$	7.30(5)	
		Common stock (114,004 shares)		2/2/2005	295	414 \$	3.63(5)	
GCA Services Group, Inc.	Custodial services	Senior secured loan (\$25,000 par due 12/2011)	12.00%	12/15/2006	25,000	25,000 \$	1.00(2)	
		Senior secured loan (\$2,965 par due 12/2011)	12.00%	12/15/2006	2,965	2,965 \$	1.00	
			12.00%	12/15/2006	11,186	11,186 \$	1.00(3)	

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		Senior secured loan (\$11,186 par due 12/2011)						
Growing Family, Inc. and GFH Holdings, LLC	Photography services	Senior secured revolving loan (\$1,513 par due 8/2011)	11.34% (Libor + 3.00% Cash, 4.00% PIK/Q)	3/16/2007	1,513	756 \$	0.50(4)	
		Senior secured loan (\$11,188 par due 8/2011)	13.84% (Libor + 3.50% Cash, 6.00% PIK/Q)	3/16/2007	11,188	5,594 \$	0.50(4)	
		Senior secured loan (\$372 par due 8/2011)	5.25% (Libor + 3.50% Cash, 6.00% PIK/Q)	3/16/2007	372	186 \$	0.50	
		Senior secured loan (\$3,575 par due 8/2011)	16.34% (Libor + 6.00% Cash, 6.00% PIK/Q)	3/16/2007	3,575	1,788 \$	0.50(4)	
		Senior secured loan (\$147 par due 8/2011)	15.50% (Libor + 6.00% Cash, 6.00% PIK/Q)	3/16/2007	147	74 \$	0.50(4)	
		Common stock (552,430 shares)		3/16/2007	872	\$	(5)	
NPA Acquisition, LLC	Powersport vehicle auction operator	Junior secured loan (\$12,000 par due 2/2013)	8.58% (Libor + 6.75%/M)	8/23/2006	12,000	12,000 \$	1.00(3)	
		Common units (1,709 shares)		8/23/2006	1,000	2,300 \$	1,345.82(5)	
Web Services Company, LLC	Laundry service and equipment provider	Senior subordinated loan (\$17,764 par due 8/2016)	11.50% Cash, 2.50% PIK	8/29/2008	17,764	17,231 \$	0.97(4)	
		Senior subordinated loan (\$25,160 par due 8/2016)	11.50% Cash, 2.50% PIK	8/29/2008	25,160	24,330 \$	0.97(2)(4)	
					156,293	145,390		13.28%
<b>Financial</b>								
Carador PLC(6)(8)(9)	Investment company	Ordinary shares (7,110,525 shares)		12/15/2006	9,033	4,266 \$	0.60(5)	



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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
CIC Flex, LP(9)	Investment partnership	Limited partnership units (1 unit)		9/7/2007	28	28 \$	28,000.00(5)	
Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47% interest)		6/17/2008	1,059	1,059	(5)	
Firstflight Financial Corporation(6)(9)	Investment company	Senior subordinated loan (\$69,910 par due 12/2016)	10.00% PIK	12/31/2006	69,910	62,919 \$	0.90(4)	
		Common stock (10,000 shares)		12/31/2006	10,000	0 \$	(5)	
		Common stock (30,000 shares)		12/31/2006	30,000	0 \$	(5)	
Ivy Hill Middle Market Credit Fund, Ltd. (7)(8)(9)	Investment company	Class B deferrable interest notes (\$40,000 par due 11/2018)	8.15% (Libor + 6.00%/Q)	11/20/2007	40,000	36,000 \$	0.90	
		Subordinated notes (\$16,000 par due 11/2018)		11/20/2007	16,000	14,400 \$	0.90(5)	
Imperial Capital Group, LLC and Imperial Capital Private Opportunities, LP(6)(9)	Investment banking services	Limited partnership interest (80% interest)		5/10/2007	584	584 \$	1.00(5)	
		Common units (7,710 units)		5/10/2007	14,997	14,997 \$	1,945.14(5)	
		Common units (2,526 units)		5/10/2007	3	3 \$	1.19(5)	
		Common units (315 units)		5/10/2007		\$	(5)	
Partnership Capital Growth Fund I, LP(9)	Investment partnership	Limited partnership interest (25% interest)		6/16/2006	2,384	2,384	(5)	
Trivergance Capital Partners, LP(9)	Investment partnership	Limited partnership interest (100% interest)		6/5/2008	723	723	(5)	
VSC Investors LLC(9)	Investment company	Membership interest (4.63% interest)		1/24/2008	302	302	(5)	
					195,023	137,665		12.57%
<b>Business Services</b>								
Booz Allen Hamilton, Inc.	Strategy and technology consulting services	Senior secured loan (\$748 par due 7/2015)	7.50% (Libor + 4.50%/S)	7/31/2008	733	658 \$	0.88(3)	
		Senior subordinated loan (\$22,400 par due 7/2016)	11.00% Cash, 2.00% PIK	7/31/2008	22,177	19,040 \$	0.85(2)(4)	
Investor Group Services, LLC(6)	Financial services	Senior secured revolving loan (\$750 par due 6/2011)	6.97% (Libor + 5.50%/Q)	6/22/2006	750	750 \$	1.00	

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		Limited liability company membership interest (10.00% interest)		6/22/2006	500	5,000.00	\$	(5)
Pillar Holdings LLC and PHL Holding Co.(6)	Mortgage services	Senior secured revolving loan (\$375 par due 11/2013)	7.53% (Libor + 5.50%/B)	11/20/2007	375	375	\$	1.00
		Senior secured revolving loan (\$938 par due 11/2013)	7.53% (Libor + 5.50%/B)	11/20/2007	938	938	\$	1.00
		Senior secured loan (\$7,375 par due 5/2014)	14.50%	7/31/2008	7,375	7,375	\$	1.00
		Senior secured loan (\$18,709 par due 11/2013)	7.53% (Libor + 5.50%/B)	11/20/2007	18,709	18,709	\$	1.00(2)
		Senior secured loan (\$11,678 par due 11/2013)	7.53% (Libor + 5.50%/B)	11/20/2007	11,678	11,678	\$	1.00(3)
		Common stock (85 shares)		11/20/2007	3,768	5,267	\$	61,964.71(5)
Primis Marketing Group, Inc. and Primis Holdings, LLC(6)	Database marketing services	Senior subordinated note (\$10,222 par due 2/2013)	11.00% Cash, 2.50% PIK	8/24/2006	10,222	1,022	\$	0.10(4)(14)
		Preferred units (4,000 units)		8/24/2006	3,600		\$	(5)
		Common units (4,000,000 units)		8/24/2006	400		\$	(5)
Prommis Solutions, LLC, E-Default Services, LLC, Statewide Tax and Title Services, LLC & Statewide Publishing Services, LLC (formerly known as MR Processing Holding Corp.)	Bankruptcy and foreclosure processing services	Senior subordinated note (\$26,007 par due 2/2014)	11.50% Cash, 2.00% PIK	2/8/2007	26,007	24,713	\$	0.95(4)
		Senior subordinated note (\$26,109 par due 2/2014)	11.50% Cash, 2.00% PIK	2/8/2007	26,109	24,810	\$	0.95(2)(4)
		Preferred stock (30,000 shares)		4/11/2006	3,000	4,000	\$	133.33(5)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	250 \$	1.00(5)	
Summit Business Media, LLC	Business media consulting services	Junior secured loan (\$10,000 par due 11/2013)	9.47% (Libor + 7.00%/M)	8/3/2007	10,000	6,000 \$	0.60(3)	
VSS-Tranzact Holdings, LLC(6)	Management consulting services	Common membership interest (8.51% interest)		10/26/2007	10,000	6,000	(5)	
					156,091	132,085		12.06%
<b>Retail</b>								
Apogee Retail, LLC	For-profit thrift retailer	Senior secured revolving loan (\$390 par due 3/2012)	7.25% (Base Rate + 4.00%/D)	3/27/2007	390	390 \$	1.00	
		Senior secured loan (\$10,960 par due 11/2012)	12.00% Cash, 4.00% PIK	5/28/2008	10,960	10,960 \$	1.00(4)	
		Senior secured loan (\$2,307 par due 3/2012)	8.71% (Libor + 5.25%/S)	3/27/2007	2,307	2,053 \$	0.89	
		Senior secured loan (\$24,637 par due 3/2012)	8.71% (Libor + 5.25%/S)	3/27/2007	24,637	21,927 \$	0.89(2)	
		Senior secured loan (\$11,790 par due 3/2012)	8.71% (Libor + 5.25%/S)	3/27/2007	11,790	10,493 \$	0.89(3)	
		Senior secured loan (\$4,876 par due 3/2012)	7.64% (Libor + 5.25%/Q)	3/27/2007	4,876	4,340 \$	0.89	
Dufry AG(8)	Retail newstand operator	Common stock (39,056 shares)		3/28/2008	3,000	1,050 \$	26.88(5)	
Savers, Inc. and SAI Acquisition Corporation	For-profit thrift retailer	Senior subordinated note (\$6,000 par due 8/2014)	10.00% Cash, 2.00% PIK	8/8/2006	6,000	5,700 \$	0.95(4)	
		Senior subordinated note (\$22,000 par due 8/2014)	10.00% Cash, 2.00% PIK	8/8/2006	22,000	20,900 \$	0.95(2)(4)	
		Common stock (1,170,182 shares)		8/8/2006	4,500	5,301 \$	4.53(5)	
Things Remembered, Inc. and TRM Holdings Corporation	Personalized gifts retailer	Senior secured loan (\$4,506 par due 9/2012)	7.00% (Base Rate + 3.75%/D)	9/28/2006	4,506	3,470 \$	0.77(3)	
		Senior secured loan (\$25,192 par due 9/2012)	15.00% (Base Rate + 9.75%/D)	9/28/2006	25,189	18,651 \$	0.74(2)	
		Senior secured loan (\$3,095 par due 9/2012)	15.00% (Base Rate + 9.75%/D)	9/28/2006	3,094	2,291 \$	0.74	
		Senior secured loan (\$7,273 par due 9/2012)	15.00% (Base Rate + 9.75%/D)	9/28/2006	7,273	5,385 \$	0.74(3)	

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		Preferred stock (80 shares)		9/28/2006	1,800		\$	(5)
		Common stock (800 shares)		9/28/2006	200		\$	(5)
					132,522	112,911		10.31%
<b>Environmental Services</b>								
AWTP, LLC	Water treatment services	Junior secured loan (\$402 par due 12/2012)	8.97% (Libor + 7.50% Cash, 1.00% PIK/Q)	12/23/2005	402	322	\$	0.80(4)
		Junior secured loan (\$3,018 par due 12/2012)	8.97% (Libor + 7.50% Cash, 1.00% PIK/Q)	12/23/2005	3,018	2,414	\$	0.80(3)(4)
		Junior secured loan (\$805 par due 12/2012)	11.48% (Libor + 7.50% Cash, 1.00% PIK/A)	12/23/2005	805	644	\$	0.80(4)
		Junior secured loan (\$6,036 par due 12/2012)	11.48% (Libor + 7.50% Cash, 1.00% PIK/A)	12/23/2005	6,036	4,829	\$	0.80(3)(4)
		Junior secured loan (\$402 par due 12/2012)	9.35% (Libor + 7.50% Cash, 1.00% PIK/A)	12/23/2005	402	322	\$	0.80(4)
		Junior secured loan (\$3,018 par due 12/2012)	9.35% (Libor + 7.50% Cash, 1.00% PIK/A)	12/23/2005	3,018	2,414	\$	0.80(3)(4)
Mactec, Inc.	Engineering and environmental services	Class B-4 stock (16 shares)		11/3/2004			\$	27.00(5)
		Class C stock (5,556 shares)		11/3/2004		150		