



# Investor Presentation

February 2020

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# Market Leading Company in Direct Lending

**Market Leading Business  
Development Company**



**Significant Competitive  
Advantages**

**Compelling Track Record in  
Attractive Middle Market**

**Attractive Portfolio and Diverse  
Sources of Funding**

## Competitive Advantages

**Largest BDC<sup>1</sup> with Significant  
Direct Origination and Long  
Tenured Management Team**

**Incumbency from Large  
Portfolio Provides Attractive  
Investment Opportunities**

**Disciplined Underwriting  
Process Supports Highly  
Selective Approach**

**Demonstrated Access to  
Funding with Investment  
Grade Rating from Moody's,  
S&P and Fitch**

## Key Statistics / Track Record

**Market Capitalization of \$8.3  
billion & Trading at a 8.3%  
Dividend Yield<sup>2</sup>**

**Invested Approximately \$57  
billion<sup>3</sup> with a Realized Asset  
Level Gross IRR of 14%<sup>4</sup> since  
IPO**

**Generated Average Annual  
Shareholder Return of 13%<sup>5</sup>  
since IPO**

**1.1%<sup>6</sup> Average Annual Net  
Realized Gains in Excess of  
Losses since IPO**

**Leader in Middle Market Direct Lending With a Compelling Long Term Track Record of Delivering Shareholder Value**

As of December 31, 2019, unless otherwise stated. Past performance is not indicative of future results.  
There is no assurance that dividends will continue to be paid at these levels or at all.  
Please see the notes at the end of this presentation for additional important information.

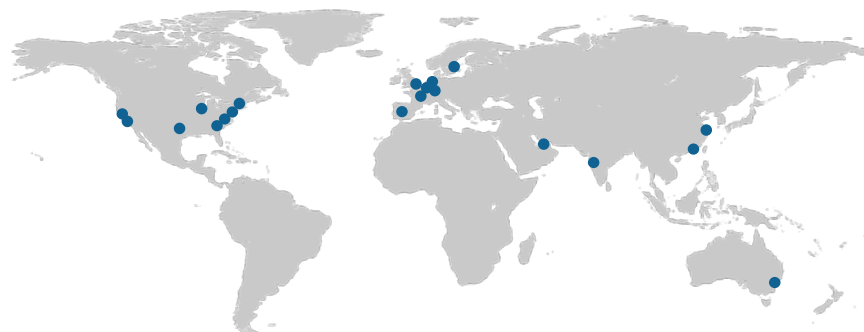
# Overview of Ares Management

With approximately \$149 billion in assets under management, Ares Management Corporation is a leading global alternative asset manager with three distinct but complementary investment groups

## Profile

Founded:	1997
AUM:	\$149bn
Employees:	1,200+
Investment Professionals:	~460
Global Offices:	20+
Direct Institutional Relationships:	875+
Listing: NYSE – Market Capitalization <sup>(1)</sup> :	~\$8.6bn

## Global Footprint



## The Ares Edge

Founded with consistent credit based approach to investments

Deep management team with integrated and collaborative approach

20+ year track record of compelling risk adjusted returns through market cycles

Pioneer and a leader in leveraged finance and private credit

	Credit	Private Equity	Real Estate
AUM	<b>\$110.5bn</b>	<b>\$25.2bn</b>	<b>\$13.2bn</b>
Strategies	Direct Lending	Corporate Private Equity	Real Estate Equity
	Liquid Credit	Special Opportunities	Real Estate Debt
	Alternative Credit	Energy Opportunities	
		Infrastructure and Power	

NOTE: As of December 31, 2019, unless otherwise noted. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser. Past performance is not indicative of future results.

(1) As of February 3, 2020.

# We Believe ARCC is Well Positioned to Take Advantage of the Structural Shifts in the Market

ARCC is the one of the largest direct lenders with the scale and capabilities necessary to successfully invest across a variety of market environments, including a downcycle, in our view

## Market Opportunity

- Evolution of credit markets expands opportunity
- Long-term change from bank retrenchment
- Structural shift from public to private capital

## Scale, Team & Capabilities

- Large U.S. direct lender with \$14.4 billion portfolio <sup>(1)</sup>
- Highly experienced & tenured team
- Incumbency creates organic growth opportunities

## Attractive Portfolio

- High quality portfolio that is diversified, defensive and senior-oriented
- Well positioned for changing markets

## Strong Balance Sheet

- Deep sources of liquidity with committed sources of capital
- Focus on flexible, low cost funding sources

## Potential for Long Term Shareholder Value

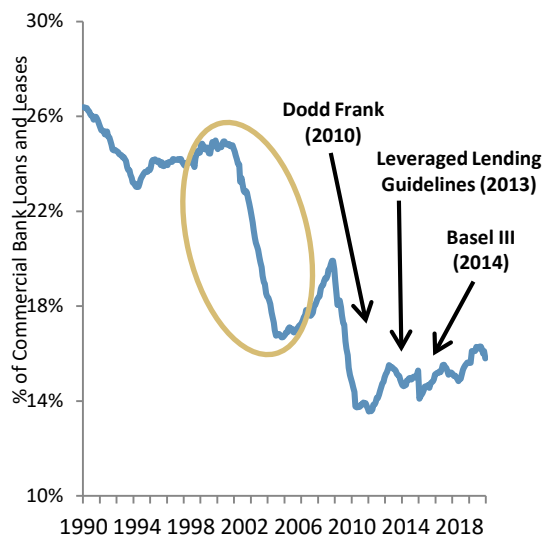
- Track record of generating strong returns to shareholders
- Compelling historical investment and credit performance

Past performance is not indicative of future results.  
(1) At fair value as of December 31, 2019.

# Secular Trends Drive Opportunity in Direct Lending

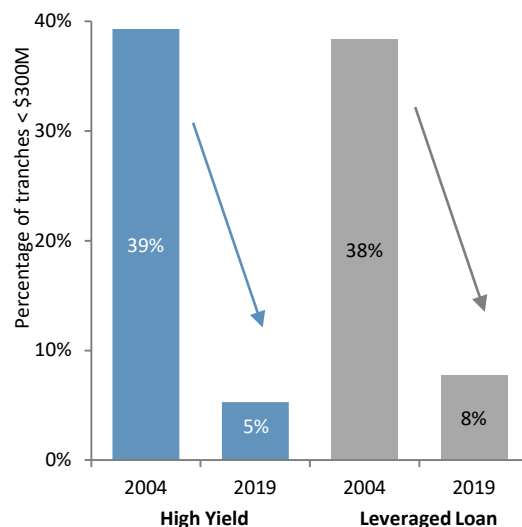
Over the last 20 years, the non-bank lending markets have evolved, driven by several long running trends

## Commercial & Industrial (C&I) Loans as a Percentage of Bank Holdings <sup>(1)</sup>



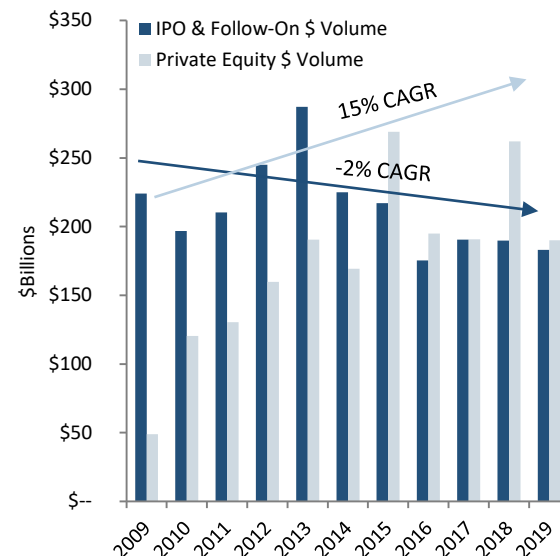
- Multi-decade trends of bank consolidation has left a void for middle market companies
- Just as banks have retrenched, capital markets have also focused on larger borrowers, further expanding the middle market opportunity

## Percentage of High Yield and Leveraged Loan Tranches Below \$300M <sup>(2)</sup>



- The liquid leveraged loan market and high yield market have shifted focus towards larger borrowers over the last 15 years
- This evolution has broadened the opportunity set for ARCC

## U.S. Public vs. Private Dollar Volume <sup>(3)</sup>



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

Please refer to Index Definitions for further information.

(1) Source: Federal Reserve H8 data as of December 31, 2019.

(2) Source: ICE BofA U.S. High Yield Index (HUCO) and Credit Suisse Leveraged Loan Index (CSLLI), December 31, 2019.

(3) Public market follow on and IPO data per Refinitiv and PE transaction volume data per Preqin as of January 2020.

# Long Tenured & Highly Experienced Investment Team

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

## ARCC's Leadership Team Brings

Knowledge

Experience

Tenure

Consistency

## Members of the Investment Committee

Invested over **\$57 billion** across  
~**1,300** transactions since 2004 <sup>(1)</sup>

**24 years** average investing experience <sup>(2)</sup>

**Investment Committee** members  
average tenure at Ares of **15 years**

**Cycle-tested** team

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

As of December 31, 2019. Past performance is not indicative of future results.

(1) Includes invested capital from inception on October 8, 2004 through December 31, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes sales within one year of origination, \$1.8 billion of investments acquired from Allied Capital on April 1, 2010 and \$2.5 billion of investments acquired from American Capital on January 3, 2017.

(2) Average number of years investing for all Investment Committee members.

# Scale Drives Sourcing Advantages

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

## Deep Relationships

Relationships with  
**500+** sponsors

Multiple investments  
with **175+** sponsors

## Scale Supports Differentiation

Ability to Commit  
\$500mm+ in  
a **single** transaction

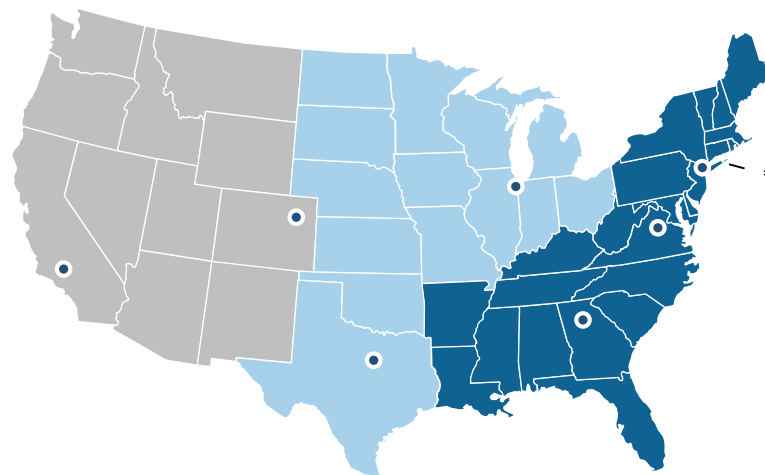
Arranger role in 95%  
of transactions <sup>(1)</sup>

## Proprietary Origination Channels

**54%** of commitments to  
our **existing**  
borrowers <sup>(2)</sup>

**13%** of portfolio to  
non-sponsored  
companies <sup>(3)</sup>

## Large Direct Origination Platform



• Ares office locations

**120+** Investment Professionals  
**8** U.S. Offices

**Comprehensive Sourcing Capabilities Enable Optimal Asset Selectivity with a ~4% Closing Rate on New Deals <sup>(4)</sup>**

All data as of December 31, 2019, unless otherwise stated. \*Office locations in New York, NY and Tarrytown, NY.

(1) Calculated based on the cost basis of ARCC's portfolio as of December 31, 2019, excluding our investment in the subordinated certificates of the SDLP, equity-only investments and legacy investments from portfolio acquisitions.

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

(3) At amortized cost.

(4) Calculation based on ARCC's reviewed and closed transactions with new portfolio companies (excludes any investments in existing portfolio companies) in each calendar year or twelve month period and excludes equity-only investments and legacy investments from portfolio acquisitions.

# Highly Diversified and Predominately Senior Secured Portfolio

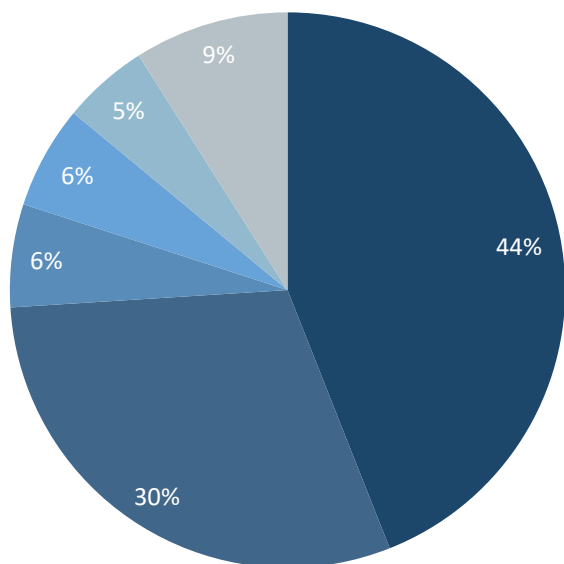
Attractively positioned \$14.4 billion<sup>(1)</sup> highly diverse portfolio with significant downside protection

80% Senior Secured Loans<sup>(2)</sup>

Average Position Size 0.3%<sup>(3)</sup>

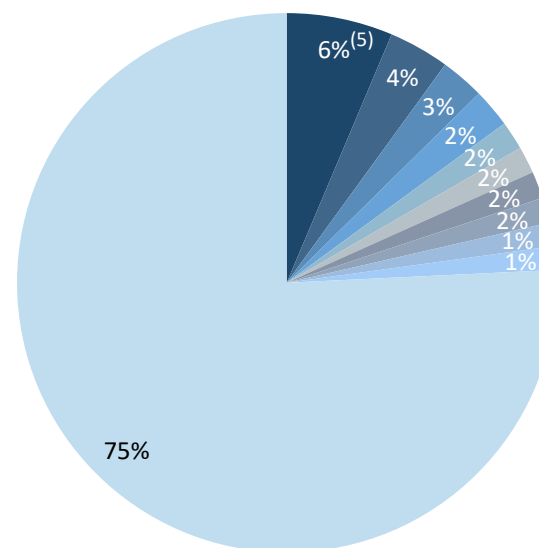
Largest investment is 3%<sup>(4)</sup>

Portfolio by Asset Class<sup>(1)</sup>



- First Lien Senior Secured Loans - 44%
- Second Lien Senior Secured Loans - 30%
- Senior Direct Lending Program, LLC - 6%<sup>(5)</sup>
- Senior Subordinated Loans - 6%
- Preferred Equity - 5%
- Other Equity - 9%

Issuer Concentration<sup>(1)</sup>



- Senior Direct Lending Program, LLC - 6%<sup>(5)</sup>
- Athenahealth, Inc. - 3%
- OTG Management, LLC - 2%
- Singer Sewing Company - 2%
- Ministry Brands, LLC - 1%
- Remaining Investments - 75%
- Ivy Hill Asset Management, L.P. - 4%
- Pathway Vet Alliance LLC - 2%
- MacLean-Fogg Company - 2%
- The Ultimate Software Group, Inc. - 2%
- GHX Ultimate Parent Company - 1%

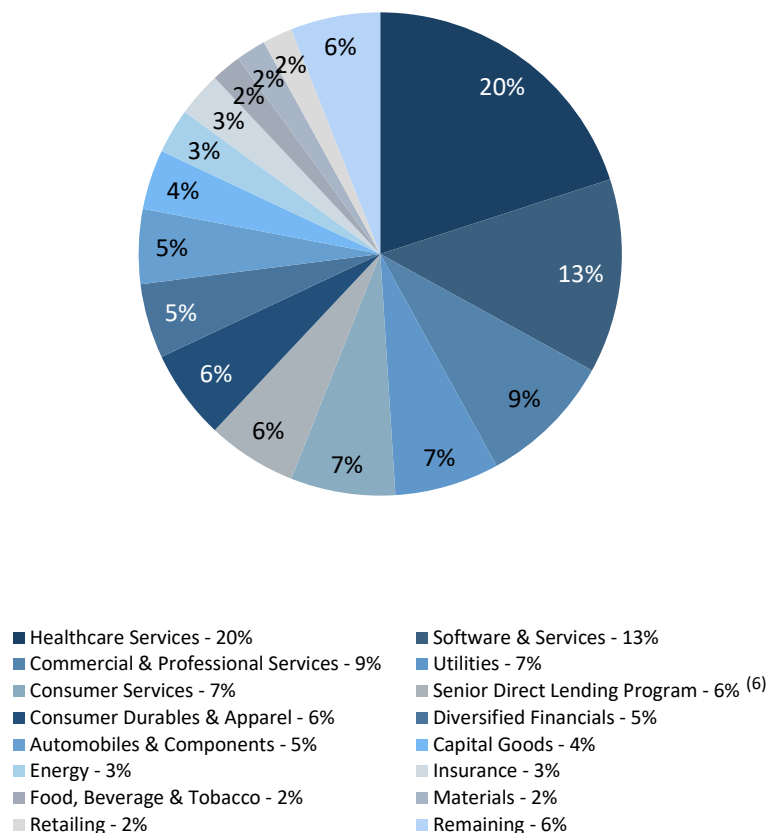
Diversification does not assure profit or protect against market loss.

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

# Industry Selection Supports High Quality Credit Portfolio

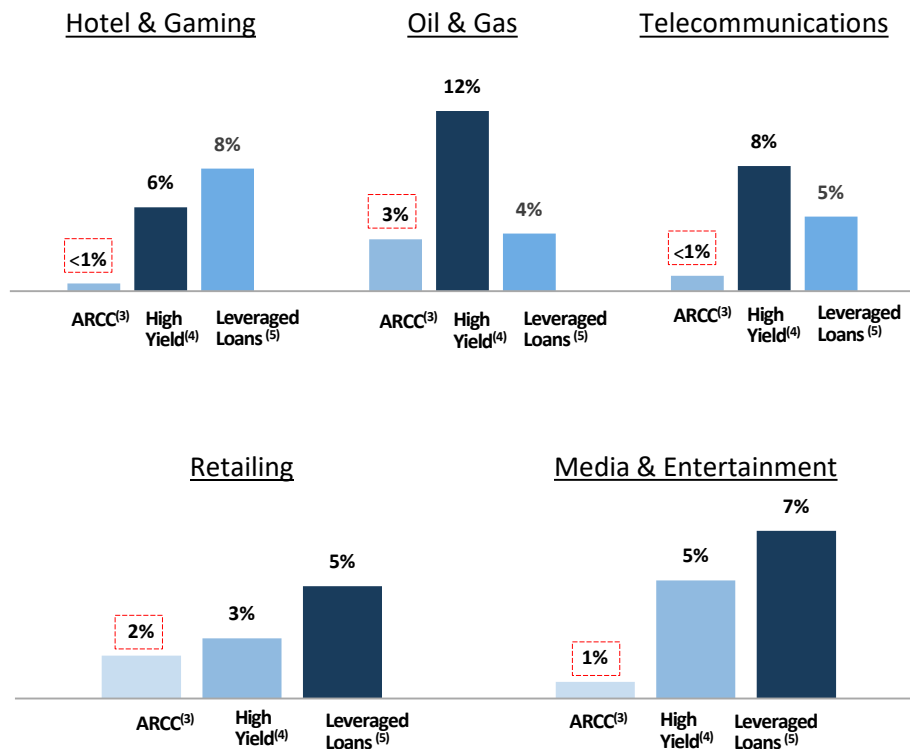
Focus on selecting defensively positioned companies in less cyclical industries

ARCC Portfolio by Industry <sup>(1)</sup>



VS.

High Yield and Leveraged Loan Industry Exposure to Cyclical Industries



81% of LTM S&P LLI defaults were in cyclical industries undergoing structural shifts (e.g., media, energy and retail)<sup>(2)</sup>

As of December 31, 2019, unless otherwise stated in Endnotes.

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

# ARCC Has Delivered Compelling Long Term Performance

ARCC has a high quality portfolio and leading track record

**~430 BPS PREMIUM**  
To Leveraged Loans

- High quality portfolio of **354 portfolio companies** with a **focus on senior secured loans** to middle market companies that has generated **long term ~430 bps of yield premium** as compared to leveraged loans and **~312 bps yield premium** to high yield <sup>(1)</sup>

**~15 YEARS**  
Length of Track Record

- **~15 year track record** with no cumulative net losses on over \$57 billion of capital invested, resulting in strong interest and attractive dividend coverage <sup>(2)</sup>

**+1.1%**  
Annual Net Realized Gains  
Since Inception

- Over \$900 million in cumulative net realized gains (**our gains minus our losses**) on investments (**+1.1% average annual net realized gains**) with a consistent track record of generating net realized gains in 13 out of 15 years <sup>(3)</sup>

**14% IRR**  
On Realized Investments  
Since Inception

- **14% asset level gross IRR on \$35 billion of realized investments since inception in 2004** <sup>(4)</sup>

**437 bps Greater Net ROE**  
Than Peers

- Attractive 5 year GAAP **net return on equity 437bps greater than the peer average** <sup>(5)</sup>

**13% RETURN**  
Stock Based Return  
Since Inception

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

As of December 31, 2019, unless otherwise stated.

Note: Past performance is not indicative of future results.

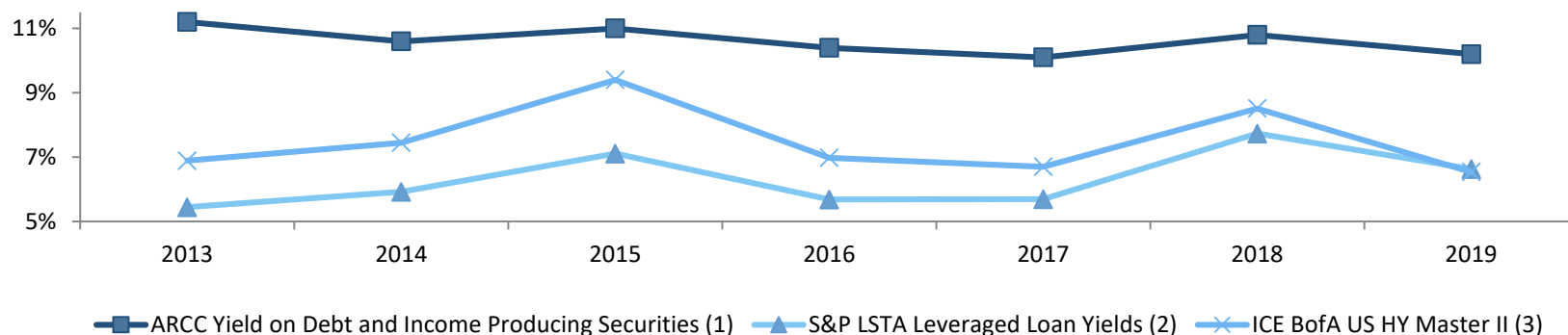
\*Performance to indices and peers is shown for illustrative purposes only and may not be directly comparable. Please refer to Index Definitions for further information.

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

# Sustained Market Premium Yield for ARCC with Lower Losses

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

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



## Premium yields...

	Yield 12/31/19	ARCC Premium*
ARCC Yield on Debt and Income Producing Securities at Fair Value <sup>(1)</sup>	9.7%	-
ICE BofA U.S. High Yield Master II	6.0%	3.7%
S&P LSTA Leveraged Loan Yields	6.1%	3.6%
3-month LIBOR	1.9%	7.8%

## ...with lower loss rates

	Non-Accrual Rate/ Default Rate*
Average ARCC Non-Accrual Rate at Amortized Cost <sup>(4)</sup>	2.6%
High Yield Bond Default Rate <sup>(5)</sup>	5.0%
	Average Annual Gain/(Loss) Rate*
ARCC <sup>(6)</sup>	1.1%
High Yield Bonds <sup>(7)</sup>	(2.6)%

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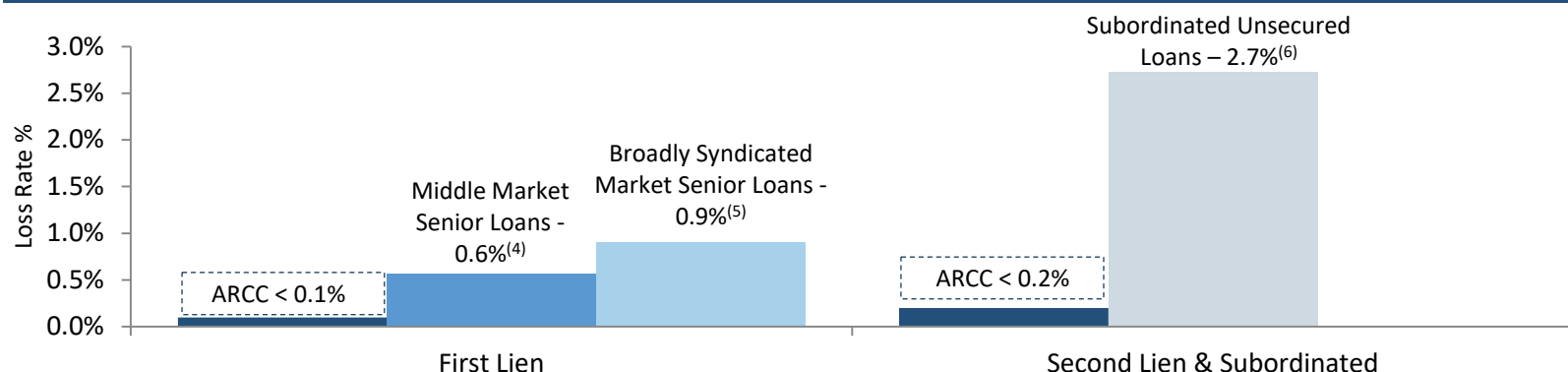
\*Performance to indices is shown for illustrative purposes only and may not be directly comparable. Please refer to Index Definitions for further information. Please see the notes at the end of this presentation for additional important information. Note that ARCC yields are gross unlevered portfolio statistics and do not reflect the impact of leverage or expenses.

# ARCC Has a Compelling Track Record of Credit Performance

ARCC's annual loss rate has been significantly better than the industry averages

ARCC Credit Experience Since Inception <sup>(1)</sup>	First Lien	Second Lien & Subordinated
Period Measured <sup>(1)</sup>	2004 – Q3-19	2004 – Q3-19
Significant Capital Deployed <sup>(1)</sup>	\$42 billion	\$12 billion
Meaningful Realizations	69% Realized	58% Realized
Long History of Investments	1,150+ Investments	300+ Investments
Leading Loss Performance	< 10 bps <sup>(2)</sup>	< 20 bps <sup>(3)</sup>

## ARCC's loss rates are well below industry averages



As of September 30, 2019, unless otherwise stated.

Note: Past performance is not indicative of future results. Please see notes at the end of this presentation for additional important information.

# ARCC Has Generated Net Realized Gains Since Inception

ARCC's net realized gain/(loss) rates have consistently outperformed the BDC peer group

Since IPO in October 2004 through December 31, 2019:

**Over \$900 million  
Net Realized Gains<sup>(1)</sup>**

Cumulative realized gains generated in excess of losses

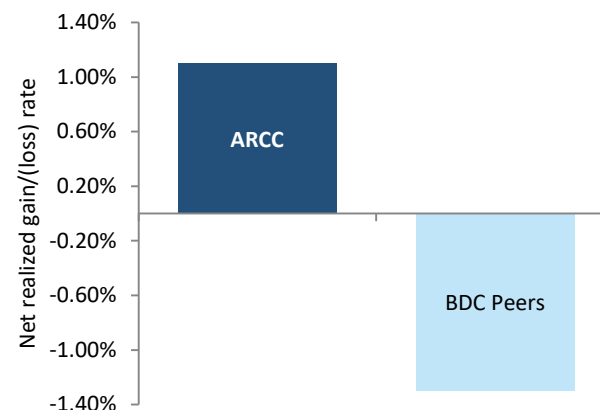
**+1.1% Net Realized  
Gain Rate%<sup>(1)</sup>**

Average annualized net realized gain rate on the principal amount of its investments

**Consistency of Net  
Realized Gains**

Generated net realized gains in 13 of 15 years since IPO

**ARCC generated nearly 240 bps of average annual incremental gain differential vs. Peers<sup>(2)</sup> since 2004<sup>(3)</sup>**



## Sources of Cumulative Net Realized Gains Since Inception<sup>(1)</sup>

Source	Nature of Gains / Losses	\$ in mm
Restructuring Gains	Primarily equity received in workouts	~\$255
Acquired Portfolio Net Gains	Effective monetization of controlled buyouts, CLOs and other investments	~\$570
ARCC Equity Net Gains	Primarily equity tags and minority equity investments	~\$340
ARCC Other Debt Gains	Primarily call protection and discount accretion	~\$280
ARCC Debt Losses	Relatively minimal losses through credit selection & loss avoidance once in deals	~(\$525)
<b>Cumulative Net Realized Gains</b>		<b>~\$920</b>

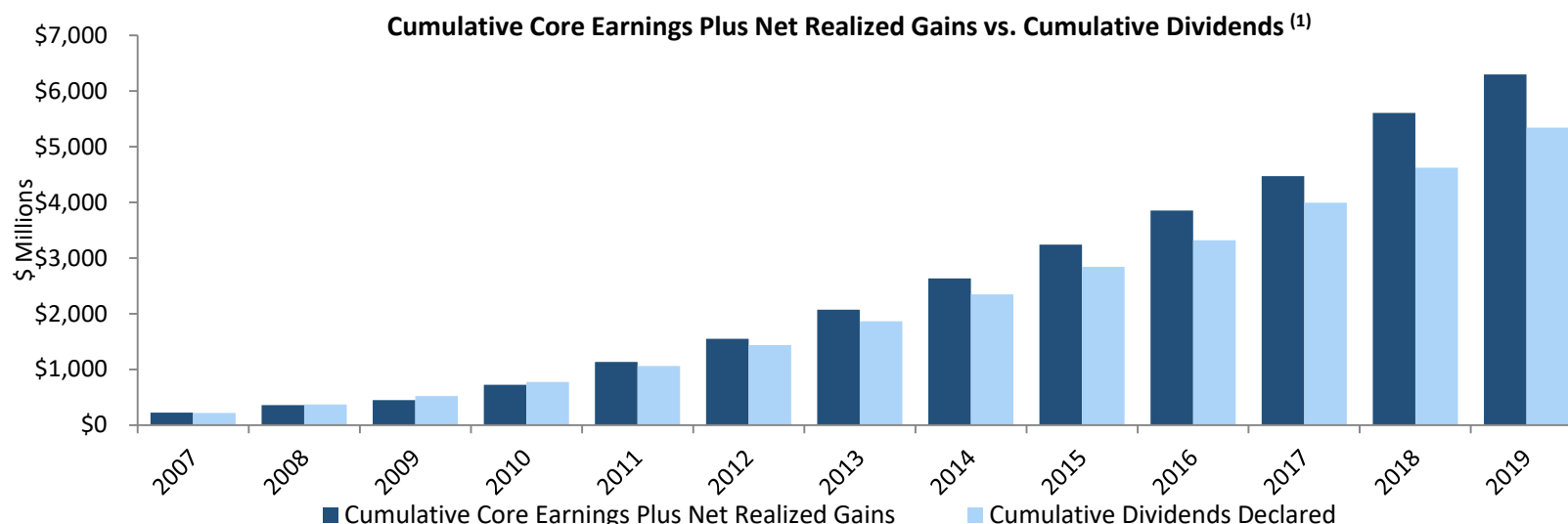
Data as of December 31, 2019, unless otherwise noted in Endnotes.

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# Dividend and Core Earnings Plus Net Realized Gains Track Record

ARCC has generated cumulative core earnings and net realized gains in excess of our dividends paid since our IPO

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



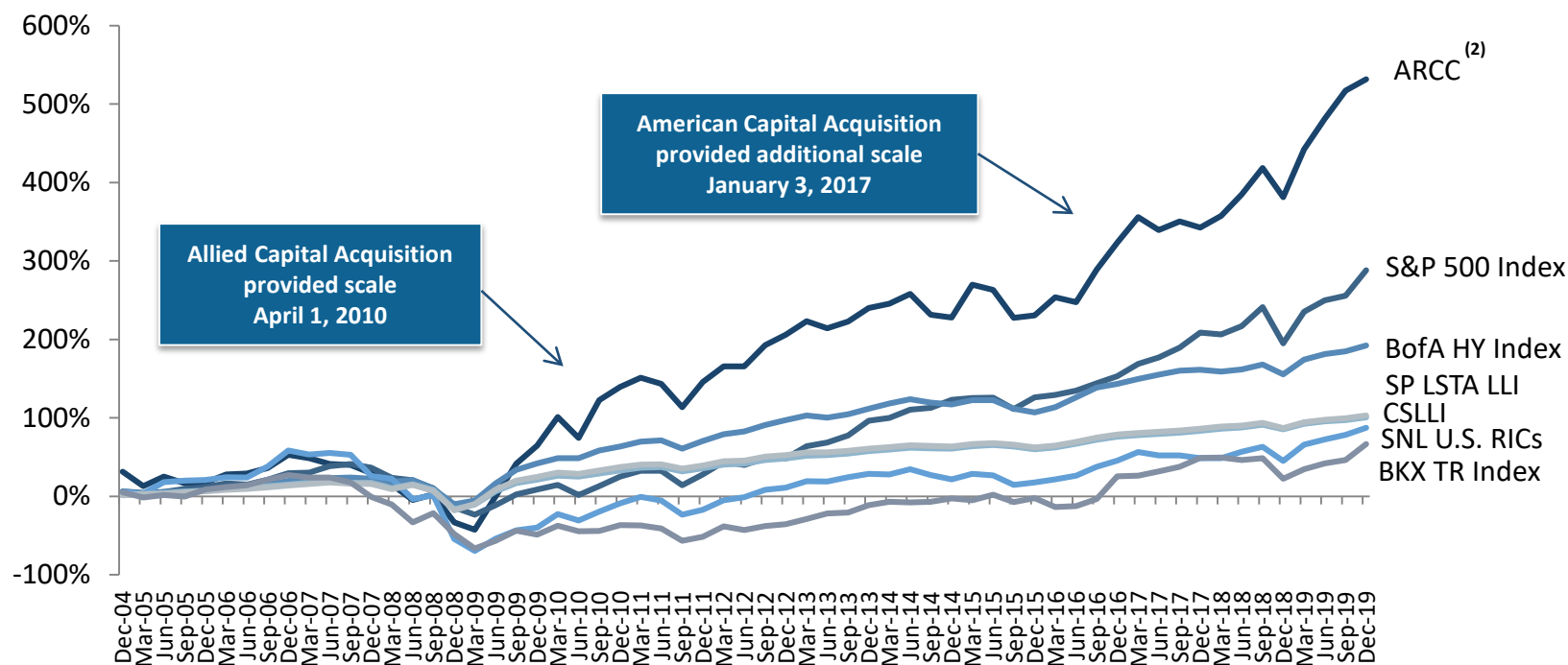
(1) As of December 31, 2019. There can be no assurance that dividends will continue to be paid at historic levels or at all. Past performance is not indicative of future results. Core Earnings is a non-GAAP financial measure. Core Earnings is the net increase (decrease) in stockholders' equity resulting from operations less professional fees and other costs related to the American Capital Acquisition, expense reimbursement from Ares Capital Management LLC (the "Ares Reimbursement"), net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such net realized gains and losses. Net increase (decrease) in stockholders' equity is the most directly comparable GAAP financial measure. Ares Capital believes that Core Earnings provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. See Note 16 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2019 for information regarding the American Capital Acquisition. See Note 13 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2019 for information regarding the Ares Reimbursement.

Note: Our 2018 taxable spillover income was \$0.80 per share. We currently estimate that our 2019 spillover income is \$0.95 per share. The amount of excess 2019 U.S. federal taxable income available for carry over into 2020 is only an estimate based on estimated 2019 U.S. federal taxable income. The calculation of estimated 2019 U.S. federal taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2019 U.S. federal taxable income will not be finally determined until Ares Capital's 2019 tax return is filed in 2020. Consequently, both 2019 U.S. federal taxable income and the amount of excess U.S. federal taxable income available for carry over into 2020 are subject to change. See Note 11 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2019 for more information.

# ARCC's Stock Has Generated Attractive Long-Term Returns

ARCC has outperformed relative to indices through a variety of market environments since IPO

13% Cumulative Shareholder Total Return Since Inception 10/8/04 - 12/31/19 <sup>(1)(2)</sup>



Note: Past performance not indicative of future results. **Please refer to Index Definitions for further information.**

- (1) As of December 31, 2019. Hypothetical value of \$1 invested in ARCC's IPO in October 2004 and kept invested through December 31, 2019, assuming reinvestment income. Graph shown for illustrative purposes only and is not indicative of any investment. Past performance is not guarantee of future results. Ares Capital's stock price-based total return is calculated assuming dividends are reinvested at the end of day stock price on the relevant quarterly ex-dividend dates, and assuming investors did not participate in Ares Capital's rights offering issuance as of March 20, 2008. Time period selected to include Ares Capital IPO in October 2004. The benchmarks included represent investments in either the U.S. non-investment grade credit or equity market. Performance to indices and peers is shown for illustrative purposes only and may not be directly comparable.
- (2) Source: SNL Financial. As of September 30, 2019. Ares Capital's stock price-based total return is calculated assuming dividends are reinvested at the end of day stock price on the relevant quarterly ex-dividend dates, and assuming investors did not participate in Ares Capital's rights offering issuance as of March 20, 2008.

# Prudent Balance Sheet Management

We manage our balance sheet conservatively, which provides us with flexible, low cost funding and allows us to be opportunistic throughout the cycle

## Maintaining Conservative Investment Grade Profile

- As of December 31, 2019, our leverage ratio was 0.93x debt to equity net of cash <sup>(1)</sup>
- We plan to operate in our target leverage ratio of 0.9x-1.25x debt to equity over the next 12-36 months depending on market conditions <sup>(2)</sup>
- Our target provides significant cushion to the new regulatory leverage limit of 2.0x<sup>(2)</sup>

## Strong Liquidity

- Maintain significant undrawn revolving capacity
- Accessed the debt and equity markets over 30 times since inception
- Significant annual cash flows from portfolio repayments and sales

## Long Duration and Flexible Funding

- We have liability duration that is equal to or longer than our asset duration<sup>(3)</sup>
- No “mark to market” financing
- Staggered debt maturity ladder

## Diversity of Funding Sources

- Secured revolvers provided by 36 different banks across three separate facilities
- Over 100 investors have invested in ARCC’s convertible and investment grade notes
- Significant permanent equity base of \$7.5 billion

## Diversified Portfolio

- Diversified \$14.4 billion portfolio at fair value with 354 companies
- Our investments are spread across the country and 25+ industries

As of December 31, 2019, unless otherwise noted.

- 1) The use of leverage magnifies the potential for gain or loss on the amount invested and may increase the risk of investment.
- 2) Effective June 21, 2019, the minimum asset coverage ratio applicable to the Company was reduced from 200% to 150%.
- 3) Weighted average maturity of outstanding liabilities of 4.7 years vs. weighted average maturity of investments at fair value of 4.5 years. The weighted average maturity of investments at fair value excludes the investment in the subordinated certificates of the SDLP. The weighted average maturity of investments within the SDLP portfolio was 3.9 years.

# Investment Grade Ratings Enhance Depth of Funding Alternatives

Investment grade ratings from Moody's, S&P and Fitch affirmed upon adoption of SBCAA <sup>(1)</sup>

**MOODY'S**

**S&P Global**

**FitchRatings**

**Current Rating**

**Baa3**

**BBB-**

**BBB**

**Current Outlook**

**Positive**

**Positive**

**Stable**

**"The increased cushion meaningfully reduces Ares Capital's probability of defaulting on its bank credit agreement"**

– June 7, 2019 <sup>(2)</sup>

**"ARCC's sustained strong operating results and further strengthening of its funding profile and financial flexibility over the last 12 months"** – October 1, 2019 <sup>(3)</sup>

**"Fitch continues to believe that Ares has the strongest capital structure in the BDC space"** – January 31, 2020 <sup>(4)</sup>

**"Ares Capital's Baa3 long-term ratings are based on the company's strong historical financial performance, balanced portfolio characteristics, and effective liquidity management. The rating also incorporates Ares Capital's strong capitalization due to compliance with its regulatory asset coverage requirement, resulting in low expected loss given default, compared to other specialty finance companies"**

– June 7, 2019 <sup>(2)</sup>

**"ARCC has one of the best market positions in the BDC industry, reflecting its scale, deep and experienced investment team, and affiliation with Ares Management...ARCC has a strong historical underwriting track record"** – October 1, 2019 <sup>(3)</sup>

**"Ares' rating reflects its scalable platform, consistent operating performance through a variety of market and economic cycles, moderate portfolio concentrations, demonstrated access to the debt and equity markets historically, strong fundamental flexibility, solid liquidity, an experienced management team, access to deal flow and investment resources from its advisor ... and ample dividend coverage"** – January 31, 2020 <sup>(4)</sup>

The ratings noted herein may not be representative of any given investor's experience. Past performance is not indicative of future results. All investments involve risk, including loss of principal.

(1) As of February 13, 2020.

(2) Moody's Investors Services, "Ares Capital Corporation: Update to credit analysis – leverage to increase under expanded regulatory limit," June 7, 2019.

(3) S&P Global Ratings, "Ares Capital Corp." October 1, 2019.

(4) FitchRatings, "Fitch Affirms Ares Capital at 'BBB'; Outlook stable," January 31, 2020.

# Conclusion: ARCC's Approach to Managing the Current Market

## Long Term Structural Positives

- Healthy demand from middle market companies
- Expanded market opportunity as traditional financing sources do not meet the needs of middle market borrowers
  - Bank retrenchment
  - Larger borrowers focus of liquid markets
- Substantial private equity dry powder supports demand (~7x direct lending dry powder<sup>1</sup>)
- Financing structures have significant equity contributions

## Near Term Challenges in Current Environment

- Interest rate environment
- Spreads have compressed
- Debt to EBITDA multiples are elevated
- Covenants and documentation are weaker
- Significant new capital has formed, including new entrants with need to deploy capital in a limited timeframe

## Ares Capital's Approach

**Seek to invest in leading, non-cyclical businesses with attractive growth prospects and high free cash flows**

**Use direct origination and scale to provide greater influence on loan structures to maintain high selectivity**

**Seek to be the lead lender with voting control to have the ability to impact outcomes**

**Use incumbent positions to support growth of leading portfolio companies and enhance credit quality**

**Be proactive managing investments and use our robust process to preserve capital and create value**

(1) Source: Preqin. As of February 2020.

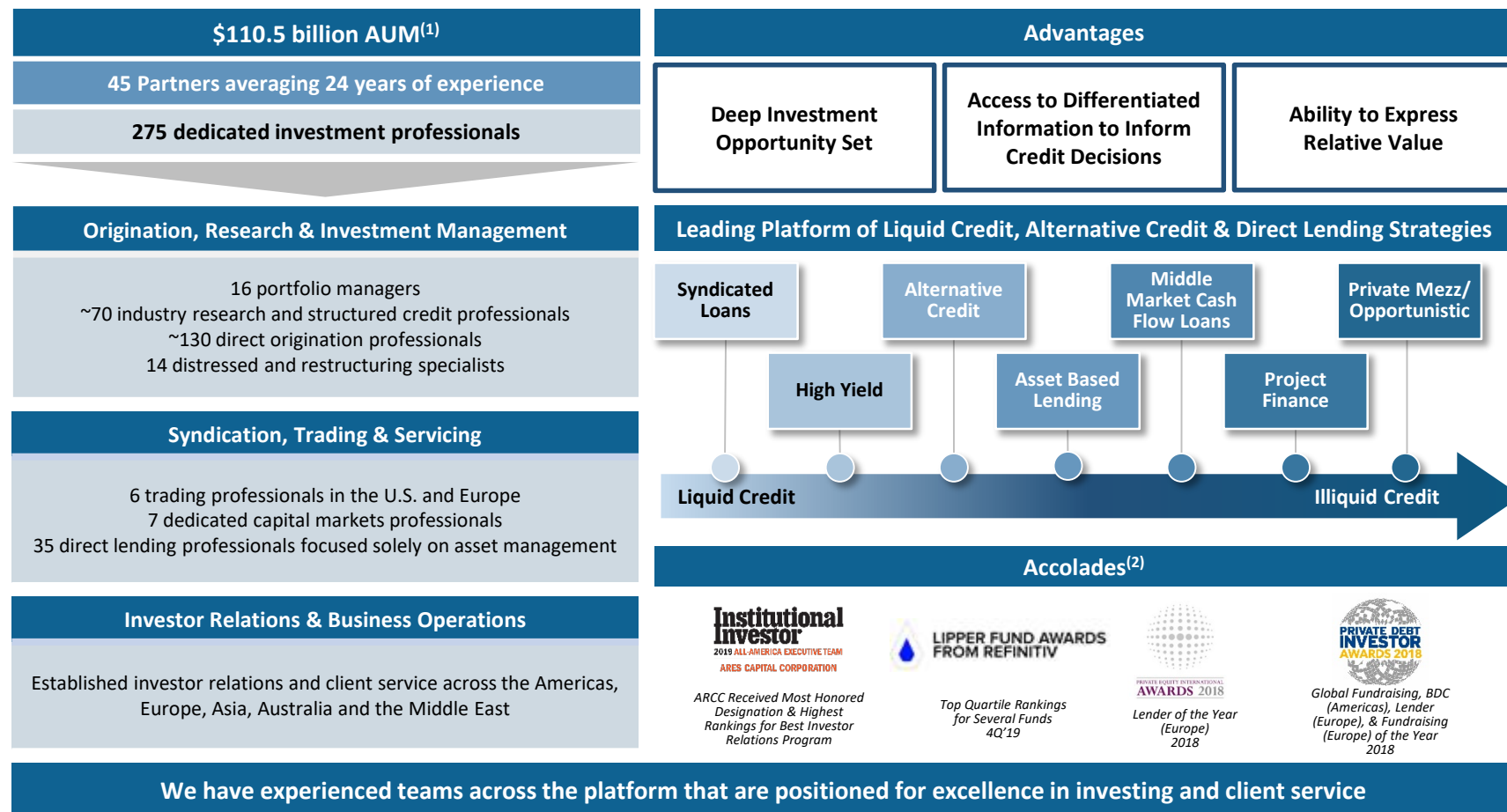
# **Appendix A: Market and Additional Company Specific Investment Considerations**

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# Ares Credit Group

Integrated scaled global platform combines direct origination, deep fundamental credit research and broad perspective of relative value



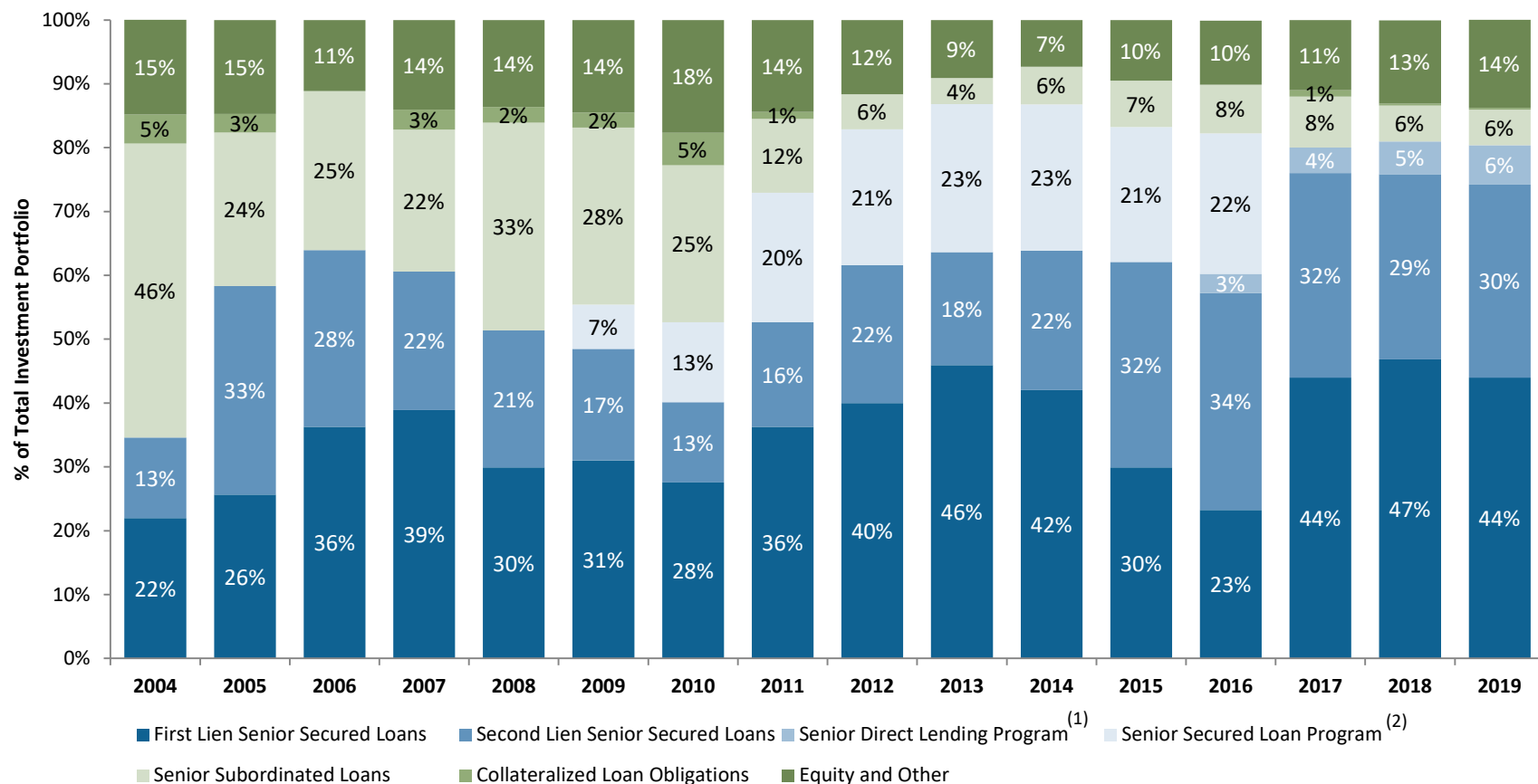
Note: As of December 31, 2019, unless otherwise noted.

- AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and a registered investment adviser.
- The performance, awards/ratings noted herein relate only to selected funds/strategies and may not be representative of any given client's experience and should not be viewed as indicative of Ares' past performance or its funds' future performance. All investments involve risk, including loss of principal.

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

# Risk Position: Asset Mix Changes with Views on Risk and Return

Our portfolio composition will change based on our view of market conditions and the returns available



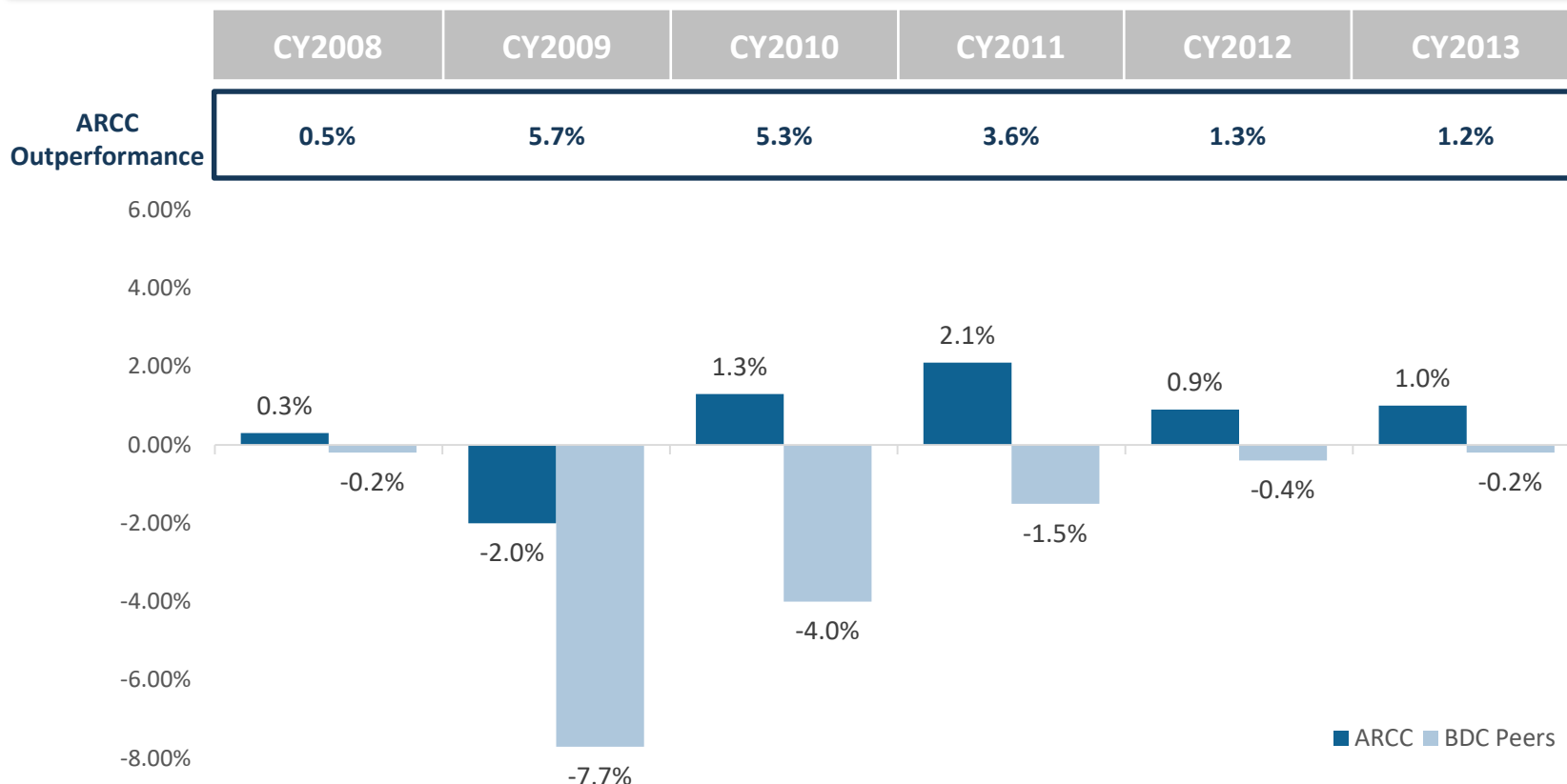
As of December 31, 2019, unless otherwise stated.

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

# ARCC Has Performed Well During Recessionary Periods

Active portfolio management and internal resources seek to provide downside protection, as demonstrated during recessionary periods

Net Realized Gain/(Loss) of ARCC <sup>(1)</sup> and BDC Peers <sup>(2)</sup>

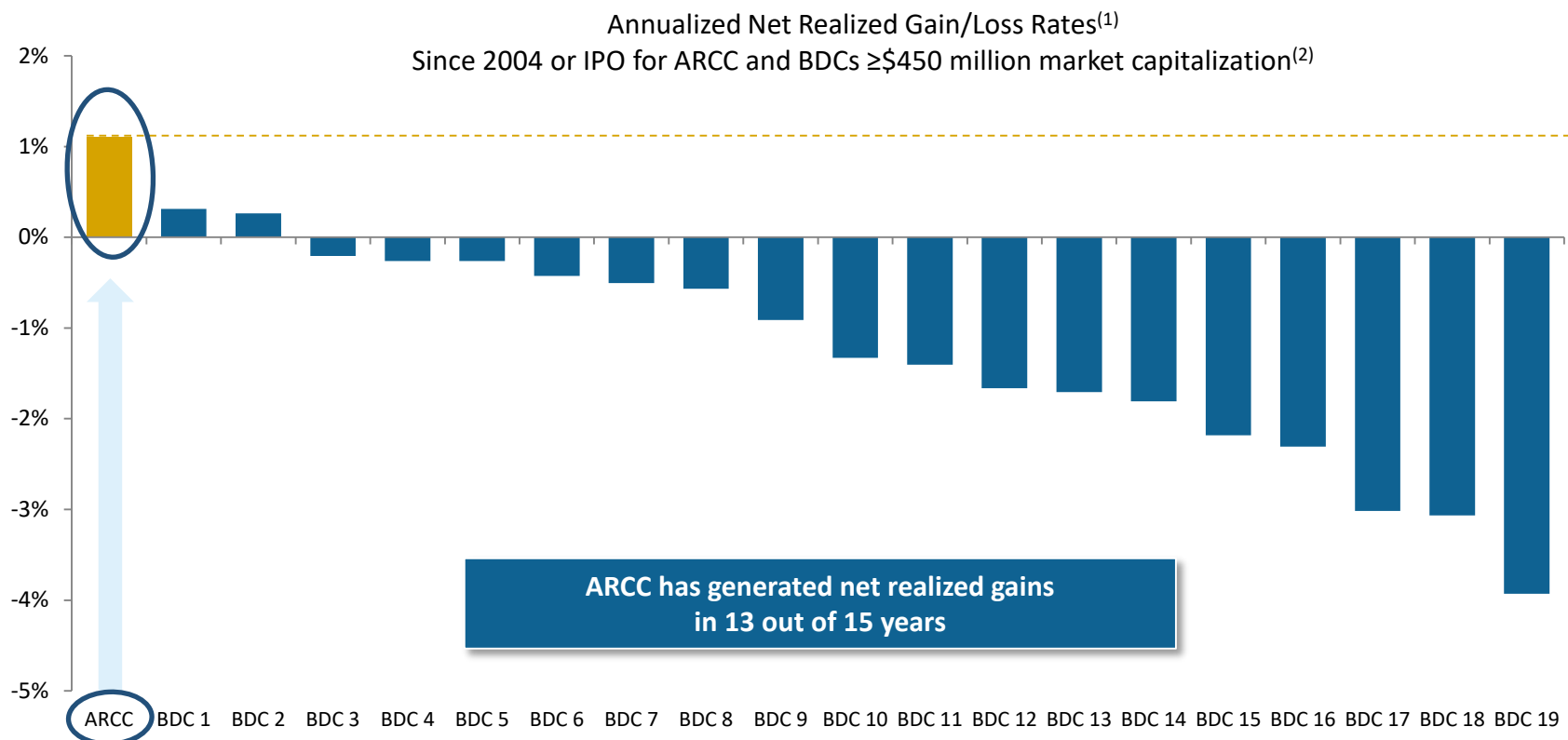


**ARCC's net realized gain/(loss) rates outperformed other publicly traded BDCs through the last credit dislocation**

Note: Past performance is not indicative of future results. Please see notes at the end of this presentation for additional important information.

# Strong Investment Performance

ARCC has generated strong net realized gains relative to the BDC peer group



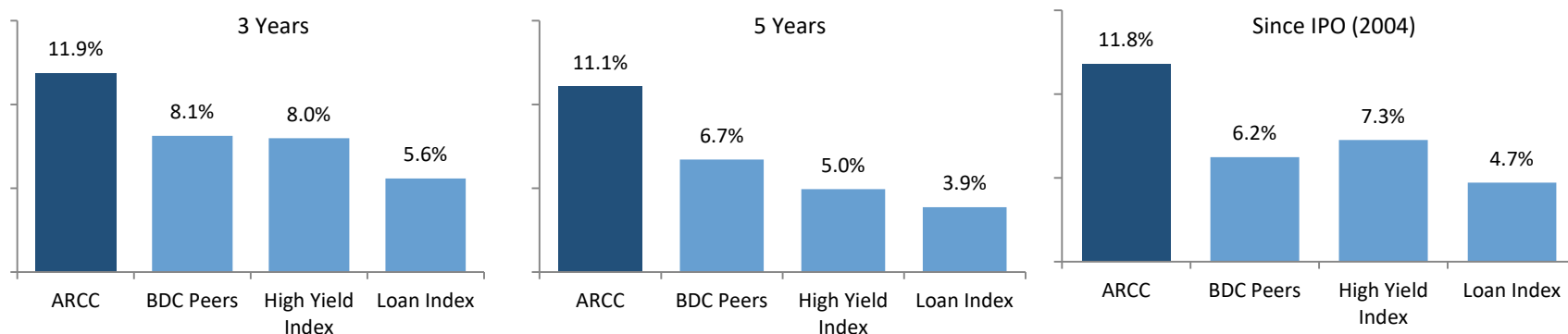
ARCC as of December 31, 2019. BDC peer group as of September 30, 2019, as not all peers have filed December 31, 2019 financial results as of February 13, 2020. Past performance is not indicative of future results.

- (1) ARCC calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to December 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes \$196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and sale of other assets. BDC peers calculated as an average of a BDC's historical annual net realized gain/loss rates, where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period divided by the average quarterly investments at amortized cost in such period.
- (2) The BDC peer group consists of BDCs with a market capitalization of \$450 million or greater as December 31, 2019, who have been public for at least one year or who are under common management with a BDC that meets these criteria. This includes: AINV, BBDC, BKCC, CGBD, OCSI, OCSL, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX.

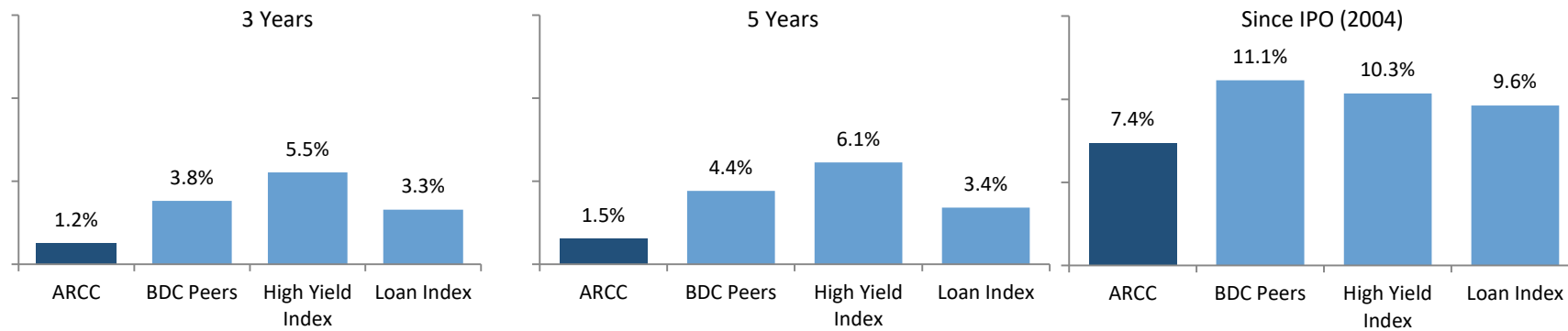
# ARCC's Portfolio Has Generated Higher Returns with Less Risk

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

## Annual Returns (Dividends & Change in NAV)<sup>(1)(2)</sup>



## Volatility of Annual Returns (Standard Deviation of Dividends & Change in NAV)<sup>(1)(2)</sup>



As of September 30, 2019, unless otherwise stated. Past performance is not indicative of future results.  
Please see the notes at the end of this presentation for additional important information.

# Deep and Diverse Access to Debt Financing

We believe that ARCC is a very efficient issuer of liabilities

(\$ in millions)	Aggregate Principal Amount of Commitments Outstanding <sup>(1)</sup>	Principal Outstanding	Weighted Average Stated Interest Rate <sup>(2)</sup>
<b>Secured Revolving Facilities <sup>(3)</sup></b>			
Revolving Credit Facility <sup>(4)</sup>	\$3,365	\$2,250	L + 1.75%
Revolving Funding Facility <sup>(5)***</sup>	1,275	638	L + 2.00%
SMBC Funding Facility <sup>(6)**</sup>	650	301	L + 1.75%
Subtotal	\$5,290	\$3,189	
<b>Unsecured Notes Payable*</b>			
2022 Notes	\$600	\$600	3.625%
2022 Convertible Notes	388	388	3.750%
2023 Notes	750	750	3.500%
2024 Convertible Notes	403	403	4.625%
2024 Notes	900	900	4.200%
2025 Notes	600	600	4.250%
2047 Notes	230	230	6.875%
Subtotal	\$3,871	\$3,871	
<b>Total Debt</b>	<b>\$9,161</b>	<b>\$7,060</b>	
<b>Weighted Average Stated Interest Rate</b>	<b>3.82% <sup>(7)</sup></b>	<b>4.14%</b>	
<b>Debt / Equity Ratio, Net of Cash</b>		<b>0.93x</b>	

- Significant access to long-dated, lower cost revolving debt facilities with up to 5 year terms
- Reduced pricing over time and continue to periodically extend maturities
- No “mark to market” financing

- Seasoned issuer in the institutional unsecured debt market, raising \$7 billion in unsecured notes since 2011
- More than 100 investors have invested in ARCC’s Convertible and Investment Grade Notes
- Repaid \$3.4 billion of unsecured notes since 2011

## January 2020 Financing Activity <sup>(8)</sup>

- \* January 15<sup>th</sup>: Issued \$750 million of 3.25% 2025 unsecured notes
- \*\* January 24<sup>th</sup>: Upsized the SMBC Funding Facility by \$75 million to \$725 million
- \*\*\* January 31<sup>st</sup>: Upsized the Revolving Funding Facility by \$250 million to \$1.5 billion and extended the reinvestment period and maturity date each by 1 year

All data as of December 31, 2019, unless otherwise noted. Please see the notes at the end of this presentation for additional important information.

## Appendix B: Management and Core Earnings Reconciliation

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# Management Team Overview

Members of Investment Committee	Years of Relevant Experience	Years at Ares	Background
<b>Michael Arougheti</b> <b>Ares Capital Corporation</b> – Co-Chairman of the Board of Directors and Executive Vice President <b>Ares</b> – Co-Founder, Chief Executive Officer, and President	27	16	<b>RBC Capital Partners</b> – Managing Partner <b>Indosuez Capital</b> – Principal
<b>Kipp deVeer</b> <b>Ares Capital Corporation</b> – Director and Chief Executive Officer <b>Ares</b> – Partner and Head of Credit Group	24	16	<b>RBC Capital Partners</b> – Partner <b>Indosuez Capital</b> – Vice President
<b>Mitch Goldstein</b> <b>Ares Capital Corporation</b> – Co-President <b>Ares</b> – Partner and Co-Head of Credit Group	25	15	<b>Credit Suisse First Boston</b> – Managing Director <b>Indosuez Capital</b> – Principal <b>Bankers Trust</b> – Vice President
<b>Michael Smith</b> <b>Ares Capital Corporation</b> – Co-President <b>Ares</b> – Partner and Co-Head of Credit Group	24	16	<b>RBC Capital Partners</b> – Partner <b>Indosuez Capital</b> – Vice President
<b>Mark Affolter</b> <b>Ares</b> – Partner of Credit Group	30	12	<b>CIT</b> – Managing Director <b>GE Capital</b> – Senior Managing Director <b>Heller Financial</b> – Senior Vice President
<b>Jim Miller</b> <b>Ares</b> – Partner of Credit Group	20	13	<b>Silver Point Capital</b> – Vice President <b>GE Commercial Finance</b> – Vice President
<b>Kort Schnabel</b> <b>Ares</b> – Partner of Credit Group	22	18	<b>Walker Digital Corporation</b> – Corporate Development Group <b>Morgan Stanley Dean Witter</b> – Corporate Finance Group
<b>Dave Schwartz</b> <b>Ares</b> – Partner of Credit Group	19	15	<b>RBC Capital Partners</b> – Associate <b>Indosuez Capital</b> – Analyst

## Other Senior Professionals

**Joshua M. Bloomstein** – Vice President, General Counsel and Secretary  
**Michael Dieber** – Partner / Co-Head of Portfolio Management  
**Carl Drake** – Partner / Head of Public IR, Ares Management  
**Ian Fitzgerald** – Associate General Counsel  
**Daniel Katz** – Partner / Co-Head of Portfolio Management  
**Lisa Morgan** – Chief Compliance Officer

**Scott Lem** – Chief Accounting Officer, Vice President and Treasurer  
**Jana Markowicz** – Partner / Head of Product Management, U.S. Direct Lending  
**Penni Roll** – Chief Financial Officer  
**John Stilmar** – Managing Director, Public IR  
**Michael Weiner** – Vice President  
**Raymond L. Wright** – Managing Director and Chief Administrative Officer

Note: As of September 30, 2019.

# Board of Directors

Director	Title	Experience	
<b>Michael J Arougheti</b>	<b>Co-Chairman /Director</b>	<b>Ares Capital Corporation</b> – Co-Chairman and Executive Vice President <b>Ares</b> – Director, Co-Founder, Chief Executive Officer & President <b>Ares Management Limited</b> - Management Committee Member	<b>Ares Credit Group</b> - Partner and Member of U.S. Direct Lending Investment Committee <b>Ares Commercial Real Estate Corporation</b> – Director <b>RBC Capital Partners</b> – Managing Partner* <b>Indosuez Capital</b> – Principal*
<b>Ann Torre Bates</b>	<b>Director Chairperson – Audit Committee</b>	<b>Allied Capital Corporation</b> – Director* <b>Franklin Mutual Series and Recovery Funds</b> – Director <b>SLM Corporation</b> – Director*	<b>NHP, Inc.</b> – Executive Vice President, CFO, Treasurer* <b>U.S. Airways</b> – Vice President, Treasurer*
<b>Steven B. Bartlett</b>	<b>Director</b>	<b>BIPAC</b> – Director* <b>Financial Services Roundtable</b> – President and CEO* <b>Dallas, Texas</b> – Mayor*	<b>U.S. Congress</b> – Member* <b>Meridian Products</b> – Founder*
<b>Kipp deVeer</b>	<b>Director</b>	<b>Ares Capital Corporation</b> – Chief Executive Officer <b>Ares</b> – Director, <sup>(1)</sup> Partner and Head of Credit Group	<b>RBC Capital Partners</b> – Partner* <b>Indosuez Capital</b> – Vice President*
<b>Daniel G. Kelly, Jr.</b>	<b>Director</b>	<b>Davis Polk &amp; Wardell LLP</b> – Partner*	
<b>Steven B. McKeever</b>	<b>Director</b>	<b>Hidden Beach Recordings</b> – Founder, CEO <b>Motown Records</b> – Executive Vice President* <b>Irell &amp; Manella LLP</b> – Associate*	<b>College Bound, African-Ancestry.com</b> – Director <b>The Pacific Institute Spirit Board</b> – Director
<b>Michael K. Parks</b>	<b>Director</b>	<b>FlyawayHomes</b> – CEO and President <b>El Paso Electric Company</b> – Chairman of the Board* <b>E*Trade Financial Corp</b> – Chairman of the Audit Committee*	<b>BlackRock</b> – Managing Director* <b>Crescent Capital Group</b> – Managing Director*
<b>Robert L. Rosen</b>	<b>Director</b>	<b>Ares</b> – Strategic Adviser to Private Equity Group <b>RLR Capital Partners, RLR Focus Fund</b> – Managing Partner* <b>RLR Partners LLC</b> – CEO*	<b>National Financial Partners</b> – Founder, Chairman and CEO* <b>Dolphin Domestic Fund II</b> – Co-Managing Partner* <b>Damon Corporation</b> – Chairman and CEO* <b>Maxxam Group</b> – Vice Chairman*
<b>Bennett Rosenthal</b>	<b>Co-Chairman /Director</b>	<b>Ares</b> – Co-Founder, Director, Partner & Co-Chairman of Private Equity Group	<b>National Bedding Company LLC</b> – Co-Chairman/Director <b>Merrill Lynch</b> – Managing Director, Global Leveraged Finance*
<b>Eric B. Siegel</b>	<b>Director/Lead Independent Director</b>	<b>El Paso Electric Company</b> – Director and Chairman of the Nominating and Governance Committee member <b>Kerzner International</b> – Director*	<b>Apollo Advisors L.P. and Lion Advisors L.P.</b> – Retired Limited Partner*

As of December 31, 2019, unless otherwise stated.

\* Represents positions held previously.

(1) As of February 13, 2020.

# Reconciliation of Core Earnings

## Reconciliations of Core Earnings to GAAP Earnings

(in millions)	For the years ended							
	2012	2013	2014	2015	2016	2017	2018	2019
Core Earnings <sup>(1)</sup>	\$ 381	\$ 442	\$ 473	\$ 486	\$ 504	\$ 592	\$ 718	\$ 807
Professional fees and other costs related to the American Capital Acquisition <sup>(2)</sup>	—	—	—	—	(12)	(40)	(3)	—
Ares Reimbursement <sup>(3)</sup>	—	—	—	—	—	—	12	—
Net realized and unrealized gains (losses)	159	58	153	(129)	(20)	156	164	(18)
Incentive fees attributable to net realized and unrealized gains and losses	(32)	(11)	(29)	27	5	(41)	(33)	4
Income tax and other expenses related to net realized and unrealized gains and losses	—	—	(6)	(5)	(3)	—	—	—
GAAP Earnings	\$ 508	\$ 489	\$ 591	\$ 379	\$ 474	\$ 667	\$ 858	\$ 793

- (1) Core Earnings is a non-GAAP financial measure. Core Earnings is the net increase (decrease) in stockholders' equity resulting from operations less professional fees and other costs related to the American Capital Acquisition, expense reimbursement from Ares Capital Management LLC (the "Ares Reimbursement"), net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such net realized gains and losses. Net increase (decrease) in stockholders' equity is the most directly comparable GAAP financial measure. Ares Capital believes that Core Earnings provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.
- (2) See Note 16 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2019 for information regarding the American Capital Acquisition.
- (3) See Note 13 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2019 for information regarding the Ares Reimbursement.

# Index & ETF Definitions

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# Index Definitions

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

1. **The ICE BofA US High Yield Master II Index ("H0A0")** tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of \$100 million. Index constituents are capitalization-weighted based on their current amount outstanding times the market price plus accrued interest. Accrued interest is calculated assuming next-day settlement. Cash flows from bond payments that are received during the month are retained in the index until the end of the month and then are removed as part of the rebalancing. Cash does not earn any reinvestment income while it is held in the index. The index is rebalanced on the last calendar day of the month, based on information available up to and including the third business day before the last business day of the month. No changes are made to constituent holdings other than on month end rebalancing dates. Inception date: August 31, 1986.
2. **The Credit Suisse Institutional Leveraged Loan Index ("CSLLI")** is designed to mirror the investable universe of the \$US-denominated leveraged loan market. The index inception is January 1992. The index frequency is daily, weekly and monthly. New loans are added to the index on their effective date if they qualify according to the following criteria: 1) Loan facilities must be rated "5B" or lower. That is, the highest Moody's/S&P ratings are Baa1/BB+ or Ba1/BBB+. If unrated, the initial spread level must be Libor plus 125 basis points or higher. 2) Only fully-funded term loan facilities are included. 3) The tenor must be at least one year. 4) Issuers must be domiciled in developed countries; issuers from developing countries are excluded.
3. **The Standard & Poor's 500 Index ("S&P 500")** is a market capitalization-weighted index of the 500 largest U.S. publicly traded companies. The S&P 500 is a float-weighted index, meaning company market capitalizations are adjusted by the number of shares available for public trading. The S&P 500 is considered to be a proxy of the U.S. equity market.
4. **The SNL U.S. Registered Investment Companies Index** includes all publicly traded (NYSE, NYSE American, Nasdaq, OTC) Regulated Investment Companies in SNL's coverage universe. As of December 31, 2018, the index included 55 companies, including ARCC.
5. **The KBW Nasdaq Bank Index ("BKX")** is designed to track the performance of the leading banks and thrifts that are publicly traded in the U.S. The Index includes banking stocks representing the largest U.S. national money centers, regional banks and thrift institutions.
6. **The S&P/LSTA Leveraged Loan Index ("S&P LSTA LLI")** reflect the market-weighted performance of institutional leveraged loans in the U.S. loan market based upon real-time market weightings, spreads and interest payments. Facilities are eligible for inclusion in the index if they are senior secured institutional term loans with a minimum initial spread of 125 and term of one year. They are retired from the index when there is no bid posted on the facility for at least 12 successive weeks or when the loan is repaid.

## Endnotes

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# Endnotes

## Slide 3: Market Leading Company in Direct Lending

1. By both market capitalization as of December 31, 2019 and total assets as of September 30, 2019, as not all BDC Peers have filed December 31, 2019 financial results as of February 13, 2020.
2. Based on market prices as of February 13, 2020.
3. Includes invested capital from inception on October 8, 2004 through December 31, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes syndications within one year of origination, \$1.8 billion of investments acquired from Allied Capital on April 1, 2010 and \$2.5 billion of investments acquired from American Capital on January 3, 2017.
4. Based on original cash invested, net of syndications, of approximately \$27.4 billion and total proceeds from such exited investments of approximately \$34.8 billion from inception on October 8, 2004 through December 31, 2019. Internal rate of return ("IRR") is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. The effect of such management and other expenses may reduce, maybe materially, the IRR's shown herein. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of Ares Capital Corporation's debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to Ares Capital Corporation's past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.
5. Source: SNL Financial. As of December 31, 2019. Ares Capital Corp's stock price-based total return is calculated assuming dividends are reinvested at the end of the day stock price on the relevant quarterly ex-dividend dates. Total return is calculated assuming investors did not participate in Ares Capital Corp's rights offering issuance as of March 20, 2008. Past performance is not indicative of future results.
6. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to December 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes \$196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and sale of other assets.

## Slide 9: Highly Diversified and Predominately Senior Secured Portfolio

1. At fair value as of December 31, 2019.
2. Including First Lien Senior Secured Loans, Second Lien Senior Secured Loans and investments in the subordinated certificates of the SDLP.
3. Average of the amortized cost divided by total portfolio at amortized cost for each portfolio company.
4. Based on fair value as of December 31, 2019. Excludes IHAM & the subordinated certificates of the SDLP.
5. Represents Ares Capital's portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans to U.S. middle-market companies. As of December 31, 2019, the Senior Direct Lending Program, LLC's (the "SDLP") loan portfolio totaled approximately \$3.9 billion in aggregate principal amount and had loans to 23 different borrowers. As of December 31, 2019, the SDLP's largest loan to a single borrower was \$348 million in aggregate principal amount and the five largest loans to borrowers totaled \$1.4 billion in aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital's portfolio.

# Endnotes

## Slide 10: Industry Selection Supports High Quality Credit Portfolio

1. At fair value as of December 31, 2019.
2. LCD Distressed Weekly, January 10, 2020.
3. Represents percent of portfolio at amortized cost as of December 31, 2019.
4. Source: Barclays U.S. High Yield Corporate Update as of December 31, 2019. Represents percent of Bloomberg Barclays U.S. High Yield Corporate Index market value.
5. Source: SPLSTA Leveraged Loan Index Factsheet – December 2019. All data as of December 2019. Hotel and Gaming comprised of “Hotels/motels/inns and casinos”, and “Leisure” industries per SPLSTA Factsheet. Oil & Gas comprised of the “Oil & Gas” industry per SPLSTA Factsheet. Telecommunications comprised of the “Telecommunications” industry per SPLSTA Factsheet. Retail comprised of “Clothing/textiles”, “Food/drug retailers” and “Retailers (other than food/drug)” industries per SPLSTA factsheet. Media Entertainment comprised of “Broadcast radio and television”, “Cable television”, and “Publishing” industries per SPLSTA Factsheet.
6. Represents Ares Capital’s portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans to U.S. middle-market companies. As of December 31, 2019, the Senior Direct Lending Program, LLC’s (the “SDLP”) loan portfolio totaled approximately \$3.9 billion in aggregate principal amount and had loans to 23 different borrowers. As of December 31, 2019, the SDLP’s largest loan to a single borrower was \$348 million in aggregate principal amount and the five largest loans to borrowers totaled \$1.4 billion in aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital’s portfolio.

## Slide 11: ARCC Has Delivered Compelling Long Term Performance

1. Calculated as the average spread between ARCC’s yield on debt and income producing securities and the yield on the S&P LSTA Leveraged Loan Index and ICE of BofA US High Yield Master II Index (“H0A0”) from 2013 to Q4-2019.
2. Includes invested capital from inception on October 8, 2004 through December 31, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes sales within one year of origination, \$1.8 billion of investments acquired from Allied Capital on April 1, 2010 and \$2.5 billion of investments acquired from American Capital on January 3, 2017.
3. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to December 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes \$196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and other transactions.
4. Based on original cash invested, net of syndications, of approximately \$27.4 billion and total proceeds from such exited investments of approximately \$34.8 billion from inception on October 8, 2004 through December 31, 2019. Internal rate of return (“IRR”) is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of management fees and expenses related to investments as these fees and expenses are not allocable to specific investments. The effect of such management and other expenses may reduce, maybe materially, the IRR’s shown herein. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of Ares Capital Corporation’s debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to Ares Capital Corporation’s past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.
5. Analysis includes externally managed BDCs with market capitalizations of at least \$450 million or greater as of September 30, 2019, which have been publicly listed for 5 years: AINV, BBDC, BKCC, FSK, GBDC, HTGC, MAIN, NMFC, OCSL, OCSI, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC, and TSLX. GAAP ROE is measured by net income divided by average equity over the five year period ended September 30, 2019.
6. Source: SNL Financial. As of December 31, 2019. Ares Capital Corporation’s stock price-based total return is calculated assuming dividends are reinvested at the end of the day stock price on the relevant quarterly ex-dividend dates. Total return is calculated assuming investors did not participate in Ares Capital Corporation’s rights offering issuance as of March 20, 2008.
7. As of December 31, 2019. S&P 500 returns measured by the S&P 500 Index, which measures the performance of the large-cap segment of the market. The S&P 500 is considered to be a proxy of the U.S. equity market and is composed of 500 constituent companies. BDC returns measured by SNL U.S. Registered Investment Companies (RICs) Index, which includes all publicly traded (NYSE, NYSE American, NASDAQ, OTC) Regulated Investment Companies in SNL’s coverage universe. Bank returns measured by the KBW Nasdaq Bank Index (BKX), which is a modified market capitalization weighted index designed to track the performance of leading banks and thrifts that are publicly traded in the U.S. The BKX index includes banking stocks representing large U.S. national money centers, regional banks and thrift institutions.

# Endnotes

## Slide 12: Sustained Market Premium Yield for ARCC with Lower Losses

1. The weighted average yield on debt and other income producing securities is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at fair value.
2. The S&P/LSTA Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments. Term loans from syndicated credits must meet the following criteria at issuance in order to be eligible for inclusion in the index: senior secured, minimum initial term of one year, US dollar denominated, minimum initial spread of LIBOR + 125 basis points, \$50M initially funded loans. Inception date: January 1, 1997.
3. The ICE BofA US High Yield Master II Index ("H0A0") tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of \$100 million. Index constituents are capitalization-weighted based on their current amount outstanding times the market price plus accrued interest. Inception date: August 31, 1986.
4. Represents ARCC's average quarterly non-accrual rate at amortized cost from inception in October 8, 2004 to December 31, 2019.
5. Source: Moody's U.S. Trailing 12-month issuer-weighted spec-grade default rate. Actual speculative grade default data taken from January 2000 to December 31, 2019.
6. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to December 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes realized gains/losses from the extinguishment of debt and other transactions.
7. Source: Moody's 2019 Annual Default Study. Reflects average annual loss rate for speculative grade bonds from 2000-2019.

## Slide 13: ARCC Has a Compelling Track Record of Credit Performance

1. Includes invested capital from inception on October 8, 2004 through September 30, 2019. Includes investments made through Ares Capital Corporation, the Senior Secured Loan Program and the Senior Direct Lending Program. Excludes syndications within one year of origination, \$1.8 billion of investments acquired from Allied Capital on April 1, 2010 and \$2.5 billion of investments acquired from American Capital on January 3, 2017.
2. Defined as realized gains/(losses) on assets with a payment default as a percentage of total invested capital since inception, divided by number of years since inception for all first lien loans. This number includes interest, fees, principal proceeds, and related expenses.
3. Defined as realized gains/(losses) on assets with a payment default as a percentage of total invested capital since inception, divided by number of years since inception for all second lien and subordinated loans. This number includes interest, fees, principal proceeds, and related expenses.
4. Represents the average annual middle market senior loan default rate of 1.8% per "Fitch U.S. Leveraged Loan Default Insights" for 2007-2019 multiplied by (1 minus the recovery rate for senior secured loans of 67%) per "Moody's Annual Default Study" for 2007-2019. Data availability begins in 2007.
5. Represents the average annual broadly syndicated senior loan default rate of 2.6% per "Fitch U.S. Leveraged Loan Default Insights" for 2007-2019 multiplied by (1 minus the recovery rate for senior secured loans of 67%) per "Moody's Annual Default Study" for 2007-2019. Data availability begins in 2007.
6. Represents Moody's U.S. Trailing 12-Month Issuer-Weighted Spec-Grade Default Rate for 2007-2019 of 4.4% multiplied by (1 minus the recovery rate for subordinated unsecured debt of 38%) per "Moody's Annual Default Study" for 2007-2019. Data availability begins in 2007.

# Endnotes

## Slide 14: ARCC Has Generated Net Realized Gains Since Inception

1. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period from Ares Capital IPO in October 2004 to December 31, 2019 divided by the average quarterly investments at amortized cost in such period). Excludes \$196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and sale of other assets.
2. BDC peer group consists of BDCs with a market capitalization of \$450 million or greater as of September 30, 2019 or who are under common management with a BDC that meets these criteria and have been publicly traded for at least one year. Peers include: AINV, BBDC, BKCC, CGBD, OCSL, OCSI, FSK, GBDC, GGBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX. Net realized gain/(loss) rate calculated as an average of a BDC's historical annual net realized gain/loss rates, where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period divided by the average quarterly investments at amortized cost in such period.
3. Annual average for ARCC is from December 31, 2004 through December 31, 2019. Annual average for BDC peer group is December 31, 2004 through September 30, 2019, as not all BDC peers have filed December 31, 2019 financial results as of February 13, 2020.

## Slide 21: Ares Credit Group

- ARCC received the 2019 All-America Executive Team award alongside 66 other companies. Various Ares personnel received first place awards in the following category: IR program. 152 other institutions also received a first-, second-, or third-place ranking in this category. Institutional Investor based these awards on the opinions of 2,742 portfolio managers and buy-side analysts, and 655 sell-side analysts who participated in this survey.
- Institutional Investor logo from Institutional Investor, ©2019 Institutional Investor, LLC. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.
- Lipper Rankings reported in Lipper Marketplace Best Money Managers, December 31, 2019. Lipper Marketplace is the source of the long-only and multi-strategy credit rankings. Lipper's Best Money Managers rankings consider only those funds that meet the following qualification: performance must be calculated "net" of all fees and commissions; must include cash; performance must be calculated in U.S. dollars; asset base must be at least \$10 million in size for "traditional" U.S. asset classes (equity, fixed income, and balanced accounts); and, the classification of the product must fall into one of the categories which they rank. Lipper defines Short Duration as 1-5 years. Lipper's Active Duration definition does not specify a time period but rather refers to an Active rather than Passive strategy. Ares Institutional Loan Fund was ranked 12 out of 62 for the 20 quarters ended December 31, 2019. Composites for Ares U.S. Bank Loan Aggregate and Ares U.S. High Yield additionally received rankings of 9 of 62 and 2 of 38, respectively, for the 20 quarters ended December 31, 2019.
- Private Equity International selected Ares Management as Lender of the Year in Europe – 2018. Awards based on an industry wide global survey across 60 categories conducted by Private Equity International. Survey participants voted independently. In addition, survey participants could nominate another firm not listed in the category.
- Private Debt Investor selected Ares Management for Global Fundraising of the Year, Lender of the Year in Europe, and Fundraising of the Year in Europe and selected Ares Capital Corporation for BDC of the year in the Americas. Awards based on an industry wide global survey across 43 categories conducted by Private Debt Investor. Survey participants voted independently. In addition, survey participants could nominate another firm not listed in the category.

## Slide 22: Risk Position: Asset Mix Changes with Views on Risk and Return

1. Represents Ares Capital's portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans to U.S. middle-market companies. As of December 31, 2019, the Senior Direct Lending Program, LLC's (the "SDLP") loan portfolio totaled approximately \$3.9 billion in aggregate principal amount and had loans to 23 different borrowers. As of December 31, 2019, the SDLP's largest loan to a single borrower was \$348 million in aggregate principal amount and the five largest loans to borrowers totaled \$1.4 billion in aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital's portfolio.
2. Represents Ares Capital's portion of legacy co-investments with General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") in first lien senior secured loans to middle market companies.

# Endnotes

## Slide 23: ARCC Has Performed Well During Recessionary Periods

1. Calculated as an average of the historical annual net realized gain/loss rates (where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period divided by the average quarterly investments at amortized cost in such periods). Excludes \$196 million one-time gain on the acquisition of Allied Capital Corporation in Q2-10 and gains/losses from extinguishment of debt and sale of other assets.
2. BDC peer group consists of all BDCs that were publicly traded as of each period end date. Peers include: ACAS, AINV, BKCC, FDUS, GAIN, GBDC, GLAD, HTGC, MAIN, MCC, NMFC, OCSL, PFLT, PNNT, PSEC, SLRC, SUNS, TCAP, TCPC, TCRD, TICC, TSLX. Net realized gain/(loss) rate calculated as an average of a BDC's historical net realized gain/loss rates, where annual net realized gain/loss rate is calculated as the amount of net realized gains/losses for a particular period divided by the average quarterly investments at amortized cost in such period.

## Slide 25: ARCC's Portfolio Has Generated Higher Returns with Less Risk

1. Returns are calculated as annualized average returns of dividends paid plus changes in net asset value over the time periods represented.
2. BDC peer group consists of BDCs with a market capitalization of \$450 million or greater as of September 30, 2019 or who are under common management with a BDC that meets these criteria and have been publicly traded for at least one year. This includes: AINV, BBDC, BKCC, CGBD, OCSL, OCSI, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX. Of this group, the following companies have been public for at least 3 years as of September 30, 2019: AINV, BBDC, BKCC, FSK, GBDC, GSBD, HTGC, MAIN, NMFC, OCSL, OCSI, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC and TSLX. The following companies have been public for at least 5 years as of September 30, 2019: AINV, BBDC, BKCC, FSK, GBDC, HTGC, MAIN, NMFC, OCSL, OCSI, PFLT, PNNT, PSEC, SLRC, SUNS, TCPC, and TSLX. The following companies have been public since ARCC's IPO in October 2004: AINV and PSEC. The High Yield Index represents the ICE BofA High Yield Master II Index ("HOAO") and the Loan Index represents the S&P/LSTA U.S. Leveraged Loan Index ("SPLLI"). Data is presented as of September 30, 2019.

## Slide 26: Deep and Diverse Access to Debt Financing

1. Subject to borrowing base, leverage and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.
2. Effective stated rate as of December 31, 2019.
3. Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the applicable stated maturity.
4. The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% over an "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of December 31, 2019, the interest rate in effect was LIBOR plus 1.75%. The Revolving Credit Facility consists of a \$674 million term loan tranche with a stated maturity date of March 30, 2024 and a \$2,691 million revolving tranche. For the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of March 30, 2024, Ares Capital is required to repay outstanding principal amounts under both the term loan tranche and revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period.
5. As of December 31, 2019, the interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are January 3, 2022 and January 3, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2024, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP Funding LLC will be used to repay the aggregate principal amount outstanding.
6. The interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a "base rate" (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. As of December 31, 2019, the interest rate in effect was LIBOR plus 1.75%. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 10, 2022 and September 10, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 10, 2024, any principal proceeds from sales and repayments of loan assets held by our consolidated subsidiary, Ares Capital JB Funding LLC, will be used to repay the aggregate principal amount outstanding.
7. Assumes all committed capital is fully drawn. In December 2017, Ares Capital entered into a three-year interest rate swap agreement to effectively fix the interest rate in connection with \$395 million of the term loan tranche of its Revolving Credit Facility. The stated interest rate for \$395 million of the term loan tranche of the Revolving Credit Facility used to calculate weighted average stated interest on debt reflects the fixed base interest rate of 2.064% plus the applicable spread of 1.75%, or an all-in rate of 3.814%.
8. As of February 13, 2020.

