

ARES CAPITAL CORP  
Form 10-Q  
November 04, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended September 30, 2014

OR

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

For the transition period            to

Commission File No. 814-00663

**ARES CAPITAL CORPORATION**

(Exact name of Registrant as specified in its charter)

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

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

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

(Address of principal executive office) (Zip Code)

**(212) 750-7300**

(Registrant's telephone number, including area code)

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**N/A**

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

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

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

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

Class	Outstanding at November 4, 2014
Common stock, \$0.001 par value	314,108,062

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(in thousands, except per share data)

	September 30, 2014 (unaudited)	As of	December 31, 2013
<b>ASSETS</b>			
Investments at fair value			
Non-controlled/non-affiliate company investments	\$ 6,090,210	\$	5,136,612
Non-controlled affiliate company investments	196,572		260,484
Controlled affiliate company investments	2,496,798		2,235,801
Total investments at fair value (amortized cost of \$8,600,794 and \$7,537,403, respectively)	8,783,580		7,632,897
Cash and cash equivalents	107,878		149,629
Interest receivable	167,984		123,981
Receivable for open trades	28,244		128,566
Other assets	115,373		106,431
Total assets	\$ 9,203,059	\$	8,141,504
<b>LIABILITIES</b>			
Debt	\$ 3,679,201	\$	2,986,275
Base management fees payable	32,685		29,270
Income based fees payable	31,345		29,001
Capital gains incentive fees payable	87,702		80,937
Accounts payable and other liabilities	81,505		68,649
Interest and facility fees payable	40,667		42,828
Payable for open trades	306		100
Total liabilities	3,953,411		3,237,060
<b>STOCKHOLDERS EQUITY</b>			
Common stock, par value \$0.001 per share, 500,000 common shares authorized 314,108 and 297,971 common shares issued and outstanding, respectively	314		298
Capital in excess of par value	5,250,934		4,982,477
Accumulated overdistributed net investment income	(59,999)		(8,785)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets	(124,980)		(165,040)
Net unrealized gains on investments and foreign currency transactions	183,379		95,494
Total stockholders equity	5,249,648		4,904,444
Total liabilities and stockholders equity	\$ 9,203,059	\$	8,141,504
<b>NET ASSETS PER SHARE</b>	\$ 16.71	\$	16.46

See accompanying notes to consolidated financial statements.

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	For the three months ended September 30,		For the nine months ended September 30,	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
<b>INVESTMENT INCOME</b>				
From non-controlled/non-affiliate company investments:				
Interest income from investments	\$ 114,552	\$ 102,222	\$ 314,763	\$ 281,734
Capital structuring service fees	21,196	18,257	47,890	35,888
Dividend income	8,345	4,486	21,922	13,583
Management and other fees		286		949
Other income	3,938	3,612	13,840	12,944
Total investment income from non-controlled/non-affiliate company investments	148,031	128,863	398,415	345,098
From non-controlled affiliate company investments:				
Interest income from investments	2,706	4,097	8,901	15,748
Capital structuring service fees	369		1,019	
Dividend income	1,071	5,258	4,569	6,421
Other income	69	37	472	166
Total investment income from non-controlled affiliate company investments	4,215	9,392	14,961	22,335
From controlled affiliate company investments:				
Interest income from investments	73,554	63,304	216,822	174,287
Capital structuring service fees	10,147	13,298	25,433	25,807
Dividend income	10,271	25,104	40,671	62,711
Management and other fees	6,359	5,098	18,389	13,926
Other income	819	1,742	3,351	3,815
Total investment income from controlled affiliate company investments	101,150	108,546	304,666	280,546
Total investment income	253,396	246,801	718,042	647,979
<b>EXPENSES</b>				
Interest and credit facility fees	54,096	44,424	159,740	124,032
Base management fees	32,685	27,467	93,500	75,587
Income based fees	31,345	32,284	85,203	81,510
Capital gains incentive fees	13,087	2,915	24,190	7,148
Administrative fees	3,105	3,346	9,661	8,544
Other general and administrative	6,274	6,152	20,314	20,548
Total expenses	140,592	116,588	392,608	317,369
NET INVESTMENT INCOME BEFORE INCOME TAXES	112,804	130,213	325,434	330,610



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	For the three months ended September 30,		For the nine months ended September 30,	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
Income tax expense, including excise tax	7,514	3,991	15,817	11,714
<b>NET INVESTMENT INCOME</b>	<b>105,290</b>	<b>126,222</b>	<b>309,617</b>	<b>318,896</b>
<b>REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS</b>				
Net realized gains (losses):				
Non-controlled/non-affiliate company investments	21,800	7,877	32,467	24,305
Non-controlled affiliate company investments	58,560	63	58,598	208
Controlled affiliate company investments	(6,592)	1,006	(52,780)	4,759
Foreign currency transactions	2,764		1,847	
Net realized gains	76,532	8,946	40,132	29,272
Net unrealized gains (losses):				
Non-controlled/non-affiliate company investments	(9,590)	3,817	196	27,915
Non-controlled affiliate company investments	(37,439)	(7,812)	9,607	(9,745)
Controlled affiliate company investments	42,076	9,624	77,486	(11,701)
Foreign currency transactions	870		596	
Net unrealized gains (losses)	(4,083)	5,629	87,885	6,469
Net realized and unrealized gains from investments and foreign currency transactions	72,449	14,575	128,017	35,741
<b>REALIZED LOSSES ON EXTINGUISHMENT OF DEBT</b>			(72)	
<b>NET INCREASE IN STOCKHOLDERS EQUITY RESULTING FROM OPERATIONS</b>	<b>\$ 177,739</b>	<b>\$ 140,797</b>	<b>\$ 437,562</b>	<b>\$ 354,637</b>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE</b>	<b>\$ 0.57</b>	<b>\$ 0.52</b>	<b>\$ 1.45</b>	<b>\$ 1.36</b>
<b>WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING</b>	<b>310,564</b>	<b>268,312</b>	<b>302,315</b>	<b>261,120</b>

See accompanying notes to consolidated financial statements.



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As of September 30, 2014

(dollar amounts in thousands)

(unaudited)

<b>Investment Funds and Vehicles</b>					
Covestia Capital Partners, LP (9)	Investment partnership	Limited partnership interest (47.00% interest)	6/17/2008	487	1,962(2)
Imperial Capital Private Opportunities, LP (9)	Investment partnership	Limited partnership interest (80.00% interest)	5/10/2007	5,134	18,868(2)
Partnership Capital Growth Investors III, L.P. (9)	Investment partnership	Limited partnership interest (2.50% interest)	10/5/2011	2,260	2,332(2)
Piper Jaffray Merchant Banking Fund I, L.P. (9)	Investment partnership	Limited partnership interest (2.00% interest)	8/16/2012	1,034	931(2)
		Membership interest (87.50% interest)	10/30/2009		
VSC Investors LLC (9)	Investment company	Membership interest (1.95% interest)	1/24/2008	877	1,505(2)
<b>Healthcare-Services</b>					
		Common stock (3 shares)	12/13/2013	3	
AwarePoint Corporation			9.50%	9/5/2014	9,900 10,000(2)

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	Healthcare technology platform developer	First lien senior secured loan (\$10,000 par due 6/2018)				
					9,900	10,002
		Common units (83,010 units)		4/12/2013	8	6(2)
California Forensic Medical Group, Incorporated	Correctional facility healthcare operator	First lien senior secured loan (\$48,766 par due 11/2018)	9.25% (Libor + 8.00%/Q)	11/16/2012	48,766	48,766(3)(26)
		First lien senior secured loan (\$15,000 par due 7/2021)	5.00% (Libor + 4.00%/Q)	7/23/2014	14,927	15,000(2)(26)
		Class A units (601,937 units)		8/19/2010		2,553(2)

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(dollar amounts in thousands)

(unaudited)

CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC (6)	Healthcare analysis services provider	Class A common stock (9,679 shares)		6/15/2007	2,543	2,820(2)
					2,543	3,270
		First lien senior secured loan (\$5,000 par due 2/2018)	9.25%	3/21/2014	4,769	5,000(2)
					9,553	10,000
		Common stock (31,500 shares)		2/10/2014		285(2)
GI Advo Opco, LLC	Behavioral treatment services provider	First lien senior secured loan (\$14,170 par due 6/2017)	6.00% (Libor + 4.75%/Q)	12/13/2013	14,498	14,170(2)(26)
		Class A common stock (2,475 shares)		3/11/2014	2,475	2,475(2)
					126,421	127,810
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan (\$112,000 par due 6/2020)	9.25% (Libor + 8.25%/Q)	12/27/2012	112,000	112,000(2)(26)
MC Acquisition Holdings I, LLC	Healthcare professional provider	Class A units (1,338,314 shares)		1/17/2014	1,338	1,541(2)

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MW Dental Holding Corp.	Dental services provider	First lien senior secured loan (\$37,818 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	37,818	37,818(2)(26)
		First lien senior secured loan (\$9,721 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	9,721	9,721(4)(26)
My Health Direct, Inc.	Healthcare scheduling exchange software solution provider	First lien senior secured loan (\$3,000 par due 1/2018)	10.75%	9/18/2014	2,901	2,970(2)
					2,940	3,009
		First lien senior secured loan (\$70,691 par due 2/2019)	6.00% (Libor + 5.00%/Q)	4/15/2011	70,691	70,691(2)(21)(26)
		First lien senior secured loan (\$29,309 par due 2/2019)	6.00% (Libor + 5.00%/Q)	4/15/2011	29,261	29,309(3)(21)(26)
					119,209	123,473

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Netsmart Technologies, Inc. and NS Holdings, Inc.	Healthcare technology provider	First lien senior secured loan (\$2,778 par due 12/2017)	8.75% (Libor + 7.50%/Q)	12/18/2012	2,778	2,778(2)(17)(26)
		Common stock (2,500,000 shares)		6/21/2010	2,500	4,780(2)
New Trident Holdcorp, Inc.	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan (\$80,000 par due 7/2020)	10.25% (Libor + 9.00%/Q)	8/6/2013	78,607	78,400(2)(26)
		First lien senior secured loan (\$3,000 par due 8/2018)	8.90%	4/25/2014	2,895	3,000(2)
					10,645	11,041
		Limited liability company membership interest (1.57%)		11/21/2013	1,000	1,112(2)
PerfectServe, Inc.	Communications software platform provider for hospitals and physician practices	First lien senior secured loan (\$2,500 par due 10/2017)	10.00%	12/26/2013	2,477	2,500(2)
		Warrants to purchase up to 34,113 units of Series C Preferred Stock		12/26/2013		75(2)
PGA Holdings, Inc.	Provider of patient surveys, management reports and national databases for the	Preferred stock (333 shares)		3/12/2008	125	18(2)

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integrated healthcare delivery system							
						292	940
POS I Corp. (fka Vantage Oncology, Inc.)	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	548(2)	
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	First lien senior secured loan (\$2,000 par due 7/2015)	11.00%	6/28/2012	1,997	2,000(2)	
						2,035	2,029
Sarnova HC, LLC, Tri-Anim Health Services, Inc., and BEMS Holdings, LLC	Distributor of emergency medical service and respiratory products	Second lien senior secured loan (\$60,000 par due 9/2018)	8.75% (Libor + 8.00%/M)	6/30/2014	60,000	60,000(2)(26)	
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	First lien senior secured loan (\$49,850 par due 12/2019)	6.00% (Libor + 5.00%/Q)	6/26/2014	49,850	49,850(2)(26)	
						99,850	99,850

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Wrigley Purchaser, LLC and Wrigley Management, LLC	Provider of outpatient rehabilitation services	First lien senior secured loan (\$7,100 par due 5/2020)	6.13% (Libor + 5.38%/Q)	5/19/2014	7,100	7,100(2)(26)
					1,207,509	1,217,383
						23.19%
American Residential Services L.L.C.	Heating, ventilation and air conditioning services provider	First lien senior secured loan (\$17,456 par due 6/2021)	5.50% (Libor + 4.50%/Q)	6/30/2014	17,372	17,456(2)(26)
					66,889	67,456
		First lien senior secured loan (\$23,060 par due 8/2020)	6.75% (Libor + 5.75%/Q)	8/9/2012	23,060	23,060(3)(26)
					96,949	97,298
		First lien senior secured loan (\$13,571 par due 12/2014)	6.25% (Libor + 5.25%/Q)	12/10/2010	13,571	13,571(2)(18)(26)
		Warrants to purchase up to 654,618 shares		12/10/2010		(2)
Competitor Group, Inc. and Calera XVI, LLC	Endurance sports media and event operator	First lien senior secured revolving loan (\$2,850 par due 11/2018)	10.00% (Base Rate + 6.75%/Q)	11/30/2012	2,850	2,565(2)(26)

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		First lien senior secured loan (\$24,380 par due 11/2018)	10.00% (Libor + 7.75% Cash, 1.00% PIK /Q)	11/30/2012	24,380	21,942(2)(26)
		Membership units (2,500,000 units)		11/30/2012	2,516	338(2)(9)
Crown Health Care Laundry Services, Inc. and Crown Laundry Holdings, LLC (6)	Provider of outsourced linen management solutions to the healthcare industry	First lien senior secured revolving loan (\$1,300 par due 3/2019)	8.25% (Libor + 7.00%/Q)	3/13/2014	1,300	1,300(2)(26)(29)
		Class A preferred units (2,475,000 units)		3/13/2014	2,475	2,317(2)
					28,427	28,251
		Common stock (30,000 shares)		8/15/2014	3,000	3,000(2)
Fox Hill Holdings, Inc.	Third party claims administrator on behalf of insurance carriers	First lien senior secured loan (\$20,622 par due 6/2018)	8.00% (Base Rate + 4.75%/Q)	10/31/2013	20,622	20,622(2)(26)
					85,341	85,341



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ISS #2, LLC	Provider of repairs, refurbishments and services to the broader industrial end user markets	First lien senior secured loan (\$19,900 par due 6/2018)	7.75% (Base Rate + 4.50%/M)	6/5/2013	19,900	19,900(2)(26)	
		First lien senior secured loan (\$4,913 par due 6/2018)	6.50% (Libor + 5.50%/Q)	6/5/2013	4,913	4,913(2)(26)	
					102,450	102,450	
		First lien senior secured loan (\$47,716 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	47,716	47,716(3)(26)	
					78,961	79,905	
		First lien senior secured loan (\$88,500 par due 9/2020)	6.75% (Libor + 5.75%/Q)	9/18/2014	88,500	88,500(2)(23)(26)	
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$140,000 par due 5/2020)	8.00% (Libor + 7.00%/M)	5/14/2013	140,000	140,000(2)(26)	
					950,640	939,412	17.89%
Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan (\$2,000 par due 7/2017)	9.50%	2/26/2014	1,926	2,000(2)	

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		Series B preferred stock (74,449 shares)		2/26/2014	250	250(2)
					5,096	5,376
Brush Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$1,030 par due 8/2020)	7.50% (Base Rate + 4.25%/Q)	8/1/2013	1,030	1,030(2)(26)
					88,114	88,114
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan (\$42,305 par due 12/2020)	10.00%	8/8/2014	42,305	42,102(2)
					42,305	42,302
		Membership interest (7.50% interest)		8/26/2014	806	806(2)
Freeport LNG Expansion, L.P.	Liquefied natural gas producer	First lien senior secured loan (\$19,468 par due 11/2014)	8.65% (Libor + 8.50%/Q)	6/27/2014	19,199	19,468(2)

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(unaudited)

Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	First lien senior secured loan (\$6,591 par due 2/2017)	10.00%	7/25/2013	6,546	6,591(2)
					6,546	6,630
Moxie Liberty LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$100,000 par due 8/2020)	7.50% (Libor + 6.50%/Q)	8/21/2013	98,890	100,000(2)(26)
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$20,000 par due 4/2019)	7.25% (Libor + 6.00%/Q)	4/3/2013	19,843	20,000(2)(26)
Petroflow Energy Corporation	Oil and gas exploration and production company	First lien senior secured loan (\$50,757 par due 7/2020)	12.00% (Libor + 8.00% Cash, 3.00% PIK /Q)	7/31/2014	49,775	50,757(2)(26)
Sunrun Solar Owner Holdco XIII, LLC	Residential solar energy provider	First lien senior secured loan (\$32,846 par due 12/2019)	9.50% (Libor + 8.25%/Q)	11/27/2013	32,648	32,846(2)(26)
<b>Business Services</b>						
Access CIG, LLC	Records and information management services provider	First lien senior secured loan (\$985 par due 10/2017)	8.00% (Base Rate + 4.75%/M)	10/5/2012	985	985(2)(26)

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		Warrant to purchase up to 517,386 units of Series C preferred stock		3/13/2014		76(2)
CallMiner, Inc.	Provider of cloud-based conversational analytics solutions	First lien senior secured loan (\$4,000 par due 5/2018)	10.00%	7/23/2014	3,971	4,000(2)
					3,971	4,000
		First lien senior secured loan (\$41,813 par due 12/2017)	5.75% (Libor + 4.75%/M)	12/24/2012	41,813	41,813(3)(16)(26)
		Class B membership units (2,500,000 units)		12/24/2012	2,500	5,743(2)
CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)		12/15/2011	2,500	3,893(2)
		Senior subordinated loan (\$17,000 par due 8/2021)	14.00% PIK	8/8/2014	17,000	17,000(2)
Coverall North America, Inc.	Commercial janitorial services provider	Letter of credit facility		1/17/2013		(30)

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(dollar amounts in thousands)

(unaudited)

DTI Holdco, Inc. and OPE DTI Holdings, Inc.	Provider of legal process outsourcing and managed services	First lien senior secured loan (\$1,000 par due 8/2020)	5.75% (Libor + 4.75%/Q)	8/19/2014	1,000	1,000(2)(26)
		Class B common stock (7,500 shares)		8/19/2014		(2)
First Insight, Inc.	SaaS company providing merchandising and pricing solutions to companies worldwide	First lien senior secured loan (\$3,500 par due 4/2017)	9.50%	3/20/2014	3,412	3,500(2)
					3,412	3,506
		Class A membership units (1,560,000 units)		12/13/2013	1,607	1,404
HCP Pro, Inc. and HCP Acquisition Holdings, LLC (7)	Healthcare compliance advisory services	Senior subordinated loan (\$9,297 par due 5/2015)		3/5/2013	2,691	(2)(25)
					15,484	
Investor Group Services, LLC (6)	Business consulting for private equity and corporate clients	Limited liability company membership interest (8.50% interest)		6/22/2006		601
		First lien senior secured loan (\$7,153 par due 7/2017)	9.25%	9/24/2013	6,886	7,153(2)

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				12,100	12,402	
Keynote Systems, Inc. and Hawaii Ultimate Parent Corp., Inc.	Web and mobile cloud performance testing and monitoring services provider	First lien senior secured loan (\$182,345 par due 2/2020)	9.50% (Libor + 8.50%/Q)	8/22/2013	182,345	182,345(2)(26)
				8/22/2013	30	45(2)
						Class B common stock (1,956,522 shares)
Market Track Holdings, LLC	Business media consulting services company	Preferred stock (1,500 shares)		12/13/2013	1,982	2,191
					3,964	4,382
Multi-Ad Services, Inc. (6)	Marketing services and software provider	Preferred units (1,725,280 units)		4/1/2010	788	2,185
					788	2,185
				4/1/2010		(2)
						Common stock (560,716 shares)

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					226	226
OpenSky Project, Inc.	Social commerce platform operator	First lien senior secured loan (\$3,000 par due 9/2017)	10.00%	6/4/2014	2,957	3,000(2)
					3,005	3,048
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common units (1,972 units)		3/2/2012	1,000	1,102(2)
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	179(2)
		Warrant to purchase up to 142,210 shares of Series C preferred stock		3/28/2013	88	(2)
Rocket Fuel Inc.	Provider of open and integrated software for digital marketing optimization	Common stock (79,396 units)		9/9/2014	278	1,165(2)
Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (45.98% interest)		5/20/2011		697(2)
		First lien senior secured loan (\$49,750 par due	7.00% (Libor + 5.75%/Q)	5/23/2011	49,750	49,750(3)(26)

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5/2018)						
Class A common stock (2,970 shares)						
5/23/2011 2,970 9,740(2)						
147,438 154,276						
Venturehouse-Cibernet Investors, LLC	Financial settlement services for intercarrier wireless roaming	Equity interest		4/1/2010		(2)
597,218 601,926 11.47%						
American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured loan (\$23,425 par due 6/2019)	7.00% (Libor + 6.00%/Q)	6/27/2014	23,425	23,425(2)(13)(26)
		First lien senior secured loan (\$52,039 par due 6/2019)	4.00% (Libor + 3.00%/Q)	6/27/2014	52,039	52,039(3)(26)



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					94,359	94,359
ELC Acquisition Corp., ELC Holdings Corporation, and Excellence Learning Corporation (6)	Developer, manufacturer and retailer of educational products	Preferred stock (99,492 shares)	12.00% PIK	8/1/2011	11,358	11,358
					11,358	11,535
		First lien senior secured loan (\$14,148 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	14,148	14,148(3)(26)
		Series B preferred stock (3.91 units)		10/19/2012	9,245	12,366(2)
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan (\$57,620 par due 12/2016)		4/24/2013	53,340	46,144(2)(25)
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	(2)
					59,029	46,144
		First lien senior secured loan (\$1,522 par due 1/2017)	5.25% (Libor + 4.25%/Q)	10/4/2011	1,521	1,522(2)(26)
		First lien senior secured loan (\$7,292 par due 1/2017)	5.25% (Libor + 4.25%/Q)	10/4/2011	7,280	7,292(3)(26)

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		Common stock (5,000 shares)		10/4/2011	5,000	5,341(2)
PIH Corporation	Franchisor of education-based early childhood centers	First lien senior secured revolving loan (\$621 par due 6/2016)	7.25% (Libor + 6.25%/M)	12/13/2013	621	621(26)
					38,164	37,415
		Common membership interest (26.27% interest)		9/21/2007	15,800	24,277
					18,000	27,277
		Warrant to purchase up to 987,771 shares of Series CC preferred stock		7/1/2014		79
RuffaloCODY, LLC	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan (\$346 par due 5/2019)	5.57% (Libor + 4.32%/Q)	5/29/2013	346	346(2)(26)

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		First lien senior secured loan (\$29,550 par due 5/2019)	5.57% (Libor + 4.32%/Q)	5/29/2013	29,550	29,550(2)(26)
		First lien senior secured loan (\$8,028 par due 5/2019)	5.57% (Libor + 4.32%/Q)	5/29/2013	8,028	8,028(4)(26)
					581,354	579,593
						11.04%
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	First lien senior secured loan (\$50,100 par due 3/2019)	6.55% (Libor + 5.55%/Q)	4/24/2014	50,100	49,660(2)(22)(26)
		Common units (300 units)		4/24/2014	3,000	2,277(2)
Gilchrist & Soames, Inc.	Personal care manufacturer	First lien senior secured revolving loan (\$8,150 par due 12/2014)	6.25% (Libor + 5.00%/M)	4/1/2010	8,150	8,150(2)(26)
		First lien senior secured loan (\$22,851 par due 12/2014)	13.44% Cash, 2.00% PIK	4/1/2010	22,851	22,622(2)
Implus Footcare, LLC	Provider of footwear and other accessories	Preferred stock (455 shares)	6.00% PIK	10/31/2011	4,669	4,669(2)
					4,669	5,757
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of OTC healthcare products	Warrants to purchase up to 1,489 shares of preferred stock		7/27/2011		1,214(2)

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						1,217
		First lien senior secured loan (\$81 par due 4/2018)	9.25% (Base Rate + 6.00%/Q)	4/2/2012	81	81(3)(26)
		First lien senior secured loan (\$23 par due 4/2018)	9.25% (Base Rate + 6.00%/Q)	4/2/2012	23	23(4)(26)
PG-ACP Co-Invest, LLC	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units (1,000,0000 units)		8/29/2012	1,000	2,059(2)
		First lien senior secured loan (\$32,627 par due 3/2020)	8.75% (Libor + 7.75%/Q)	3/14/2014	32,627	32,627(2)(26)
		Class A preferred units (50,000 units)		3/14/2014	5,000	5,123(2)
The Step2 Company, LLC (7)	Toy manufacturer	Second lien senior secured loan (\$26,896 par due 9/2019)	10.00%	4/1/2010	26,706	26,896(2)

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		Second lien senior secured loan (\$4,500 par due 9/2019)	10.00%	3/13/2014	4,500	4,500(2)	
		Warrants to purchase up to 3,157,895 units		4/1/2010			
The Thymes, LLC (7)	Cosmetic products manufacturer	Preferred units (6,283 units)		6/21/2007	4,014	3,590	
					4,014	13,036	
		First lien senior secured loan (\$12 par due 8/2016)	7.00% (Base Rate + 3.75%/Q)	4/18/2012	12	12(4)(26)	
		Common stock (4,254 shares)		1/22/2010	1,222	2,336(2)	
					457,529	450,112	8.57%
AllBridg Financial, LLC (7)	Asset management services	Equity interests		4/1/2010	1,140	5,839	
Ciena Capital LLC (7)	Real estate and small business loan servicer	First lien senior secured revolving loan (\$14,000 par due 12/2014)	6.00%	11/29/2010	14,000	14,000(2)	
		Equity interests		11/29/2010	53,375	20,343(2)	
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28,000 par due 5/2018)	12.75%	5/10/2012	28,000	28,000(2)	
Gordian Acquisition Corp.	Financial services firm	Common stock (526 shares)		11/30/2012		(2)	

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		2006 Class B common units (7,578 units)		5/10/2007	2	4(2)
					11,250	15,785
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC (9)	Asset-backed financial services company	First lien senior secured revolving loan (\$40,800 par due 6/2017)	8.41% (Libor + 8.25%/M)	6/24/2014	40,800	40,800(2)
<b>Manufacturing</b>						
		Warrants to purchase up to 400,000 shares of Series D-4 convertible preferred stock		8/7/2012		13(2)
Component Hardware Group, Inc.	Commercial equipment	First lien senior secured loan (\$8,164 par due 7/2019)	5.25% (Libor + 4.25%/Q)	7/1/2013	8,164	8,164(4)(26)
		First lien senior secured loan (\$62 par due 3/2020)	7.00% (Base Rate + 3.75%/Q)	3/28/2014	62	62(2)(26)

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					25,687	25,842
		Warrant to purchase up to 538,314 shares of Series C preferred stock		4/29/2014		(2)
Mac Lean-Fogg Company	Provider of intelligent transportation systems products in the traffic and rail industries	Senior subordinated loan (\$101,380 par due 10/2023)	9.50% Cash, 1.50% PIK	10/31/2013	101,380	101,380(2)
		First lien senior secured loan (\$10,000 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	10,000	10,000(4)(26)
NetShape Technologies, Inc.	Metal precision engineered components	First lien senior secured revolving loan (\$972 par due 12/2014)	7.50% (Libor + 6.50%/Q)	4/1/2010	972	972(2)(26)
		First lien senior secured loan (\$15,541 par due 5/2018)	6.75% (Libor + 5.50%/M)	5/8/2014	15,400	15,541(2)(26)
Pelican Products, Inc.	Flashlights	Second lien senior secured loan (\$40,000 par due 4/2021)	9.25% (Libor + 8.25%/Q)	4/11/2014	39,945	40,000(2)(26)
		Preferred stock (2,379,361 shares)		5/23/2011	1,298	6,469(2)
Saw Mill PCG Partners LLC	Metal precision engineered components manufacturer	Common units (1,000 units)		1/30/2007	1,000	(2)

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TPTM Merger Corp.	Time temperature indicator products	First lien senior secured loan (\$15,790 par due 9/2018)	6.25% (Libor + 5.25%/Q)	9/12/2013	15,790	15,790(2)(26)
					25,740	25,740
<b>Restaurants and Food Services</b>						
		First lien senior secured loan (\$10,919 par due 12/2018)	9.25% (Libor + 8.25%/Q)	11/27/2006	10,922	10,591(3)(20)(26)
		Warrants to purchase up to 23,750 units of Series D common stock		12/18/2013	24	(2)
Benihana, Inc.	Restaurant owner and operator	First lien senior secured loan (\$306 par due 1/2019)	7.50% (Base Rate + 4.25%/Q)	8/21/2012	306	306(4)(26)
					4,889	4,889
		First lien senior secured loan (\$42,602 par due 7/2018)	10.00% (Libor + 8.50%/M)	10/3/2013	42,602	42,602(3)(26)



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		First lien senior secured loan (\$30,612 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	30,260	30,612(2)(26)
		Warrants to purchase up to 324 shares of Class A common stock		2/15/2012	669	6,249(2)
Orion Foods, LLC (fka Hot Stuff Foods, LLC) (7)	Convenience food service retailer	First lien senior secured revolving loan (\$2,016 par due 9/2015)	10.75% (Base Rate + 7.50%/M)	4/1/2010	2,016	1,837(2)(26)
		Second lien senior secured loan (\$19,420 par due 9/2015)		4/1/2010		(2)(25)
		Class A common units (25,001 units)		4/1/2010		(2)
					34,494	31,428
		Common units (3,000,000 units)		1/5/2011	3,000	2,186(2)
					48,300	51,746
Performance Food Group, Inc. and Wellspring Distribution Corp	Food service distributor	Second lien senior secured loan (\$24,389 par due 11/2019)	6.25% (Libor + 5.25%/Q)	5/14/2013	24,291	24,389(2)(26)

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					30,594	33,449
S.B. Restaurant Company	Restaurant owner and operator	Preferred stock (46,690 shares)		4/1/2010		(2)
<b>Containers-Packaging</b>						
ICSH, Inc.	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan		8/31/2011		(2)(28)
		First lien senior secured loan (\$53,656 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	53,656	53,656(3)(26)
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$142,500 par due 12/2018)	8.50% (Libor + 7.50%/Q)	12/14/2012	142,500	142,500(2)(26)
					146,451	149,100
<b>Hotel Services</b>						

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		First lien senior secured loan (\$155,000 par due 9/2020)	7.50% (Libor + 6.50%/Q)	9/18/2014	155,000	155,000(2)(26)	
					159,995	159,995	3.05%
Cadence Aerospace, LLC (fka PRV Aerospace, LLC)	Aerospace precision components manufacturer	First lien senior secured loan (\$4,425 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	4,397	4,425(4)(26)	
					84,054	80,896	
		Second lien senior secured loan (\$40,000 par due 7/2021)	9.50% (Libor + 8.50%/Q)	7/15/2014	40,000	40,000(2)(26)	
Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Senior preferred stock (775 shares)	8.00% PIK	1/17/2008	118	118(2)	
					2,409	2,382	
<b>Retail</b>							
		First lien senior secured loan (\$40,000 par due 5/2018)	8.50%	5/28/2010	40,000	40,000(3)(14)	
					84,461	85,686	
				9/23/2013	667	667(2)(26)	

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		First lien senior secured revolving loan (\$667 par due 9/2018)	7.25% (Libor + 6.25%/Q)			
		First lien senior secured loan (\$9,925 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/23/2013	9,925	9,925(4)(26)
					25,810	26,932
					124,861	126,625
						2.41%
Lonestar Prospects, Ltd.	Sand proppant producer and distributor to the oil and natural gas industry	First lien senior secured loan (\$75,000 par due 9/2018)	8.50% (Libor + 7.50%/Q)	9/18/2014	75,000	75,000(2)(26)
		Second lien senior secured loan (\$2,160 par due 12/2016)		4/30/2012	1,753	1,562(2)(25)
		Class A common units (10,782 units)		6/17/2011	1,512	(2)
		Class B-4 common units (50,000 units)		4/25/2008	500	(2)

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		Warrant to purchase up to 422,852 shares of Class A units		5/2/2014				(2)
		Warrant to purchase up to 33,712 shares of Class B-2 units		5/2/2014				(2)
		Warrant to purchase up to 47,265 shares of Class B-5 units		5/2/2014				(2)
		Warrant to purchase up to 615,547 shares of Class C units		5/2/2014				(2)
						133,282	120,218	2.29%
CH Hold Corp	Collision repair company	First lien senior secured loan (\$17,750 par due 11/2019)	5.50% (Libor + 4.75%/Q)	7/25/2014	17,750	17,750	(2)	(26)
		Preferred stock (247,500 units)		12/16/2011	2,475	3,027	(2)	
					3,493	5,047		
		First lien senior secured loan (\$8,025 par due 7/2017)	7.25% (Libor + 6.00%/Q)	7/12/2012	8,025	8,025	(2)	(26)
		Series A preferred stock (1,800 shares)		7/12/2012	1,800	1,464	(2)	
					45,049	44,513		

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		First lien senior secured loan (\$5,000 par due 6/2017)	10.83%	12/28/2012	4,882	5,000(2)	
		Warrant to purchase up to 321,888 shares of Series C preferred stock		12/28/2012		43(2)	
SK SPV IV, LLC	Collision repair site operators	Series A common stock (12,500 units)		8/18/2014	625	1,998(2)	
					1,250	3,996	
		Series A Preferred stock (50,000 shares)		7/28/2014	5,000	5,000(2)	
					115,112	119,174	2.27%
10th Street, LLC and New 10th Street, LLC (7)	Real estate holding company	First lien senior secured loan (\$25,002 par due 11/2019)	7.00% Cash, 1.00% PIK	3/31/2014	25,002	25,002(2)	
		Member interest (10.00% interest)		4/1/2010	594	54,476	
					52,518	106,400	

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American Commercial Coatings, Inc.	Real estate property	Commercial mortgage loan (\$1,947 par due 12/2025)	8.75% (Libor + 7.25%/Q)	4/1/2010	568	1,220(26)
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010		
		Common equity interest		4/1/2010		
NPH, Inc.	Hotel property	Real estate equity interests		4/1/2010	2,291	2,533
<b>Chemicals</b>						
		First lien senior secured loan (\$18,475 par due 5/2019)	5.75% (Libor + 4.75%/M)	5/31/2013	18,475	18,475(2)(26)
K2 Pure Solutions Nocal, L.P.	Chemical producer	First lien senior secured revolving loan (\$4,256 par due 8/2019)	8.13% (Libor + 7.13%/M)	8/19/2013	4,256	4,171(2)(26)
		First lien senior secured loan (\$39,750 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	39,750	38,955(3)(26)
					85,247	83,541

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		Warrant to purchase up to 86,009 shares of Series B preferred stock		8/13/2014	77	77(2)
					108,611	106,905
						2.04%
American Broadband Communications, LLC, American Broadband Holding Company, and Cameron Holdings of NC, Inc.	Broadband communication services	Warrants to purchase up to 208 shares		11/7/2007		8,516
						13,022
Quantance, Inc.	Designer of semiconductor products to the mobile wireless market	First lien senior secured loan (\$3,236 par due 9/2016)	10.25%	8/23/2013	3,169	3,236(2)
					3,243	3,338
Wilcon Holdings LLC	Communications infrastructure provider	Class A common stock (2,000,000 shares)		12/13/2013	1,829	1,962
<b>Printing, Publishing and Media</b>						
		First lien senior secured loan (\$3,667 par due 11/2016)	9.60%	10/31/2012	3,667	3,760(2)(24)



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					11,359	11,452	
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	First lien senior secured loan (\$20,562 par due 3/2017)	9.00% (Libor + 7.50%/Q)	3/6/2011	20,562	20,151(2)(26)	
		Preferred stock (10,663 shares)		9/29/2006	1,066	2,593(2)	
					31,181	32,109	
<b>Health Clubs</b>							
CFW Co-Invest, L.P. and NCP Curves, L.P.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4,152	3,451(2)	
					6,370	5,295	
<b>Transportation</b>							
		First lien senior secured loan (\$34,119 par due 12/2018)	7.00% (Libor + 6.00%/Q)	12/19/13	34,119	34,119(26)	
					38,048	38,048	0.72%
Genomatica, Inc.	Developer of a biotechnology platform for the production of	Warrant to purchase 322,422 shares of Series D preferred stock		3/28/2013		6(2)	

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chemical products						
		Limited partnership interest (3.13% interest)	1/8/2014		(2)	
Waste Pro USA, Inc	Waste management services	Preferred Class A common equity (611,615 shares)	11/9/2006	12,263	30,660(2)	
Housing- Building Materials						
		Warrant to purchase up to 325,000 shares of Series A preferred stock	4/22/2014	73	73(2)	
				6,452	6,573	0.13%
Distant Lands Trading Co.	Coffee manufacturer	Class A common stock (1,294 shares)	4/1/2010	980	77(2)	
				980	77	
				\$ 8,600,794	\$ 8,783,580	167.32%

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(1) Other than the Company's investments listed in footnote 7 below (subject to the limitations set forth therein), the Company does not Control any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the Investment Company Act). In general, under the Investment Company Act, the Company would Control a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of September 30, 2014 represented 167% of the Company's net assets or 95% of the Company's total assets, are subject to legal restrictions on sales.

(2) These assets are pledged as collateral for the Revolving Credit Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).

(3) These assets are owned by the Company's consolidated subsidiary Ares Capital CP Funding LLC (Ares Capital CP), are pledged as collateral for the Revolving Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).

(4) These assets are owned by the Company's consolidated subsidiary Ares Capital JB Funding LLC (ACJB), are pledged as collateral for the SMBC Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).

(5) Investments without an interest rate are non-income producing.

(6) As defined in the Investment Company Act, the Company is deemed to be an Affiliated Person of a portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the nine months ended September 30, 2014 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
Apple & Eve, LLC and US Juice Partners, LLC	\$	\$	\$ 5,000	\$	\$	\$	\$	\$ 4,344	\$ (205)
Campus Management Corp. and Campus Management Acquisition Corp.	\$	\$	\$	\$	\$	\$	\$	\$	\$ 5,954
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.	\$	\$ 4,454	\$ 5,000	\$ 3,041	\$	\$ 1,019	\$ 181	\$	\$ 3,445
Crown Health Care Laundry Services, Inc. and Crown Laundry Holdings, LLC	\$ 28,550	\$ 123	\$	\$ 1,154	\$ 590	\$	\$ 86	\$	\$ (176)
	\$ 702	\$ 702	\$	\$ 3	\$	\$	\$ 26	\$	\$ (1,386)

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CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC									
DESCRI Wind Development									
Acquisition Holdings, L.L.C	\$	15,556	\$	\$	166	\$	369	\$	\$
The Dwyer Group	\$	14,418	\$	46,377	\$	2,772	\$	60	\$ 2,279 \$ 179 \$ 21,141 \$ (11,791)
ELC Acquisition Corp. and ELC Holdings Corporation									
Insight Pharmaceuticals Corporation	\$	\$	\$	\$	\$	\$	1,072	\$	\$ (1,168)
Investor Group Services, LLC	\$	\$	\$	\$	\$	\$	199	\$	\$ (32)
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$ 430
Soteria Imaging Services, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 38 \$
VSS-Tranzact Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 10,024
UL Holding Co., LLC	\$	\$	3,487	\$	\$	\$	\$	\$	\$ 7,056

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(7) As defined in the Investment Company Act, the Company is deemed to be both an Affiliated Person and Control this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the nine months ended September 30, 2014 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC and New 10th Street, LLC	\$ 24,895	\$	\$	\$ 2,952	\$ 455	\$	\$	\$	\$ 47,219
AllBridge Financial, LLC	\$	\$ 3,937	\$	\$	\$	\$ 382	\$	\$	\$ 58
Callidus Capital Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$ 14
Ciena Capital LLC	\$	\$ 4,000	\$	\$ 2,881	\$	\$	\$	\$	\$ 9,417
Citipostal Inc.	\$	\$ 70,270	\$	\$ 60	\$	\$	\$ 17	\$ (20,247)	\$ 25,270
Crescent Hotels & Resorts, LLC and affiliates	\$	\$	\$	\$	\$	\$ 42	\$	\$	\$
HCI Equity, LLC	\$	\$ 112	\$	\$	\$	\$ 89	\$	\$	\$ 178
HCP Acquisition Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$
Hot Light Brands, Inc.	\$	\$ 90	\$	\$	\$	\$	\$	\$ 144	\$ (163)
Ivy Hill Asset Management, L.P.	\$	\$	\$	\$	\$	\$ 40,000	\$	\$	\$ (21,471)
MVL Group, Inc.	\$	\$ 30,040	\$	\$	\$	\$	\$	\$ (27,709)	\$ 27,781
Orion Foods, LLC	\$ 3,000	\$ 29,466	\$	\$ 3,327	\$	\$	\$ 625	\$ 1,624	\$ (4,847)
Pillar Processing LLC, PHL Investors, Inc., and PHL Holding Co.	\$	\$ 9,844	\$	\$	\$	\$	\$	\$ (6,592)	\$ 6,522
Senior Secured Loan Fund LLC*	\$ 348,508	\$ 139,561	\$	\$ 205,433	\$ 24,978	\$	\$ 21,098	\$	\$ 3,134
Startec Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$
The Step2 Company, LLC	\$ 4,500	\$	\$	\$ 2,169	\$	\$	\$	\$	\$ (18,436)
The Thymes, LLC	\$	\$ 840	\$	\$	\$	\$ 158	\$	\$	\$ 2,810

\* Together with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, GE), the Company co-invests through the Senior Secured Loan Fund LLC d/b/a the Senior Secured Loan Program (the SSLP). The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required); therefore, although the Company owns more than 25% of the voting securities of the SSLP, the Company does not believe that it has control over the SSLP (for purposes of the Investment Company Act or otherwise) because, among other things, these voting securities do not afford the Company the right to elect directors of the SSLP or any other special rights (see Note 4 to the consolidated financial statements).

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

(9) Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

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(10) In the first quarter of 2011, the staff of the Securities and Exchange Commission (the Staff ) informally communicated to certain business development companies ( BDCs ) the Staff 's belief that certain entities, which would be classified as an investment company under the Investment Company Act but for the exception from the definition of investment company set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) under the Investment Company Act) (i.e., not eligible to be included in a BDC 's 70% qualifying assets basket). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the Concept Release ) which stated that [a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which the U.S. Congress intended BDCs primarily to invest and requested comment on whether or not a 3a-7 issuer should be considered an eligible portfolio company . The Company provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a BDC to treat as eligible portfolio companies entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release) and subsequent discussions with the Staff, the Company has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified such entities, which include the SSLP, as non-qualifying assets should the Staff ultimately disagree with the Company 's position.

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(11) Variable rate loans to the Company's portfolio companies bear interest at a rate that may be determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the interest rate in effect on the date presented.

(12) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on \$11 million aggregate principal amount of a first out tranche of the portfolio company's senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(13) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on \$68 million aggregate principal amount of a first out tranche of the portfolio company's senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(14) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 6.00% on \$11 million aggregate principal amount of a first out tranche of the portfolio company's senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(15) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.25% on \$53 million aggregate principal amount of a first out tranche of the portfolio company's senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(16) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$25 million aggregate principal amount of a first out tranche of the portfolio company's senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(17) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.13% on \$55 million aggregate principal amount of a first out tranche of the portfolio company's senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(18) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.13% on \$17 million aggregate principal amount of a first out tranche of the portfolio company's first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any

other amounts due thereunder.

(19) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.75% on \$24 million aggregate principal amount of a first out tranche of the portfolio company's first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(20) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.00% on \$21 million aggregate principal amount of a first out tranche of the portfolio company's first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(21) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$71 million aggregate principal amount of a first out tranche of the portfolio company's first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.



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(22) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.55% on \$28 million aggregate principal amount of a first out tranche of the portfolio company's first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(23) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$88 million aggregate principal amount of a first out tranche of the portfolio company's first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(24) The Company is entitled to receive a fixed fee upon the occurrence of certain events as defined in the credit agreement governing the Company's debt investment in the portfolio company. The fair value of such fee is included in the fair value of the debt investment.

(25) Loan was on non-accrual status as of September 30, 2014.

(26) Loan includes interest rate floor feature.

(27) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SSLP's loan portfolio, which may result in a return to the Company greater than the contractual stated interest rate.

(28) As of September 30, 2014, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(29) As of September 30, 2014, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(30) As of September 30, 2014, no amounts were funded by the Company under this letter of credit facility; however, there were letters of credit issued and outstanding through a financial intermediary under the letter of credit facility. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.



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As of December 31, 2013

(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
<b>Investment Funds and Vehicles</b>							
CIC Flex, LP (9)	Investment partnership	Limited partnership units (0.94 units)		9/7/2007	\$ 867	\$ 2,851(2)	
Covestia Capital Partners, LP (9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	826	1,177(2)	
Dynamic India Fund IV, LLC (9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	3,285	
HCI Equity, LLC (7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	112	334	
Imperial Capital Private Opportunities, LP (9)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	3,315	10,231(2)	
Partnership Capital Growth Fund I, L.P. (9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	1,411	3,939(2)	
Partnership Capital Growth Investors III, L.P. (9)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2,804	2,588(2)	
Piper Jaffray Merchant Banking Fund I, L.P. (9)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	632	563(2)	
Senior Secured Loan Fund LLC (7)(10)	Co-investment vehicle	Subordinated certificates (\$1,745,192 par due 12/2024)	8.24% (Libor + 8.00%/Q)(26)	10/30/2009	1,745,192	1,771,369	
		Membership interest (87.50% interest)		10/30/2009			
					1,745,192	1,771,369	
VSC Investors LLC (9)	Investment company	Membership interest (1.95% interest)		1/24/2008	745	1,211(2)	
					1,760,726	1,797,548	36.65%
<b>Healthcare-Services</b>							
Alegeus Technologies Holdings Corp.	Benefits administration and transaction processing provider	Preferred stock (2,997 shares)		12/13/2013	3,087	3,087	
		Common stock (3 shares)		12/13/2013	3	3	
					3,090	3,090	
ATI Physical Therapy Holdings, LLC	Outpatient rehabilitation services provider	Class C common stock (51,005 shares)		12/13/2013	53	53	
AxelaCare Holdings, Inc. and AxelaCare Investment	Provider of home infusion services	First lien senior secured loan	5.75% (Libor + 4.50%/Q)	4/12/2013	4,458	4,458(2)(25)	

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Holdings, L.P.		(\$4,458 par due 4/2019)				
		Preferred units (8,218,160 units)		4/12/2013	822	855(2)
		Common units (83,010 units)		4/12/2013	8	9(2)
					5,288	5,322
California Forensic Medical Group, Incorporated	Correctional facility healthcare operator	First lien senior secured loan (\$53,640 par due 11/2018)	9.25% (Libor + 8.00%/Q)	11/16/2012	53,640	53,640(3)(25)
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,546(2)
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC (6)	Healthcare analysis services provider	Class A common stock (9,679 shares)		6/15/2007	2,543	4,014(2)
		Class C common stock (1,546 shares)		6/15/2007		641(2)
					2,543	4,655
Dialysis Newco, Inc.	Dialysis provider	First lien senior secured loan (\$15,509 par due 8/2020)	5.25% (Libor + 4.25%/Q)	8/16/2013	15,509	15,509(2)(25)
		Second lien senior secured loan (\$56,500 par due 2/2021)	9.75% (Libor + 8.50%/Q)	8/16/2013	56,500	56,500(2)(25)
					72,009	72,009
Genocea Biosciences, Inc.	Vaccine discovery technology company	First lien senior secured loan (\$10,000 par due 4/2017)	8.00%	9/30/2013	9,805	10,000(2)

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As of December 31, 2013

(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 689,655 shares of Series C convertible preferred stock		9/30/2013		(2)	
					9,805	10,000	
GI Advo Opco, LLC	Residential behavioral treatment services provider	First lien senior secured loan (\$15,005 par due 6/2017)	6.00% (Libor + 4.75%/Q)	12/13/2013	15,448	15,455(25)	
		First lien senior secured loan (\$13 par due 6/2017)	7.00% (Base Rate + 3.75%/Q)	12/13/2013	13	13(25)	
					15,461	15,468	
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,758(2)	
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan (\$112,000 par due 6/2019)	10.25% (Libor + 9.00%/Q)	12/27/2012	112,000	112,000(2)(25)	
JHP Group Holdings, Inc.	Manufacturer of speciality pharmaceutical products	Series A preferred stock (1,000,000 shares)	6.00% PIK	2/19/2013	272	2,673(2)	
LM Acquisition Holdings, LLC (8)	Developer and manufacturer of medical equipment	Class A units (426 units)		9/27/2013	1,000	1,195(2)	
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	First lien senior secured loan (\$134,115 par due 3/2018)	9.00% (Libor + 8.00%/Q)	9/15/2010	134,721	135,457(2)(25)	
		First lien senior secured loan (\$56,134 par due 3/2018)	9.00% (Libor + 8.00%/Q)	9/15/2010	56,134	56,695(3)(25)	
		First lien senior secured loan (\$4,668 par due 3/2018)	9.00% (Libor + 8.00%/Q)	3/6/2012	4,668	4,715(4)(25)	
					195,523	196,867	
Monte Nido Holdings, LLC	Outpatient eating disorder treatment provider	First lien senior secured loan (\$44,750 par due 12/2019)	7.75% (Libor + 6.75%/Q)	12/20/2013	44,750	44,750(2)(19)(25)	
MW Dental Holding Corp.	Dental services provider	First lien senior secured revolving loan (\$4,500 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	4,500	4,500(2)(25)	
		First lien senior secured loan (\$12,582 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011			