



First Quarter 2018
Earnings Presentation

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Financial and Portfolio Highlights

Financial Highlights

	Q1-18	Q4-17	Q1-17
(all per share amounts, excluding net asset value per share, are basic and diluted)			
Core EPS* ⁽¹⁾	\$ 0.39	\$ 0.38	\$ 0.32
Net Investment Income Per Share	\$ 0.34	\$ 0.33	\$ 0.22
Net Realized Gains (Losses) Per Share	\$ (0.03)	\$ (0.29)	\$ 0.01
Net Unrealized Gains Per Share	\$ 0.26	\$ 0.50	\$ 0.05
GAAP Net Income Per Share	\$ 0.57	\$ 0.54	\$ 0.28
Net Asset Value Per Share	\$ 16.84	\$ 16.65	\$ 16.50

Portfolio Highlights

	Q1-18	Q4-17	Q1-17
(dollar amounts in millions)			
Gross Commitments	\$ 1,792	\$ 1,506	\$ 864
Exits of Commitments ⁽²⁾	\$ 1,342	\$ 1,321	\$ 836
Total Fair Value of Investments	\$ 12,199	\$ 11,841	\$ 11,407
Weighted Average Yield of Debt & Other Income Producing Securities at Amortized Cost ⁽³⁾	10.1%	9.7%	9.3%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	8.9%	8.7%	8.1%

* See page 24 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

Note: Endnotes begin on page 26.

Selected Historical Financial Information

(dollar amounts in millions, except per share data and stock prices)

	As of and for the Three Months Ended				
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
Core EPS – Basic and Diluted ⁽¹⁾	\$ 0.39	\$ 0.38	\$ 0.36	\$ 0.34	\$ 0.32
Net Investment Income Per Share – Basic and Diluted	\$ 0.34	\$ 0.33	\$ 0.36	\$ 0.29	\$ 0.22
Net Realized and Unrealized Gains (Losses) Per Share – Basic and Diluted	\$ 0.23	\$ 0.21	\$ (0.03)	\$ 0.13	\$ 0.06
GAAP EPS – Basic and Diluted	\$ 0.57	\$ 0.54	\$ 0.33	\$ 0.42	\$ 0.28
Dividend Declared and Payable Per Share	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Stockholders' Equity	\$ 7,178	\$ 7,098	\$ 7,028	\$ 7,051	\$ 7,035
Net Asset Value Per Share	\$ 16.84	\$ 16.65	\$ 16.49	\$ 16.54	\$ 16.50
Principal Debt/Book Equity Ratio	.73x	.70x	.67x	.70x	.67x
Principal Debt/Book Equity Ratio, Net of Available Cash ⁽⁵⁾	.69x	.66x	.64x	.64x	.64x
Unsecured Principal Debt to Total Principal Debt	80.9%	78.7%	82.1%	64.0%	71.0%
Weighted Average Stated Interest on Debt ⁽⁶⁾	4.1%	4.1%	4.1%	3.9%	4.0%
Net Interest and Dividend Margin ⁽⁷⁾	6.9%	7.2%	7.5%	7.7%	7.9%
Ratio of Earnings to Fixed Charges ⁽⁸⁾	3.8	3.8	3.7	3.5	3.0
Market Capitalization					
Principal Debt	\$ 5,212	\$ 4,943	\$ 4,733	\$ 4,928	\$ 4,683
Equity	6,765	6,701	6,987	6,983	7,409
Total Market Capitalization	<u>\$ 11,977</u>	<u>\$ 11,644</u>	<u>\$ 11,720</u>	<u>\$ 11,911</u>	<u>\$ 12,092</u>
Common Stock Data:					
High Price during the period	\$ 16.28	\$ 16.61	\$ 16.52	\$ 17.64	\$ 17.81
Low Price during the period	\$ 15.25	\$ 15.69	\$ 15.67	\$ 16.18	\$ 16.42
Closing Price	\$ 15.87	\$ 15.72	\$ 16.39	\$ 16.38	\$ 17.38

* See page 24 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	As of				
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
Investments at Fair Value	\$ 12,199	\$ 11,841	\$ 11,456	\$ 11,498	\$ 11,407
Number of Portfolio Companies ⁽⁹⁾	360	314	325	319	316
Asset Class (at fair value):					
First Lien Senior Secured Loans	42%	44%	41%	25%	24%
Second Lien Senior Secured Loans	30%	32%	35%	33%	34%
Senior Direct Lending Program ⁽¹⁰⁾	4%	4%	4%	3%	2%
Senior Secured Loan Program ⁽¹¹⁾	—%	—%	—%	17%	17%
Senior Subordinated Loans	10%	8%	8%	8%	8%
Collateralized Loan Obligations	1%	1%	1%	2%	2%
Preferred Equity	5%	4%	4%	4%	4%
Other Equity	8%	7%	7%	8%	9%
Interest Rate Type (at fair value)					
% Floating Rate ⁽¹²⁾	79%	81%	82%	81%	79%
% Fixed Rate	8%	8%	8%	8%	9%
% Equity and Other Non-Interest Earning	13%	11%	10%	11%	12%
Yields:					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost ⁽³⁾	10.1%	9.7%	9.6%	9.4%	9.3%
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value ⁽³⁾	10.1%	9.8%	9.7%	9.5%	9.4%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	8.9%	8.7%	8.5%	8.2%	8.1%
Weighted Average Yield on Total Investments at Fair Value ⁽⁴⁾	8.8%	8.7%	8.7%	8.3%	8.2%

Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	For the Three Months Ended				
	3/31/18	12/31/17	9/30/17*	6/30/17	3/31/17
Commitments:					
Gross Commitments**	\$ 1,792	\$ 1,506	\$ 1,546	\$ 1,973	\$ 864
Exits of Commitments ⁽²⁾	(1,342)	(1,321)	(1,644)	(1,792)	(836)
Net Commitments ⁽¹³⁾	\$ 450	\$ 185	\$ (98)	\$ 181	\$ 28
Gross Commitments Information**:					
Number of Transactions	34	40	40	47	28
Weighted Average Commitment Term in Months	73	74	76	81	65
Average Commitment in Period	\$ 53	\$ 38	\$ 39	\$ 42	\$ 31
Fundings:					
Gross Fundings**	\$ 1,618	\$ 1,477	\$ 1,375	\$ 1,897	\$ 914
Net Fundings ⁽¹³⁾	\$ 240	\$ 138	\$ (154)	\$ 96	\$ 5
Portfolio Turnover	0.11	0.11	0.12	0.16	0.09

* Excludes the impact of the \$1.6 billion of first lien senior secured loans acquired by Ares Capital from the SSLP, as well as the \$1.5 billion received by Ares Capital from the SSLP liquidation distribution.

** Q1-17 excludes \$2.5 billion of investments acquired as part of the American Capital Acquisition on January 3, 2017.

Quarterly Operating Results

(amounts in millions, except per share data)

	For the Three Months Ended				
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
Investment income	\$ 317	\$ 307	\$ 294	\$ 284	\$ 275
Expenses, net of waiver of income based fees ⁽¹⁴⁾	168	162	136	153	179
Net investment income before income taxes	149	145	158	131	96
Income tax expense, including excise tax	5	5	5	7	2
Net investment income	144	140	153	124	94
Net realized and unrealized gains (losses)	98	92	(14)	54	24
Net Income	<u>\$ 242</u>	<u>\$ 232</u>	<u>\$ 139</u>	<u>\$ 178</u>	<u>\$ 118</u>
Per Share:					
Core EPS - Basic and Diluted* ⁽¹⁾	\$ 0.39	\$ 0.38	\$ 0.36	\$ 0.34	\$ 0.32
Net Income - Basic and Diluted	\$ 0.57	\$ 0.54	\$ 0.33	\$ 0.42	\$ 0.28
Dividends Declared and Payable	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
Weighted average shares of common stock outstanding - Basic and Diluted	426	426	426	426	422
Common shares outstanding at end of period	426	426	426	426	426

* See page 24 hereof for reconciliations of basic and diluted Core EPS to GAAP EPS, the most directly comparable GAAP financial measure.

Quarterly Operating Results Detail

(amounts in millions)

	For the Three Months Ended				
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
Net Investment Income Before Income Taxes:					
Investment Income:					
Interest income from investments	\$ 254	\$ 251	\$ 238	\$ 231	\$ 231
Capital structuring service fees	29	32	32	29	12
Dividend income	22	18	18	16	24
Management and other fees	1	—	1	2	3
Other income	11	6	5	6	5
Total investment income	<u>317</u>	<u>307</u>	<u>294</u>	<u>284</u>	<u>275</u>
Expenses:					
Interest and credit facility fees	60	59	56	55	55
Base management fees	46	44	44	44	39
Income based fees	38	37	35	30	32
Capital gains incentive fees*	20	18	(3)	10	16
Administrative fees	3	3	3	3	3
Professional fees and other costs related to the American Capital Acquisition ⁽¹⁵⁾	3	3	4	12	26
Other general and administrative	8	8	7	9	8
Total operating expenses	<u>178</u>	<u>172</u>	<u>146</u>	<u>163</u>	<u>179</u>
Waiver of income based fees ⁽¹⁴⁾	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	<u>—</u>
Total expenses, net of waiver of income based fees ⁽¹⁴⁾	<u>168</u>	<u>162</u>	<u>136</u>	<u>153</u>	<u>179</u>
Net investment income before income taxes	149	145	158	131	96
Income tax expense, including excise tax	5	5	5	7	2
Net investment income	<u>\$ 144</u>	<u>\$ 140</u>	<u>\$ 153</u>	<u>\$ 124</u>	<u>\$ 94</u>

* As required by GAAP. As of March 31, 2018, Ares Capital had accrued \$99 million of incentive fees payable related to capital gains under GAAP; however, such amount is not actually payable under Ares Capital's investment advisory and management agreement with its investment adviser, Ares Capital Management (the "Investment Advisory and Management Agreement").

Quarterly Gain/Loss Detail

(amounts in millions)

	For the Three Months Ended				
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
Net Realized and Unrealized Gains (Losses):					
Realized gains (losses) on investments:					
Gains	\$ 11	\$ 44	\$ 74	\$ 150	\$ 14
Losses	(11)	(167)	(32)	(38)	(1)
Net realized gains (losses) on investments	—	(123)	42	112	13
Unrealized gains (losses) on investments:					
Unrealized appreciation	181	180	126	151	102
Unrealized depreciation	(97)	(104)	(138)	(119)	(75)
Net unrealized gains (losses) on investments	84	76	(12)	32	27
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses on investments	12	140	(35)	(76)	(9)
Total net unrealized gains (losses) on investments	96	216	(47)	(44)	18
Net realized and unrealized losses on foreign currency and other transactions	2	(1)	(9)	(10)	(7)
Realized losses on extinguishment of debt	—	—	—	(4)	—
Net realized and unrealized gains (losses)	\$ 98	\$ 92	\$ (14)	\$ 54	\$ 24

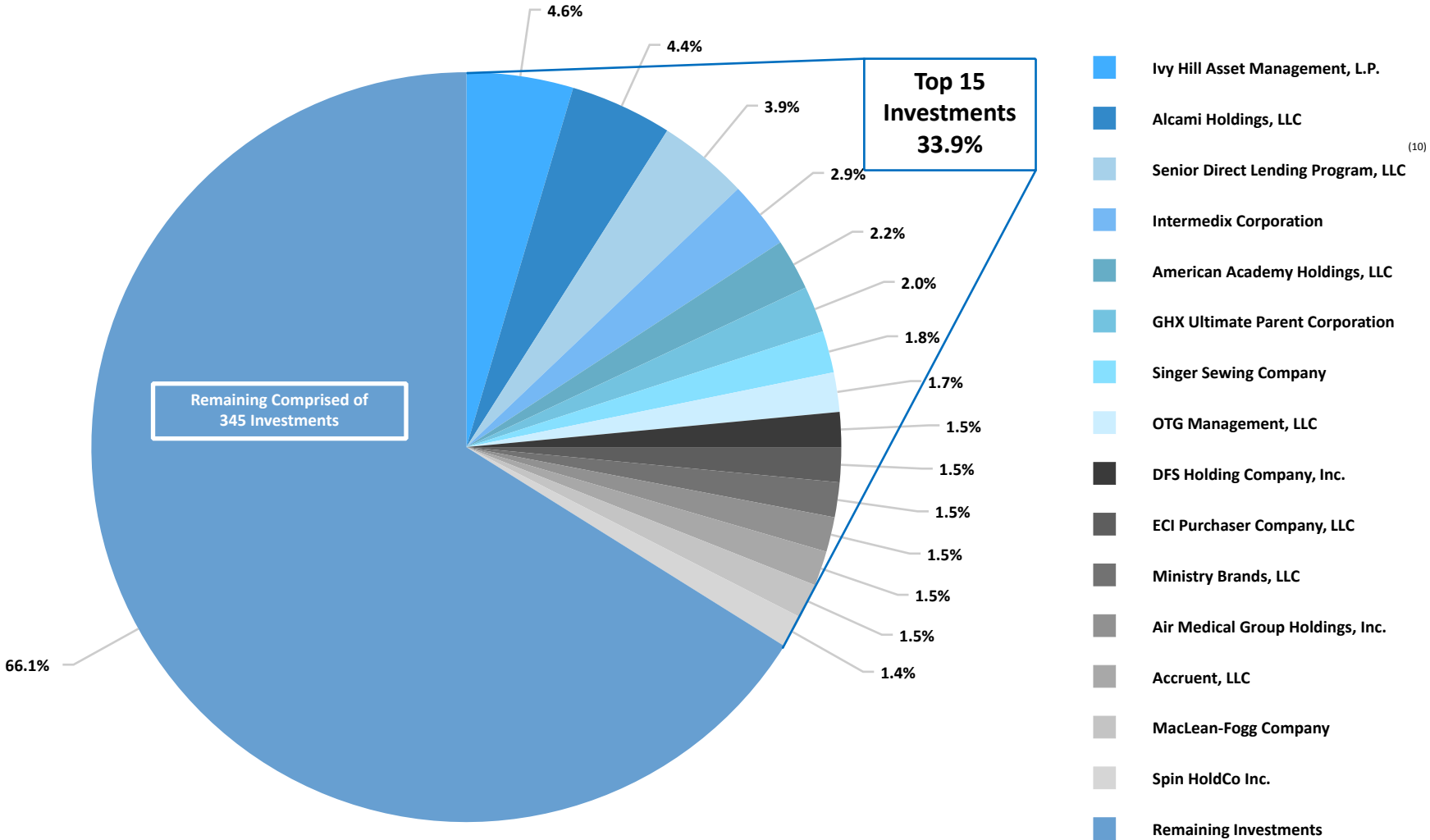
Quarterly Balance Sheets

(amounts in millions, except per share data)

	As of				
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
ASSETS					
Investments at fair value	\$ 12,199	\$ 11,841	\$ 11,456	\$ 11,498	\$ 11,407
Cash and cash equivalents	302	316	341	536	247
Interest receivable	89	93	105	110	128
Receivable for open trades	4	1	34	33	15
Other assets	99	96	105	151	193
Total assets	\$ 12,693	\$ 12,347	\$ 12,041	\$ 12,328	\$ 11,990
LIABILITIES					
Debt	\$ 5,118	\$ 4,854	\$ 4,640	\$ 4,838	\$ 4,585
Base management fees payable	46	44	44	44	39
Income based fees payable	28	27	25	20	32
Capital gains incentive fees payable*	99	79	61	63	54
Accounts payable and other liabilities	155	181	199	194	195
Interest and facility fees payable	44	64	44	53	42
Payable for open trades	25	—	—	65	8
Total liabilities	5,515	5,249	5,013	5,277	4,955
STOCKHOLDERS' EQUITY					
Common stock	—	—	—	—	—
Capital in excess of par value	7,192	7,192	7,206	7,206	7,206
Accumulated undistributed (overdistributed) net investment income and net realized gains/losses on investments, foreign currency transactions, extinguishment of debt and other assets	(39)	(9)	122	96	28
Net unrealized gains (losses) on investments, foreign currency and other transactions	25	(85)	(300)	(251)	(199)
Total stockholders' equity	7,178	7,098	7,028	7,051	7,035
Total liabilities and stockholders' equity	\$ 12,693	\$ 12,347	\$ 12,041	\$ 12,328	\$ 11,990
NET ASSETS PER SHARE	\$ 16.84	\$ 16.65	\$ 16.49	\$ 16.54	\$ 16.50

* Accrued in accordance with GAAP. No capital gains incentive fees were actually payable under the Investment Advisory and Management Agreement for any periods presented.

Investment Portfolio by Issuer Concentration as of March 31, 2018*



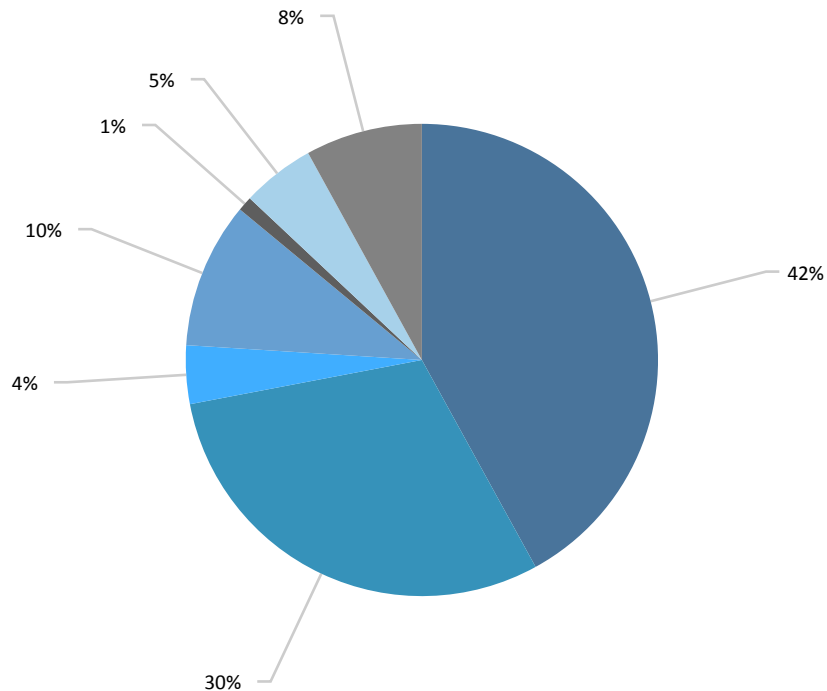
Diversified \$12.2 billion portfolio with 360 investments

* At fair value.
 Note: As of March 31, 2018, approximately 13% of Ares Capital's total investments were acquired in the American Capital Acquisition.



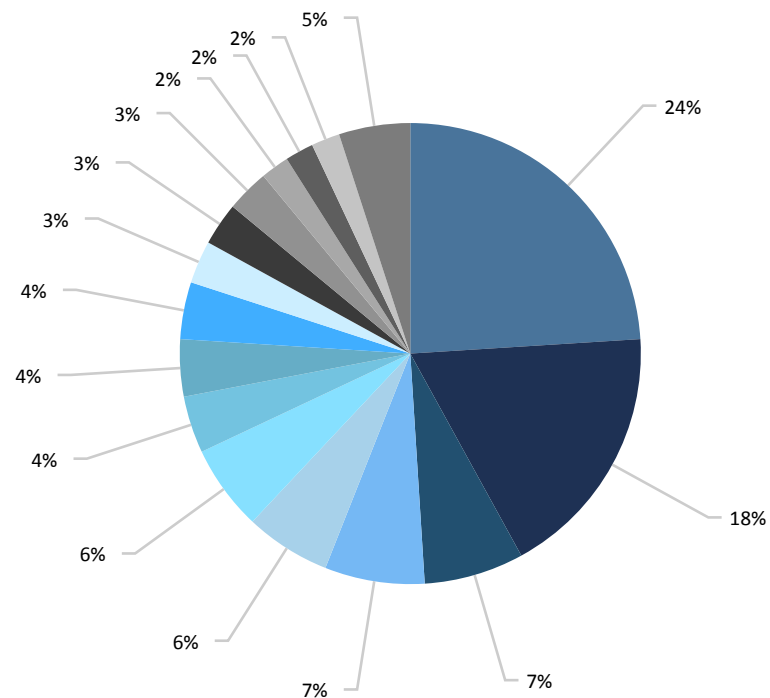
Investment Portfolio as of March 31, 2018*

Asset Class



- First Lien Senior Secured Loans
- Second Lien Senior Secured Loans
- Senior Direct Lending Program⁽¹⁰⁾
- Senior Subordinated Loans
- Collateralized Loan Obligations
- Preferred Equity
- Other Equity

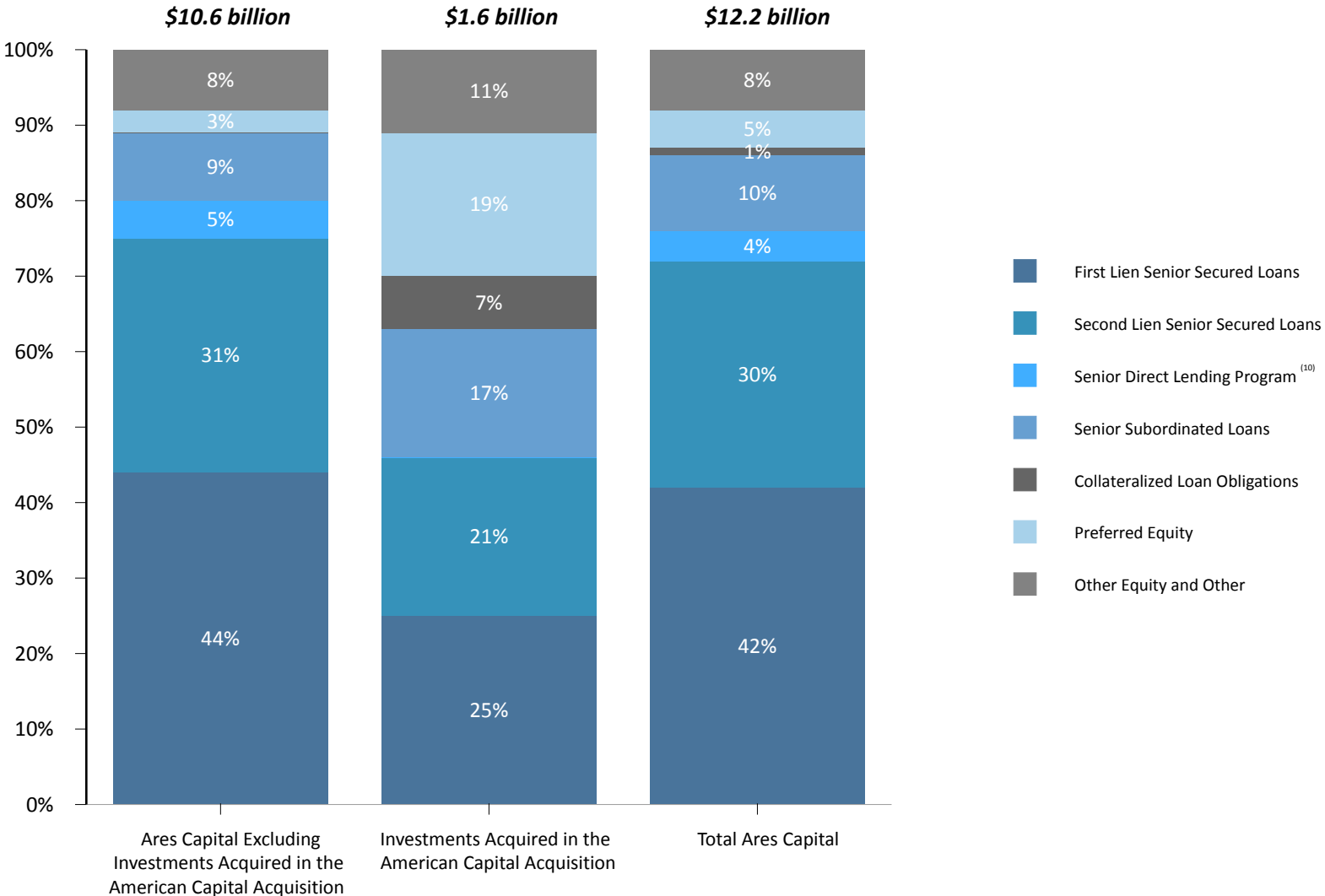
Industry



- Healthcare Services
- Business Services
- Consumer Products
- Financial Services
- Other Services
- Manufacturing
- Senior Direct Lending Program⁽¹⁰⁾
- Food and Beverage
- Power Generation
- Restaurants and Food Services
- Education
- Wholesale Distribution
- Oil and Gas
- Containers and Packaging
- Automotive Services
- Remaining

* At fair value.

Investment Portfolio by Asset Class as of March 31, 2018*



Weighted Average Yields at Fair Value:

Debt and Other Income Producing Securities	10.0%	11.1%	10.1%
Total Investments	9.0%	7.7%	8.8%

* At fair value.



Debt Summary

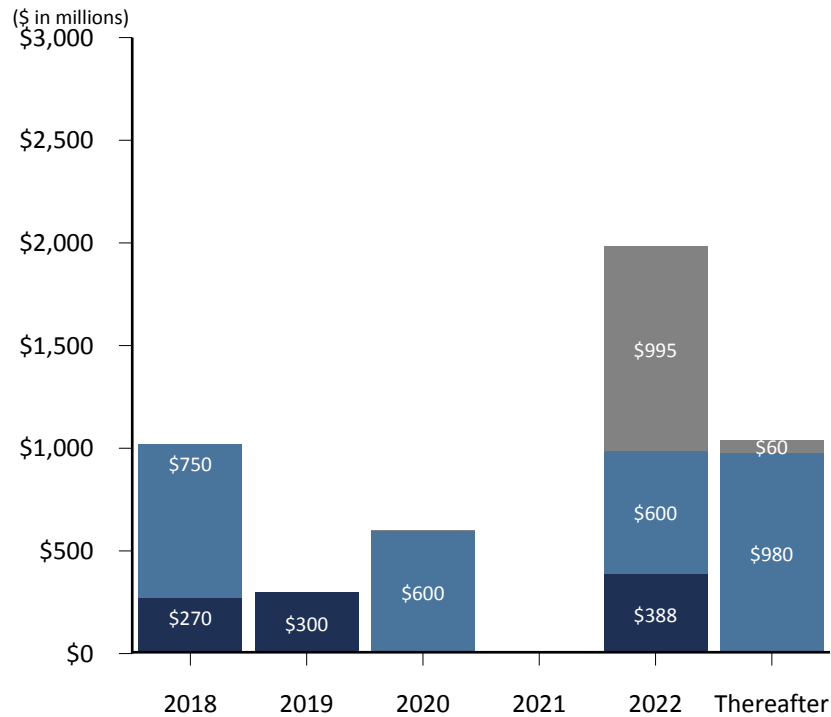
(dollar amounts in millions)	As of 12/31/17			As of 3/31/18			Weighted Average Stated Interest Rate ⁽²⁰⁾	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding ⁽¹⁷⁾	Principal Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding ⁽¹⁷⁾	Principal Outstanding	Carrying Value of Outstanding Debt			
Secured Revolving Facilities⁽¹⁶⁾:									
Revolving Credit Facility	\$ 2,108	\$ 395	\$ 395	\$ 2,133	\$ 414	\$ 414	3.800%	LIBOR + 1.75% ⁽²¹⁾	March 2023 ⁽²¹⁾
Revolving Funding Facility	1,000	600	600	1,000	580	580	4.033%	LIBOR + 2.15%	January 2022
SMBC Funding Facility	400	60	60	400	—	—	—%	LIBOR + 2.00% ⁽²²⁾	September 2023
Subtotal	3,508	1,055	1,055	3,533	994	994	3.936%		
SBA Debentures*	50	—	—	50	—	—	—%		
Unsecured Notes Payable:									
2018 Convertible Notes	270	270	270 ⁽¹⁸⁾	—	—	— ⁽¹⁸⁾			
2018 Notes	750	750	748 ⁽¹⁸⁾	750	750	748 ⁽¹⁸⁾	4.875%		November 2018
2019 Convertible Notes	300	300	298 ⁽¹⁸⁾	300	300	299 ⁽¹⁸⁾	4.375%		January 2019
2020 Notes	600	600	597 ⁽¹⁸⁾	600	600	597 ⁽¹⁸⁾	3.875%		January 2020
2022 Notes	600	600	593 ⁽¹⁸⁾	600	600	594 ⁽¹⁸⁾	3.625%		January 2022
2022 Convertible Notes	388	388	368 ⁽¹⁸⁾	388	388	369 ⁽¹⁸⁾	3.750%		February 2022
2023 Notes	750	750	743 ⁽¹⁸⁾	750	750	743 ⁽¹⁸⁾	3.500%		February 2023
2025 Notes	—	—	—	600	600	592 ⁽¹⁹⁾	4.250%		March 2025
2047 Notes	230	230	182 ⁽¹⁹⁾	230	230	182 ⁽²⁰⁾	6.875%		April 2047
Subtotal	3,888	3,888	3,799	4,218	4,218	4,124	4.191%		
Total Debt	\$ 7,446	\$ 4,943	\$ 4,854	\$ 7,801	\$ 5,212	\$ 5,118	4.143%		

Floating and Fixed Rate Debt as of March 31, 2018:			
Debt (dollar amounts in millions)	Principal Outstanding	Weighted Average Stated Interest Rate ⁽²⁰⁾	Weighted Average Maturity (in years)
Floating	\$ 599	4.02%	3.76
Fixed ⁽²¹⁾	4,613	4.16%	4.77
Total	\$ 5,212	4.14%	4.67

* In April 2018, Ares Capital's consolidated subsidiary, AVF LP, surrendered its license to operate as an SBIC and the undrawn SBA Debenture commitments of \$50 million were terminated.

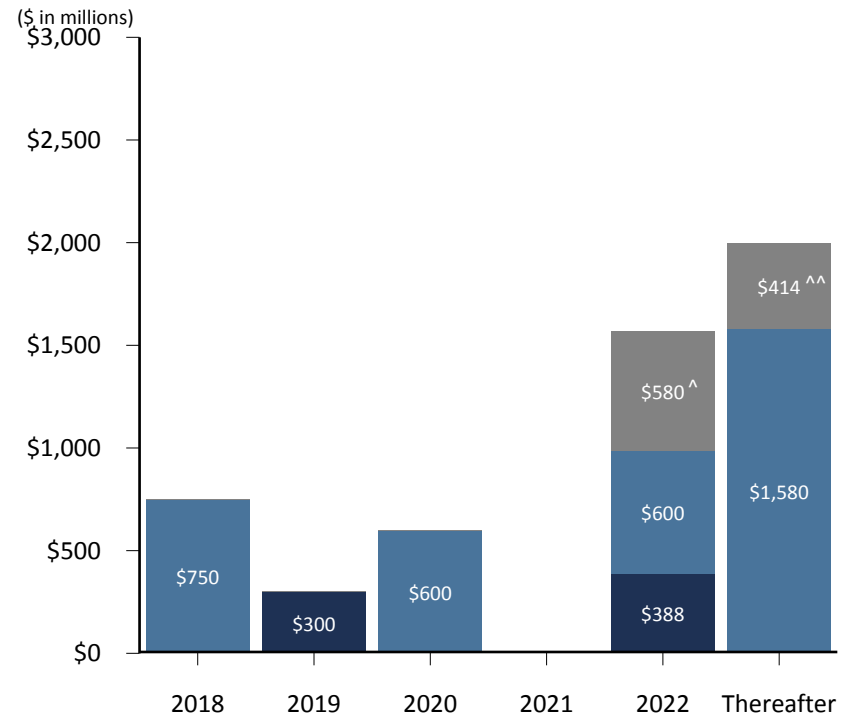
Debt Summary

Debt Maturities*



As of December 31, 2017

Convertible Unsecured Notes
 Other Unsecured Notes
 Secured Revolving Facilities



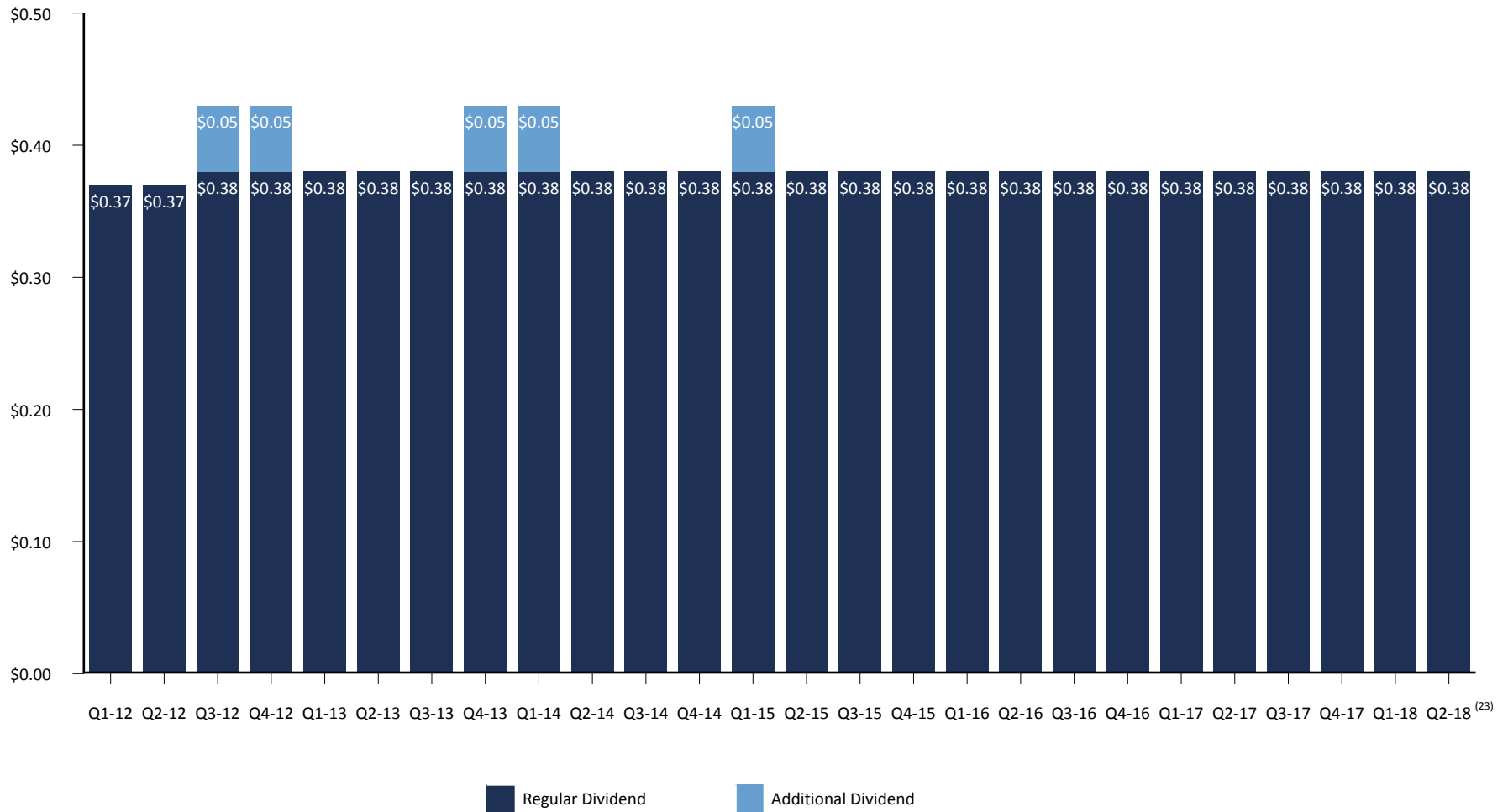
As of March 31, 2018

* Represents the total aggregate principal amount outstanding due on the stated maturity dated.

[^] As of March 31, 2018, the end of the reinvestment period for the Revolving Funding Facility is January 3, 2019. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 3, 2022, 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.

^{^^} As of March 31, 2018, the end of the reinvestment period for the Revolving Credit Facility is March 30, 2022. Subsequent to the end of this reinvestment period and prior to the stated maturity date of March 30, 2023, Ares Capital is required to repay outstanding principal amounts under such 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.

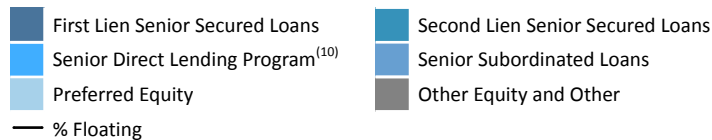
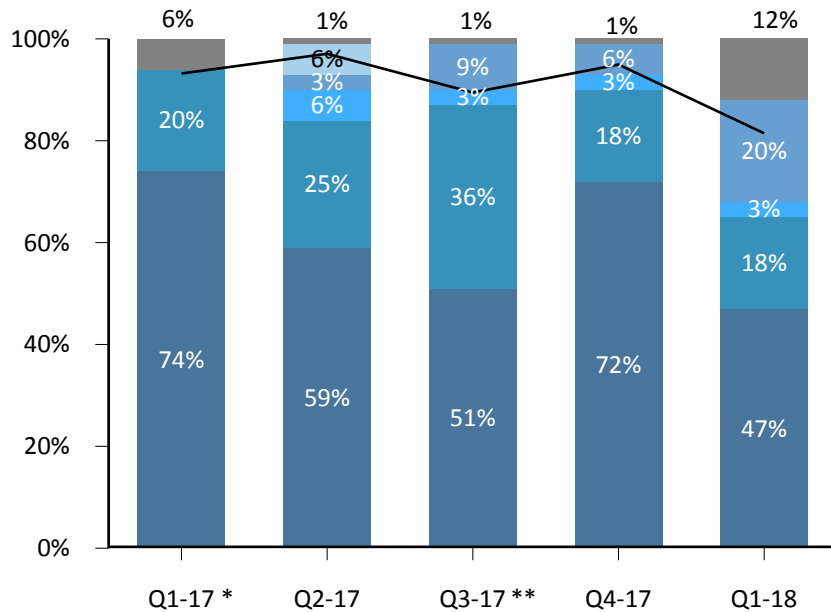
Quarterly Dividends



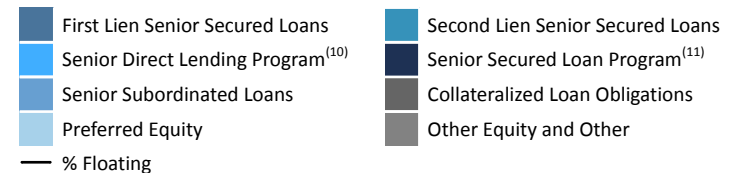
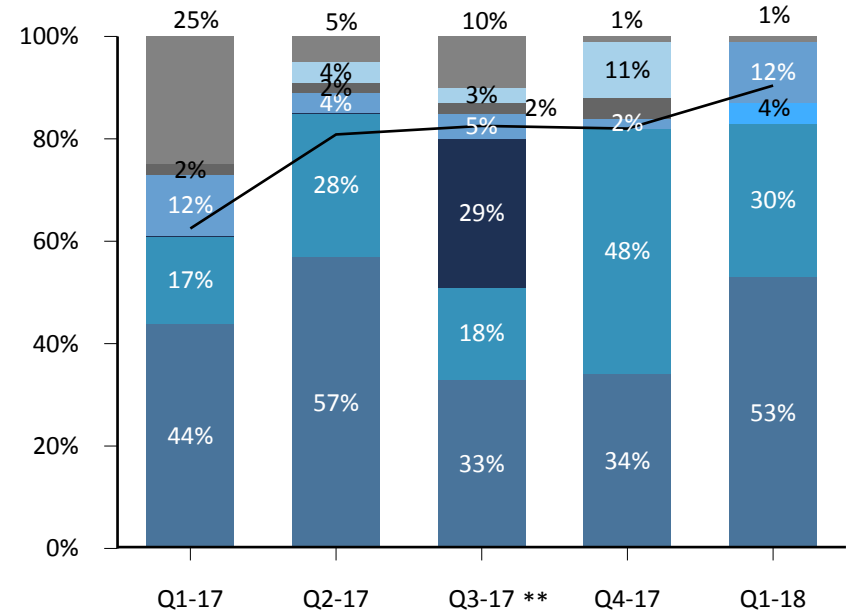
➤ ARCC estimates that it has carried forward excess taxable income of approximately \$346⁽²⁴⁾ million or \$0.81 per share from 2017 for distribution to stockholders in 2018.

Portfolio Activity

Gross Commitments by Asset Class



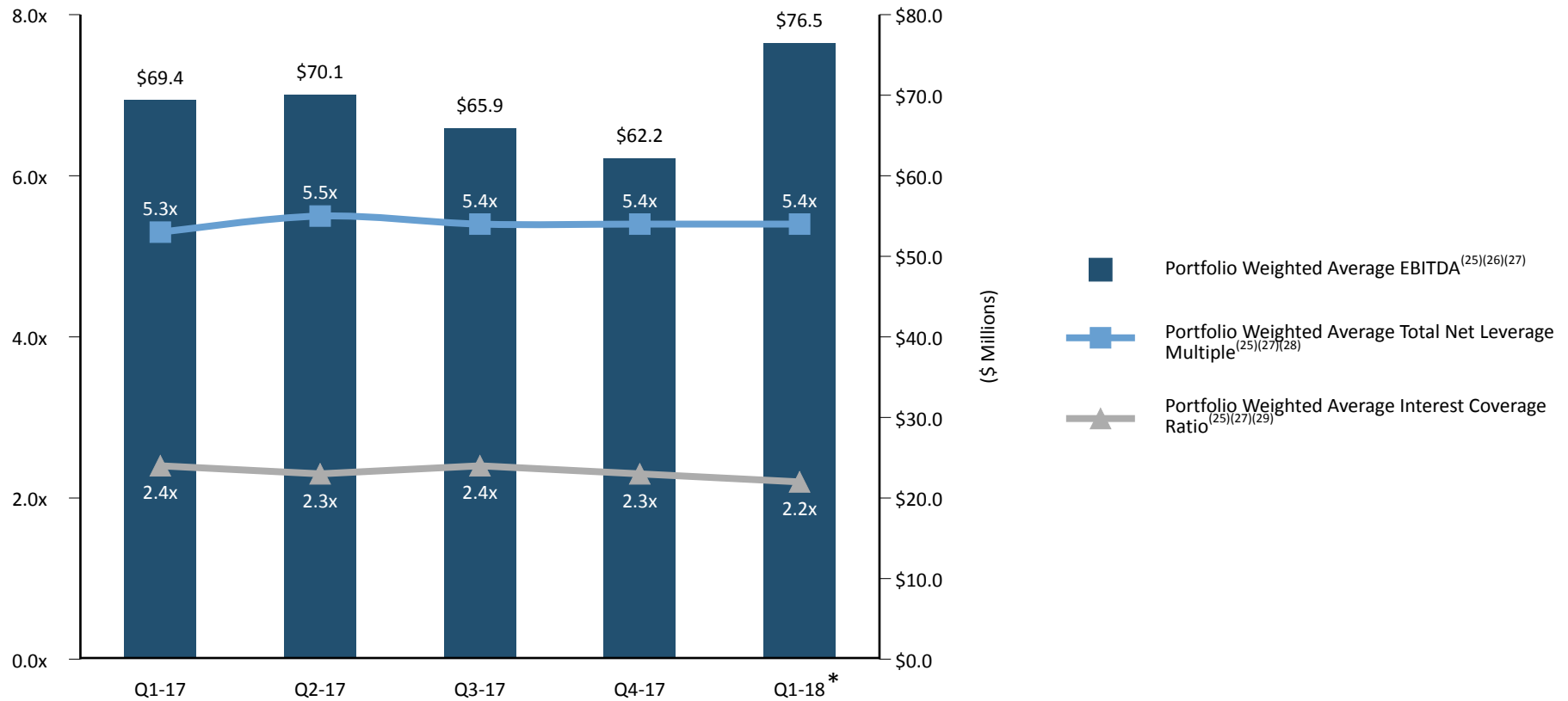
Exits of Commitments by Asset Class



* Excludes investments acquired as part of the American Capital Acquisition on January 3, 2017.

** Excludes the impact of the first lien senior secured loans acquired by Ares Capital from the SSLP as well as the amounts received by Ares Capital from the SSLP's liquidation distribution. Q3-17 exits include \$474 million received from the SSLP as part of the previously recurring monthly waterfall distribution.

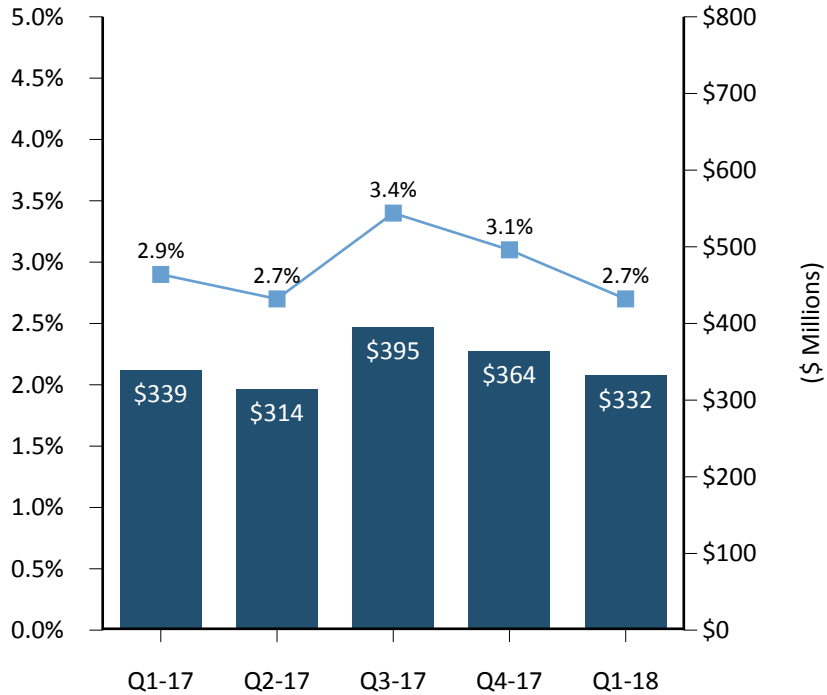
Portfolio Company EBITDA and Credit Statistics



* For the portfolio companies included in the portfolio weighted average EBITDA data above (subject to additional exclusions described in the following sentence), the weighted average EBITDA growth rate as of Q1-18 was approximately 7% on a comparable basis for the most recently reported LTM period versus prior year LTM period. In addition to those portfolio companies excluded as noted, this calculation excludes two companies where prior year comparable data was not available.⁽³⁰⁾

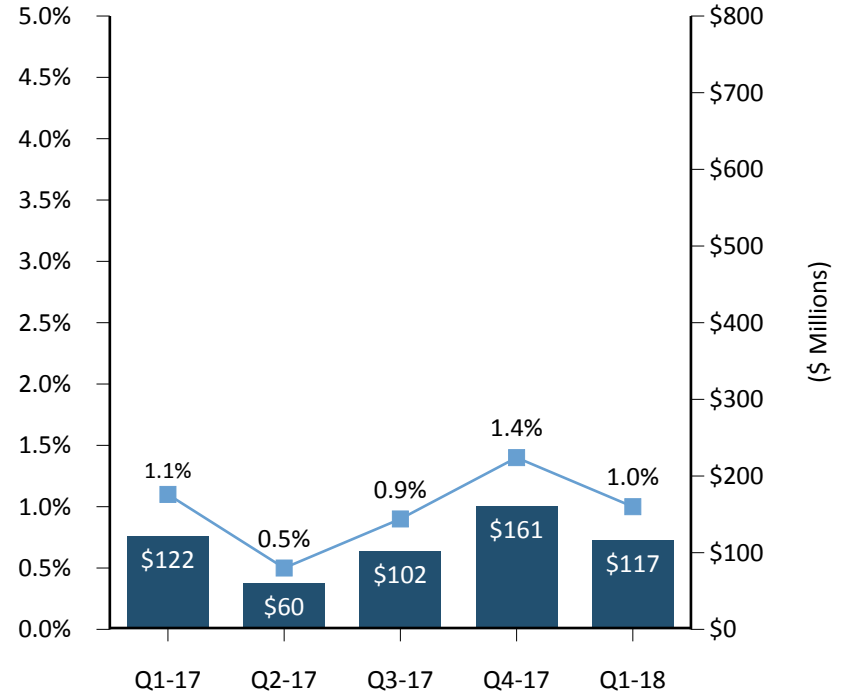
Investments on Non-Accrual Status

Amortized Cost



Investments on Non-Accrual Status

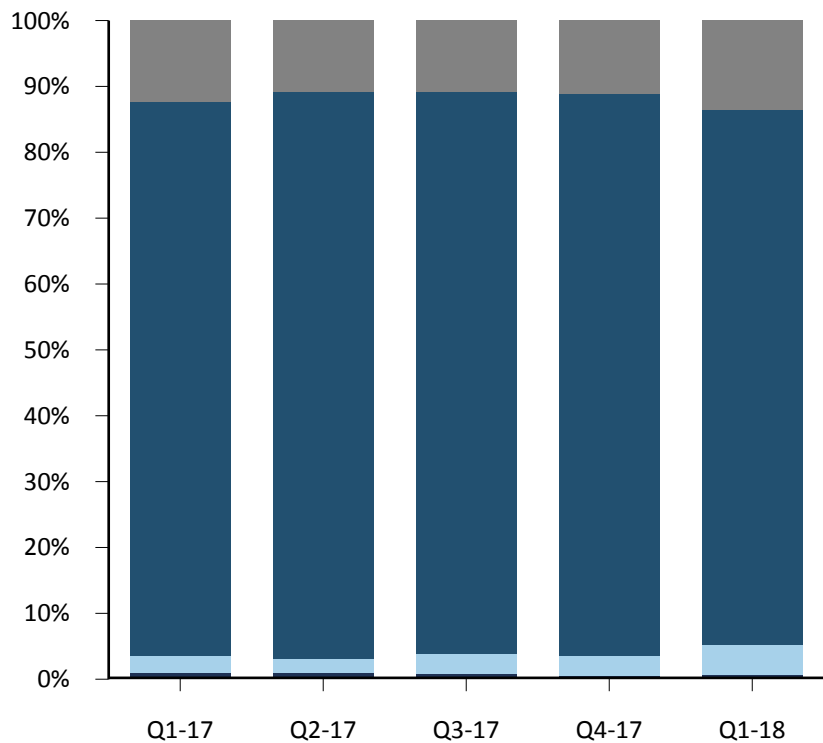
Fair Value



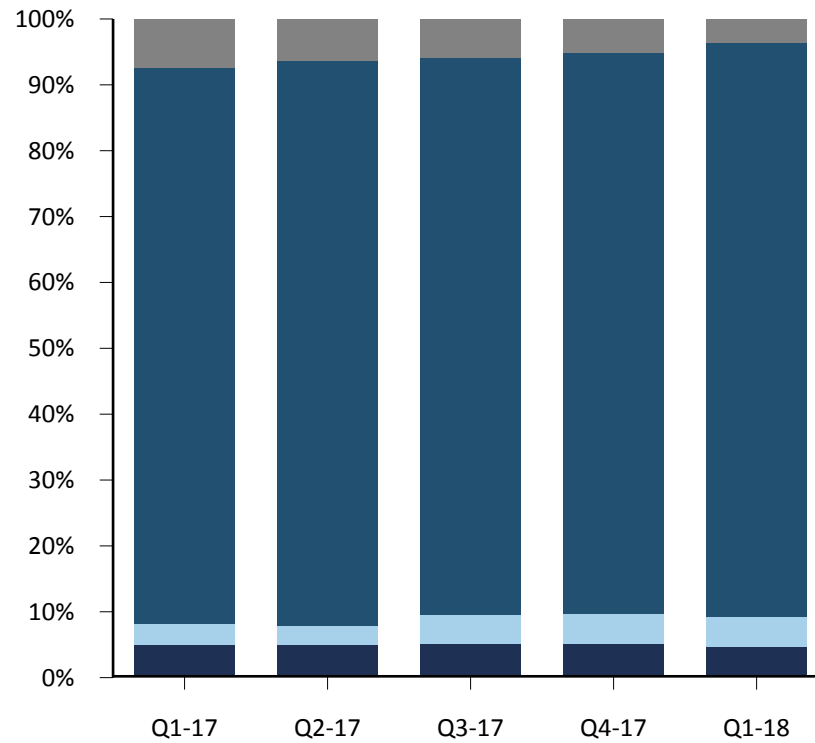
Percentage of Total Investment Portfolio

Portfolio By Grade⁽³¹⁾

% By Fair Value



% By Number of Companies



Grade 1
 Grade 2
 Grade 3
 Grade 4

Investment Activity Since Quarter End

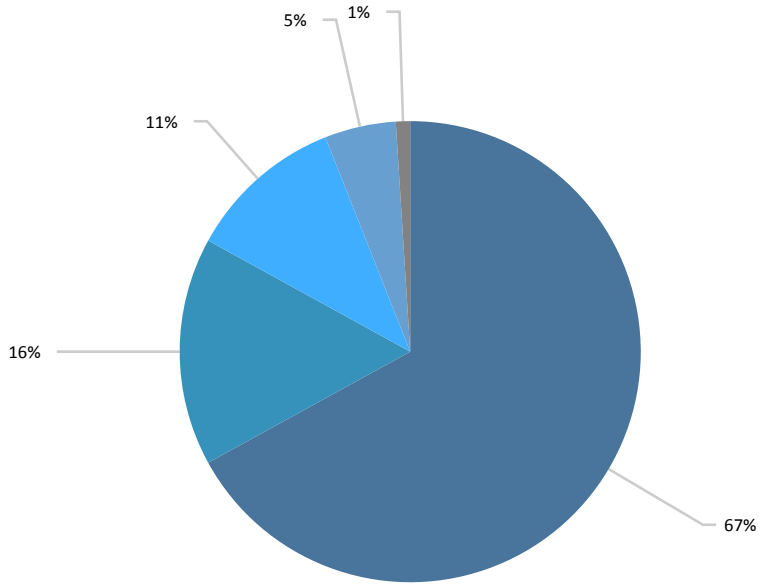
- From April 1, 2018 through April 26, 2018, Ares Capital made \$736 million of new investment commitments
 - 71% were in first lien senior secured loans and 29% were in second lien senior secured loans
 - 100% were floating rate
 - Weighted average yield of debt and other income producing securities funded at amortized cost of 8.7%

- From April 1, 2018 through April 26, 2018, Ares Capital exited \$362 million of investment commitments, including \$21 million of investment commitments acquired in the American Capital Acquisition
 - 78% were first lien senior secured loans, 15% were second lien senior secured loans, 6% were other equity securities and 1% were investments in the subordinated certificates of the SDLP
 - 93% were floating rate, 6% were non-interest bearing and 1% was on non-accrual status
 - Weighted average yield of debt and other income producing securities exited or repaid at amortized cost was 7.7%
 - Weighted average yield on total investments exited or repaid during the period at amortized cost was 7.1%
 - Total net realized gains of approximately \$2 million

Backlog and Pipeline

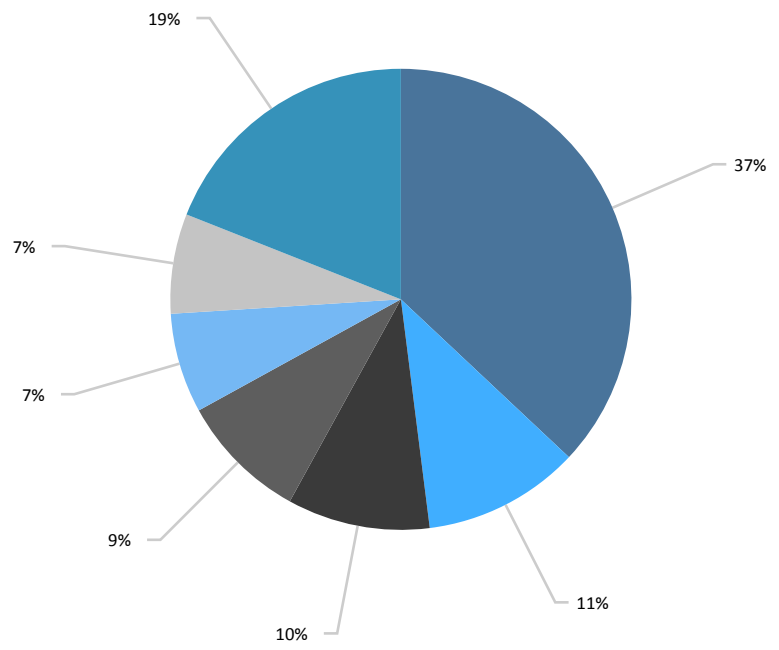
- As of April 26, 2018, Ares Capital had a backlog and pipeline of approximately \$755 million and \$105 million, respectively⁽³²⁾
- The following is a breakdown of the backlog and pipeline by asset class and by industry

Asset Class



- First Lien Senior Secured Loans
- Second Lien Senior Secured Loans
- Senior Direct Lending Program
- Senior Subordinated Loans
- Other Equity

Industry



- Business Services
- Senior Direct Lending Program
- Healthcare Services
- Power Generation
- Education
- Other Services
- Other



Corporate Data

Board of Directors

MICHAEL AROUGHETI
Co-Chairman and Executive Vice President of
Ares Capital Corporation
Co-Founder, Chief Executive Officer and Partner
of Ares

STEVE BARTLETT
Strategic Independent Consultant

ANN TORRE BATES
Former Executive Vice President, Chief Financial
Officer and Treasurer of NHP, Inc.

KIPP DEVEER
Chief Executive Officer of Ares Capital
Corporation
Head and Partner of the Ares Credit Group

STEVEN MCKEEVER
Founder and Chief Executive Officer of Hidden
Beach Recordings

DANIEL KELLY, JR.
Former Partner of Davis Polk & Wardwell LLP

ROBERT ROSEN
Strategic Adviser to Private Equity Group

BENNETT ROSENTHAL
Co-Chairman of Ares Capital Corporation
Co-Founder and Partner of Ares
Co-Head and Partner of the Ares Private Equity
Group

ERIC SIEGEL
Retired Partner of Apollo Advisors, L.P.
Chairman of Executive Committee of El Paso
Electric Company

Investment Committee

MARK AFFOLTER
Partner of the Ares Credit Group

MICHAEL AROUGHETI
Co-Chairman and Executive Vice President of Ares
Capital Corporation
Co-Founder, Chief Executive Officer and Partner of
Ares

KIPP DEVEER
Chief Executive Officer of Ares Capital Corporation
Head and Partner of the Ares Credit Group

MITCHELL GOLDSTEIN
Co-President of Ares Capital Corporation
Co-Head and Partner of the Ares Credit Group

JIM MILLER
Partner of the Ares Credit Group

KORT SCHNABEL
Partner of the Ares Credit Group

DAVID SCHWARTZ
Partner of the Ares Credit Group

MICHAEL SMITH
Co-President of Ares Capital Corporation
Co-Head and Partner of the Ares Credit Group

Corporate Officers

MICHAEL AROUGHETI
Executive Vice President

JOSHUA BLOOMSTEIN
Vice President, General Counsel and
Secretary

KIPP DEVEER
Chief Executive Officer

MITCHELL GOLDSTEIN
Co-President

MIRIAM KRIEGER
Chief Compliance Officer

SCOTT LEM
Chief Accounting Officer,
Vice President and Treasurer

PENNI ROLL
Chief Financial Officer

MICHAEL SMITH
Co-President

MICHAEL WEINER
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Reconciliations of Core EPS

The following are reconciliations of basic and diluted earnings per share computed in accordance with GAAP to basic and diluted core earnings per share:

	For the Three Months Ended				
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
Basic and Diluted Core EPS ⁽¹⁾	\$ 0.39	\$ 0.38	\$ 0.36	\$ 0.34	\$ 0.32
Professional fees and other costs related to the American Capital Acquisition ⁽¹⁵⁾	(0.01)	(0.01)	(0.01)	(0.03)	(0.06)
Net realized and unrealized gains (losses)	0.23	0.21	(0.03)	0.13	0.06
Capital gains incentive fees attributable to net realized and unrealized gains and losses	(0.04)	(0.04)	0.01	(0.02)	(0.04)
Basic and Diluted GAAP EPS	<u>\$ 0.57</u>	<u>\$ 0.54</u>	<u>\$ 0.33</u>	<u>\$ 0.42</u>	<u>\$ 0.28</u>

Investments Acquired in the American Capital Acquisition

(Dollar amounts in millions)	Investments at Fair Value as of January 3, 2017			Investments at Fair Value as of March 31, 2018			Net Change in Fair Value
	Fair Value	% of Total	Yield at Fair Value	Fair Value	% of Total	Yield at Fair Value	
By Asset Class							
First Lien Senior Secured Loans	\$ 550	22%	7.4%	\$ 385	25%	8.3%	\$ (165)
Second Lien Senior Secured Loans	855	34%	10.0%	332	21%	10.8%	(523)
Senior Subordinated Loans	244	10%	11.3%	263	17%	15.8%	19
Collateralized Loan Obligations	265	10%	12.6%	108	7%	9.9%	(157)
Preferred Equity	109	4%	—%	304	19%	—%	195
Other Equity Securities	520	20%	—%	169	11%	—%	(351)
Total	\$ 2,543	100%	7.4%	\$ 1,561	100%	7.7%	\$ (982)

(Dollar amounts in millions)	Reconciliation of Net Change in Fair Value from January 3, 2017 Through March 31, 2018
Total Investments at Fair Value as of January 3, 2017	\$ 2,543
Proceeds from Exits and Repayments	(1,525)
Net Realized Gains	91
Net Unrealized Appreciation	271
Other*	181
Total Investments at Fair Value as of March 31, 2018	\$ 1,561

* Including fundings of revolvers and other commitments of \$143 million, paid-in-kind interest and accretion of purchase discounts.

Endnotes

- 1) Basic and diluted Core EPS is a non-GAAP financial measure. Core EPS is the net per share increase (decrease) in stockholders' equity resulting from operations less professional fees and other costs related to the acquisition of American Capital, Ltd. ("American Capital") (the "American Capital Acquisition"), net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses and any income taxes related to such net realized gains and losses. Basic and diluted GAAP EPS is the most directly comparable GAAP financial measure. Ares Capital believes that Core EPS provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Reconciliations of basic and diluted Core EPS to the most directly comparable GAAP financial measure are set forth on page 24 hereof.
- 2) Includes sales to Ivy Hill Asset Management, L.P. ("IHAM"), a wholly owned portfolio company of Ares Capital, or vehicles managed by IHAM, as well as sales made related to the initial funding of the Senior Direct Lending Program LLC (the "SDLP") in July 2016.
- 3) 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 amortized cost or at fair value, as applicable.
- 4) The weighted average yield on the total investment portfolio 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 investments at amortized cost or at fair value, as applicable.
- 5) Computed as total principal debt outstanding less available cash divided by stockholders' equity. Available cash excludes restricted cash as well as cash held for dividends payable and for uses specifically designated for paying interest and expenses on certain debt.
- 6) Computed as (a) the annual stated interest expense on our debt obligations divided by (b) total debt obligations at principal amount outstanding. Stated interest expense on debt excludes facility and other fees and the amortization of original issue discount or premium, market discounts and debt issuance costs. In December 2017, Ares Capital entered into an 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 the Revolving Credit Facility used to calculate weighted average stated interest on debt reflects the fixed interest rate of 2.064% plus the applicable spread of 1.75%, or 3.814% on the \$395 million of the term loan tranche.
- 7) Net interest and dividend margin represents the difference between interest and dividend income and interest and credit facility fees expense for the last twelve month period divided by average total investments at amortized cost during the same period.
- 8) Excludes realized and unrealized gains (losses) and incentive fees attributable to net realized and unrealized gains (losses).
- 9) Includes portfolio companies for which there are outstanding commitments, but for which no amounts were funded at the end of the period.
- 10) Represents Ares Capital's portion of co-investments with Varagon Capital Partners ("Varagon") and its clients in first lien senior secured loans to U.S. middle-market companies. As of March 31, 2018, the SDLP's loan portfolio totaled approximately \$2.4 billion aggregate principal amount and had loans to 19 different borrowers. As of March 31, 2018, the SDLP's largest loan to a single borrower was \$223 million aggregate principal amount and the five largest loans to borrowers totaled \$988 million aggregate principal amount. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital's portfolio. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended March 31, 2018 for information regarding the SDLP.
- 11) Represented Ares Capital's portion of 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. The portfolio companies in the Senior Secured Loan Program ("SSLP") were in industries similar to companies in Ares Capital's portfolio. In July 2017, Ares Capital and GE agreed to an early termination of the SSLP. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended March 31, 2018 for information regarding the SSLP.
- 12) As of March 31, 2018, 78% of the total investments at fair value and 99% of the floating rate investments at fair value contained interest rate floor features. Additionally, as of March 31, 2018, all the loans made through the SDLP contained interest rate floor features.

Endnotes (cont'd)

- 13) Represents gross commitments or fundings less commitments or investments exited, respectively. Q1-18, Q4-17, Q3-17, Q2-17 and Q1-17 include sales to IHAM or vehicles managed by IHAM of \$0 million, \$46 million, \$59 million, \$8 million and \$24 million, respectively.
- 14) In connection with the American Capital Acquisition, Ares Capital Management agreed to waive, for each of the first ten calendar quarters beginning with the second quarter of 2017, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case, to the extent earned and payable by Ares Capital in such quarter pursuant to and as calculated under Ares Capital's investment advisory and management agreement.
- 15) See Note 14 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended March 31, 2018 for information regarding the American Capital Acquisition that closed on January 3, 2017 (the "Acquisition Date").
- 16) 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.
- 17) Subject to borrowing base, leverage and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.
- 18) Represents the aggregate principal amount of the notes outstanding adjusted for the unaccreted discount or premium initially recorded at the time of issuance.
- 19) Represents the aggregate principal amount of the notes outstanding less the unaccreted purchased discount initially recorded at the time of acquisition.
- 20) Effective stated rate as of March 31, 2018.
- 21) 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 March 31, 2018, the interest rate in effect was LIBOR plus 1.75%. The Revolving Credit Facility consists of a \$414 million term loan tranche with a stated maturity date of March 30, 2023 and a \$1,719 million revolving tranche. For \$1,624 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2022 and March 30, 2023, respectively. For \$50 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2021 and May 4, 2022, respectively. For the remaining \$45 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, respectively. In December 2017, Ares Capital entered into an interest rate swap agreement to effectively fix the interest rate in connection with \$395 million of the term loan tranche of the Revolving Credit Facility. The stated interest rate for the Revolving Credit Facility reflects the fixed interest rate of 2.064% plus the applicable spread of 1.75%, or 3.814% on the \$395 million of the term loan tranche.
- 22) 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 March 31, 2018, the interest rate in effect was LIBOR plus 2.00%.
- 23) Declared. The second quarter 2018 dividend of \$0.38 per share to be paid on June 29, 2018 to stockholders of record on June 15, 2018.
- 24) The amount of excess 2017 U.S. Federal taxable income available for carry over into 2018 is only an estimate based on estimated 2017 U.S. Federal taxable income. The calculation of estimated 2017 U.S. Federal taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2017 U.S. Federal taxable income will not be finally determined until Ares Capital's 2017 tax return is filed in 2018. Consequently, both 2017 U.S. Federal taxable income and the amount of excess U.S. Federal taxable income available for carry over into 2018 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, 2017 for more information.

Endnotes (cont'd)

- 25) This portfolio weighted average EBITDA data includes information solely in respect of corporate investments in Ares Capital's portfolio and the weighted average total net leverage multiple and interest coverage ratio data includes information solely in respect of corporate portfolio companies in which Ares Capital has a debt investment (in each case, subject to the exclusions described in the following sentence). Excluded from the data above is information in respect of the following: (i) the SSLP (and the underlying borrowers in the SSLP), (ii) the SDLP (and the underlying borrowers in the SDLP), (iii) portfolio companies that do not report EBITDA, including IHAM, (iv) investment funds/vehicles, (v) discrete projects in the project finance/power generation sector, (vi) certain oil and gas companies, (vii) venture capital backed companies and (viii) commercial real estate finance companies. The weighted average EBITDA for the underlying borrowers in the SSLP was \$58.0 million and \$43.7 million as of 3/31/17 and 6/30/17, respectively. The weighted average EBITDA for the underlying borrowers in the SDLP was \$31.8 million, \$38.3 million, \$40.4 million, \$41.5 million, \$41.6 million as of 3/31/17, 6/30/17, 9/30/17, 12/31/17 and 3/31/18, respectively.
- 26) Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments except for the weighted average EBITDA for the SSLP, which was weighted based on the principal amount of the loan made by the SSLP to such portfolio company. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 27) EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 28) Portfolio weighted average total net leverage multiples represent Ares Capital's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. Portfolio weighted average total net leverage multiples for borrowers in the SSLP and SDLP represent the SSLP's and SDLP's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. The weighted average total net leverage multiple for the underlying borrowers in the SSLP was 4.9x and 4.9x as of 3/31/17 and 6/30/17, respectively. The weighted average total net leverage multiple for the underlying borrowers in the SDLP was 5.2x, 5.6x, 5.4x, 5.4x and 5.3x as of 3/31/17, 6/30/17, 9/30/17, 12/31/17 and 3/31/18, respectively. Portfolio company credit statistics for Ares Capital, the SSLP and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 29) Portfolio weighted average interest coverage ratio represents the portfolio company's EBITDA as a multiple of interest and facility fees expense. The weighted average interest coverage ratio for the underlying borrowers in the SSLP was 2.5x and 2.3x as of 3/31/17 and 6/30/17, respectively. The weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.6x, 2.3x, 2.4x, 2.3x and 2.1x as of 3/31/17, 6/30/17, 9/30/17, 12/31/17 and 3/31/18, respectively. Portfolio company credit statistics for Ares Capital, the SSLP and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 30) The EBITDA growth rate for each included portfolio company is calculated as the percentage change for the most recently reported fiscal year to date comparable periods and is weighted based on the fair value of the portfolio company investments to calculate the portfolio weighted average EBITDA growth rate. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts used in the calculation are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

Endnotes (cont'd)

- 31) Based on our investment adviser's internal investment rating system scale from 1 to 4. Investments with a grade of 4 involve the least amount of risk to our initial cost basis and the trends and risk factors for these investments since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments with a grade of 1 indicate that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition and our investment adviser does not anticipate that we will recoup our initial cost basis and we may realize a substantial loss on our initial cost basis upon exit. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3.
- 32) Investment backlog includes transactions approved by our investment adviser's investment committee and/or for which a formal mandate, letter of intent or a signed commitment has been issued, and therefore we believe are likely to close. Investment pipeline includes transactions where due diligence and analysis are in process, but no formal mandate, letter of intent or signed commitment has been issued. The consummation of any of the investments in this backlog and pipeline depends upon, among other things, one or more of the following: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation. In addition, Ares Capital may sell all or a portion of these investments and certain of these investments may result in the repayment of existing investments. Ares Capital cannot assure you that we will make any of these investments or that we will sell all or any portion of these investments.