

ARES CAPITAL CORP  
Form 10-Q  
May 08, 2012  
[Table of Contents](#)

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

**For the quarterly period ended March 31, 2012**

**OR**

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

**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)

**245 Park Avenue, 44th Floor, New York, NY 10167**

(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 May 8, 2012</b>
Common stock, \$0.001 par value	221,874,996

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Table of Contents

**ARES CAPITAL CORPORATION**

**INDEX**

**Part I. Financial Information**

Item 1. Financial Statements

Consolidated Balance Sheet as of March 31, 2012 (unaudited) and December 31, 2011 2

Consolidated Statement of Operations for the three months ended March 31, 2012 (unaudited) and March 31, 2011 (unaudited) 3

Consolidated Schedule of Investments as of March 31, 2012 (unaudited) and December 31, 2011 4

Consolidated Statement of Stockholders' Equity for the three months ended March 31, 2012 (unaudited) 42

Consolidated Statement of Cash Flows for the three months ended March 31, 2012 (unaudited) and March 31, 2011 (unaudited) 43

Notes to Consolidated Financial Statements (unaudited) 44

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 68

Item 3. Quantitative and Qualitative Disclosures About Market Risk 86

Item 4. Controls and Procedures 86

**Part II. Other Information**

Item 1. Legal Proceedings 87

Item 1A. Risk Factors 87

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 87

Item 3. Defaults Upon Senior Securities 87

Item 4. Mine Safety Disclosures 87

Item 5. Other Information 87

Item 6. Exhibits 88

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET**

(in thousands, except per share data)

	March 31, 2012 (unaudited)	As of	December 31, 2011
<b>ASSETS</b>			
Investments at fair value			
Non-controlled/non-affiliate investments	\$ 3,064,016	\$	3,060,084
Non-controlled affiliate company investments	309,401		267,324
Controlled affiliate company investments	1,831,114		1,767,098
Total investments at fair value (amortized cost of \$5,182,508 and \$5,108,663, respectively)	5,204,531		5,094,506
Cash and cash equivalents	216,412		120,782
Receivable for open trades	45		550
Interest receivable	101,197		99,078
Other assets	86,953		72,521
Total assets	\$ 5,609,138	\$	5,387,437
<b>LIABILITIES</b>			
Debt	\$ 2,018,866	\$	2,073,602
Management and incentive fees payable	95,329		92,496
Accounts payable and other liabilities	39,035		47,691
Interest and facility fees payable	22,647		26,383
Total liabilities	2,175,877		2,240,172
Commitments and contingencies (Note 6)			
<b>STOCKHOLDERS EQUITY</b>			
Common stock, par value \$.001 per share, 400,000 common shares authorized, 221,875 and 205,130 common shares issued and outstanding, respectively	222		205
Capital in excess of par value	3,652,760		3,390,354
Accumulated overdistributed net investment income	(15,385)		(10,449)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt, other assets and acquisitions	(226,359)		(218,688)
Net unrealized gain (loss) on investments	22,023		(14,157)
Total stockholders equity	3,433,261		3,147,265
Total liabilities and stockholders equity	\$ 5,609,138	\$	5,387,437
<b>NET ASSETS PER SHARE</b>	\$ 15.47	\$	15.34

See accompanying notes to consolidated financial statements.

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS****(in thousands, except per share data)**

	<b>For the three months ended</b>	
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>INVESTMENT INCOME:</b>		
From non-controlled/non-affiliate company investments:		
Interest income	\$ 72,168	\$ 61,860
Capital structuring service fees	7,877	5,365
Dividend income	3,802	1,515
Management fees	328	154
Other income	2,748	1,236
Total investment income from non-controlled/non-affiliate company investments	86,923	70,130
From non-controlled affiliate company investments:		
Interest income	4,592	10,132
Dividend income	316	2,376
Management fees	63	188
Other income	25	576
Total investment income from non-controlled affiliate company investments	4,996	13,272
From controlled affiliate company investments:		
Interest income	56,125	38,621
Capital structuring service fees	9,783	5,593
Dividend income	5,101	4,900
Management fees	4,541	3,107
Other income	269	68
Total investment income from controlled affiliate company investments	75,819	52,289
<b>Total investment income</b>	<b>167,738</b>	<b>135,691</b>
<b>EXPENSES:</b>		
Interest and credit facility fees	32,776	30,175
Incentive management fees	26,386	30,941
Base management fees	19,986	16,730
Professional fees	3,686	2,632
Administrative fees	2,320	2,425
Other general and administrative	2,801	2,918
Total expenses	87,955	85,821
<b>NET INVESTMENT INCOME BEFORE INCOME TAXES</b>	<b>79,783</b>	<b>49,870</b>
Income tax expense, including excise tax	2,745	2,047
<b>NET INVESTMENT INCOME</b>	<b>77,038</b>	<b>47,823</b>
<b>REALIZED AND UNREALIZED NET GAINS (LOSSES) ON INVESTMENTS:</b>		
Net realized gains (losses):		
Non-controlled/non-affiliate company investments	462	72,412
Non-controlled affiliate company investments	3	(3,596)

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Controlled affiliate company investments	(8,136)	(6,247)
Net realized gains (losses)	(7,671)	62,569
Net unrealized gains (losses):		
Non-controlled/non-affiliate company investments	6,017	(13,054)
Non-controlled affiliate company investments	10,093	6,547
Controlled affiliate company investments	20,070	28,741
Net unrealized gains	36,180	22,234
Net realized and unrealized gains on investments	28,509	84,803
REALIZED LOSS ON EXTINGUISHMENT OF DEBT		(8,860)
NET INCREASE IN STOCKHOLDERS EQUITY RESULTING FROM OPERATIONS	\$ 105,547	\$ 123,766
BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 9)	\$ 0.49	\$ 0.61
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (see Note 9)	217,044	204,419

See accompanying notes to consolidated financial statements.

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Investment Funds and Vehicles</b>							
AGILE Fund I, LLC (7)(9)	Investment partnership	Member interest (0.50% interest)		4/1/2010	\$ 207	\$ 104	
CIC Flex, LP (9)	Investment partnership	Limited partnership units (0.94 unit)		9/7/2007	2,452	3,648	
Covestia Capital Partners, LP (9)	Investment partnership	Limited partnership interest (46.67% interest)		6/17/2008	1,059	1,111	
Dynamic India Fund IV, LLC (9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	3,509	
Firstlight Financial Corporation (6)(9)	Investment company	Senior subordinated loan (\$71,720 par due 12/2016)	1.00% PIK	12/31/2006	71,462	74,342	
		Class A common stock (10,000 shares)		12/31/2006	10,000		
		Class B common stock (30,000 shares)		12/31/2006	30,000		
					111,462	74,342	
HCI Equity, LLC (7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	808	736	
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)	6.47% (Libor + 6.00%/Q)	11/20/2007	40,000	38,000	
		Subordinated notes (\$16 par due 11/2018)	15.00%	11/20/2007	15,515	16,480	
					55,515	54,480	
Kodiak Funding, LP (9)	Investment partnership	Limited partnership interest (3.96% interest)		4/1/2010	859	823	
Novak Biddle Venture Partners III, L.P. (9)	Investment partnership	Limited partnership interest (2.46% interest)		4/1/2010	83	184	
Partnership Capital Growth Fund I, L.P. (9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	1,721	4,225	
Partnership Capital Growth Fund III, L.P. (9)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	1,342	1,266	



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Senior Secured Loan Fund LLC (7)(10)(17)	Co-investment vehicle	Subordinated certificates (\$1,110,966 par due 12/2020)	8.47% (Libor + 8.00%/Q)	10/30/2009	1,100,243	1,125,702	
VSC Investors LLC (9)	Investment company	Membership interest (1.95% interest)		1/24/2008	1,394	790	
					1,288,610	1,276,040	37.17%
<b>Healthcare-Services</b>							
BenefitMall Holdings Inc. and Centerstone Insurance and Financial Services (7)	Employee benefits broker services company	Senior subordinated loan (\$40,326 par due 6/2014)	18.00%	4/1/2010	40,326	40,326	
				4/1/2010	53,510	60,096	
				4/1/2010	93,836	100,422	
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,064	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC (6)	Healthcare analysis services	Senior secured loan (\$7,227 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,227	6,938(2)(16)	
		Senior secured loan (\$7,623 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,623	7,318(3)(16)	
				6/15/2007	4,000	9,019	
				6/15/2007		1,441	
					18,850	24,716	
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,403	

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	Senior secured loan (\$20,711 par due 3/2018)	9.75% (Libor + 8.75%/Q)	9/15/2010	20,711	20,711(16)	
		Senior secured loan (\$44,001 par due 3/2018)	9.75% (Libor + 8.75%/Q)	9/15/2010	44,001	44,001(2)(16)	
		Senior secured loan (\$56,798 par due 3/2018)	9.75% (Libor + 8.75%/Q)	3/16/2012	56,798	56,798(16)	
		Senior secured loan (\$15,999 par due 3/2018)	9.75% (Libor + 8.75%/Q)	3/16/2012	15,999	15,999(2)(16)	
					137,509	137,509	
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	1,700(16)	
		Senior secured loan (\$4,000 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	4,000	4,000(16)	
		Senior secured loan (\$5,371 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	5,371	5,371(16)	
		Senior secured loan (\$49,625 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	49,625	49,625(2)(16)	
		Senior secured loan (\$9,975 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	9,975	9,975(4)(16)	
		Senior secured loan (\$2,680 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	2,680	2,680(3)(16)	
					73,351	73,351	
Napa Management Services Corporation	Anesthesia management services provider	Senior secured loan (\$10,822 par due 4/2016)	7.50% (Libor + 6.00%/Q)	4/15/2011	10,504	10,822(16)	
		Senior secured loan (\$29,250 par due 4/2016)	7.50% (Libor + 6.00%/Q)	4/15/2011	29,250	29,250(2)(16)	
		Senior secured loan (\$7,702 par due 4/2016)	7.50% (Libor + 6.00%/Q)	4/15/2011	7,702	7,702(3)(16)	
		Common units (5,000 units)		4/15/2011	5,000	5,700	
					52,456	53,474	

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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	3,530
					53,079	54,109
OnCURE Medical Corp.	Radiation oncology care provider	Common stock (857,143 shares)		8/18/2006	3,000	1,361
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Series A preferred stock (1,594,457 shares)		7/30/2008	11,156	9,962
		Common stock (16,106 shares)		7/30/2008	100	
					11,256	9,962
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 (\$9,085 par due 11/2015)	6.75% (Libor + 5.00%/Q)	11/3/2010	9,063	9,085(3)(16)
		Senior subordinated loan (\$4,000 par due 3/2016)	12.50%	3/12/2008	3,958	4,000
		Preferred stock (333 shares)		3/12/2008	125	16
		Common stock (16,667 shares)		3/12/2008	167	789
					13,313	13,890

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
PRA Holdings, Inc.	Drug testing services	Senior secured loan (\$11,330 par due 12/2014)	4.48% (Libor + 4.00%/Q)	12/14/2007	11,057	11,103(4)	
		Senior secured loan (\$12,000 par due 12/2014)	4.48% (Libor + 4.00%/Q)	12/14/2007	11,707	11,760(3)	
					22,764	22,863	
RCHP, Inc.	Operator of general acute care hospitals	Junior secured loan (\$15,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	15,000	15,000(16)	
		Junior secured loan (\$50,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	50,000	50,000(2)(16)	
					65,000	65,000	
Reed Group, Ltd.	Medical disability management services provider	Senior secured revolving loan (\$1,448 par due 12/2013)		4/1/2010	1,080	1,231(15)	
		Senior secured loan (\$12,457 par due 12/2013)		4/1/2010	9,285	10,588(15)	
		Senior secured loan (\$26,469 par due 12/2013)		4/1/2010	16,658	2,036(15)	
		Equity interests		4/1/2010	203		
					27,226	13,855	
Soteria Imaging Services, LLC (6)	Outpatient medical imaging provider	Junior secured loan (\$1,177 par due 11/2010)		4/1/2010	1,003	770(15)	
		Junior secured loan (\$1,681 par due 11/2010)		4/1/2010	1,461	1,099(15)	
		Preferred member units (1,823,179 units)		4/1/2010			
					2,464	1,869	
Sunquest Information Systems, Inc.	Laboratory software solutions provider	Junior secured loan (\$67,000 par due 6/2017)	9.75% (Libor + 8.50%/Q)	12/16/2010	67,000	67,000(16)	
		Junior secured loan (\$58,000 par due 6/2017)	9.75% (Libor + 8.50%/Q)	12/16/2010	58,000	58,000(2)(16)	
					125,000	125,000	

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U.S. Renal Care, Inc.	Dialysis provider	Senior secured loan (\$7,425 par due 12/2016)	5.50% (Libor + 4.00%/M)	6/9/2011	7,388	7,425(16)	
		Senior subordinated loan (\$50,824 par due 6/2018)	11.25% Cash, 2.00% PIK	5/24/2010	50,824	50,824(2)	
					58,212	58,249	
Vantage Oncology, Inc.	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	4,132	
					764,100	762,229	22.20%
<b>Education</b>							
American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	Senior secured revolving loan (\$100 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	100	100(16)	
		Senior secured loan (\$21,415 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	21,415	21,415(16)	
		Senior secured loan (\$55,437 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	55,437	55,437(2)(16)	
					76,952	76,952	
Campus Management Corp. and Campus Management Acquisition Corp. (6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	12,560	
Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	Senior secured loan (\$17,143 par due 12/2014)	6.25% (Libor + 5.25%/Q)	12/10/2010	17,143	17,143(16)	

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Junior secured loan (\$32,161 par due 12/2015)	15.57% (Libor + 11.57% Cash, 4.00% PIK /Q)	12/10/2010	32,161	30,553	
		Junior secured loan (\$9,680 par due 12/2015)	15.50% (Libor + 11.50% Cash, 4.00% PIK /Q)	12/10/2010	9,680	9,196	
		Warrants to purchase up to 578,427 shares		12/10/2010			
					58,984	56,892	
eInstruction Corporation	Developer, manufacturer and retailer of educational products	Junior secured loan (\$17,000 par due 7/2014)		4/1/2010	15,396	7,532(15)	
		Senior subordinated loan (\$28,396 par due 1/2015)		4/1/2010	24,151	(15)	
		Common stock (2,406 shares)		4/1/2010	926		
					40,473	7,532	
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation (6)	Developer, manufacturer and retailer of educational products	Preferred stock (99,492 shares)		8/1/2011	10,149	8,213	
		Common stock (50,800 shares)		8/1/2011	51		
					10,200	8,213	
Infilaw Holding, LLC	Operator of for-profit law schools	Senior secured loan (\$29,850 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	29,850	29,850(2)(16)	
		Series A preferred units (131,000 units)	10.75% (Base Rate + 7.50%/Q)	8/25/2011	131,000	131,000(16)	
					160,850	160,850	
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	6,386	
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	323	
		Common stock (20 shares)		6/7/2010			

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					5,689	6,709
JTC Education Holdings, Inc.	Postsecondary school operator	Senior secured revolving loan (\$2,175 par due 12/2014)	12.75% (Base Rate + 9.50%/Q)	12/31/2009	2,175	2,175(16)
		Senior secured loan (\$19,810 par due 12/2014)	12.50% (Libor + 9.50%/M)	12/31/2009	19,810	19,810(16)
		Senior secured loan (\$9,594 par due 12/2014)	12.50% (Libor + 9.50%/M)	12/31/2009	9,594	9,594(3)(16)
					31,579	31,579
Lakeland Tours, LLC	Educational travel provider	Senior secured loan (\$13,201 par due 12/2016)	6.00% (Libor + 4.50%/Q)	10/4/2011	13,161	13,201(16)
		Senior secured loan (\$9,470 par due 12/2016)	6.00% (Libor + 4.50%/Q)	10/4/2011	9,441	9,470(2)(16)
		Senior secured loan (\$1,894 par due 12/2016)	6.00% (Libor + 4.50%/Q)	10/4/2011	1,888	1,894(4)(16)
		Senior secured loan (\$56,265 par due 12/2016)	10.00% (Libor + 8.50%/Q)	10/4/2011	56,093	56,265(14)(16)
		Senior secured loan (\$40,362 par due 12/2016)	10.00% (Libor + 8.50%/Q)	10/4/2011	40,238	40,362(2)(14)(16)
		Senior secured loan (\$8,072 par due 12/2016)	10.00% (Libor + 8.50%/Q)	10/4/2011	8,047	8,072(4)(14)(16)
		Common stock (5,000 shares)		10/4/2011	5,000	4,637
					133,868	133,901

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
R3 Education, Inc. and EIC Acquisitions Corp. (8)	Medical school operator	Senior secured loan (\$1,882 par due 4/2013)	9.00% (Libor + 6.00%/Q)	9/21/2007	1,882	4,522(3)(16)	
		Senior secured loan (\$2,437 par due 4/2013)	9.00% (Libor + 6.00%/Q)	9/21/2007	2,437	5,857(3)(16)	
		Senior secured loan (\$6,719 par due 4/2013)	13.00% PIK	12/8/2009	4,568	16,146	
		Preferred stock (8,800 shares)		7/30/2008	2,200	1,760	
		Common membership interest (26.27% interest)		9/21/2007	15,800	23,936	
		Warrants to purchase up to 27,890 shares		12/8/2009			
					26,887	52,221	
					556,002	547,409	15.94%
<b>Restaurants and Food Services</b>							
ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan (\$1,968 par due 11/2013)	6.50% (Libor + 3.50%/Q)	11/27/2006	1,968	1,968(16)	
		Senior secured loan (\$7,205 par due 11/2013)	6.50% (Libor + 3.50%/Q)	11/27/2006	7,205	7,205(16)	
		Senior secured loan (\$11,238 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	11,241	11,238(2)(16)	
		Senior secured loan (\$9,370 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	9,370	9,370(3)(16)	
		Promissory note (\$14,897,360 par due 11/2016)		11/27/2006	14,886	15,339	
		Warrants to purchase up to 0.61 shares		6/1/2006			
					44,670	45,120	
Hojeij Branded Foods, Inc.	Airport restaurant operator	Senior secured revolving loan (\$1,200 par due 2/2017)	10.25% (Base Rate + 7.00%/Q)	2/15/2012	1,200	1,164(16)	
		Senior secured loan (\$15,000 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	15,000	14,550(16)	
				2/15/2012		669	



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		Warrants to purchase up to 324 shares of Class A common stock				
		Warrants to purchase up to 7.5% of membership interest		2/15/2012		
					16,200	16,383
Orion Foods, LLC (fka Hot Stuff Foods, LLC) (7)	Convenience food service retailer	Senior secured revolving loan (\$7,300 par due 9/2014)	10.75% (Base Rate + 7.50%/M)	4/1/2010	7,300	7,300(16)
		Senior secured loan (\$33,807 par due 9/2014)	10.00% (Libor + 8.50%/Q)	4/1/2010	33,807	33,807(2)(16)
		Junior secured loan (\$37,552 par due 9/2014)	14.00%	4/1/2010	26,397	27,443
		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		
					67,504	68,550
OTG Management, Inc.	Airport restaurant operator	Senior secured revolving loan (\$1,875 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/9/2011	1,875	1,875(16)
		Senior secured revolving loan (\$937 par due 8/2016)	9.25% (Base Rate + 6.00%/M)	8/9/2011	937	937(16)

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Senior secured loan (\$18,687 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/9/2011	18,687	18,687(16)	
		Junior secured loan (\$2,143 par due 8/2016)	14.50% (Libor + 13.00%/Q)	8/9/2011	2,143	2,143(16)	
		Junior secured loan (\$29,285 par due 8/2016)	14.50% (Libor + 13.00%/M)	8/9/2011	29,285	29,285(16)	
		Common units (3,000,000 units)		1/5/2011	3,000	2,702	
		Warrants to purchase up to 189,857 shares of common stock		6/19/2008	100	4,704	
					56,027	60,333	
PMI Holdings, Inc.	Restaurant owner and operator	Senior secured revolving loan (\$2,000 par due 5/2015)	10.00% (Libor + 8.00%/M)	5/5/2010	2,000	2,000(16)	
		Senior secured loan (\$8,614 par due 5/2015)	10.00% (Libor + 8.00%/M)	5/5/2010	8,614	8,614(4)(16)	
		Senior secured loan (\$212 par due 5/2015)	10.25% (Base Rate + 7.00%/M)	5/5/2010	212	212(4)(16)	
		Senior secured loan (\$8,614 par due 5/2015)	10.00% (Libor + 8.00%/M)	5/5/2010	8,614	8,614(3)(16)	
		Senior secured loan (\$212 par due 5/2015)	10.25% (Base Rate + 7.00%/M)	5/5/2010	212	212(3)(16)	
					19,652	19,652	
Restaurant Holding Company, LLC	Fast food restaurant operator	Senior secured loan (\$63,000 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/15/2012	61,767	62,370(16)	
		Senior secured loan (\$12,000 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/15/2012	11,761	11,880(2)(16)	
					73,528	74,250	
S.B. Restaurant Company	Restaurant owner and operator	Senior secured loan (\$34,549 par due 7/2012)	13.00% (Libor + 9.00% Cash, 2.00% PIK /Q)	4/1/2010	32,711	34,549(16)	
		Preferred stock (46,690 shares)		4/1/2010		117	
		Warrants to purchase up to 257,429 shares of common stock		4/1/2010			

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					32,711	34,666	
Vistar Corporation and Wellspring Distribution Corp.	Food service distributor	Junior secured loan (\$50,250 par due 5/2015)	11.00%	5/23/2008	49,341	50,250	
		Junior secured loan (\$50,000 par due 5/2015)	11.00%	5/23/2008	49,627	50,000(2)	
		Class A non-voting common stock (1,366,120 shares)		5/3/2008	7,500	6,752	
					106,468	107,002	
					416,760	425,956	12.41%
<b>Financial Services</b>							
AllBridge Financial, LLC (7)	Asset management services	Equity interests		4/1/2010	11,395	13,668	
Callidus Capital Corporation (7)	Asset management services	Common stock (100 shares)		4/1/2010	3,000	1,020	
Ciena Capital LLC (7)	Real estate and small business loan servicer	Senior secured revolving loan (\$14,000 par due 12/2013)	6.00%	11/29/2010	14,000	14,000	
		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	23,009	
					99,374	69,009	

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

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Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$19,500 par due 6/2015)	15.00%	4/1/2010	19,500	19,500	
Cook Inlet Alternative Risk, LLC	Risk management services	Senior subordinated loan (\$3,700 par due 9/2015)	9.00%	9/30/2011	3,700	3,700	
Financial Pacific Company	Commercial finance leasing	Preferred stock (6,500 shares)	8.00% PIK	10/13/2010	6,631	8,483	
		Common stock (650,000 shares)		10/13/2010			
					6,631	8,483	
Imperial Capital Group, LLC	Investment services	Class A common units (7,710 units)		5/10/2007	14,997	20,766	
		2006 Class B common units (2,526 units)		5/10/2007	3	4	
		2007 Class B common units (315 units)		5/10/2007			
					15,000	20,770	
Ivy Hill Asset Management, L.P. (7)(9)	Asset management services	Member interest (100.00% interest)		6/15/2009	112,876	201,199	
					271,476	337,349	9.83%
<b>Business Services</b>							
Aviation Properties Corporation (7)	Aviation services	Common stock (100 shares)		4/1/2010			
CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)		12/15/2011	2,500	2,590	
CitiPostal Inc. (7)	Document storage and management services	Senior secured revolving loan (\$2,900 par due 12/2013)	6.75% (Base Rate + 3.25%/Q)	4/1/2010	2,900	2,900(16)	
		Senior secured loan (\$506 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	506	506	
		Senior secured loan (\$51,880 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	51,880	51,880(2)	
		Senior subordinated loan (\$15,299 par due 12/2015)		4/1/2010	13,038	1,985(15)	
		Common stock (37,024 shares)		4/1/2010			
					68,324	57,271	
				8/12/2011	18,630	18,444(16)	

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Cornerstone Records Management, LLC	Physical records storage and management service provider	Senior secured loan (\$18,630 par due 8/2016)	8.50% (Libor + 7.00%/Q)			
Coverall North America, Inc.	Commercial janitorial service provider	Subordinated notes (\$9,435 par due 2/2016)	10.00% Cash, 2.00% PIK	2/22/2011	9,435	9,435
Diversified Collections Services, Inc.	Collections services	Preferred stock (3,944 shares)		5/18/2006	45	89
		Common stock (478,816 shares)		4/1/2010	1,478	3,345
		Common stock (124,987 shares)		2/5/2005	295	873
					1,818	4,307
HCP Acquisition Holdings, LLC (7)	Healthcare compliance advisory services	Class A units (11,763,438 units)		6/26/2008	11,763	5,084
Impact Innovations Group, LLC	IT consulting and outsourcing services	Member interest (50.00% interest)		4/1/2010		200
Investor Group Services, LLC (6)	Business consulting for private equity and corporate clients	Limited liability company membership interest (10.00% interest)		6/22/2006		926
Multi-Ad Services, Inc. (6)	Marketing services and software provider	Preferred units (1,725,280 units)		4/1/2010	788	2,038
		Common units (1,725,280 units)		4/1/2010		
					788	2,038

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
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 (\$36,080 par due 7/2012)	12.00% Cash, 2.50% PIK	4/1/2010	35,512	33,721	
		Junior subordinated loan (\$144 par due 7/2012)	10.00%	4/1/2010			
		Common stock (560,716 shares)		4/1/2010			
					58,284	56,493	
Pillar Processing LLC and PHL Holding Co. (6)	Mortgage services	Senior secured loan (\$7,142 par due 11/2013)		7/31/2008	7,064	6,571(15)	
		Senior secured loan (\$7,375 par due 5/2014)		11/20/2007	7,375	1,062(15)	
		Senior secured loan (\$4,458 par due 11/2013)		11/20/2007	4,409	4,101(3)(15)	
		Common stock (85 shares)		11/20/2007	3,768		
					22,616	11,734	
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common Units (1,972 units)		3/2/2012	1,000	1,000	
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 (\$45,150 par due 2/2014)		2/9/2007	43,819	1,013(15)	
		Preferred units (30,000 units)		4/11/2006	3,000		
					46,819	1,013	
Promo Works, LLC	Marketing services	Senior secured loan (\$8,655 par due 12/2013)		4/1/2010	3,981	2,241(15)	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	157	
Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (45.98% interest)		5/20/2011		619	

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Tradesmen International, Inc.	Construction labor support	Junior secured loan (\$10,085 par due 5/2014)	13.00% Cash, 1.00% PIK	4/1/2010	8,075	10,085	
		Warrants to purchase up to 771,036 shares		4/1/2010		6,283	
						8,075	16,368
Tripwire, Inc.	IT security software provider	Senior secured loan (\$30,000 par due 5/2018)	6.00% (Libor + 4.75%/Q)	5/23/2011	30,000	30,000(16)	
		Senior secured loan (\$50,000 par due 5/2018)	6.00% (Libor + 4.75%/Q)	5/23/2011	50,000	50,000(2)(16)	
		Class A common stock (2,970 shares)		5/23/2011	2,970	4,932	
		Class B common stock (2,655,638 shares)		5/23/2011	30	50	
						83,000	84,982
Venturehouse-Cibernet Investors, LLC	Financial settlement services for intercarrier wireless roaming	Equity interest		4/1/2010			
VSS-Tranzact Holdings, LLC (6)	Management consulting services	Series B preferred units (854 units)		11/7/2011	867	899	
		Common membership interest (8.54% interest)		10/26/2007	10,204	224	
		Warrants to purchase up to 4,206 units		11/7/2011		110	
						11,071	1,233
					348,354	276,135	8.04%

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Consumer Products-Non-durable</b>							
Augusta Sportswear, Inc.	Manufacturer of athletic apparel	Senior secured loan (\$8,626 par due 7/2015)	9.50% (Base Rate + 6.25%/Q)	9/3/2010	8,626	8,626(3)(16)	
Gilchrist & Soames, Inc.	Personal care manufacturer	Senior secured revolving loan (\$1,000 par due 10/2013)	4.22% (Libor + 3.75%/Q)	4/1/2010	1,000	1,000(16)	
		Senior secured revolving loan (\$1,500 par due 10/2013)	4.10% (Libor + 3.75%/S)	4/1/2010	1,500	1,500(16)	
		Senior secured loan (\$21,941 par due 10/2013)	13.44%	4/1/2010	21,498	21,941	
					23,998	24,441	
Implus Footcare, LLC	Provider of footwear and other accessories	Preferred stock (455 shares)	6.00% PIK	10/31/2011	4,659	4,659	
		Common stock (455 shares)		10/31/2011	455	65	
					5,114	4,724	
Insight Pharmaceuticals Corporation (6)	OTC drug products manufacturer	Junior secured loan (\$25,000 par due 8/2017)	13.25% (Libor + 11.75%/Q)	8/26/2011	24,748	24,500(2)(16)	
		Class A common stock (155,000 shares)		8/26/2011	6,035	9,525	
		Class B common stock (155,000 shares)		8/26/2011	6,035	9,525	
					36,818	43,550	
Making Memories Wholesale, Inc. (7)	Scrapbooking branded products manufacturer	Senior secured revolving loan (\$2,250 par due 8/2014)		8/21/2009	2,229	1,105(15)	
		Senior secured loan (\$9,625 par due 8/2014)		8/21/2009	7,193	(15)	
		Senior secured loan (\$6,086 par due 8/2014)		8/21/2009	3,874	(15)	
		Common stock (100 shares)		8/21/2009			
					13,296	1,105	
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of over-the-counter healthcare products	Senior secured revolving loan (\$4,500 par due 6/2016)	13.00% (Libor + 12.00%/M)	6/30/2011	4,500	4,275(16)	



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		Senior secured loan (\$40,906 par due 6/2016)	13.00% (Libor + 12.00%/Q)	6/30/2011	40,660	38,861(2)(16)
		Warrants to purchase up to 1,489 shares of preferred stock		7/27/2011		652
		Warrants to purchase up to 1,654,678 shares of common stock		7/27/2011		
					45,160	43,788
The Step2 Company, LLC	Toy manufacturer	Junior secured loan (\$27,000 par due 4/2015)	10.00%	4/1/2010	25,842	27,000
		Junior secured loan (\$31,576 par due 4/2015)	10.00% Cash, 5.00% PIK	4/1/2010	30,359	28,418
		Common units (1,116,879 units)		4/1/2010	24	15
		Warrants to purchase up to 3,157,895 units		4/1/2010		42
					56,225	55,475

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

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The Thymes, LLC (7)	Cosmetic products manufacturer	Preferred units (6,283 units)	8.00% PIK	6/21/2007	5,834	6,564	
		Common units (5,400 units)		6/21/2007		870	
					5,834	7,434	
Woodstream Corporation	Pet products manufacturer	Senior subordinated loan (\$45,000 par due 2/2015)	12.00%	1/22/2010	40,723	44,550	
		Common stock (4,254 shares)		1/22/2010	1,222	2,504	
					41,945	47,054	
					237,016	236,197	6.88%
<b>Containers-Packaging</b>							
ICSH, Inc.	Industrial container manufacturer, reconditioner and servicer	Senior secured loan (\$61,161 par due 8/2016)	8.00% (Libor + 7.00%/Q)	8/31/2011	61,161	61,161(16)	
		Senior secured loan (\$49,745 par due 8/2016)	8.00% (Libor + 7.00%/Q)	8/31/2011	49,745	49,745(2)(16)	
		Senior secured loan (\$9,974 par due 8/2016)	8.00% (Libor + 7.00%/Q)	8/31/2011	9,974	9,974(4)(16)	
					120,880	120,880	
Microstar Logistics LLC	Keg management solutions provider	Junior secured loan (\$60,000 par due 8/2016)	10.00% (Libor + 9.00%/Q)	8/5/2011	60,000	60,000(16)	
		Junior secured loan (\$50,000 par due 8/2016)	10.00% (Libor + 9.00%/Q)	8/5/2011	50,000	50,000(2)(16)	
					110,000	110,000	
					230,880	230,880	6.72%
<b>Services-Other</b>							
Competitor Group, Inc.	Endurance sports media and event operator	Senior secured loan (\$29,542 par due 1/2017)	9.50% (Libor + 8.00%/Q)	1/30/2012	29,542	29,542(16)	
McKenzie Sports Products, LLC	Designer, manufacturer and distributor of taxidermy forms and supplies	Senior secured loan (\$32,000 par due 3/2017)	7.75% (Base Rate + 4.50%/M)	3/30/2012	32,000	32,000(16)	
The Dwyer Group (6)			14.50%	12/22/2010	17,100	17,100	

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	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$17,100 par due 12/2016)				
		Series A preferred units (13,292,377 units)	8.00% PIK	12/22/2010	14,701	19,425
					31,801	36,525
Wash Multifamily Laundry Systems, LLC (fka Web Services Company, LLC)	Laundry service and equipment provider	Senior secured loan (\$4,837 par due 8/2014)	7.00% (Base Rate + 3.75%/Q)	6/15/2009	4,722	4,837(3)(16)
		Junior secured loan (\$36,900 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	36,900	36,900(16)
		Junior secured loan (\$50,000 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	50,000	50,000(2)(16)
		Junior secured loan (\$3,100 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	3,100	3,100(3)(16)
					94,722	94,837
					188,065	192,904
						5.62%
<b>Manufacturing</b>						
Component Hardware Group, Inc.	Commercial equipment	Junior secured loan (\$3,130 par due 12/2014)	7.00% Cash, 3.00% PIK	8/4/2010	3,130	3,130
		Senior subordinated loan (\$10,729 par due 12/2014)	7.50% Cash, 5.00% PIK	4/1/2010	7,262	10,729
		Warrants to purchase up to 1,462,500 shares of common stock		8/4/2010		4,235
					10,392	18,094

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

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HOPPY Holdings Corp.	Automotive and recreational vehicle aftermarket products	Senior secured loan (\$13,988 par due 6/2016)	5.00% (Libor + 3.75%/M)	6/3/2011	13,988	13,568(16)	
MWI Holdings, Inc.	Highly engineered springs, fastners, and other precision components	Senior secured loan (\$48,274 par due 6/2017)	10.00% (Libor + 8.00%/Q)	6/15/2011	48,274	48,274(16)	
NetShape Technologies, Inc.	Metal precision engineered components	Senior secured revolving loan (\$285 par due 2/2013)	3.94% (Libor + 3.75%/Q)	4/1/2010	147	250	
		Senior secured revolving loan (\$648 par due 2/2013)	4.22% (Libor + 3.75%/Q)	4/1/2010	335	568	
					482	818	
Protective Industries, Inc.	Plastic protection products	Senior secured loan (\$14 par due 5/2017)	6.25% (Base Rate + 3.00%/M)	5/23/2011	14	14(16)	
		Senior secured loan (\$5,575 par due 5/2017)	5.75% (Libor + 4.25%/M)	5/23/2011	5,575	5,519(16)	
		Senior subordinated loan (\$733 par due 5/2018)	8.00% Cash, 7.25% PIK	5/23/2011	733	733	
		Preferred stock (2,379,361 shares)		5/23/2011	2,307	3,497	
					8,629	9,763	
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1,000		
Sigma International Group, Inc. (8)	Water treatment parts	Junior secured loan (\$4,100 par due 4/2014)	10.00% (Libor + 3.50% Cash, 5.00% PIK /A)	7/8/2011	4,100	3,280(16)	
SSH Environmental Industries, Inc. and SSH Non-Destructive Testing, Inc.	Magnetic sensors and supporting sensor products	Senior secured loan (\$12,109 par due 12/2016)	9.00% (Libor + 7.50%/Q)	3/23/2012	11,868	12,109(16)	
WP CPP Holdings, LLC	Precision engineered castings	Senior secured loan (\$20,770 par due 10/2017)	8.50% (Libor + 7.00%/M)	10/11/2011	20,674	20,770(16)	
		Senior secured loan (\$52 par due 10/2017)	9.25% (Base Rate + 6.00%/Q)	10/11/2011	52	52(16)	
		Senior secured loan (\$49,875 par due 10/2017)	8.50% (Libor + 7.00%/M)	10/11/2011	49,626	49,875(2)(16)	

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		Senior secured loan (\$125 par due 10/2017)	9.25% (Base Rate + 6.00%/Q)	10/11/2011	125	125(2)(16)	
					70,477	70,822	
					169,210	176,728	5.15%
<b>Telecommunications</b>							
American Broadband Communications, LLC, American Broadband Holding Company and Cameron Holdings of NC, Inc.	Broadband communication services	Senior secured loan (\$8,253 par due 9/2013)	7.50% (Libor + 5.50%/Q)	9/1/2010	8,253	8,253(3)(16)	
		Senior subordinated loan (\$22,481 par due 11/2014)	12.00% Cash, 4.00% PIK	9/1/2010	22,481	22,481	
		Senior subordinated loan (\$10,581 par due 11/2014)	12.00% Cash, 2.00% PIK	11/7/2007	10,581	10,581	
		Senior subordinated loan (\$33,595 par due 11/2014)	12.00% Cash, 2.00% PIK	11/7/2007	33,595	33,595(2)	
		Warrants to purchase up to 378 shares		11/7/2007		4,661	
		Warrants to purchase up to 200 shares		9/1/2010		2,466	
					74,910	82,037	

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Dialog Telecom LLC	Broadband communication services	Senior secured loan (\$16,475 par due 12/2013)	12.00% (Libor + 10.00% Cash, 1.50% PIK /Q)	6/20/2011	16,475	16,475(16)	
Startec Equity, LLC (7)	Communication services	Member interest		4/1/2010			
					91,385	98,512	2.87%
<b>Retail</b>							
Direct Buy Holdings, Inc. and Direct Buy Investors, LP (6)	Membership based buying club franchisor and operator	Limited partnership interest (66,667 shares)		4/1/2010	2,594		
		Limited partnership interest (83,333 shares)		11/30/2007	8,333		
					10,927		
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)(12)	
		Common stock (19,672 shares)		5/28/2010	1,967	1,550	
					41,967	41,550	
Savers, Inc. and SAI Acquisition Corporation	For-profit thrift retailer	Common stock (1,218,481 shares)		8/8/2006	4,909	16,744	
Things Remembered Inc. and TRM Holdings Corporation	Personalized gifts retailer	Senior secured loan (\$10,993 par due 3/2014)	9.00% (Libor + 7.00%/M)	9/28/2006	10,983	10,993(2)(16)	
		Senior secured loan (\$10,000 par due 3/2014)	9.00% (Libor + 7.00%/M)	9/28/2006	9,991	10,000(4)(16)	
		Senior secured loan (\$7,161 par due 3/2014)	9.00% (Libor + 7.00%/M)	9/28/2006	7,238	7,161(3)(16)	
		Class B Preferred stock (73 shares)		3/19/2009		2,056	
		Preferred stock (80 shares)		9/28/2006	1,800	2,249	
		Common stock (800 shares)		9/28/2006	200	2,804	
		Warrants to purchase up to 859 shares of preferred stock		3/19/2009		3,135	
					30,212	38,398	
					88,015	96,692	2.82%
<b>Grocery</b>							

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Grocery Outlet Inc.	Value grocery retailer	Senior secured loan (\$30,000 par due 12/2017)	10.50% (Libor + 9.00%/Q)	12/15/2011	30,000	30,000(16)	
		Senior secured loan (\$1,342 par due 12/2017)	11.25% (Base Rate + 8.00%/Q)	12/15/2011	1,342	1,342(16)	
		Senior secured loan (\$47,619 par due 12/2017)	10.50% (Libor + 9.00%/Q)	12/15/2011	47,619	47,619(2)(16)	
		Senior secured loan (\$2,131 par due 12/2017)	11.25% (Base Rate + 8.00%/Q)	12/15/2011	2,131	2,131(2)(16)	
		Senior secured loan (\$9,524 par due 12/2017)	10.50% (Libor + 9.00%/Q)	12/15/2011	9,524	9,524(4)(16)	
		Senior secured loan (\$426 par due 12/2017)	11.25% (Base Rate + 8.00%/Q)	12/15/2011	426	426(4)(16)	
					91,042	91,042	
					91,042	91,042	2.65%
<b>Energy</b>							
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant operator	Junior secured loan (\$59,000 par due 8/2018)	10.25% (Libor + 8.75%/Q)	8/9/2011	57,807	56,050(16)	
USG Nevada LLC	Geothermal, renewable energy, developer for electrical power and direct uses	Junior secured loan (\$7,500 par due 6/2012)	4.01% (Libor + 3.50%/Q)	11/9/2011	7,500	7,500	
					65,307	63,550	1.85%

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Automotive Services</b>							
Driven Holdings, LLC	Automotive aftermarket car care franchisor	Preferred stock (247,500 units)		12/16/2011	2,475	2,408	
		Common stock (25,000 units)		12/16/2011	25		
					2,500	2,408	
Stag-Parkway, Inc. (7)	Automotive aftermarket components supplier	Senior secured loan (\$34,500 par due 12/2014)	12.50% (Libor + 11.00%/Q)	9/30/2010	34,500	34,500(16)	
		Preferred stock (4,200 shares)	16.50% PIK	9/30/2010	2,484	4,200	
		Common stock (10,200 shares)		9/30/2010		16,290	
					36,984	54,990	
					39,484	57,398	1.67%
<b>Commercial Real Estate</b>							
<b>Finance</b>							
10th Street, LLC (6)	Real estate holding company	Senior subordinated loan (\$24,460 par due 11/2014)	8.93% Cash, 4.07% PIK	4/1/2010	24,460	24,460	
		Member interest (10.00% interest)		4/1/2010	594	512	
		Option (25,000 units)		4/1/2010	25	25	
					25,079	24,997	
American Commercial Coatings, Inc.	Real estate property	Commercial mortgage loan (\$2,000 par due 12/2025)		4/1/2010	1,423	2,004(15)	
Aquila Binks Forest Development, LLC	Real estate developer	Real estate equity interests		4/1/2010			
		Commercial mortgage loan (\$13,477 par due 12/2014)		4/1/2010	11,900	3,138(15)	
					11,900	3,138	
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010	1,026	3,061	
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010			
Crescent Hotels & Resorts, LLC and affiliates (7)	Hotel operator	Senior secured loan (\$433 par due 6/2010)	10.00%	4/1/2010	433	444	



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		Senior subordinated loan (\$4,181 par due 1/2012)	4/1/2010	1,475	138(15)	
		Senior subordinated loan (\$7,306 par due 6/2017)	4/1/2010	2,410	241(15)	
		Senior subordinated loan (\$6,142 par due 9/2012)	4/1/2010	2,051	203(15)	
		Senior subordinated loan (\$261 par due 3/2013)	4/1/2010	263	9(15)	
		Senior subordinated loan (\$9,903 par due 9/2011)	4/1/2010		(15)	
		Preferred equity interest	4/1/2010		39	
		Common equity interest	4/1/2010	35		
				6,667	1,074	
Hot Light Brands, Inc. (7)	Real estate holding company	Senior secured loan (\$35,239 par due 2/2011)	4/1/2010	3,945	3,631(15)	
		Common stock (93,500 shares)	4/1/2010			
				3,945	3,631	
NPH, Inc.	Hotel property	Real estate equity interests	4/1/2010	5,291	8,540	
				55,331	46,445	1.35%
<b>Printing, Publishing and Media</b>						
EarthColor, Inc. (7)	Printing management services	Common stock (89,435 shares)	4/1/2010			

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

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Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
National Print Group, Inc.	Printing management services	Senior secured revolving loan (\$1,141 par due 10/2013)	9.00% (Libor + 6.00%/M)	3/2/2006	1,141	1,050(16)	
		Senior secured revolving loan (\$1,825 par due 10/2013)	9.00% (Base Rate + 5.00%/M)	3/2/2006	1,825	1,679(16)	
		Senior secured loan (\$19 par due 10/2013)	10.00% (Libor + 6.00% Cash, 1.00% PIK /Q)	3/2/2006	19	18(16)	
		Senior secured loan (\$- par due 10/2013)	10.00% (Base Rate + 5.00% Cash, 1.00% PIK /M)	3/2/2006		(16)	
		Senior secured loan (\$7,520 par due 10/2013)	10.00% (Libor + 6.00% Cash, 1.00% PIK /Q)	3/2/2006	7,221	7,069(3)	
		Senior secured loan (\$109 par due 10/2013)	10.00% (Base Rate + 5.00% Cash, 1.00% PIK /M)	3/2/2006	104	102(3)	
		Preferred stock (9,344 shares)		3/2/2006	2,000		
					12,310	9,918	
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	Senior secured loan (\$31,696 par due 3/2017)	9.00% (Libor + 7.50%/M)	9/29/2006	31,696	31,696(16)	
		Preferred stock (10,663 shares)		9/29/2006	1,066	4,782	
		Common stock (15,393 shares)		9/29/2006	3	11	
					32,765	36,489	
					45,075	46,407	1.35%
<b>Food and Beverage</b>							
Apple & Eve, LLC and US Juice Partners, LLC (6)	Juice manufacturer	Senior secured revolving loan (\$500 par due 10/2013)	12.00% (Libor + 9.00%/Q)	10/5/2007	500	500(16)	
		Senior secured loan (\$8,301 par due 10/2013)	12.00% (Libor + 9.00%/M)	10/5/2007	8,301	8,301(16)	
		Senior secured loan (\$4,986 par due 10/2013)	12.00% (Libor + 9.00%/M)	10/5/2007	4,986	4,986(4)(16)	
				10/5/2007	13,979	13,979(3)(16)	

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		Senior secured loan (\$13,979 par due 10/2013)	12.00% (Libor + 9.00%/M)			
		Senior units (50,000 units)		10/5/2007	5,000	1,932
					32,766	29,698
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated loan (\$8,230 par due 2/2013)	16.00% PIK	2/6/2008	8,230	8,230
		Preferred stock (6,258 shares)	8.00% PIK	9/1/2006	2,517	1,519
					10,747	9,749
Distant Lands Trading Co.	Coffee manufacturer	Class A common stock (1,294 shares)		4/1/2010	980	354
		Class A-1 common stock (2,157 shares)		4/1/2010		
					980	354
					44,493	39,801
						1.16%
<b>Consumer Products-Durable</b>						
Bushnell Inc.	Sports optics manufacturer	Junior secured loan (\$41,325 par due 2/2014)	7.08% (Libor + 6.50%/Q)	4/1/2010	34,232	39,259
					34,232	39,259
						1.14%

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

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Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Oil and Gas</b>							
Geotrace Technologies, Inc.	Reservoir processing, development	Warrants to purchase up to 69,978 shares of common stock		4/1/2010	88		
		Warrants to purchase up to 210,453 shares of preferred stock		4/1/2010	2,805	541	
					2,893	541	
UL Holding Co., LLC (6)	Petroleum product manufacturer	Junior secured loan (\$2,000 par due 12/2012)	9.34% (Libor + 8.88%/Q)	12/24/2007	2,000	2,000	
		Junior secured loan (\$2,000 par due 12/2012)	14.00%	12/24/2007	2,000	2,000	
		Junior secured loan (\$2,093 par due 12/2012)	9.41% (Libor + 8.88%/Q)	6/17/2011	2,093	2,093	
		Junior secured loan (\$2,061 par due 12/2012)	14.00%	12/24/2007	2,061	2,061	
		Junior secured loan (\$5,000 par due 12/2012)	15.00%	8/13/2010	5,000	5,000	
		Junior secured loan (\$2,919 par due 12/2012)	14.00%	12/24/2007	2,919	2,919(2)	
		Junior secured loan (\$833 par due 12/2012)	9.41% (Libor + 8.88%/Q)	12/24/2007	833	833(3)	
		Junior secured loan (\$1,794 par due 12/2012)	14.00%	12/24/2007	1,794	1,794(3)	
		Junior secured loan (\$10,701 par due 12/2012)	9.39% (Libor + 8.88%/Q)	12/24/2007	10,701	10,701(3)	
		Class A common units (10,782 units)		6/17/2011	108	64	
		Class B-5 common units (599,200 units)		4/25/2008	5,472	3,569	
		Class B-4 common units (50,000 units)		6/17/2011	500	298	
		Class C common units (618,091 units)		4/25/2008		3,681	
					35,481	37,013	

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					38,374	37,554	1.09%
<b>Transportation</b>							
PODS Funding Corp.	Storage and warehousing	Junior subordinated loan (\$37,020 par due 5/2017)	10.50% Cash, 5.00% PIK	11/29/2011	37,020	37,020	
United Road Towing, Inc.	Towing company	Warrants to purchase up to 607 shares		4/1/2010			
					37,020	37,020	1.08%
<b>Environmental Services</b>							
AWTP, LLC (7)	Water treatment services	Junior secured loan (\$4,161 par due 6/2015)	5.00% Cash, 5.00% PIK	4/18/2011	4,161	4,161	
		Junior secured loan (\$930 par due 6/2015)	15.00% PIK	4/18/2011	930	824	
		Junior secured loan (\$4,689 par due 6/2015)	15.00% PIK	4/18/2011	4,689	4,157(3)	
		Membership interests (90% interest)		4/18/2011			
					9,780	9,142	
RE Community Holdings II, Inc. and Pegasus Community Energy, LLC.	Operator of municipal recycling facilities	Preferred stock (1,000 shares)	12.50% PIK	3/1/2011	8,571	6,004	
Waste Pro USA, Inc	Waste management services	Preferred Class A common equity (611,615 shares)		11/9/2006	12,263	21,460	
					30,614	36,606	1.07%

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

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Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Chemicals, Plastic and Rubber</b>							
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	Senior secured loan (\$8,227 par due 11/2013)	8.25% (Libor + 4.25%/M)	5/22/2006	8,227	8,227(3)(16)	
		Senior secured loan (\$6,639 par due 11/2013)	10.00% (Libor + 6.00%/M)	6/29/2011	6,639	6,639(16)	
		Senior secured loan (\$610 par due 11/2013)	10.00% (Libor + 6.00%/M)	6/29/2011	610	610(3)(16)	
		Senior secured loan (\$9,967 par due 11/2013)	10.25% (Base Rate + 3.50%/M)	6/29/2011	9,967	9,967(16)	
		Senior secured loan (\$915 par due 11/2013)	10.25% (Base Rate + 3.50%/M)	6/29/2011	915	915(3)(16)	
		Senior secured loan (\$3,631 par due 11/2013)	13.00% Cash, 3.00% PIK	5/22/2006	3,631	3,631	
		Senior secured loan (\$5,286 par due 11/2013)	13.00% Cash, 3.00% PIK	5/22/2006	5,286	5,286(2)	
					35,275	35,275	
					35,275	35,275	1.03%
<b>Health Clubs</b>							
Athletic Club Holdings, Inc.	Premier health club operator	Senior secured loan (\$11,500 par due 10/2013)	4.74% (Libor + 4.50%/M)	10/11/2007	11,500	11,385(3)(13)	
					11,500	11,385	0.33%
<b>Wholesale Distribution</b>							
BECO Holding Company, Inc.	Wholesale distributor of first response fire protection equipment and related parts	Common stock (25,000 shares)		7/30/2010	2,500	3,547	
					2,500	3,547	0.10%
<b>Aerospace and Defense</b>							
Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Senior preferred stock (775 shares)	8.00% PIK	1/17/2008	97	97	
				1/17/2008	2,291	2,114	

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Common stock  
(1,885,195 shares)

	2,388	2,211	
	2,388	2,211	0.06%
	\$ 5,182,508	\$ 5,204,531	151.58%

- (1) Other than our investments listed in footnote 7 below, we do not Control any of our portfolio companies, as defined in the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, 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, which as of March 31, 2012 represented 152% of the Company's net assets or 93% of the Company's total assets, are subject to legal restrictions on sales.

The investments not otherwise pledged as collateral for the Debt Securitization, the Revolving Funding Facility or the SMBC Funding Facility (each as defined in Note 5 to the consolidated financial statements) by the respective obligors thereunder are pledged as collateral by the Company and certain of its other subsidiaries for the Revolving Credit Facility (as defined in Note 5 to the consolidated financial statements) (except for a limited number of exceptions as provided in the credit agreement governing the Revolving Credit Facility).

- (2) These assets are owned by the Company's wholly owned subsidiary Ares Capital CP Funding LLC (Ares Capital CP), are pledged as collateral for the Revolving Funding Facility and, as a result, are not directly available to the

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Table of Contents

creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).

- (3) Pledged as collateral for the Debt Securitization.
- (4) These assets are owned by the Company's wholly owned subsidiary Ares Capital JB Funding LLC ( ACJB ), are pledged as collateral for the SMBC 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 ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).
- (5) Investments without an interest rate are non-income producing.
- (6) As defined in the Investment Company Act, we are deemed to be an Affiliated Person of a 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 three months ended March 31, 2012 in which the issuer was an Affiliated company (but not a portfolio company that we Control ) are as follows:

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend Income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC	\$	\$	\$	\$ 795	\$	\$	\$	\$	\$ (18)
Apple & Eve, LLC and US Juice Partners, LLC	\$	\$ 4,079	\$	\$ 899	\$	\$	\$ 11	\$	\$ (1,395)
Campus Management Corp. and Campus Management Acquisition Corp.	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,464
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC	\$	\$ 75	\$	\$ 292	\$	\$	\$	\$	\$ 470
The Dwyer Group	\$	\$	\$	\$ 616	\$	\$ 288	\$	\$	\$ 2,126
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation	\$	\$	\$	\$	\$	\$	\$ 2	\$	\$ (941)
Firstlight Financial Corporation	\$	\$	\$	\$ 178	\$	\$	\$ 63	\$	\$ 6,204
Insight Pharmaceuticals Corporation	\$	\$	\$	\$ 845	\$	\$	\$	\$	\$ 425
Investor Group Services, LLC	\$	\$	\$	\$	\$	\$ 28	\$ 4	\$	\$ 67
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$ 210
Pillar Processing LLC and PHL Holding Co.	\$	\$	\$	\$	\$	\$	\$	\$	\$ (188)
Soteria Imaging Services, LLC	\$	\$ 27	\$	\$ 95	\$	\$	\$	\$ 3	\$ 29
VSS-Tranzact Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 167
UL Holding Co., LLC	\$ 500	\$ 61	\$	\$ 872	\$	\$	\$ 8	\$	\$ 1,473

- (7) As defined in the Investment Company Act, we are deemed to be both an Affiliated Person and to 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 three months ended March 31, 2012 in which the issuer was both an Affiliated company and a portfolio company that we are deemed to Control are as follows:

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend Income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
AGILE Fund I, LLC	\$	\$ 9	\$	\$	\$	\$ 1	\$	\$	\$ (19)
Allied Capital REIT, Inc.	\$	\$	\$ 375	\$	\$	\$ 41	\$	\$ 147	\$ (314)



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AllBridge Financial, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	1,935	
Aviation Properties Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$		
AWTP, LLC	\$	\$	\$	310	\$	\$	\$	\$	\$	1,011	
BenefitMall Holdings, Inc.	\$	\$	\$	1,835	\$	\$	125	\$	\$	106	
Callidus Capital Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$	243	
Ciena Capital LLC	\$	\$	\$	1,183	\$	\$	\$	\$	\$	2,958	
Citipostal, Inc.	\$	\$	300	\$	1,905	\$	\$	92	\$	411	
Crescent Hotels & Resorts, LLC and affiliates	\$	\$	\$	11	\$	\$	\$	\$	\$		
EarthColor, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$		
HCI Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	6	
HCP Acquisition Holdings, LLC	\$	671	\$	\$	\$	\$	\$	\$	\$	(510)	
Hot Light Brands, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	(61)	
Huddle House Inc.	\$	\$	20,801	\$	678	\$	\$	187	\$	(1,693)	
Ivy Hill Asset Management, L.P.	\$	\$	\$	\$	\$	4,762	\$	\$	\$	6,603	
Ivy Hill Middle Market Credit Fund, Ltd.	\$	\$	\$	1,266	\$	\$	\$	\$	\$	480	
LVCG Holdings, LLC	\$	\$	\$	6,600	\$	\$	\$	\$	(6,590)	6,600	
Making Memories Wholesale, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	158	
MVL Group, Inc.	\$	\$	\$	2,004	\$	\$	\$	\$	\$	(351)	
Orion Foods, LLC	\$	4,000	\$	110	\$	2,587	\$	203	\$	(3,326)	
Senior Secured Loan Fund LLC*	\$	65,989	\$	\$	43,267	\$	9,783	\$	4,140	\$	535
Stag-Parkway, Inc.	\$	\$	\$	\$	1,079	\$	173	\$	63	\$	1,367
Startec Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$		
The Thymes, LLC	\$	\$	\$	\$	\$	\$	124	\$	\$	537	

Table of Contents

- \* Together with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE"), we co-invest through the Senior Secured Loan Fund LLC d/b/a the Senior Secured Loan Program (the "SSLP"). 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 an investment committee of the SSLP, consisting of representatives of an affiliate of the Company and an affiliate of GE; therefore, although the Company owns more than 25% of the voting securities of the SSLP, the Company does not believe that it has control over the SSLP (for purposes of the Investment Company Act or otherwise).
- (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) Excepted from the definition of investment company under Section 3(c) of the Investment Company Act 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.
- (10) In the first quarter of 2011, the staff of the Securities and Exchange Commission (the "Staff") informally communicated to certain business development companies the Staff's belief that certain entities, which would be classified as an investment company under the Investment Company Act but for the exception from the definition of investment company set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) of the Investment Company Act). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the "Concept Release") which states that "[a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which Congress intended BDCs primarily to invest and requested comment on whether or not a 3a-7 issuer should be considered an eligible portfolio company." Ares Capital provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a business development company to treat as eligible portfolio companies entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release), Ares Capital has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified these entities in our schedule of investments as non-qualifying assets should the Staff ultimately disagree with Ares Capital's position.
- (11) 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 on the date presented.
- (12) 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 5.00% on \$18 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (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 \$12 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (14) 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 4.00% on \$44 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (15) Loan was on non-accrual status as of March 31, 2012.

Table of Contents

- (16) Loan includes interest rate floor feature.
- (17) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle us to receive a portion of the excess cash flow from the SSLP's loan portfolio, which may result in a return to the Company greater than the contractual stated interest rate.

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of December 31, 2011

(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest (4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Investment Funds and Vehicles</b>							
AGILE Fund I, LLC (6)(8)	Investment partnership	Member interest (0.50% interest)		4/1/2010	\$ 216	\$ 132	
CIC Flex, LP (8)	Investment partnership	Limited partnership units (0.94 unit)		9/7/2007	2,533	3,130	
Covestia Capital Partners, LP (8)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	1,059	1,111	
Dynamic India Fund IV, LLC (8)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	4,728	
Firstlight Financial Corporation (5)(8)	Investment company	Senior subordinated loan (\$71,542 par due 12/2016)	1.00% PIK	12/31/2006	71,269	67,947	
		Class A common stock (10,000 shares)		12/31/2006	10,000		
		Class B common stock (30,000 shares)		12/31/2006	30,000		
					111,269	67,947	
HCI Equity, LLC (6)(7)(8)	Investment company	Member interest (100.00% interest)		4/1/2010	808	730	
Imperial Capital Private Opportunities, LP (8)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	6,643	5,120	
Ivy Hill Middle Market Credit Fund, Ltd. (6)(7)(8)	Investment company	Class B deferrable interest notes (\$40,000 par due 11/2018)	6.25% (Libor + 6.00%/Q)	11/20/2007	40,000	38,000	
		Subordinated notes (\$16 par due 11/2018)	15.00%	11/20/2007	15,515	16,000	
					55,515	54,000	
Kodiak Funding, LP (8)	Investment partnership	Limited partnership interest (1.52% interest)		4/1/2010	868	823	
Novak Biddle Venture Partners III, L.P. (8)	Investment partnership	Limited partnership interest (2.47% interest)		4/1/2010	221	196	
Partnership Capital Growth Fund I, L.P. (8)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	1,791	3,726	
Partnership Capital Growth Fund III, L.P. (8)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	1,322	1,250	
Senior Secured Loan Fund LLC (6)(9)(17)	Co-investment vehicle	Subordinated certificates	8.38% (Libor + 8.00%/Q)	10/30/2009	1,034,254	1,059,178	

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		(\$1,044,977 par due 12/2020)					
VSC Investors LLC (8)	Investment company	Membership interest (1.95% interest)		1/24/2008	1,139	997	
					1,222,460	1,203,068	38.23%
<b>Healthcare-Services</b>							
BenefitMall Holdings Inc. (6)	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	59,990	
		Warrants		4/1/2010	93,836	100,316	
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,158	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC (5)	Healthcare analysis services	Senior secured loan (\$7,245 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,245	6,883(2)(16)	
		Senior secured loan (\$18 par due 3/2017)	8.75% (Base Rate + 5.50%/Q)	3/15/2011	18	17(2)(16)	
		Senior secured loan (\$7,642 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,642	7,260(3)(16)	
		Senior secured loan (\$19 par due 3/2017)	8.75% (Base Rate + 5.50%/Q)	3/15/2011	19	18(3)(16)	
		Class A common stock (9,679 shares)		6/15/2007	4,000	8,745	
		Class C common stock (1,546 shares)		6/15/2007		1,397	
					18,924	24,320	

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of December 31, 2011

(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest (4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,403	
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	Senior secured loan (\$12,638 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	12,638	12,638(16)	
		Senior secured loan (\$44,393 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	44,393	44,393(2)(16)	
		Senior secured loan (\$8,257 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	8,257	8,257(3)(16)	
					65,288	65,288	
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	1,700(16)	
		Senior secured loan (\$15,384 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	15,384	15,384(16)	
		Senior secured loan (\$49,750 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	49,750	49,750(2)(16)	
		Senior secured loan (\$2,686 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	2,686	2,686(3)(16)	
					69,520	69,520	
Napa Management Services Corporation	Anesthesia management services provider	Senior secured loan (\$10,892 par due 4/2016)	8.50% (Libor + 7.00%/Q)	4/15/2011	10,563	10,892(16)	
		Senior secured loan (\$29,437 par due 4/2016)	8.50% (Libor + 7.00%/Q)	4/15/2011	29,437	29,437(2)(16)	
		Senior secured loan (\$7,752 par due 4/2016)	8.50% (Libor + 7.00%/Q)	4/15/2011	7,752	7,752(3)(16)	
		Common units (5,000 units)		4/15/2011	5,000	5,513	
					52,752	53,594	
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)	
				6/21/2010	2,500	2,985	

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		Common stock (2,500,000 shares)		53,079	53,564
OnCURE Medical Corp.	Radiation oncology care provider	Common stock (857,143 shares)	8/18/2006	3,000	3,073
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Series A preferred stock (1,594,457 shares)			