



ARES CAPITAL CORPORATION

**Third Quarter 2009
Investor Presentation**

Important Notice



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Financial Highlights

➤ Core EPS⁽¹⁾⁽²⁾

- Q3-09: \$0.36 per share (excluding professional fees related to the acquisition of Allied Capital Corporation and dilution from the August 2009 equity add-on offering - basic and diluted)
- Q2-09: \$0.33 per share (basic and diluted)
- Q3-08: \$0.34 per share (basic and diluted)

➤ GAAP net income (loss) per share⁽²⁾

- Q3-09: \$0.62 per share (basic and diluted)
- Q2-09: \$0.36 per share (basic and diluted)
- Q3-08: \$(0.43) per share (basic and diluted)

➤ Net asset value per share

- As of 9/30/09: \$11.16
- As of 6/30/09: \$11.21
- As of 9/30/08: \$12.83

➤ Net investment income per share⁽²⁾

- Q3-09: \$0.32 per share (basic and diluted)
- Q2-09: \$0.33 per share (basic and diluted)
- Q3-08: \$0.34 per share (basic and diluted)

➤ Net realized gains (losses) per share⁽²⁾

- Q3-09: \$(0.01) per share (basic and diluted)
- Q2-09: \$(0.01) per share (basic and diluted)
- Q3-08: \$0.05 per share (basic and diluted)

➤ Net unrealized gains (losses) per share⁽²⁾

- Q3-09: \$0.31 per share (basic and diluted)
- Q2-09: \$0.04 per share (basic and diluted)
- Q3-08: \$(0.81) per share (basic and diluted)

Portfolio Highlights

➤ Total fair value of investments

- As of 9/30/09: \$2.0 billion
- As of 6/30/09: \$2.0 billion
- As of 9/30/08: \$2.1 billion

➤ Asset mix

- As of 9/30/09: 32% 1st Lien, 22% 2nd Lien, 31% Sr. Sub., 15% Equity/Other
- As of 6/30/09: 32% 1st Lien, 21% 2nd Lien, 32% Sr. Sub., 15% Equity/Other
- As of 9/30/08: 31% 1st Lien, 23% 2nd Lien, 30% Sr. Sub., 16% Equity/Other

➤ Number of portfolio company investments

- As of 9/30/09: 94
- As of 6/30/09: 94
- As of 9/30/08: 90

➤ Gross commitments

- Q3-09: \$54.5 million
- Q2-09: \$43.1 million
- Q3-08: \$183.2 million

➤ Exits of commitments⁽³⁾

- Q3-09: \$85.4 million
- Q2-09: \$81.4 million
- Q3-08: \$179.6 million

➤ Weighted avg. rates are as follows:

	9/30/09	6/30/09	9/30/08
Wt. avg. yield of debt & income producing securities at amortized cost ⁽⁴⁾⁽⁵⁾	11.70%	11.68%	12.26%
Wt. avg. cost of debt ⁽⁶⁾	2.02%	1.98%	4.01%
Wt. avg. investment spread ⁽⁷⁾	9.68%	9.70%	8.25%

Quarterly and YTD Operating Results



Three Months Ended

(unaudited)

(Dollar amounts in 000s, except per share data)

	9/30/09	6/30/09	3/31/09	12/31/08	9/30/08
Investment income	\$ 60,881	\$ 59,111	\$ 56,016	\$ 62,723	\$ 62,067
Expenses	27,521	27,085	25,785	30,035	29,365
Net investment income before taxes	33,360	32,026	30,231	32,688	32,702
Income tax expense (benefit), including excise tax	454	78	31	550	(118)
Net investment income	32,906	31,948	30,200	32,138	32,820
Net realized and unrealized gains (losses)	30,370	2,805	4,834	(142,638)	(74,213)
Net Income (Loss)	\$ 63,276	\$ 34,753	\$ 35,034	\$ (110,500)	\$ (41,393)
Per Share:					
Core EPS (excluding professional fees related to the acquisition of Allied Capital Corporation and dilution from the August 2009 equity add-on offering) - Basic and Diluted ⁽¹⁾	\$ 0.36	\$ 0.33	\$ 0.31	\$ 0.33	\$ 0.34
Net (Loss) Income - Basic and Diluted	\$ 0.62	\$ 0.36	\$ 0.36	\$ (1.14)	\$ (0.43)
Dividends declared	\$ 0.35	\$ 0.35	\$ 0.42	\$ 0.42	\$ 0.42
Weighted average common shares outstanding - Basic and Diluted ⁽²⁾	102,831,909	97,152,820	97,152,820	97,152,820	97,152,820
Common shares outstanding at end of period	109,592,728	97,152,820	97,152,820	97,152,820	97,152,820

Nine Months Ended

(unaudited)

(Dollar amounts in 000s, except per share data)

	9/30/09	9/30/08
Investment income	\$ 176,008	\$ 177,738
Expenses	80,391	83,186
Net investment income before taxes	95,617	94,552
Income tax expense (benefit), including excise tax	563	(302)
Net investment income	95,054	94,854
Net realized and unrealized gains (losses)	38,009	(123,809)
Net (Loss) Income	\$ 133,063	\$ (28,955)
Per Share:		
Net (Loss) Income - Basic and Diluted	\$ 1.34	\$ (0.33)
Dividends declared	\$ 1.12	\$ 1.26
Weighted average common shares outstanding - Basic and Diluted ⁽²⁾	99,066,652	87,152,501
Common shares outstanding at end of period	109,592,728	97,152,820

Quarterly Operating Results Detail



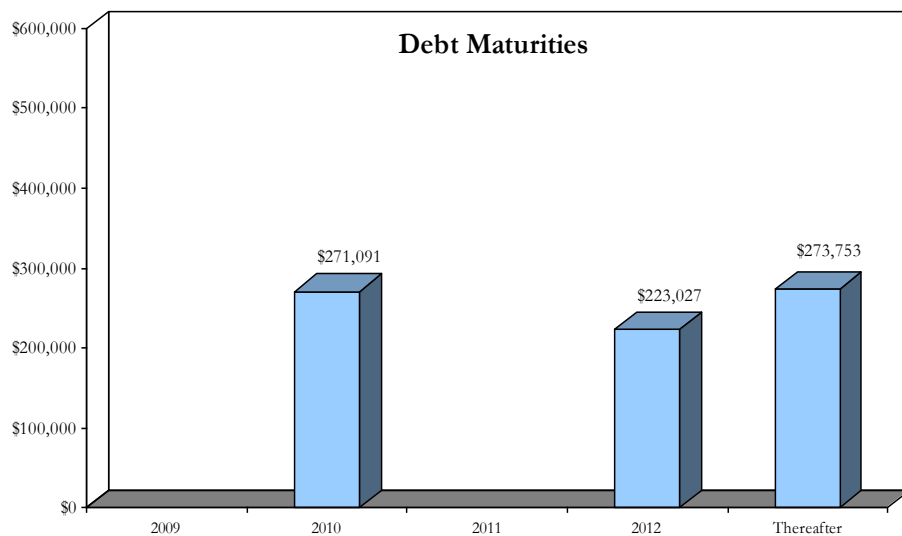
	Three Months Ended				
	(Dollar amounts in 000s)				
	9/30/09	6/30/09	3/31/09	12/31/08	9/30/08
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net Investment Income Before Taxes:					
Investment Income:					
Interest	\$ 56,934	\$ 54,047	\$ 52,497	\$ 56,876	\$ 56,620
Structuring fees	-	603	1,244	2,691	3,310
Dividends	2,184	740	440	678	764
Management fees	92	1,887	716	746	625
Other	1,671	1,834	1,119	1,732	748
	<u>60,881</u>	<u>59,111</u>	<u>56,016</u>	<u>62,723</u>	<u>62,067</u>
Expenses:					
Interest and credit facility fees	5,721	6,301	6,581	9,902	9,535
Incentive management fees ⁽¹³⁾	8,227	7,987	7,550	8,035	8,205
Base management fees	7,508	7,496	7,498	7,734	7,963
Professional fees	2,178	2,308	1,397	1,620	1,499
Professional fees related to acquisition of Allied Capital Corporation	1,989	-	-	-	-
Administrative	809	1,092	1,004	999	802
Insurance	313	341	334	344	301
Depreciation	167	165	173	165	134
Other	609	1,395	1,248	1,236	926
	<u>27,521</u>	<u>27,085</u>	<u>25,785</u>	<u>30,035</u>	<u>29,365</u>
Net investment income before taxes	<u>\$ 33,360</u>	<u>\$ 32,026</u>	<u>\$ 30,231</u>	<u>\$ 32,688</u>	<u>\$ 32,702</u>
Net Realized and Unrealized Gains (Losses):					
Realized gains (losses) on investments:					
Gains	\$ 12,757	\$ 85	\$ 59	\$ 3,518	\$ 4,618
Losses	(14,413)	(942)	(1,846)	(1,797)	-
Net realized gains (losses) on investments	<u>(1,656)</u>	<u>(857)</u>	<u>(1,787)</u>	<u>1,721</u>	<u>4,618</u>
Unrealized gains (losses) on investments:					
Unrealized appreciation	45,748	40,985	17,973	15,244	10,275
Unrealized depreciation	(17,539)	(37,406)	(39,262)	(156,694)	(88,317)
Net unrealized gains (losses) on investments	<u>28,209</u>	<u>3,579</u>	<u>(21,289)</u>	<u>(141,450)</u>	<u>(78,042)</u>
Reversal of prior period unrealized (appreciation)/depreciation on investments	3,854	-	1,400	(2,762)	(751)
Net unrealized gains (losses) on investments	<u>32,063</u>	<u>3,579</u>	<u>(19,889)</u>	<u>(144,212)</u>	<u>(78,793)</u>
Gain on extinguishment of debt	-	-	26,543	-	-
Realized and unrealized gains (losses) on foreign currencies	(37)	83	(33)	(147)	(38)
Net realized and unrealized gains (losses)	<u>\$ 30,370</u>	<u>\$ 2,805</u>	<u>\$ 4,834</u>	<u>\$ (142,638)</u>	<u>\$ (74,213)</u>

Debt Summary



(Dollar amounts in 000s unless otherwise indicated)

	9/30/2009 (unaudited)	6/30/2009 (unaudited)	Weighted Average Stated Interest Rate ⁽¹⁴⁾	Interest Rate	Number of Investments Securing Debt at 9/30/09	Maturity Date
Secured Lines of Credit:						
CP Funding Facility ⁽¹⁴⁾	\$ 223,027	\$ 225,000	3.85%	LIBOR + 3.50%	36	May 2012
CP Funding II Facility - \$200 mm	—	—	—	LIBOR + 4.00% ⁽¹⁶⁾	—	July 2012
Revolving Credit Facility – \$525 mm ⁽¹⁵⁾	271,091	375,045	1.95%	LIBOR + 1.00% ⁽¹⁷⁾	167	December 2010
	<u>494,118</u>	<u>600,045</u>				
Collateralized Loan Obligation:						
2006 Debt Securitization ⁽¹⁵⁾	273,753	279,210	1.04%	LIBOR + 0.27% ⁽¹⁸⁾	54	December 2019
Total Debt	<u><u>\$ 767,871</u></u>	<u><u>\$ 879,255</u></u>	<u><u>2.16%</u></u>			



Floating and Fixed Rate Debt:

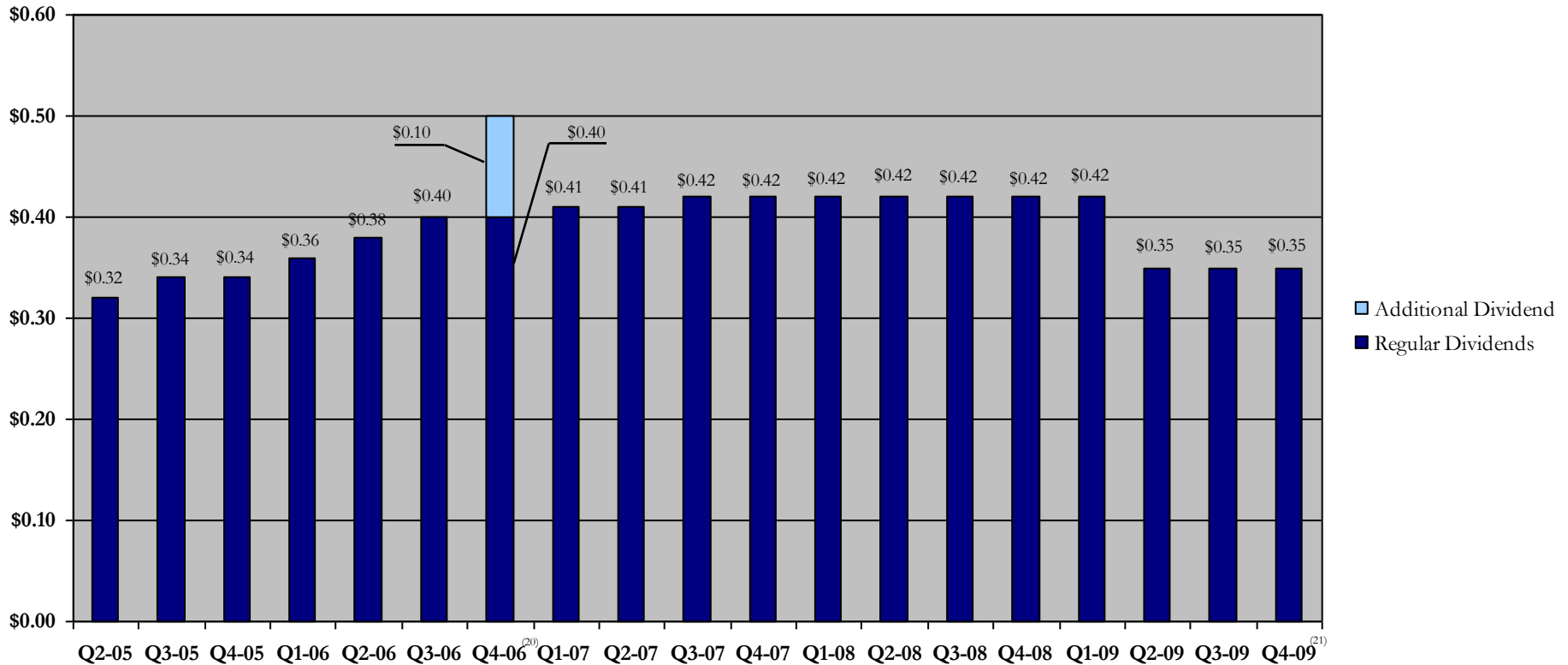
Debt	Amount	Weighted Average Stated Interest Rate	Weighted Average Maturity (in years)
Floating	\$ 767,871 ⁽¹⁹⁾	2.16% ⁽¹⁴⁾	4.8
Fixed	—	—	—
Total	<u><u>\$ 767,871</u></u>	<u><u>2.16%</u></u>	<u><u>4.8</u></u>

Quarterly Balance Sheets



	As of (unaudited, except for 12/31/08) (Dollar amounts in 000s, except per share data)				
	9/30/09	6/30/09	3/31/09	12/31/08	9/30/08
ASSETS					
Investments at fair value	\$ 1,967,724	\$ 1,962,471	\$ 1,969,104	\$ 1,972,977	\$ 2,093,694
Cash and cash equivalents	61,469	46,297	48,016	89,383	61,409
Receivable for open trades	-	442	289	3	2,103
Interest receivable	21,159	26,630	17,275	17,547	15,069
Other assets	14,729	11,215	10,245	11,423	12,235
Total assets	<u>\$ 2,065,081</u>	<u>\$ 2,047,055</u>	<u>\$ 2,044,929</u>	<u>\$ 2,091,333</u>	<u>\$ 2,184,510</u>
LIABILITIES					
Debt	\$ 767,871	\$ 879,255	\$ 902,619	\$ 908,786	\$ 902,152
Management and incentive fees payable	56,527	48,287	40,303	32,989	25,183
Payable for open trades	489	16,744	-	-	-
Accounts payable and accrued expenses	14,750	11,726	11,905	10,006	7,164
Interest and facility fees payable	2,717	2,223	2,031	3,869	3,829
Dividend payable	136	98	-	40,804	-
Total liabilities	<u>842,490</u>	<u>958,333</u>	<u>956,858</u>	<u>996,454</u>	<u>938,328</u>
STOCKHOLDERS' EQUITY					
Common stock	110	97	97	97	97
Capital in excess of par value	1,505,031	1,395,958	1,395,958	1,395,958	1,399,298
Accumulated undistributed net investment income and net realized gain (loss) on sale of investments, foreign currency transactions and extinguishment of debt	(4,833)	2,410	5,305	(7,761)	(4,011)
Net unrealized (loss) on investments and foreign currency transactions	(277,717)	(309,743)	(313,289)	(293,415)	(149,202)
Total stockholders' equity	<u>1,222,591</u>	<u>1,088,722</u>	<u>1,088,071</u>	<u>1,094,879</u>	<u>1,246,182</u>
Total liabilities and stockholders' equity	<u>\$ 2,065,081</u>	<u>\$ 2,047,055</u>	<u>\$ 2,044,929</u>	<u>\$ 2,091,333</u>	<u>\$ 2,184,510</u>
NET ASSETS PER SHARE					
	<u>\$ 11.16</u>	<u>\$ 11.21</u>	<u>\$ 11.20</u>	<u>\$ 11.27</u>	<u>\$ 12.83</u>

Quarterly Dividends



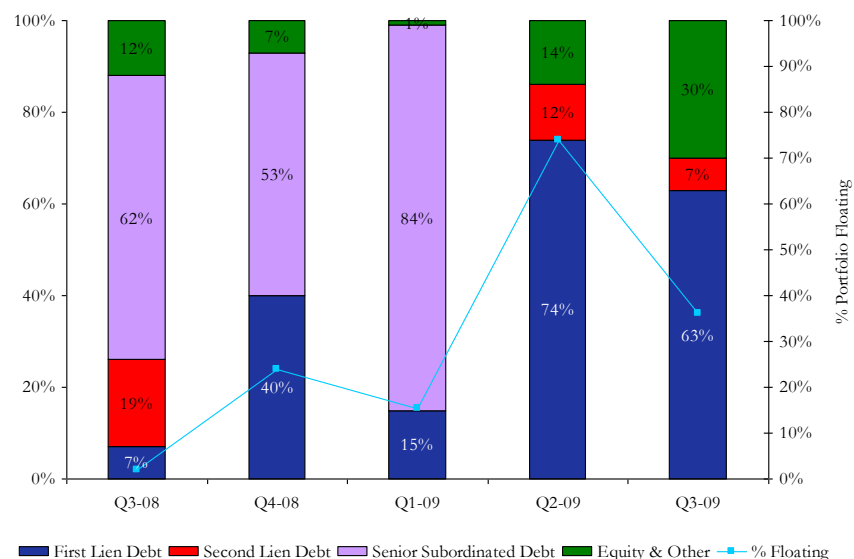
➤ Carried over additional excess taxable income from 2008 of approximately \$14.5 million, net of a 4% excise tax, into 2009

Portfolio Activity

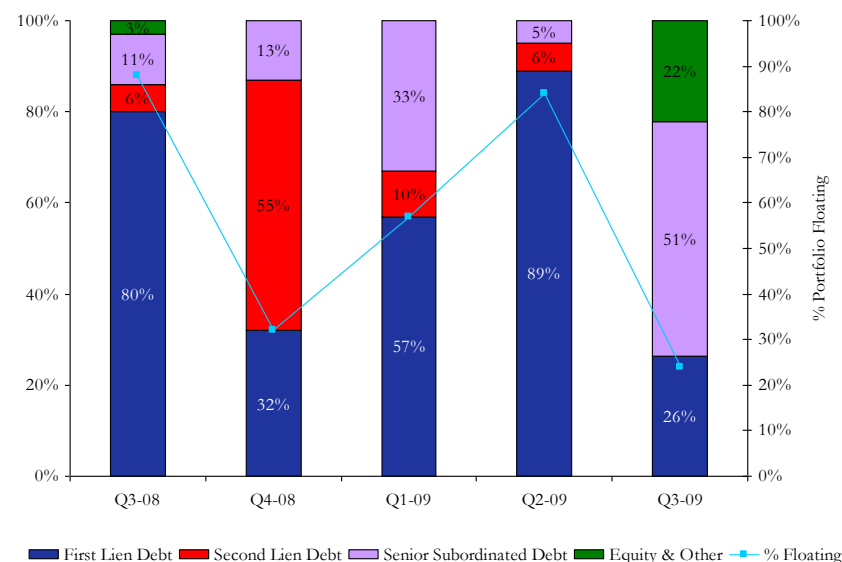


Three Months Ended					
(unaudited)					
(Dollar amounts in 000s)					
	9/30/09	6/30/09	3/31/09	12/31/08	9/30/08
Gross Commitments	\$ 54,515	\$ 43,107	\$ 37,767	\$ 75,956	\$ 183,193
Exits of Commitments ⁽²²⁾	85,366	81,441	103,936	75,063	179,649
Net Commitments	\$ (30,851)	\$ (38,334)	\$ (66,169)	\$ 893	\$ 3,544
Transactions	7	9	6	5	11
Weighted Average Commitment Term in Months	47	49	59	65	75
Portfolio Companies at Period End	94	94	92	91	90
Average Commitment in Period	\$ 7,788	\$ 4,790	\$ 6,295	\$ 15,191	\$ 16,654

Gross Commitments by Asset Class



Exits of Commitments by Asset Class



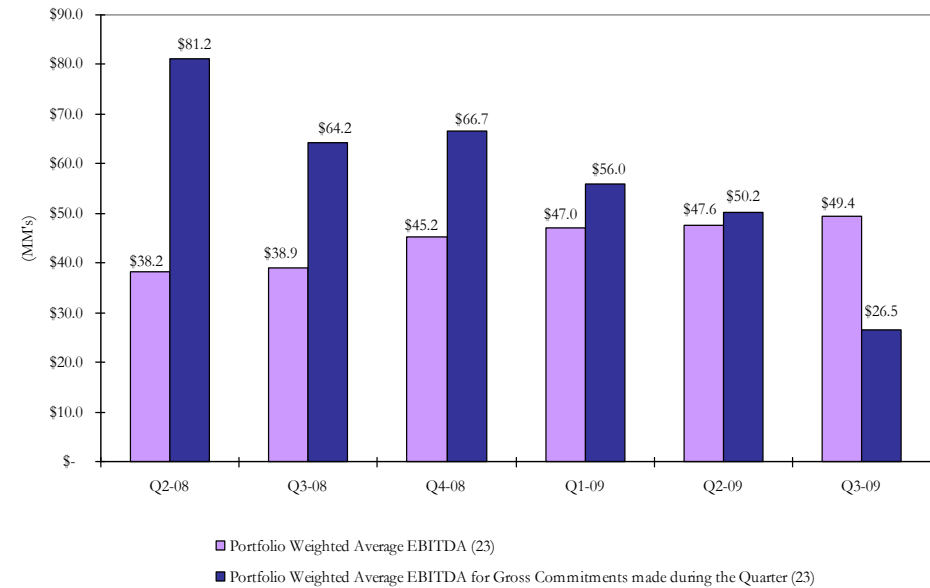
Key Portfolio Company Statistics



Investment Spread and Portfolio Company Credit Statistics



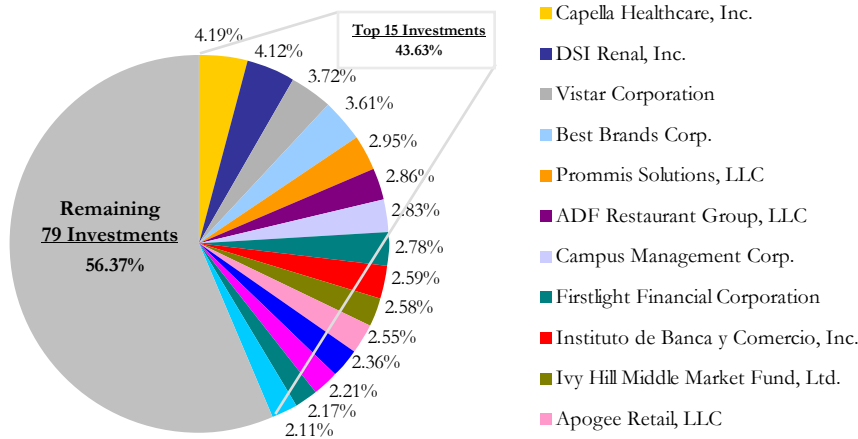
Portfolio Company EBITDA



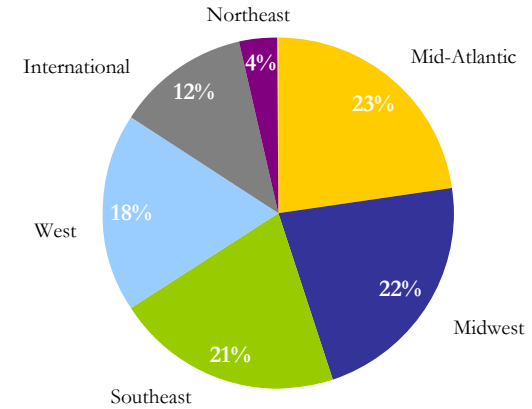
Portfolio Distribution as of September 30, 2009



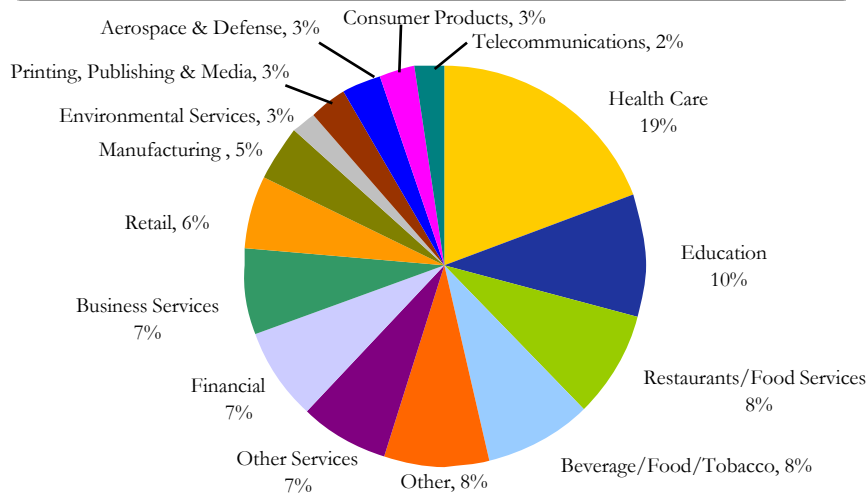
Portfolio by Issuer Concentration



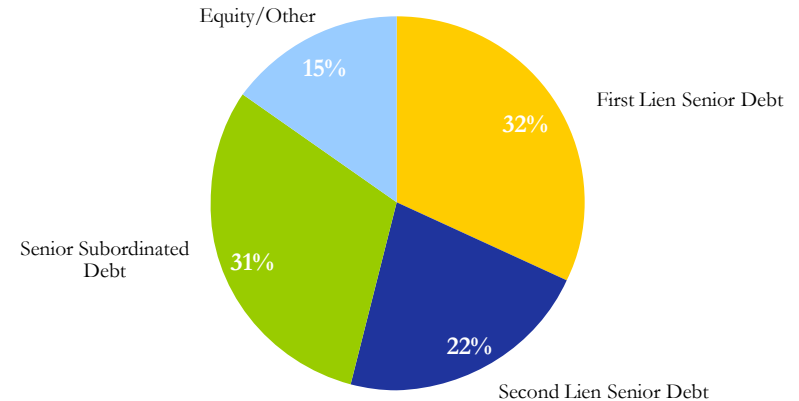
Portfolio by Region



ARCC Portfolio by Industry

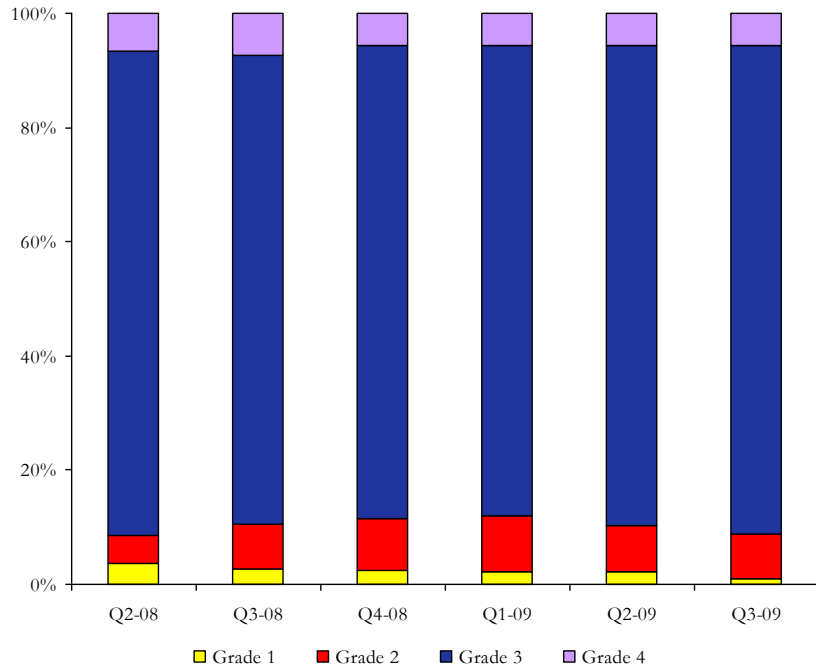


Portfolio by Asset Class

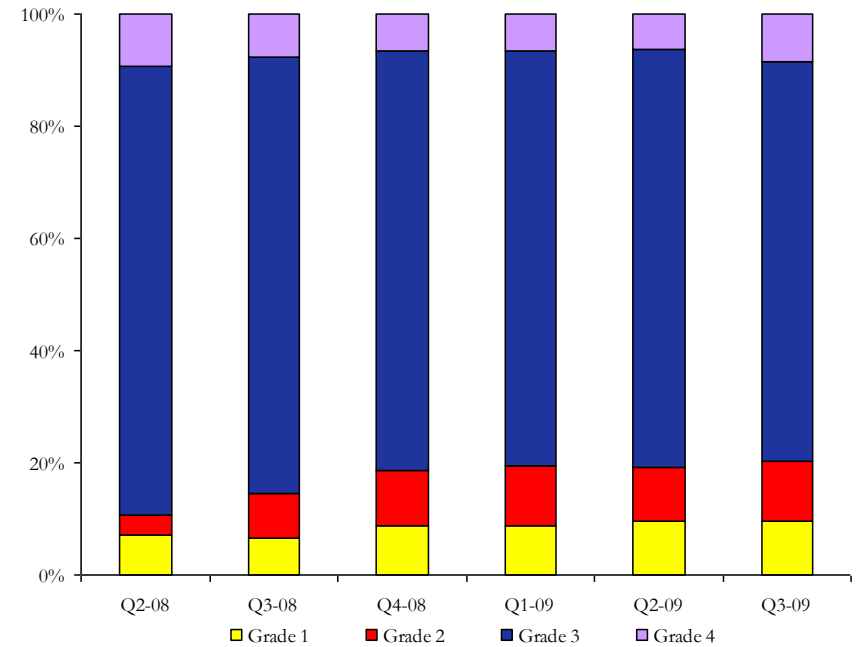


Portfolio by Grade ⁽²⁶⁾

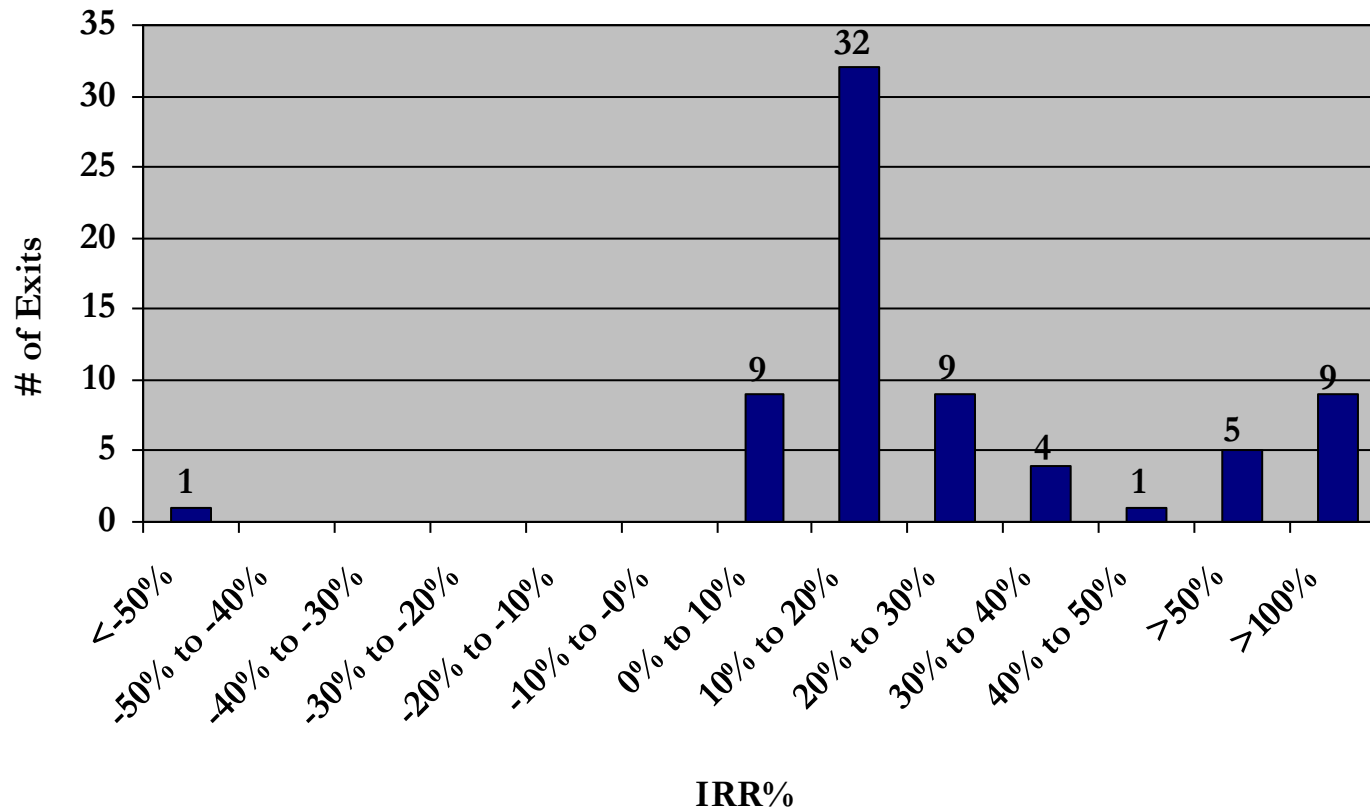
% By Fair Value



% By Number of Companies



Distribution of ARCC IRRs⁽²⁷⁾



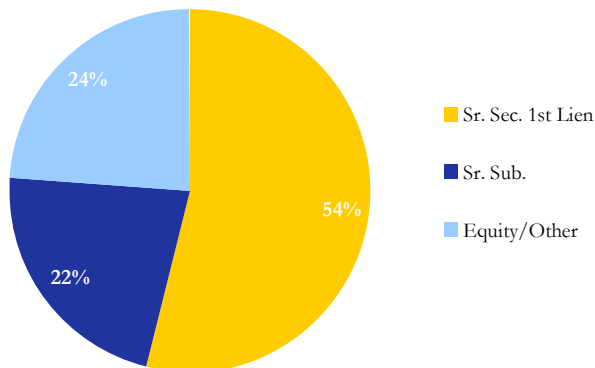
- Total of 70 exits from portfolio from October 8, 2004 through September 30, 2009 for an aggregate cash flow IRR of approximately 17%
 - Original capital invested of \$1.1 billion and total proceeds from exits of \$1.3 billion
 - Approximately 84% of exits with IRRs of 10% or greater

Investments Since Quarter End

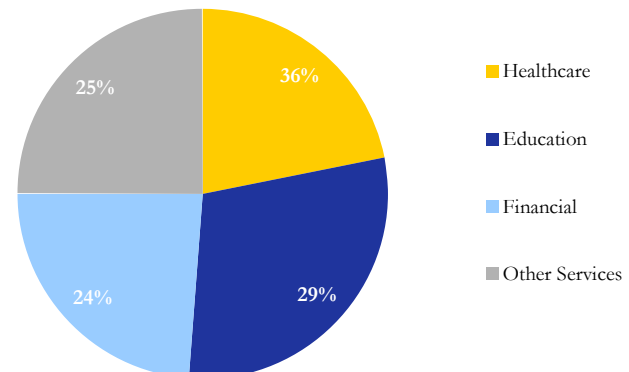


- As of November 4, 2009, made \$214.0 million of investments since September 30, 2009
 - 77% was for the investment in the Senior Secured Loan Fund and 23% were in 1st lien senior secured debt
 - Senior Secured Loan Fund has a stated rate of Libor plus 8.0% as well as rights to the excess cash flow of the fund subject to certain criteria
 - All other investments are floating rate investments with a weighted average yield at amortized cost of 13.2%
- As of November 4, 2009, we exited \$5.2 million of investments since September 30, 2009
 - 36% was 1st lien senior secured debt and 64% was senior subordinated debt
 - Weighted average yield at amortized cost of 14.6% with 64% being fixed rate investments
- As of November 4, 2009, we had a current committed backlog and pipeline of \$33 million and \$105 million, respectively⁽²⁸⁾
 - Backlog are deals that are committed and/or under LOI, and we believe are likely to close
 - Pipeline are deals where significant due diligence and analysis are in process, but no formal mandate or commitment has been signed
 - We expect to syndicate a portion of these amounts
 - The following is a breakdown of our current backlog and pipeline commitments by asset class and by industry:

Asset Class



Industry



Board of Directors

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President
Ares Capital Corporation

FRANK O'BRYAN
Former Chairman of WMC Mortgage
Company

DOUGLAS E. COLTHARP
Partner
Arlington Capital Advisers

GREGORY PENSKE
President and CEO
Penske Motor Group

ROBERT L. ROSEN
Managing Partner
RLR Capital Partners

BENNETT ROSENTHAL
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Ares Management LLC

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

Investment Committee

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ERIC BECKMAN
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R. KIPP DEVEER
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MITCH GOLDSTEIN
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JOHN KISSICK
Partner- Ares Management LLC

BENNETT ROSENTHAL
Partner- Ares Management LLC

DAVID SACHS
Partner- Ares Management LLC

MICHAEL SMITH
Partner- Ares Capital Management LLC

Executive and Senior Management

Corporate Officers

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President

JOSHUA BLOOMSTEIN
Vice President and Assistant Secretary

RICK DAVIS
Chief Financial Officer

CARL DRAKE
Senior Vice President of Finance/Head of
Capital Markets and Investor Relations of Ares
Capital Management LLC

MERRITT HOOPER
Secretary and Assistant Treasurer

SCOTT LEM
Assistant Treasurer and Chief Accounting
Officer of Ares Capital Management LLC

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Treasurer

KAREN TALLMAN
Chief Compliance Officer

MICHAEL WEINER
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Credit Ratings: Fitch / S&P / Moody's

BBB / BBB / Ba1

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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 Core earnings per share:

	Three Months Ended				
	9/30/09	6/30/09	3/31/09	12/31/08	9/30/08
	(unaudited)				
Basic and Diluted Core EPS (excluding professional fees related to the acquisition of Allied Capital Corporation and dilution from the August 2009 equity add-on offering) ⁽¹⁾	\$ 0.36	\$ 0.33	\$ 0.31	\$ 0.33	\$ 0.34
Dilution from August 2009 equity add-on offering	(0.02)	-	-	-	-
Professional fees related to the acquisition of Allied Capital Corporation	(0.02)	-	-	-	-
Net realized and unrealized gains (losses)	0.30	0.03	0.05	(1.47)	(0.77)
Incentive fees attributed to realized gains	-	-	-	-	-
Income tax expense related to realized gains	-	-	-	-	-
Basic and Diluted GAAP EPS	<u>\$ 0.62</u>	<u>\$ 0.36</u>	<u>\$ 0.36</u>	<u>\$ (1.14)</u>	<u>\$ (0.43)</u>

YTD Operating Results Detail



	Nine Months Ended	
	(In 000s)	
	9/30/09 (unaudited)	9/30/08 (unaudited)
Net Investment Income Before Taxes:		
Investment Income:		
Interest	\$ 163,478	\$ 153,220
Structuring fees	1,847	18,551
Dividends	3,364	1,901
Management fees	2,695	1,632
Facility fees and other	4,624	2,434
	<u>176,008</u>	<u>177,738</u>
Expenses:		
Interest and credit facility fees	18,603	26,613
Incentive management fees ⁽¹³⁾	23,764	23,713
Base management fees	22,502	22,729
Professional fees	6,119	4,370
Professional fees related to strategic project	1,989	-
Administrative	2,905	1,702
Insurance	988	927
Depreciation	505	338
Other	3,016	2,794
	<u>80,391</u>	<u>83,186</u>
Net investment income before taxes	<u>\$ 95,617</u>	<u>\$ 94,552</u>
Net Realized and Unrealized Gains (Losses):		
Realized gains (losses) on investments:		
Gains	\$ 12,901	\$ 4,838
Losses	<u>(17,201)</u>	<u>(2)</u>
Net realized gains (losses) on investments	<u>(4,300)</u>	<u>4,836</u>
Unrealized gains (losses) on investments:		
Unrealized appreciation	91,821	39,645
Unrealized depreciation	<u>(81,322)</u>	<u>(167,260)</u>
Net unrealized gains (losses) on investments	10,499	(127,615)
Reversal of prior period unrealized (appreciation)/depreciation on investments	5,254	(997)
Net unrealized gains (losses) on investments	<u>15,753</u>	<u>(128,612)</u>
Gain on extinguishment of debt	26,543	-
Realized and unrealized gains (losses) on foreign currencies	13	(33)
Net realized and unrealized gains (losses)	<u>\$ 38,009</u>	<u>\$ (123,809)</u>

Change in Net Asset Value

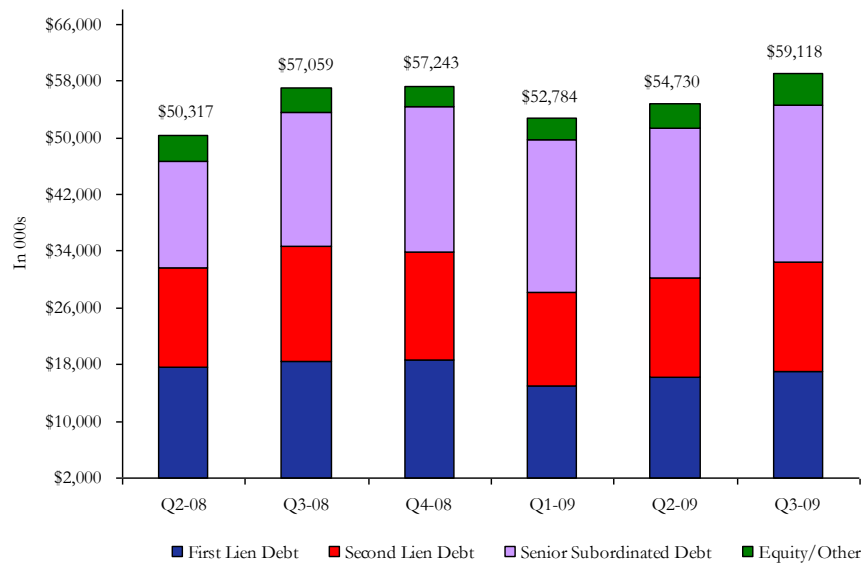


(Dollar amounts in 000s, except per share data ⁽²⁹⁾) (unaudited)										
	Quarter ended September 30, 2009		Quarter ended June 30, 2009		Quarter ended March 31, 2009		Quarter ended December 31, 2008		Quarter ended September 30, 2008	
	\$	Per share	\$	Per share	\$	Per share	\$	Per share	\$	Per share
NAV at beginning of period	\$ 1,088,722	\$ 11.21	\$ 1,088,071	\$ 11.20	\$ 1,094,879	\$ 11.27	\$ 1,246,182	\$ 12.83	\$ 1,328,548	\$ 13.67
Net investment income (net of taxes)	32,906	0.32	31,948	0.33	30,200	0.31	32,138	0.33	32,820	0.34
Net realized gains (losses)	(1,656)	(0.01)	(741)	(0.01)	24,708	0.25	1,574	0.02	4,580	0.05
Net unrealized gains (losses)	32,026	0.31	3,546	0.04	(19,874)	(0.20)	(144,212)	(1.49)	(78,793)	(0.81)
Distributions to stockholders	(38,493)	(0.35)	(34,004)	(0.35)	(40,804)	(0.42)	(40,803)	(0.42)	(40,805)	(0.42)
Equity issuances, including DRIP ⁽³⁰⁾	109,086	(0.32)	(98)	-	(1,038)	(0.01)	-	-	(168) ⁽³¹⁾	-
NAV at end of period	<u>\$ 1,222,591</u>	<u>\$ 11.16</u>	<u>\$ 1,088,722</u>	<u>\$ 11.21</u>	<u>\$ 1,088,071</u>	<u>\$ 11.20</u>	<u>\$ 1,094,879</u>	<u>\$ 11.27</u>	<u>\$ 1,246,182</u>	<u>\$ 12.83</u>

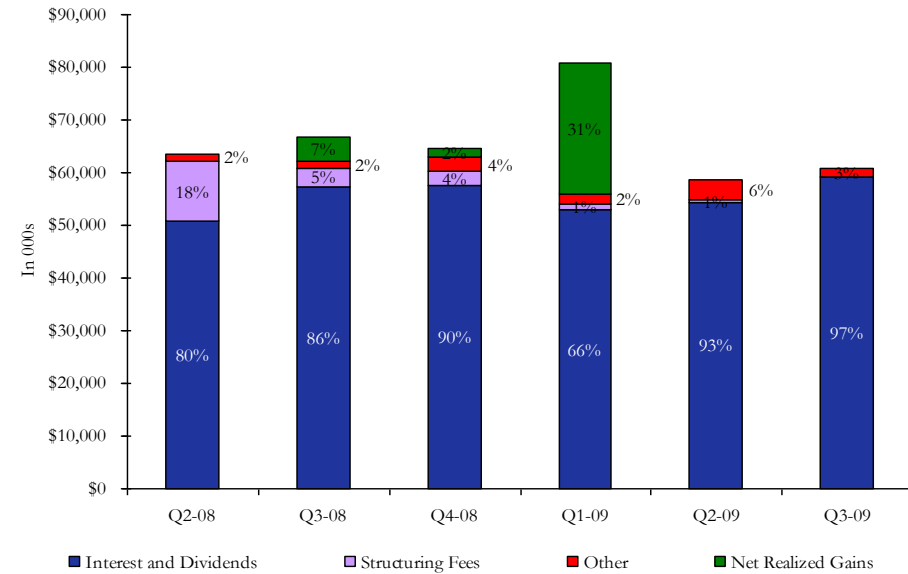
Portfolio Income Summary



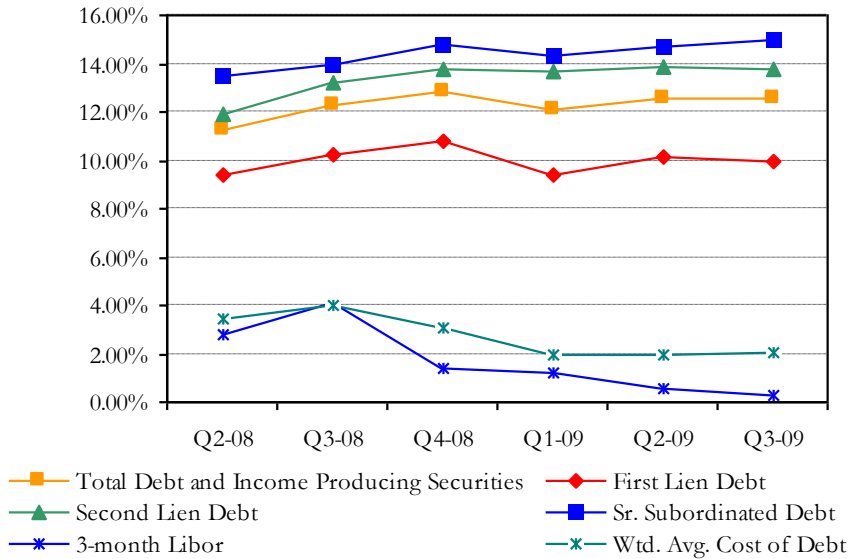
Interest and Dividend Income by Asset Class



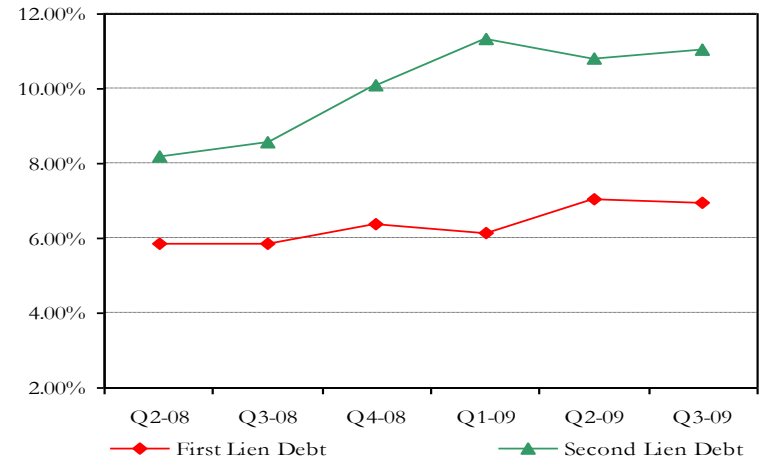
Revenues by Source ⁽³²⁾



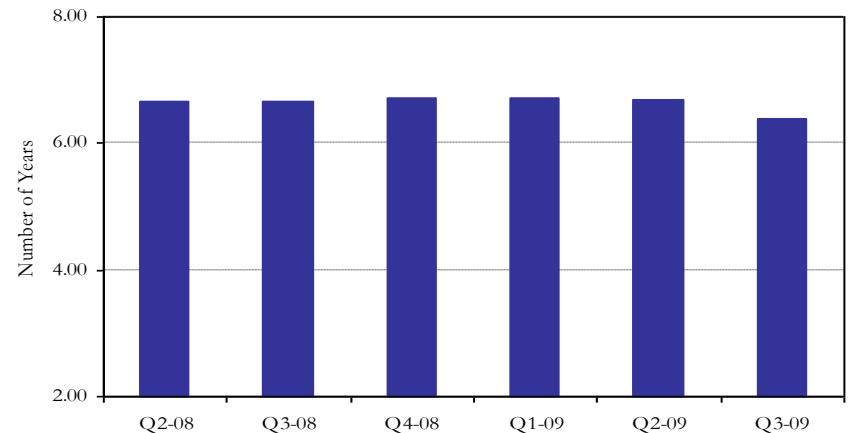
Weighted Average Yields ⁽³³⁾



Weighted Average Spread on Floating Rate Investments ⁽³⁴⁾



Weighted Average Maturities on Investments ⁽³⁵⁾



- (1) Basic and diluted Core EPS (excluding professional fees related to the acquisition of Allied Capital Corporation and dilution from the August 2009 equity add-on offering) is a non-GAAP financial measure. Core EPS (excluding professional fees related to the acquisition of Allied Capital Corporation and dilution from the August 2009 equity add-on offering) is the net per share increase (decrease) in stockholders' equity resulting from operations less professional fees related to the acquisition of Allied Capital Corporation, realized and unrealized gains and losses, any incentive management fees attributable to such realized gains and losses and any income taxes related to such realized gains. The most directly comparable GAAP financial measure is the net per share increase (decrease) in stockholders' equity resulting from operations, which is reflected above under the heading "GAAP net income (loss) per share". 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. Reconciliation of basic and diluted Core EPS to the most directly comparable GAAP financial measure is set forth on page 17 hereof.
- (2) In accordance with ASC 260 (previously SFAS 128) – Earnings per Share, the weighted average shares of common stock outstanding used in computing Core EPS, net investment income per share, GAAP net income (loss) per share and net realized and unrealized gains (losses) per share have been adjusted retroactively by a factor of 1.02% to recognize the bonus element associated with rights to acquire shares of common stock that were issued to stockholders of record as of March 24, 2008 in connection with an equity rights offering.
- (3) Include sales to Ivy Hill Middle Market Credit Fund, Ltd. ("Ivy Hill") and Ivy Hill Middle Market Credit Fund II, Ltd. ("Ivy Hill II"). See discussion of portfolio activity on page 10.
- (4) The weighted average yield on debt and income producing securities at amortized cost is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount earned on accruing debt included in such securities, divided by (b) total debt and income producing securities at amortized cost included in such securities. The weighted average yield of debt and income producing securities at fair value is computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount earned on accruing debt included in such securities, divided by (b) total debt and income producing securities at fair value included in such securities.
- (5) The weighted average yield of debt and income producing securities at fair value was 12.53% as of September 30, 2009, 12.60% as of June 30, 2009, 13.03% as of September 30, 2008.
- (6) Computed as (a) annual stated interest rate on our debt obligations divided by (b) total debt obligations at carrying value.
- (7) Weighted average investment spread equals weighted average yield of debt and income producing securities at amortized cost minus weighted average cost of debt.
- (8) Represents gross commitments or fundings less commitments or investments exited, as applicable. Q3-09, Q2-09, Q1-09, Q4-08, and Q3-08 amounts include sales to Ivy Hill of \$5.0 million, \$4.0 million, \$9.0 million, \$4.0 million, and \$22.1 million, respectively. Q1-09 and Q4-08 also include \$27.5 million and \$7.5 million, respectively, of sales to Ivy Hill II.
- (9) Excludes realized and unrealized gains (losses).
- (10) As of September 30, 2009, 11% of the total investments at fair value or 37% of the floating rate investments at fair value contain interest rate floor features.
- (11) Includes commitments to portfolio companies for which funding has yet to occur.
- (12) Computed as total debt less cash not restricted for dividends or open trades divided by total stockholders equity.
- (13) As of September 30, 2009, we deferred payment of \$49 million of the incentive management fees payable to our investment adviser pursuant to the investment advisory and management agreement, representing the incentive management fee earned for the period from July 1, 2008 to September 30, 2009.
- (14) Effective rate for the three months ended September 30, 2009. As of September 30, 2009, the weighted average stated interest rate on our total debt was 2.02%.
- (15) Requires periodic payments of interest only, with the outstanding principal balance due on maturity.
- (16) This debt has an annual facility fee of between 0.5% and 2.5% on any unused portion of the commitment depending on usage levels.
- (17) This debt also has an annual facility fee of 0.20% on any unused portion of the commitment amount.
- (18) Blended pricing across all notes.
- (19) In October 2008, we entered into a two-year interest rate swap agreement for a total notional amount of \$75 million where we pay a fixed interest rate of 2.985% and receive a floating rate based on the prevailing three-month LIBOR.
- (20) Represents a regular dividend of \$0.40 per share and an additional dividend of \$0.10 per share.

- (21) To be paid on December 31, 2009 to stockholders of record on December 15, 2009.
- (22) Q3-09, Q2-09, Q1-09, Q4-08, and Q3-08 amounts include sales to Ivy Hill of \$5.0 million, \$4.0 million, \$9.0 million, \$4.0 million, and \$22.1 million, respectively. Q1-09 and Q4-08 also includes \$27.5 million and \$7.5 million, respectively, of sales to Ivy Hill II.
- (23) EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA typically represents 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 ARCC and may reflect a normalized or adjusted amount. Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments reported by Ares Capital in its quarterly report on Form 10-Q for the quarter ended September 30, 2009.
- (24) Portfolio average total leverage multiples and portfolio weighted average total leverage multiples represent Ares Capital's last dollar of invested debt capital as a multiple of EBITDA. Portfolio company credit statistics are derived from the most recently available portfolio company financial statements and have not been independently verified by Ares Capital.
- (25) Portfolio average interest coverage ratio and portfolio weighted average interest coverage ratio represent the portfolio company's EBITDA as a multiple of interest and facility fees expense. Portfolio company credit statistics are derived from the most recently available portfolio company financial statements and have not been independently verified by Ares Capital.
- (26) Based on our investment adviser's internal investment rating system scale from 1 to 4. Grade of 4 indicates our investment advisor believes the borrower is performing above expectations and the trends and risk factors are generally favorable (including a potential exit). Grade of 1 indicates our investment adviser believes such investment is not anticipated to be repaid in full. All new investments are initially assessed a grade of 3.
- (27) Depicts the unlevered internal rate of return on Ares Capital's exits of portfolio investments from October 8, 2004 through September 30, 2009. Internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of expenses related to investments as these expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of our debt investment or sale of an investment, or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These IRR results are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.
- (28) 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. The Company cannot assure you that we will make any of these investments.
- (29) All amounts are unaudited except NAV amounts as of December 31, 2008.
- (30) Due to the purchase of shares in the open market to satisfy the DRIP, an additional \$0.1 million, \$0.1 million and \$1.0 million was paid by the Company to fund the total Q3-09, Q2-09 and Q1-09 dividend, respectively.
- (31) Represents additional offering costs related to the transferable rights offering completed in April 2008.
- (32) Excludes unrealized gains and losses.
- (33) Weighted average yields on investments are computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount earned on accruing debt included in such securities, divided by (b) total debt and income producing securities at fair value included in such securities. Weighted average cost of debt is the (a) annual stated interest rate on our debt obligations divided by (b) total debt obligations at carrying value.
- (34) Computed as (a) annual stated interest rate in excess of base rate divided by (b) total floating rate debt securities at fair value.
- (35) Weighted average maturities on investments are only for loans and weighted based on fair value.