

WESTPAC BANKING CORP
Form 6-K
September 08, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

September 8, 2005

WESTPAC BANKING CORPORATION

(Translation of registrant's name into English)

60 MARTIN PLACE, SYDNEY, NEW SOUTH WALES 2000, AUSTRALIA

(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.]

Form 20-F ☒

Form 40-F ☐

[Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Act of 1934.]

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Yes ☐

No ☒

[If Yes is marked, indicate the file number assigned to the registrant in connection with Rule 12g3-2(b):82-]

Index to Exhibits

Exhibit No.	Description
1	Media Release Westpac tops global sustainability index for the fourth year in a row.
2	Media Release Westpac appoints new asset and lease management provider.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTPAC BANKING CORPORATION
(Registrant)

Date: September 8, 2005

By: /s/ Manuela Adl
Manuela Adl
SVP & Chief Operating Officer

3

"> 25,000 25,000	82,803 86,397 2.51%	Energy	EquiPower Resources
Holdings, LLC Gas-fired power generation facilities operator Junior secured loan (\$22,500 par due 6/2019) 10.00%			
(Libor + 8.50%/Q) 6/27/2012 22,050 22,050(2)(17)		La Paloma Generating Company, LLC Natural gas fired, combined cycle plant operator Junior	
secured loan (\$59,000 par due 8/2018) 10.25% (Libor + 8.75%/Q) 8/9/2011 57,840 56,050(2)(17)			

F-106

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of June 30, 2012
(dollar amounts in thousands)
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
USG Nevada LLC	Geothermal, renewable energy, developer for electrical power and direct uses	Junior secured loan (\$7,500 par due 6/2012)	11.97% (Libor + 11.50%/Q)	11/10/2011	7,500	7,500(2)	
					87,390	85,600	2.48%
Aerospace and Defense							
PRV Aerospace, LLC	Aerospace precision components manufacturer	Senior secured loan (\$8,500 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	8,416	8,500(4)(17)	
		Junior secured loan (\$68,000 par due 5/2019)	10.50% (Libor + 9.25%/Q)	5/10/2012	68,000	68,000(2)(17)	
					76,416	76,500	
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	99	99(2)	
		Common stock (1,885,195 shares)		1/17/2008	2,291	2,093(2)	
					2,390	2,192	
					78,806	78,692	2.28%
Oil and Gas							
Geotrace Technologies, Inc.	Reservoir processing, development	Warrants to purchase up to 69,978 shares of common stock		4/1/2010	88	(2)	
		Warrants to purchase up to 210,453 shares of preferred stock		4/1/2010	2,806	1,576(2)	
					2,894	1,576	
UL Holding Co., LLC and Universal Lubricants, LLC(6)	Petroleum product manufacturer	Junior secured loan (\$30,211 par due 12/2014)	9.34% (Libor + 7.34% Cash, 2.00% PIK /Q)	4/30/2012	30,211	30,211(2)	
		Junior secured loan (\$20,532 par due 12/2014)	12.00% Cash, 2.00% PIK	4/30/2012	20,532	20,532(2)	
		Junior secured loan (\$5,025 par due 12/2014)	12.00% Cash, 3.00% PIK	4/30/2012	5,025	5,025(2)	
				4/30/2012	2,926	2,926(3)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Junior secured loan (\$2,926 par due 12/2014)	12.00% Cash, 2.00% PIK			
Class A common units (10,782 units)		6/17/2011	108	82(2)
Class B-5 common units (599,200 units)		4/25/2008	5,472	4,541(2)
Class B-4 common units (50,000 units)		6/17/2011	500	379(2)
Class C common units (618,091 units)		4/25/2008		4,685(2)
			64,774	68,381
			67,668	69,957
				2.03%

F-107

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of June 30, 2012
(dollar amounts in thousands)
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Automotive Services							
Driven Holdings, LLC	Automotive aftermarket car care franchisor	Preferred stock (247,500 units)		12/16/2011	2,475	2,550(2)	
		Common stock (25,000 units)		12/16/2011	25	56(2)	
					2,500	2,606	
Stag-Parkway, Inc.(7)	Automotive aftermarket components supplier	Senior secured loan (\$34,500 par due 12/2014)	12.50% (Libor + 11.00%/Q)	9/30/2010	34,500	34,500(2)(17)	
		Preferred stock (4,200 shares)	16.50% PIK	9/30/2010	2,664	4,200(2)	
		Common stock (10,200 shares)		9/30/2010		23,067(2)	
					37,164	61,767	
					39,664	64,373	1.87%
Printing, Publishing and Media							
Earthcolor Group, LLC(6)	Printing management services	Limited liability company interests (9.30%)		5/18/2012			
National Print Group, Inc.	Printing management services	Senior secured revolving loan (\$1,141 par due 10/2013)	9.00% (Libor + 6.00%/Q)	3/2/2006	1,141	1,096(2)(17)	
		Senior secured revolving loan (\$627 par due 10/2013)	9.00% (Base Rate + 5.00%/M)	3/2/2006	627	602(2)(17)	
		Senior secured loan (\$7,510 par due 10/2013)	10.00% (Libor + 9.00% Cash, 1.00% PIK /Q)	3/2/2006	7213	7,360(2)(17)	
		Preferred stock (9,344 shares)		3/2/2006	2,000	(2)	
					10,981	9,058	
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	Senior secured loan (\$21,531 par due 3/2017)	9.00% (Libor + 7.50%/Q)	9/29/2006	21,531	21,531(2)(17)	
		Senior secured loan (\$10,000 par due 3/2017)	9.00% (Libor + 7.50%/Q)	9/29/2006	10,000	10,000(4)(17)	
		Preferred stock (10,663 shares)		9/29/2006	1,066	4,483(2)	
		Common stock (15,393 shares)		9/29/2006	3	11(2)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

32,600	36,025	
43,581	45,083	1.31%

Commercial Real Estate Finance

10th Street, LLC(6)	Real estate holding company	Senior subordinated loan (\$24,706 par due 11/2014)	8.93% Cash, 4.07% PIK	4/1/2010	24,706	24,706(2)
		Member interest (10.00% interest)		4/1/2010	594	492
		Option (25,000 units)		4/1/2010	25	25
					25,325	25,223
American Commercial Coatings, Inc.	Real estate property	Commercial mortgage loan (\$2,000 par due 12/2025)		4/1/2010	1,238	2,004(16)

F-108

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of June 30, 2012
(dollar amounts in thousands)
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Aquila Binks Forest Development, LLC	Real estate developer	Commercial mortgage loan (\$13,477 par due 12/2014) Real estate equity interests		4/1/2010 4/1/2010	11,900	2,966(2)(16)	
					11,900	2,966	
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010	1,026	2,624	
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010			
Crescent Hotels & Resorts, LLC and affiliates(7)	Hotel operator	Senior subordinated loan (\$2,236 par due 9/2011)		4/1/2010		(2)(16)	
		Senior subordinated loan (\$2,092 par due 6/2017)		4/1/2010		(2)(16)	
		Common equity interest		4/1/2010			
Hot Light Brands, Inc.(7)	Real estate holding company	Senior secured loan (\$34,239 par due 2/2011)		4/1/2010	2,946	2,566(2)(16)	
		Common stock (93,500 shares)		4/1/2010		(2)	
					2,946	2,566	
NPH, Inc.	Hotel property	Real estate equity interests		4/1/2010	5,291	8,170	
					47,726	43,553	1.26%
Transportation							
PODS Funding Corp.	Storage and warehousing	Junior subordinated loan (\$39,675 par due 5/2017)	12.75% Cash, 2.75% PIK	11/29/2011	39,675	39,675(2)	
United Road Towing, Inc.	Towing company	Warrants to purchase up to 607 shares		4/1/2010			
					39,675	39,675	1.14%
Food and Beverage							
Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior secured loan (\$21,530 par due 10/2013)	13.00% (Libor + 10.00%/M)	10/5/2007	21,530	21,529(2)(17)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

		Senior secured loan (\$4,818 par due 10/2013)	13.00% (Libor + 10.00%/M)	10/5/2007	4,818	4,818(4)(17)	
		Senior units (50,000 units)		10/5/2007	5,000	2,030	
					31,348	28,377	
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated loan (\$8,230 par due 2/2013)	16.00% PIK	2/6/2008	8,230	8,230(2)	
		Preferred stock (6,258 shares)	8.00% PIK	9/1/2006	2,566	1,542(2)	
					10,796	9,772	
Distant Lands Trading Co.	Coffee manufacturer	Class A common stock (1,294 shares)		4/1/2010	980	275(2)	
		Class A-1 common stock (2,157 shares)		4/1/2010		(2)	
					980	275	
					43,124	38,424	1.11%

F-109

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of June 30, 2012
(dollar amounts in thousands)
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Environmental Services							
AWTP, LLC(7)	Water treatment services	Junior secured loan (\$4,212 par due 6/2015)	5.00% Cash, 5.00% PIK	4/18/2011	4,212	4,212(2)	
		Junior secured loan (\$5,826 par due 6/2015)	15.00% PIK	4/18/2011	5,826	5,826(2)	
		Membership interests (90% interest)		4/18/2011		333(2)	
					10,038	10,371	
RE Community Holdings II, Inc.and Pegasus Community Energy, LLC.	Operator of municipal recycling facilities	Preferred stock (1,000 shares)	12.50% PIK	3/1/2011	8,839	5,032(2)	
Waste Pro USA, Inc	Waste management services	Preferred Class A common equity (611,615 shares)		11/9/2006	12,263	22,380(2)	
					31,140	37,783	1.10%
Health Clubs							
Athletic Club Holdings, Inc.	Premier health club operator	Senior secured loan (\$11,500 par due 10/2013)	4.75% (Libor + 4.50%/M)	10/11/2007	11,500	11,385(2)(13)	
					11,500	11,385	0.33%
Wholesale Distribution							
BECO Holding Company, Inc.	Wholesale distributor of first response fire protection equipment and related parts	Common stock (25,000 shares)		7/30/2010	2,500	3,455(2)	
					2,500	3,455	0.10%
					\$ 55,438,184	\$ 5,504,813	159.74%

(1)

Other than our investments listed in footnote 7 below (subject to the limitations set forth therein), we do not "Control" any of our portfolio companies, as defined in the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, we would "Control" a portfolio company if we owned more than 25% of its outstanding voting securities and/or had the power to exercise control over the management or policies of such portfolio company. All of our portfolio company investments, which as of June 30, 2012 represented 160% of the Company's net assets or 95% of the Company's total assets, are subject to

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

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, we are deemed to be an "Affiliated Person" of a portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company

F-110

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of June 30, 2012
(dollar amounts in thousands)
(unaudited)

(including through a management agreement). Transactions during the six months ended June 30, 2012 in which the issuer was an Affiliated company (but not a portfolio company that we "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	\$	\$	\$	\$ 1,597	\$	\$	\$	\$	\$ (38)
Apple & Eve, LLC and US Juice Partners, LLC	\$	\$ 5,497	\$	\$ 1,786	\$	\$	\$ 22	\$	\$ (1,297)
Campus Management Corp. and Campus Management Acquisition Corp	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,234
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC	\$	\$ 113	\$	\$ 583	\$	\$	\$	\$	\$ (4,166)
The Dwyer Group	\$	\$	\$	\$ 1,238	\$ 162	\$ 537	\$ 86	\$	\$ 3,751
ELC Acquisition Corp. and ELC Holdings Corporation	\$	\$	\$	\$	\$	\$	\$ 6	\$	\$ (220)
Firstlight Financial Corporation	\$	\$ 15,939	\$	\$ 1,034	\$	\$	\$ 125	\$ 61	\$ 10,480
Insight Pharmaceuticals Corporation	\$	\$	\$	\$ 1,690	\$	\$	\$	\$	\$ (733)
Investor Group Services, LLC	\$	\$	\$	\$	\$	\$ 102	\$ 8	\$	\$ 151
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$ 501
Pillar Processing LLC and PHL Holding Co.	\$	\$	\$	\$	\$	\$	\$	\$	\$ (493)
Soteria Imaging Services, LLC	\$	\$ 164	\$	\$	\$	\$	\$	\$ 10	\$ (20)
VSS-Tranzact Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 433
UL Holding Co., LLC	\$ 43,128	\$ 13,536	\$	\$ 2,331	\$ 733	\$	\$ 173	\$	\$ 3,548

(7)

As defined in the Investment Company Act, we are deemed to be both an "Affiliated Person" and "Control" this portfolio company because we own more than 25% of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the period for the six months ended June 30, 2012 in which the issuer was both an Affiliated company and a portfolio company that we are deemed to Control are as follows:

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
AGILE Fund I, LLC	\$	\$ 9	\$	\$	\$	\$ 3	\$	\$	\$ (6)
Allied Capital REIT, Inc.	\$	\$	\$ 375	\$	\$	\$ 41	\$	\$ 147	\$ (314)
AllBridge Financial, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,236
Aviation Properties Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$
AWTP, LLC	\$	\$	\$	\$ 629	\$	\$	\$	\$	\$ 1,982
BenefitMall Holdings, Inc.	\$	\$ 40,326	\$ 53,510	\$ 2,440	\$	\$	\$ 167	\$ 12,903	\$ (6,479)
Callidus Capital Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$ 229
Ciena Capital LLC	\$	\$	\$	\$ 2,366	\$	\$	\$	\$	\$ 1,570
Citipostal, Inc.	\$	\$ 1,800	\$	\$ 3,817	\$	\$	\$ 98	\$	\$ 535
Crescent Hotels & Resorts, LLC and affiliates	\$	\$	\$ 2,843	\$ 20	\$	\$	\$	\$ (5,473)	\$ 5,595
HCI Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ (21)
HCP Acquisition Holdings, LLC	\$ 1,194	\$	\$	\$	\$	\$	\$	\$	\$ (2,680)
Hot Light Brands, Inc.	\$	\$ 1,000	\$	\$	\$	\$	\$	\$	\$ (126)
Huddle House Inc.	\$	\$ 20,801	\$	\$ 678	\$	\$	\$ 187	\$ (1,404)	\$ 1,701
Ivy Hill Asset Management, L.P.	\$	\$	\$	\$	\$	\$ 9,524	\$	\$	\$ 10,380
Ivy Hill Middle Market Credit Fund, Ltd.	\$	\$	\$ 15,000	\$ 2,473	\$	\$	\$	\$ (750)	\$ 1,230
LVCG Holdings, LLC	\$	\$	\$ 6,600	\$	\$	\$	\$	\$ (6,590)	\$ 6,600

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Making Memories Wholesale, Inc.	\$	\$	\$	\$	\$	\$	\$	(11,067)	\$	10,892				
MVL Group, Inc.	\$	940	\$	\$	4,019	\$	\$	\$	\$	(5,582)				
Orion Foods, LLC	\$	6,500	\$	220	\$	4,972	\$	\$	406	\$	(10,400)			
Senior Secured Loan Fund LLC*	\$	83,159	\$	17,937	\$	87,743	\$	17,587	\$	8,004	\$	173	\$	1,413
Stag-Parkway, Inc.	\$	\$	\$	\$	2,151	\$	\$	388	\$	125	\$	\$	\$	7,964
Startec Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
The Thymes, LLC	\$	\$	\$	\$	\$	\$	242	\$	\$	\$	\$	\$	728	

*

Together with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE"), we co-invest through the Senior Secured Loan Fund LLC d/b/a the "Senior Secured Loan Program" (the "SSLP"). The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE; therefore, although the Company owns more than 25% of the voting securities of the SSLP, the Company does not believe that it has control over the SSLP (for purposes of the Investment Company Act or otherwise).

F-111

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of June 30, 2012
(dollar amounts in thousands)
(unaudited)

- (8) Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets.
- (9) Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets.
- (10) In the first quarter of 2011, the staff of the Securities and Exchange Commission (the "Staff") informally communicated to certain business development companies the Staff's belief that certain entities, which would be classified as an "investment company" under the Investment Company Act but for the exception from the definition of "investment company" set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) of the Investment Company Act). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the "Concept Release") which states that "[a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which Congress intended BDCs primarily to invest" and requested comment on whether or not a 3a-7 issuer should be considered an "eligible portfolio company". Ares Capital provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a business development company to treat as "eligible portfolio companies" entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release), Ares Capital has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified these entities in our schedule of investments as "non-qualifying assets" should the Staff ultimately disagree with Ares Capital's position.
- (11) Variable rate loans to our portfolio companies bear interest at a rate that may be determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, we have provided the interest rate in effect on the date presented.
- (12) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 5.00% on \$17 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (13) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.50% on \$12 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (14) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 4.00% on \$43 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (15) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 1.13% on \$21 million aggregate principal amount outstanding of the portfolio company's senior term debt.
- (16) Loan was on non-accrual status as of June 30, 2012.
- (17) Loan includes interest rate floor feature.
- (18) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle us to receive a portion of the excess cash flow from the SSLP's loan portfolio, which may result in a return to the Company greater than the contractual stated interest rate.

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

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

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Partnership Capital Growth Fund III, L.P.(8)	Investment partnership	Limited partnership interest (2.50% interest)	10/5/2011	1,322	1,250	
Senior Secured Loan Fund LLC(6)(9)(17)	Co-investment vehicle	Subordinated certificates (\$1,044,977 par due 12/2020)	8.38% (Libor + 8.00%/Q) 10/30/2009	1,034,254	1,059,178	
VSC Investors LLC(8)	Investment company	Membership interest (1.95% interest)	1/24/2008	1,139	997	
				1,222,460	1,203,068	38.23%

Healthcare-Services

BenefitMall Holdings Inc.(6)	Employee benefits broker services company	Senior subordinated loan (\$40,326 par due 6/2014)	18.00%	4/1/2010	40,326	40,326
		Common stock (39,274,290 shares)		4/1/2010	53,510	59,990
		Warrants		4/1/2010		
					93,836	100,316
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,158

F-113

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC(5)	Healthcare analysis services	Senior secured loan (\$7,245 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,245	6,883(2)(16)	
		Senior secured loan (\$18 par due 3/2017)	8.75% (Base Rate + 5.50%/Q)	3/15/2011	18	17(2)(16)	
		Senior secured loan (\$7,642 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,642	7,260(3)(16)	
		Senior secured loan (\$19 par due 3/2017)	8.75% (Base Rate + 5.50%/Q)	3/15/2011	19	18(3)(16)	
		Class A common stock (9,679 shares)		6/15/2007	4,000	8,745	
		Class C common stock (1,546 shares)		6/15/2007		1,397	
					18,924	24,320	
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,403	
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	Senior secured loan (\$12,638 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	12,638	12,638(16)	
		Senior secured loan (\$44,393 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	44,393	44,393(2)(16)	
		Senior secured loan (\$8,257 par due 9/2016)	9.75% (Libor + 8.75%/Q)	9/15/2010	8,257	8,257(3)(16)	
					65,288	65,288	
MW Dental Holding Corp.	Dental services	Senior secured revolving loan (\$1,700 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	1,700	1,700(16)	
		Senior secured loan (\$15,384 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	15,384	15,384(16)	
		Senior secured loan (\$49,750 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	49,750	49,750(2)(16)	
		Senior secured loan (\$2,686 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	2,686	2,686(3)(16)	
					69,520	69,520	
			8.50% (Libor + 7.00%/Q)	4/15/2011	10,563	10,892(16)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Napa Management Services Corporation	Anesthesia management services provider	Senior secured loan (\$10,892 par due 4/2016)				
		Senior secured loan (\$29,437 par due 4/2016)	8.50% (Libor + 7.00%/Q)	4/15/2011	29,437	29,437(2)(16)
		Senior secured loan (\$7,752 par due 4/2016)	8.50% (Libor + 7.00%/Q)	4/15/2011	7,752	7,752(3)(16)
		Common units (5,000 units)		4/15/2011	5,000	5,513
					52,752	53,594
NS Merger Sub. Inc. and NS Holdings, Inc.	Healthcare technology provider	Senior subordinated loan (\$579 par due 6/2017)	13.50%	6/21/2010	579	579
		Senior subordinated loan (\$50,000 par due 6/2017)	13.50%	6/21/2010	50,000	50,000(2)
		Common stock (2,500,000 shares)		6/21/2010	2,500	2,985
					53,079	53,564
OnCURE Medical Corp.	Radiation oncology care provider	Common stock (857,143 shares)		8/18/2006	3,000	3,073

F-114

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Series A preferred stock (1,594,457 shares)		7/30/2008	11,156	9,218	
		Common stock (16,106 shares)		7/30/2008	100		
					11,256	9,218	
PG Mergersub, Inc. and PGA Holdings, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Senior secured loan (\$9,108 par due 11/2015)	6.75% (Libor + 5.00%/Q)	11/3/2010	9,085	9,108(3)(16)	
		Senior subordinated loan (\$4,000 par due 3/2016)	12.50%	3/12/2008	3,956	4,000	
		Preferred stock (333 shares)		3/12/2008	125	15	
		Common stock (16,667 shares)		3/12/2008	167	754	
					13,333	13,877	
PRA Holdings, Inc.	Drug testing services	Senior secured loan (\$11,330 par due 12/2014)	4.56% (Libor + 4.00%/Q)	12/14/2007	11,034	11,103(2)	
		Senior secured loan (\$12,000 par due 12/2014)	4.56% (Libor + 4.00%/Q)	12/14/2007	11,682	11,760(3)	
					22,716	22,863	
RCHP, Inc.	Operator of general acute care hospitals	Junior secured loan (\$15,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	15,000	15,000(16)	
		Junior secured loan (\$50,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	50,000	50,000(2)(16)	
					65,000	65,000	
Reed Group, Ltd.	Medical disability management services provider	Senior secured revolving loan (\$1,650 par due 12/2013)		4/1/2010	1,497	1,402(15)	
		Senior secured loan (\$10,755 par due 12/2013)		4/1/2010	9,129	9,142(15)	
				4/1/2010	15,918	2,431(15)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

		Senior secured loan (\$20,777 par due 12/2013)		4/1/2010	203	
		Equity interests				
					26,747	12,975
Soteria Imaging Services, LLC(5)	Outpatient medical imaging provider	Junior secured loan (\$1,189 par due 11/2010)	14.50%	4/1/2010	1,057	808
		Junior secured loan (\$1,699 par due 11/2010)	12.50%	4/1/2010	1,529	1,154
		Preferred member units (1,823,179 units)		4/1/2010		
					2,586	1,962
Sunquest Information Systems, Inc.	Laboratory software solutions provider	Junior secured loan (\$75,000 par due 6/2017)	9.75% (Libor + 8.50%/Q)	12/16/2010	75,000	74,250(16)
		Junior secured loan (\$50,000 par due 6/2017)	9.75% (Libor + 8.50%/Q)	12/16/2010	50,000	49,500(2)(16)
					125,000	123,750

F-115

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
U.S. Renal Care, Inc.	Dialysis provider	Senior secured loan (\$7,444 par due 12/2016)	5.50% (Libor + 4.00%/Q)	6/9/2011	7,407	7,295(16)	
		Senior subordinated loan (\$50,569 par due 6/2018)	11.25% Cash, 2.00% PIK	5/24/2010	50,569	50,569(2)	
					57,976	57,864	
Vantage Oncology, Inc.	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	5,057	
					687,797	684,802	21,76%
Education							
American Academy Holdings, LLC	Provider of education, training, certification, and consulting services to medical coders and other healthcare professionals	Senior secured revolving loan (\$100 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	100	100(16)	
		Senior secured loan (\$26,199 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	26,199	26,199(16)	
		Senior secured loan (\$53,468 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	53,468	53,468(2)(16)	
					79,767	79,767	
Campus Management Corp. and Campus Management Acquisition Corp.(5)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	11,096	
Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	Senior secured loan (\$17,857 par due 12/2014)	6.25% (Libor + 5.25%/Q)	12/10/2010	17,857	17,857(16)	
		Junior secured loan (\$31,835 par due 12/2015)	15.40% (Libor + 11.00% Cash, 4.00% PIK /Q)	12/10/2010	31,835	31,835	
		Junior secured loan (\$9,582 par due 12/2015)	15.46% (Libor + 11.00% Cash, 4.00% PIK /Q)	12/10/2010	9,582	9,582	
		Warrants to purchase up to 578,427 shares		12/10/2010		258	
					59,274	59,532	
eInstruction Corporation	Developer and manufacturer of educational	Junior secured loan (\$17,000 par due 7/2014)	12.00% (Base Rate + 8.25%/M)	4/1/2010	15,396	12,410	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

software products		Senior subordinated loan (\$27,281 par due 1/2015)		4/1/2010	24,151	1,467(15)
		Common stock (2,406 shares)		4/1/2010	926	
					40,473	13,877
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation(5)	Developer, manufacturer and distributor of educational products	Preferred stock (99,492 shares)		8/1/2011	10,149	9,154
		Common stock (50,800 shares)		8/1/2011	51	
					10,200	9,154
Infilaw Holding, LLC	Operator of for-profit law schools	Senior secured loan (\$29,925 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	29,925	29,925(2)(16)
		Series A preferred units (131,000 units)	10.75% (Base Rate + 7.50%/Q)	8/25/2011	131,000	131,000(16)
					160,925	160,925

F-116

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	Series B preferred stock (1,750,000 shares)		8/5/2010	5,000	6,153	
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	303	
		Common stock (20 shares)		6/7/2010			
					5,689	6,456	
JTC Education Holdings, Inc.	Postsecondary school operator	Senior secured revolving loan (\$2,225 par due 12/2014)	12.75% (Base Rate + 9.50%/Q)	12/31/2009	2,225	2,225(16)	
		Senior secured loan (\$20,056 par due 12/2014)	12.50% (Libor + 9.50%/M)	12/31/2009	20,056	20,056(16)	
		Senior secured loan (\$9,714 par due 12/2014)	12.50% (Libor + 9.50%/M)	12/31/2009	9,714	9,714(3)(16)	
					31,995	31,995	
Lakeland Tours, LLC	Educational travel provider	Senior secured revolving loan (\$3,750 par due 12/2016)	6.75% (Base Rate + 3.50%/Q)	10/4/2011	3,750	3,750(16)	
		Senior secured loan (\$64,338 par due 12/2016)	10.00% (Libor + 8.50%/Q)	10/4/2011	64,136	64,338(13)(16)	
		Senior secured loan (\$15,362 par due 12/2016)	6.00% (Libor + 4.50%/Q)	10/4/2011	15,314	15,362(16)	
		Senior secured loan (\$40,362 par due 12/2016)	10.00% (Libor + 8.50%/Q)	10/4/2011	40,231	40,362(2)(13)(16)	
		Senior secured loan (\$9,638 par due 12/2016)	6.00% (Libor + 4.50%/Q)	10/4/2011	9,606	9,638(2)(16)	
		Common stock (5,000 shares)		10/4/2011	5,000	5,000	
					138,037	138,450	
R3 Education, Inc. and EIC Acquisitions Corp.(7)	Medical school operator	Senior secured loan (\$6,162 par due 4/2013)	9.00% (Libor + 6.00%/Q)	9/21/2007	6,162	11,508(16)	
		Senior secured loan (\$4,819 par due 4/2013)	9.00% (Libor + 6.00%/Q)	9/21/2007	4,819	8,996(3)(16)	
		Senior secured loan (\$6,509 par due 4/2013)	13.00% PIK	12/8/2009	4,030	12,149	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Preferred stock (8,800 shares)	7/30/2008	2,200	1,650	
Common membership interest (26.27% interest)	9/21/2007	15,800	23,207	
Warrants to purchase up to 27,890 shares	12/8/2009			
		33,011	57,510	
		569,891	568,762	18.07%

F-117

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Restaurants and Food Services							
ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan (\$2,010 par due 11/2013)	6.50% (Libor + 3.50%/Q)	11/27/2006	2,010	2,010(16)	
		Senior secured revolving loan (\$258 par due 11/2013)	6.50% (Base Rate + 2.50%/Q)	11/27/2006	258	258(16)	
		Senior secured loan (\$7,305 par due 11/2013)	6.50% (Libor + 3.50%/Q)	11/27/2006	7,305	7,305(16)	
		Senior secured loan (\$64 par due 11/2013)	6.50% (Base Rate + 2.50%/Q)	11/27/2006	64	64(16)	
		Senior secured loan (\$11,277 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	11,280	11,277(2)(16)	
		Senior secured loan (\$9,402 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	9,402	9,402(3)(16)	
		Promissory note (\$14,897,360 par due 11/2016)		6/1/2006	14,886	10,905	
		Warrants to purchase up to 0.61 shares		6/1/2006			
					45,205	41,221	
Huddle House, Inc.(6)	Restaurant owner and operator	Senior subordinated loan (\$20,924 par due 12/2015)	12.00% Cash, 3.00% PIK	4/1/2010	20,641	18,939	
		Common stock (358,279 shares)		4/1/2010			
					20,641	18,939	
Orion Foods, LLC (fka Hot Stuff Foods, LLC)(6)	Convenience food service retailer	Senior secured revolving loan (\$3,300 par due 9/2014)	10.75% (Base Rate + 7.50%/M)	4/1/2010	3,300	3,300(16)	
		Senior secured loan (\$33,917 par due 9/2014)	10.00% (Libor + 8.50%/Q)	4/1/2010	33,917	33,917(2)(16)	
		Junior secured loan (\$37,552 par due 9/2014)	14.00%	4/1/2010	26,111	30,483	
		Preferred units (10,000 units)		10/28/2010			
		Class A common units (25,001 units)		4/1/2010			
		Class B common units (1,122,452 units)		4/1/2010			
					63,328	67,700	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

OTG Management, Inc.	Airport restaurant operator	Senior secured revolving loan (\$1,875 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/9/2011	1,875	1,875(16)
		Senior secured revolving loan (\$937 par due 8/2016)	9.25% (Base Rate + 6.00%/M)	8/9/2011	937	937(16)
		Senior secured loan (\$17,187 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/9/2011	17,187	17,187(16)
		Junior secured loan (\$29,285 par due 8/2016)	14.50% (Libor + 13.00%/M)	8/9/2011	29,285	29,285(16)
		Common units (3,000,000 units)		1/5/2011	3,000	2,610
		Warrants to purchase up to 100,866 shares of common stock		6/19/2008	100	4,544
					52,384	56,438
F-118						

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2011

(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
PMI Holdings, Inc.	Restaurant owner and operator	Senior secured revolving loan (\$2,500 par due 5/2015)	10.00% (Libor + 8.00%/M)	5/5/2010	2,500	2,500(16)	
		Senior secured revolving loan (\$250 par due 5/2015)	10.25% (Base Rate + 7.00%/Q)	5/5/2010	250	250(16)	
		Senior secured loan (\$9,008 par due 5/2015)	10.00% (Libor + 8.00%/M)	5/5/2010	9,008	9,008(2)(16)	
		Senior secured loan (\$4 par due 5/2015)	10.25% (Base Rate + 7.00%/M)	5/5/2010	4	4(2)(16)	
		Senior secured loan (\$9,008 par due 5/2015)	10.00% (Libor + 8.00%/M)	5/5/2010	9,008	9,008(3)(16)	
		Senior secured loan (\$4 par due 5/2015)	10.25% (Base Rate + 7.00%/M)	5/5/2010	4	4(3)(16)	
					20,774	20,774	
S.B. Restaurant Company	Restaurant owner and operator	Senior secured loan (\$34,575 par due 7/2012)	13.00% (Libor + 9.00% Cash, 2.00% PIK /Q)	4/1/2010	31,283	34,575(16)	
		Preferred stock (46,690 shares)		4/1/2010		117	
		Warrants to purchase up to 257,429 shares of common stock		4/1/2010			
					31,283	34,692	
Vistar Corporation and Wellspring Distribution Corp.	Food service distributor	Junior secured loan (\$70,250 par due 5/2015)	11.00%	5/23/2008	68,885	70,250	
		Junior secured loan (\$30,000 par due 5/2015)	11.00%	5/23/2008	30,000	30,000(2)	
		Class A non-voting common stock (1,366,120 shares)		5/3/2008	7,500	6,211	
					106,385	106,461	
					340,000	346,225	11.00%
Business Services							
Acentia (fka Interactive Technology Solutions, LLC)	IT services provider	Senior secured loan (\$7,332 par due 6/2015)	8.75% (Base Rate + 5.50%/Q)	10/21/2010	7,332	7,332(16)	
				10/21/2010	8,214	8,214(3)(16)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Senior secured loan 8.75%
(\$8,214 par due (Base Rate + 5.50%/Q)
6/2015)

15,546 15,546

Aviation Properties Corporation(6)	Aviation services	Common stock (100 shares)	4/1/2010		
CIBT Investment Holdings, LLC	Travel documents services	Class A shares (2,500 shares)	12/15/2011	2,500	2,500
CitiPostal Inc.(6)	Document storage and management services	Senior secured revolving loan (\$3,200 par due 12/2013)	6.75% (Base Rate + 3.25%/Q)	4/1/2010	3,200 3,200(16)
		Senior secured loan (\$499 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	499 499
		Senior secured loan (\$51,161 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	51,161 51,161(2)
		Senior subordinated loan (\$14,698 par due 12/2015)		4/1/2010	13,038 1,574(15)
		Common stock (37,024 shares)	4/1/2010		
					67,898 56,434

F-119

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Cornerstone Records Management, LLC	Physical records storage and management service provider	Senior secured loan (\$18,377 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/12/2011	18,377	18,193(16)	
Coverall North America, Inc.(6)	Commercial janitorial service provider	Subordinated notes (\$9,386 par due 2/2016)	10.00% Cash, 2.00% PIK	2/22/2011	9,386	9,386	
Diversified Collections Services, Inc.	Collections services	Senior secured loan (\$34,000 par due 9/2012)	14.00% (Base Rate + 10.75%/M)	6/25/2010	34,000	34,000(2)(16)	
		Senior secured loan (\$5,263 par due 3/2012)	7.75% (Base Rate + 4.50%/M)	6/25/2010	5,263	5,263(3)(16)	
		Senior secured loan (\$2,000 par due 9/2012)	14.00% (Base Rate + 10.75%/M)	6/25/2010	2,000	2,000(3)(16)	
		Preferred stock (14,927 shares)		5/18/2006	169	328	
		Common stock (478,816 shares)		4/1/2010	1,478	3,274	
		Common stock (114,004 shares)		2/5/2005	295	918	
					43,205	45,783	
HCP Acquisition Holdings, LLC(6)	Healthcare compliance advisory services	Class A units (11,092,585 units)		6/26/2008	11,093	4,923	
Impact Innovations Group, LLC	IT consulting and outsourcing services	Member interest (50.00% interest)		4/1/2010		200	
Investor Group Services, LLC(5)	Business consulting for private equity and corporate clients	Limited liability company membership interest (10.00% interest)		6/22/2006		859	
Multi-Ad Services, Inc.(5)	Marketing services and software provider	Preferred units (1,725,280 units)		4/1/2010	788	1,828	
		Common units (1,725,280 units)		4/1/2010			
					788	1,828	
MVL Group, Inc.(6)	Marketing research provider	Senior secured loan (\$22,772 par due 7/2012)	12.00%	4/1/2010	22,772	22,772	
		Senior subordinated loan (\$35,851 par due 7/2012)	12.00% Cash, 2.50% PIK	4/1/2010	35,283	33,844	
		Junior subordinated loan (\$144 par due 7/2012)	10.00%	4/1/2010			

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

		Common stock (560,716 shares)	4/1/2010		
				58,055	56,616
Pillar Processing LLC and PHL Holding Co.(5)	Mortgage services	Senior secured loan (\$7,375 par due 5/2014)	7/31/2008	7,375	1,250(15)
		Senior secured loan (\$7,142 par due 11/2013)	11/20/2007	7,064	6,571(15)
		Senior secured loan (\$4,458 par due 11/2013)	11/20/2007	4,409	4,101(3)(15)
		Common stock (85 shares)		3,768	
				22,616	11,922

F-120

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Prommis Solutions, LLC, E-Default Services, LLC, Statewide Tax and Title Services, LLC & Statewide Publishing Services, LLC	Bankruptcy and foreclosure processing services	Senior subordinated loan (\$44,926 par due 2/2014)		2/9/2007	43,819	5,273(15)	
		Preferred units (30,000 units)		4/11/2006	3,000		
					46,819	5,273	
Promo Works, LLC	Marketing services	Senior secured loan (\$8,655 par due 12/2013)		4/1/2010	4,222	3,389(15)	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	157	
Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (45.98% interest)		5/20/2011		566	
Tradesmen International, Inc.	Construction labor support	Junior secured loan (\$10,050 par due 5/2014)	13.00% Cash, 1.00% PIK	4/1/2010	7,872	10,050	
		Warrants to purchase up to 771,036 shares		4/1/2010		5,002	
					7,872	15,052	
Tripwire, Inc.	IT security software provider	Senior secured loan (\$30,000 par due 5/2018)	8.50% (Libor + 7.25%/Q)	5/23/2011	30,000	30,000(16)	
		Senior secured loan (\$50,000 par due 5/2018)	8.50% (Libor + 7.25%/Q)	5/23/2011	50,000	50,000(2)(16)	
		Class B common stock (2,655,638 shares)		5/23/2011	30	38	
		Class A common stock (2,970 shares)		5/23/2011	2,970	3,754	
					83,000	83,792	
Venturehouse-Cibernet Investors, LLC	Financial settlement services for intercarrier wireless roaming	Equity interest		4/1/2010			
VSS-Tranzact Holdings, LLC(5)	Management consulting services	Series B preferred units (854 units)		11/7/2011	867	768	
		Common membership interest (8.54% interest)		10/26/2007	10,204	200	
		Warrants to purchase up to 4,206 units		11/7/2011		98	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

11,071	1,066	
402,698	333,485	10.60%

Financial Services

AllBridge Financial, LLC(6)	Asset management services	Equity interests		4/1/2010	11,395	11,733
Callidus Capital Corporation(6)	Asset management services	Common stock (100 shares)		4/1/2010	3,000	776
Ciena Capital LLC(6)	Real estate and small business loan servicer	Senior secured revolving loan (\$14,000 par due 12/2013)	6.00%	11/29/2010	14,000	14,000
		Senior secured loan (\$32,000 par due 12/2015)	12.00%	11/29/2010	32,000	32,000
		Equity interests		11/29/2010	53,374	20,051
					99,374	66,051

F-121

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$19,500 par due 6/2015)	15.00%	4/1/2010	19,500	19,500	
Cook Inlet Alternative Risk, LLC	Risk management services	Senior subordinated loan (\$3,750 par due 9/2015)	9.00%	9/30/2011	3,750	3,550	
Financial Pacific Company	Commercial finance leasing	Preferred stock (6,500 shares) Common stock (650,000 shares)	8.00% PIK	10/13/2010 10/13/2010	6,500 6,500	7,822 7,822	
Imperial Capital Group, LLC	Investment services	Class A common units (7,710 units) 2006 Class B common units (2,526 units) 2007 Class B common units (315 units)		5/10/2007 5/10/2007 5/10/2007	14,997 3 15,000	20,445 4 20,449	
Ivy Hill Asset Management, L.P.(6)(8)	Asset management services	Member interest (100.00% interest)		6/15/2009	112,876 271,395	194,597 324,478	
							10.31%
Consumer Products Non-durable							
Augusta Sportswear, Inc.	Manufacturer of athletic apparel	Senior secured loan (\$26 par due 7/2015) Senior secured loan (\$8,819 par due 7/2015)	9.50% (Base Rate + 6.25%/Q) 8.50% (Libor + 7.50%/Q)	9/3/2010 9/3/2010	26 8,819 8,845	26(3)(16) 8,819(3)(16) 8,845	
Gilchrist & Soames, Inc.	Personal care manufacturer	Senior secured loan (\$21,941 par due 10/2013)	13.44%	4/1/2010	21,435	21,941	
Implus Footcare, LLC	Provider of footwear and other accessories	Preferred stock (455 shares) Common stock (455 shares)	6.00% PIK	10/31/2011 10/31/2011	4,591 455 5,046	4,591 455 5,046	
Insight Pharmaceuticals Corporation(5)	OTC drug products manufacturer	Junior secured loan (\$25,000 par due	13.25% (Libor + 11.75%/Q)	8/26/2011	24,740	24,000(2)(16)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

8/2017)			
Class A common stock	8/26/2011	6,035	9,559
(155,000 shares)			
Class B common stock	8/26/2011	6,035	9,559
(155,000 shares)			

		36,810	43,118
--	--	--------	--------

Making Memories Wholesale, Inc.(6)	Scrapbooking branded products manufacturer	Senior secured revolving loan (\$2,250 par due 8/2014)	8/21/2009	2,229	963(15)
		Senior secured loan (\$9,625 par due 8/2014)	8/21/2009	7,193	(15)
		Senior secured loan (\$5,973 par due 8/2014)	8/21/2009	3,874	(15)
		Common stock (100 shares)	8/21/2009		
				13,296	963

F-122

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of over-the-counter healthcare products	Senior secured revolving loan (\$10,000 par due 6/2016)	13.00% (Libor + 12.00%/M)	6/30/2011	10,000	9,700(16)	
		Senior secured loan (\$41,437 par due 6/2016)	13.00% (Libor + 12.00%/Q)	6/30/2011	41,178	40,194(2)(16)	
		Warrants to purchase up to 1,654,678 shares of common stock		7/27/2011			
		Warrants to purchase up to 1,489 shares of preferred stock		7/27/2011		1,504	
					51,178	51,398	
The Step2 Company, LLC	Toy manufacturer	Junior secured loan (\$27,000 par due 4/2015)	10.00%	4/1/2010	25,764	27,000	
		Junior secured loan (\$31,178 par due 4/2015)	10.00% Cash, 5.00% PIK	4/1/2010	29,879	28,060	
		Common units (1,116,879 units)		4/1/2010	24	25	
		Warrants to purchase up to 3,157,895 units		4/1/2010		72	
					55,667	55,157	
The Thymes, LLC(6)	Cosmetic products manufacturer	Preferred units (6,283 units)	8.00% PIK	6/21/2007	6,111	6,420	
		Common units (5,400 units)		6/21/2007		754	
					6,111	7,174	
Woodstream Corporation	Pet products manufacturer	Senior subordinated loan (\$45,000 par due 2/2015)	12.00%	1/22/2010	40,444	44,100	
		Common stock (4,254 shares)		1/22/2010	1,222	2,280	
					41,666	46,380	
					240,054	240,022	7.63%
Containers Packaging							
ICSH, Inc.	Industrial container manufacturer, reconditioner and servicer	Senior secured loan (\$71,318 par due 8/2016)	8.00% (Libor + 7.00%/Q)	8/31/2011	71,318	69,891(16)	
		Senior secured loan (\$49,873 par due 8/2016)	8.00% (Libor + 7.00%/Q)	8/31/2011	49,873	48,875(2)(16)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

8/2016)								
					121,191	118,766		
Microstar Logistics LLC	Keg management solutions provider	Junior secured loan (\$60,000 par due 8/2016)	10.00% (Libor + 9.00%/Q)	8/5/2011	60,000	60,000(16)		
		Junior secured loan (\$50,000 par due 8/2016)	10.00% (Libor + 9.00%/Q)	8/5/2011	50,000	50,000(2)(16)		
						110,000	110,000	
						231,191	228,766	7.27%
Aerospace and Defense								
AP Global Holdings, Inc.	Safety and security equipment manufacturer	Senior secured loan (\$134,475 par due 7/2017)	7.25% (Libor + 5.75%/M)	7/22/2011	134,475	132,794(14)(16)		
		Senior secured loan (\$49,875 par due 7/2017)	7.25% (Libor + 5.75%/M)	7/22/2011	49,875	49,252(2)(16)		
						184,350	182,046	

F-123

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
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	95	95	
		Common stock (1,885,195 shares)		1/17/2008	2,291	1,920	
					2,386	2,015	
					186,736	184,061	5.85%
Manufacturing							
Component Hardware Group, Inc.	Commercial equipment	Junior secured loan (\$3,106 par due 12/2014)	7.00% Cash, 3.00% PIK	8/4/2010	3,106	3,106	
		Senior subordinated loan (\$10,596 par due 12/2014)	7.50% Cash, 5.00% PIK	4/1/2010	6,932	10,596	
		Warrants to purchase up to 1,462,500 shares of common stock		8/4/2010		3,181	
					10,038	16,883	
HOPPY Holdings Corp.	Automotive and recreational vehicle aftermarket products	Senior secured loan (\$13,988 par due 6/2016)	5.00% (Libor + 3.75%/M)	6/3/2011	13,988	13,289(16)	
MWI Holdings, Inc.	Highly engineered springs, fasteners, and other precision components	Senior secured loan (\$29,914 par due 6/2017)	10.00% (Libor + 8.00%/Q)	6/15/2011	29,914	29,914(16)	
NetShape Technologies, Inc.	Metal precision engineered components manufacturer	Senior secured revolving loan (\$91 par due 2/2013)	3.96% (Libor + 3.75%/M)	4/1/2010	44	69	
		Senior secured revolving loan (\$778 par due 2/2013)	4.33% (Libor + 3.75%/Q)	4/1/2010	374	587	
					418	656	
Protective Industries, Inc.	Plastic protection products	Senior secured loan (\$14 par due 5/2017)	6.25% (Base Rate + 3.00%/M)	5/23/2011	14	14(16)	
		Senior secured loan (\$5,589 par due 5/2017)	5.75% (Libor + 4.25%/M)	5/23/2011	5,589	5,421(16)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

		Senior subordinated loan (\$720 par due 5/2018)	8.00% Cash, 7.25% PIK	5/23/2011	720	720	
		Preferred stock (2,379,361 shares)		5/23/2011	2,307	3,101	
					8,630	9,256	
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1,000		
Sigma International Group, Inc.(7)	Water treatment parts	Junior secured loan (\$4,048 par due 4/2014)	10.00% (Libor + 3.50% Cash, 5.00% PIK /A)	7/8/2011	4,048	3,036(16)	
WP CPP Holdings, LLC	Precision engineered castings	Senior secured loan (\$20,822 par due 10/2017)	8.50% (Libor + 7.00%/M)	10/11/2011	20,720	20,406(16)	
		Senior secured loan (\$50,000 par due 10/2017)	8.50% (Libor + 7.00%/M)	10/11/2011	49,745	49,000(2)(16)	
					70,465	69,406	
					138,501	142,440	4.53%

F-124

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Services Other							
The Dwyer Group(5)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$17,100 par due 12/2016)	14.50%	12/22/2010	17,100	17,100	
		Series A preferred units (13,292,377 units)	8.00% PIK	12/22/2010	14,413	17,011	
					31,513	34,111	
Wash Multifamily Laundry Systems, LLC (fka Web Services Company, LLC)	Laundry service and equipment provider	Senior secured loan (\$4,850 par due 8/2014)	7.00% (Base Rate + 3.75%/Q)	6/15/2009	4,723	4,850(3)(16)	
		Junior secured loan (\$36,900 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	36,900	36,900(16)	
		Junior secured loan (\$50,000 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	50,000	50,000(2)(16)	
		Junior secured loan (\$3,100 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	3,100	3,100(3)(16)	
					94,723	94,850	
					126,236	128,961	4.10%
Telecommunications							
American Broadband Communications, LLC, American Broadband Holding Company and Cameron Holdings of NC, Inc.	Broadband communication services	Senior secured loan (\$8,754 par due 9/2013)	7.50% (Libor + 5.50%/Q)	9/1/2010	8,754	8,754(3)(16)	
		Senior subordinated loan (\$10,529 par due 11/2014)	12.00% Cash, 2.00% PIK	11/7/2007	10,529	10,529	
		Senior subordinated loan (\$22,150 par due 11/2014)	12.00% Cash, 4.00% PIK	9/1/2010	22,150	22,150	
		Senior subordinated loan (\$33,429 par due 11/2014)	12.00% Cash, 2.00% PIK	2/8/2008	33,429	33,429(2)	
		Warrants to purchase up to 378 shares		11/7/2007		6,286	
		Warrants to purchase up to 200 shares		9/1/2010		3,326	
					74,862	84,474	
Dialog Telecom LLC				6/20/2011	16,412	16,412(16)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Broadband communication services	Senior secured loan (\$16,412 par due 12/2012)	12.08% (Libor + 7.50% Cash, 4.00% PIK /Q)
----------------------------------	--	---

Startec Equity, LLC(6)	Communication services	Member interest	4/1/2010			
				91,274	100,886	3.21%

Grocery

Grocery Outlet Inc.	Value grocery retailer	Senior secured revolving loan (\$3,100 par due 12/2017)	11.25% (Base Rate + 8.00%/Q)	12/15/2011	3,100	3,100(16)
		Senior secured loan (\$91,500 par due 12/2017)	10.50% (Libor + 9.00%/Q)	12/15/2011	91,500	91,500(16)
					94,600	94,600
					94,600	94,600
						3.01%

F-125

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Retail							
Direct Buy Holdings, Inc. and Direct Buy Investors, LP(5)	Membership based buying club franchisor and operator	Limited partnership interest (66,667 shares)		4/1/2010	2,594		
		Limited partnership interest (83,333 shares)		11/30/2007	8,333		
					10,927		
Fulton Holdings Corp.	Airport restaurant operator	Senior secured loan (\$40,000 par due 5/2016)	12.50%	5/28/2010	40,000	40,000(2)(11)	
		Common stock (19,672 shares)		5/28/2010	1,967	1,618	
					41,967	41,618	
Savers, Inc. and SAI Acquisition Corporation	For-profit thrift retailer	Common stock (1,218,481 shares)		8/8/2006	4,909	12,556	
Things Remembered Inc. and TRM Holdings Corporation	Personalized gifts retailer	Senior secured loan (\$21,433 par due 3/2014)	9.00% (Base Rate + 7.00%/M)	9/28/2006	21,414	21,433(16)	
		Senior secured loan (\$8,226 par due 3/2014)	9.00% (Base Rate + 7.00%/M)	9/28/2006	8,302	8,226(3)(16)	
		Class B Preferred stock (73 shares)		3/19/2009		2,056	
		Preferred stock (80 shares)		9/28/2006	1,800	2,249	
		Common stock (800 shares)		9/28/2006	200	2,172	
		Warrants to purchase up to 859 shares of preferred stock		3/19/2009		2,324	
					31,716	38,460	
					89,519	92,634	2.94%
Energy							
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant operator	Junior secured loan (\$59,000 par due 8/2018)	10.25% (Libor + 8.75%/Q)	8/9/2011	57,775	56,050(16)	
USG Nevada LLC	Geothermal, renewable energy, developer for electrical power and direct uses	Junior secured loan (\$7,500 par due 6/2012)	3.94% (Libor + 3.50%/Q)	11/9/2011	7,500	7,500	
					65,275	63,550	2.02%

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Automotive Services

Driven Holdings, LLC	Automotive aftermarket car care franchisor	Preferred stock (247,500 units)	12/16/2011	2,475	2,475
		Common stock (25,000 units)	12/16/2011	25	25
				2,500	2,500

F-126

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Stag-Parkway, Inc.(6)	Automotive aftermarket components supplier	Senior secured loan (\$34,500 par due 12/2014)	12.50% (Libor + 11.00%/Q)	9/30/2010	34,500	34,500(16)	
		Preferred stock (4,200 shares)	16.50% PIK	9/30/2010	2,368	4,200	
		Common stock (10,200 shares)		9/30/2010		14,807	
					36,868	53,507	
					39,368	56,007	1.78%
Commercial Real Estate Finance							
10th Street, LLC(5)	Real estate holding company	Senior subordinated loan (\$24,213 par due 11/2014)	8.93% Cash, 4.07% PIK	4/1/2010	24,213	24,213	
		Member interest (10.00% interest)		4/1/2010	594	529	
		Option (25,000 units)		4/1/2010	25	25	
					24,832	24,767	
Allied Capital REIT, Inc.(6)	Real estate investment trust	Real estate equity interests		4/1/2010	50	50	
		Real estate equity interests		4/1/2010	325	639	
					375	689	
American Commercial Coatings, Inc.	Real estate property	Commercial mortgage loan (\$2,000 par due 12/2025)		4/1/2010	1,611	1,967(15)	
Aquila Binks Forest Development, LLC	Real estate developer	Commercial mortgage loan (\$13,477 par due 12/2014)		4/1/2010	11,900	4,013(15)	
		Real estate equity interests		4/1/2010			
					11,900	4,013	
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010	1,026	2,507	
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010			
Crescent Hotels & Resorts, LLC and affiliates(6)	Hotel operator	Senior secured loan (\$433 par due 6/2010)	10.00%	4/1/2010	433	444	
		Senior subordinated loan (\$9,071 par due 1/2012)		4/1/2010	1,475	138(15)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

		Senior subordinated loan (\$9,399 par due 6/2017)	4/1/2010	2,410	241(15)	
		Senior subordinated loan (\$10,967 par due 9/2012)	4/1/2010	2,051	202(15)	
		Senior subordinated loan (\$261 par due 3/2013)	4/1/2010	263	9(15)	
		Senior subordinated loan (\$2,236 par due 9/2011)	4/1/2010		(15)	
		Preferred equity interest	4/1/2010		39	
		Common equity interest	4/1/2010	35		
				6,667	1,073	
Hot Light Brands, Inc.(6)	Real estate holding company	Senior secured loan (\$35,239 par due 2/2011)	4/1/2010	3,945	3,692(15)	
		Common stock (93,500 shares)	4/1/2010			
				3,945	3,692	
NPH, Inc.	Hotel property	Real estate equity interests	4/1/2010	5,291	7,959	
				55,647	46,667	1.48%

F-127

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Food and Beverage							
Apple & Eve, LLC and US Juice Partners, LLC(5)	Juice manufacturer	Senior secured revolving loan (\$2,000 par due 10/2013)	12.00% (Libor + 9.00%/M)	10/5/2007	2,000	2,000(16)	
		Senior secured revolving loan (\$2,500 par due 10/2013)	12.00% (Base Rate + 8.00%/Q)	10/5/2007	2,500	2,500(16)	
		Senior secured loan (\$13,325 par due 10/2013)	12.00% (Libor + 9.00%/M)	10/5/2007	13,325	13,325(16)	
		Senior secured loan (\$14,019 par due 10/2013)	12.00% (Libor + 9.00%/M)	10/5/2007	14,019	14,019(3)(16)	
		Senior units (50,000 units)		10/5/2007	5,000	3,326	
					36,844	35,170	
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated loan (\$7,615 par due 2/2013)	16.00% PIK	2/6/2008	7,615	7,615	
		Preferred stock (6,258 shares)		9/1/2006	2,500	1,519	
					10,115	9,134	
Distant Lands Trading Co.	Coffee manufacturer	Class A common stock (1,294 shares)		4/1/2010	980	568	
		Class A-1 common stock (2,157 shares)		4/1/2010			
					980	568	
					47,939	44,872	1.43%
Consumer Products Durable							
Bushnell Inc.	Sports optics manufacturer	Junior secured loan (\$41,325 par due 2/2014)	7.08% (Libor + 6.50%/Q)	4/1/2010	33,467	37,192	
					33,467	37,192	1.18%
Transportation							
PODS Funding Corp.	Storage and warehousing	Junior subordinated loan (\$37,020 par due 5/2017)	10.50% Cash, 5.00% PIK	11/29/2011	37,020	37,020	
United Road Towing, Inc.	Towing company	Warrants to purchase up to 607 shares		4/1/2010			
					37,020	37,020	1.18%

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Environmental Services

AWTP, LLC(6)	Water treatment services	Junior secured loan (\$4,109 par due 6/2015)	5.00% Cash, 5.00% PIK	4/18/2011	4,109	4,109	
		Junior secured loan (\$896 par due 6/2015)	15.00% PIK	4/18/2011	896	623	
		Junior secured loan (\$4,518 par due 6/2015)	15.00% PIK	4/18/2011	4,518	3,142(3)	
		Membership interests (90% interest)		4/18/2011			
					9,523	7,874	
RE Community Holdings II, Inc.and Pegasus Community Energy, LLC.	Operator of municipal recycling facilities	Preferred stock (1,000 shares)	12.50% PIK	3/1/2011	8,311	8,283	
Waste Pro USA, Inc	Waste management services	Preferred Class A common equity (611,615 shares)		11/9/2006	12,263	20,540	
					30,097	36,697	1.17%

F-128

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Oil and Gas							
Geotrace Technologies, Inc.	Reservoir processing, development	Warrants to purchase up to 69,978 shares of common stock		4/1/2010	88		
		Warrants to purchase up to 210,453 shares of preferred stock		4/1/2010	2,805	172	
					2,893	172	
UL Holding Co., LLC	Petroleum product manufacturer	Junior secured loan (\$2,098 par due 12/2012)	9.31% (Libor + 8.88%/Q)	12/24/2007	2,098	2,098	
		Junior secured loan (\$4,073 par due 12/2012)	14.00%	12/24/2007	4,073	4,073	
		Junior secured loan (\$2,000 par due 12/2012)	9.45% (Libor + 8.88%/Q)	6/17/2011	2,000	2,000	
		Junior secured loan (\$5,000 par due 12/2012)	15.00%	8/13/2010	5,000	5,000	
		Junior secured loan (\$2,926 par due 12/2012)	14.00%	12/24/2007	2,926	2,926(2)	
		Junior secured loan (\$835 par due 12/2012)	9.31% (Libor + 8.88%/Q)	12/24/2007	835	835(3)	
		Junior secured loan (\$1,801 par due 12/2012)	14.00%	12/24/2007	1,801	1,801(3)	
		Junior secured loan (\$10,728 par due 12/2012)	9.32% (Libor + 8.88%/Q)	12/24/2007	10,728	10,728(3)	
		Class A common units (8,982 units)		6/17/2011	90	46	
		Class B-4 common units (50,000 units)		4/25/2008	500	255	
		Class B-5 common units (499,000 units)		6/17/2011	4,990	2,541	
		Class C common units (549,491 units)		4/25/2008		2,798	
					35,041	35,101	
					37,934	35,273	1.12%
Chemicals, Plastic and Rubber							
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	Senior secured loan (\$3,603 par due 11/2013)	13.00% Cash, 3.00% PIK	5/22/2006	3,603	3,603	
		Senior secured loan (\$9,967 par due 11/2013)	10.25% (Base Rate + 3.50%/M)	6/29/2011	9,967	9,967(16)	
				6/29/2011	6,639	6,639(16)	

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Senior secured loan (\$6,639 par due 11/2013)	10.00% (Libor + 6.00%/M)			
Senior secured loan (\$5,246 par due 11/2013)	13.00% Cash, 3.00% PIK	5/22/2006	5,246	5,246(2)
Senior secured loan (\$8,227 par due 11/2013)	8.25% (Libor + 4.25%/M)	5/22/2006	8,227	8,227(3)(16)
Senior secured loan (\$915 par due 11/2013)	10.25% (Base Rate + 3.50%/M)	6/29/2011	915	915(3)(16)
Senior secured loan (\$610 par due 11/2013)	10.00% (Libor + 6.00%/M)	6/29/2011	610	610(3)(16)
			35,207	35,207
			35,207	35,207 1.12%

Printing, Publishing and Media

EarthColor, Inc.(6)	Printing management services	Common stock (89,435 shares)	4/1/2010
---------------------	------------------------------	------------------------------	----------

LVCG Holdings LLC(6)	Commercial printer	Membership interests (56.53% interest)	10/12/2007	6,600
----------------------	--------------------	--	------------	-------

F-129

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2011
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(4)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
National Print Group, Inc.	Printing management services	Senior secured revolving loan (\$1,141 par due 10/2013)	9.00% (Libor + 6.00%/M)	3/2/2006	1,141	1,027(16)	
		Senior secured revolving loan (\$1,031 par due 10/2013)	9.00% (Base Rate + 5.00%/M)	3/2/2006	1,031	928(16)	
		Senior secured loan (\$20 par due 10/2013)	10.00% (Libor + 6.00% Cash, 1.00% PIK/Q)	3/2/2006	20	18(16)	
		Senior secured loan (\$7,520 par due 10/2013)	10.00% (Libor + 6.00% Cash, 1.00% PIK/Q)	3/2/2006	7,217	6,919(3)(16)	
		Senior secured loan (\$181 par due 10/2013)	10.00% (Base Rate + 5.00% Cash, 1.00% PIK/M)	3/2/2006	174	166(3)(16)	
		Preferred stock (9,344 shares)		3/2/2006	2,000		
					11,583	9,058	
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (21,711 shares)		9/29/2006	2,171	5,339	
		Common stock (15,393 shares)		9/29/2006	3	13	
					2,174	5,352	
					20,357	14,410	0.46%
Health Clubs							
Athletic Club Holdings, Inc.	Premier health club operator	Senior secured loan (\$11,500 par due 10/2013)	4.80% (Libor + 4.50%/M)	10/11/2007	11,500	11,270(3)(12)	
					11,500	11,270	0.36%
Wholesale Distribution							
BECO Holding Company, Inc.	Wholesale distributor of first response fire protection equipment and related parts	Common stock (25,000 shares)		7/30/2010	2,500	3,151	
					2,500	3,151	0.10%

(1)

Other than our investments listed in footnote 6 below, we do not "Control" any of our portfolio companies, as defined in the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, we would "Control" a portfolio company if we owned more than 25% of its outstanding voting securities and/or had the power to exercise control over the management or policies of such portfolio company. All of our portfolio company investments, which as of December 31, 2011 represented 162% of the Company's net assets or 95% of the Company's total assets, are subject to legal restrictions on sales.

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

(2)

These assets are owned by the Company's 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).

(3)

Pledged as collateral for the Debt Securitization.

(4)

Investments without an interest rate are non-income producing.

F-130

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Table of Contents

(5)

As defined in the Investment Company Act, we are deemed to be an "Affiliated Person" of a portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the year ended December 31, 2011 in which the issuer was an Affiliated company (but not a portfolio company that we "Control") are as follows:

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend Income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC	\$	\$	\$	\$ 3,096	\$	\$	\$	\$	\$ (48)
Apple & Eve, LLC and US Juice Partners, LLC	\$ 5,500	\$ 3,918	\$	\$ 3,478	\$	\$	\$ 35	\$	\$ (1,709)
BB&T Capital Partners/Windsor Mezzanine Fund, LLC	\$	\$ 2,640	\$ 9,260	\$	\$	\$	\$	\$ 3,902	\$ (3,804)
Carador, PLC	\$	\$	\$ 9,033	\$	\$	\$ 160	\$	\$ (2,989)	\$ 3,700
Campus Management Corp. and Campus Management Acquisition Corp.	\$ 571	\$	\$	\$	\$	\$	\$	\$	\$ (3,308)
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC	\$	\$ 75	\$ 8,763	\$ 943	\$	\$ 2,590	\$	\$ 1,561	\$ (1,364)
Direct Buy Holdings, Inc. and Direct Buy Investors, LP	\$ 38,800	\$ 80,315	\$ 40,695	\$ 2,637	\$	\$	\$	\$ (17,661)	\$ (9,356)
Driven Brands, Inc.	\$	\$ 3,569	\$ 4,939	\$ 255	\$	\$	\$	\$ 4,510	\$ (1,473)
DSI Renal, Inc.	\$	\$ 77,774	\$ 19,684	\$ 7,919	\$	\$	\$ 33	\$ 27,522	\$ (21,565)
The Dwyer Group	\$	\$	\$ 11,708	\$ 3,479	\$	\$ 1,135	\$	\$	\$ 2,598
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation	\$ 137,200	\$ 135,661	\$	\$ 1,056	\$	\$ 203	\$ 22	\$	\$ (1,046)
Firstlight Financial Corporation	\$	\$ 2,988	\$	\$ 681	\$	\$	\$ 250	\$ 12	\$ 16,197
Growing Family, Inc. and GFH Holdings, LLC	\$	\$ 34	\$ 10,296	\$ 615	\$	\$	\$ 13	\$ (1,545)	\$ 5,991
Industrial Container Services, LLC	\$ 3,304	\$ 8,491	\$ 1,800	\$ 69	\$	\$	\$ 109	\$ 19,881	\$ (13,403)
Insight Pharmaceuticals Corporation	\$ 24,730	\$ 56,080	\$	\$ 4,424	\$ 730	\$	\$ 765	\$	\$ 4,944
Investor Group Services, LLC	\$ 500	\$ 500	\$	\$ 3	\$	\$ 206	\$ 9	\$	\$ 295
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$ 462
Pillar Processing LLC and PHL Holding Co.	\$	\$ 12,450	\$	\$ 1,584	\$	\$	\$ 147	\$	\$ (12,628)
Primis Marketing Group, Inc. and Primis Holdings, LLC	\$	\$ 154	\$ 14,068	\$	\$	\$	\$	\$ (14,068)	\$ 14,120
Regency Healthcare Group, LLC	\$	\$	\$ 2,007	\$	\$	\$	\$	\$ 380	\$ 335
Soteria Imaging Services, LLC	\$	\$ 1,419	\$	\$ 321	\$	\$	\$	\$ 72	\$ 12
VSS-Tranzact Holdings, LLC	\$ 867	\$	\$	\$	\$	\$	\$	\$	\$ (6,275)
Universal Environmental Services, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$
Universal Trailer Corporation	\$	\$	\$ 7,930	\$	\$	\$	\$	\$ (7,930)	\$ 7,930

(6)

As defined in the Investment Company Act, we are deemed to be both an "Affiliated Person" and to "Control" this portfolio company because we own more than 25% of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Table of Contents

portfolio company (including through a management agreement). Transactions during the period for the year ended December 31, 2011 in which the issuer was both an Affiliated company and a portfolio company that we are deemed to Control are as follows:

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend Income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
AGILE Fund I, LLC	\$	\$ 36	\$	\$	\$	\$ 10	\$	\$	\$ (37)
Allied Capital REIT, Inc.	\$ 325	\$ 115	\$	\$	\$	\$	\$	\$ 585	\$ (255)
AllBridge Financial, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ (1,379)
Aviation Properties Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$
AWTP, LLC	\$ 2,926	\$	\$	\$ 751	\$	\$	\$	\$	\$ (1,648)
BenefitMall Holdings, Inc.	\$	\$	\$	\$ 7,360	\$	\$	\$ 500	\$	\$ 9,541
Border Foods, Inc.	\$	\$ 28,526	\$ 34,818	\$ 1,401	\$	\$	\$	\$ 5,174	\$ 3,601
Callidus Capital Corporation	\$ 6,000	\$ 3,000	\$	\$	\$	\$	\$	\$	\$ (2,470)
Ciena Capital LLC	\$	\$	\$	\$ 3,549	\$	\$	\$	\$	\$ (27,011)
Citipostal, Inc.	\$ 2,850	\$ 2,802	\$	\$ 7,356	\$	\$	\$ 353	\$	\$ (10,960)
Coverall North America, Inc.	\$	\$ 30,907	\$	\$ 642	\$	\$	\$	\$ (12,334)	\$ 7,624
Crescent Hotels & Resorts, LLC and affiliates	\$	\$	\$	\$ 213	\$	\$	\$	\$	\$ (2,666)
EarthColor, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$
HCI Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ (263)
HCP Acquisition Holdings, LLC	\$ 1,048	\$	\$	\$	\$	\$	\$	\$	\$ (1,196)
Hot Light Brands, Inc.	\$	\$ 929	\$	\$	\$	\$	\$	\$	\$ (8)
Huddle House Inc.	\$	\$	\$	\$ 3,123	\$	\$	\$ 750	\$	\$ 2,129
Industrial Air Tool, LP and affiliates	\$	\$	\$ 13,419	\$	\$	\$ 1,170	\$ 185	\$ 581	\$ (1,517)
Ivy Hill Asset Management, L.P.	\$ 9,419	\$	\$	\$	\$	\$ 19,048	\$	\$	\$ 48,943
Ivy Hill Middle Market Credit Fund, Ltd.	\$	\$	\$	\$ 4,879	\$	\$	\$	\$	\$ 1,899
Knightsbridge CLO 2007-1 Ltd.	\$	\$	\$ 14,852	\$ 1,019	\$	\$	\$	\$ 3,724	\$ 307
Knightsbridge CLO 2008-1 Ltd.	\$	\$ 36,996	\$	\$ 2,568	\$	\$	\$	\$ 1,254	\$ 3,108
LVCG Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$
Making Memories Wholesale, Inc.	\$ 1,750	\$ 345	\$	\$ 34	\$	\$	\$ 2	\$	\$ (7,090)
MVL Group, Inc.	\$	\$	\$	\$ 8,452	\$	\$	\$	\$	\$ (2,525)
Orion Foods, LLC	\$ 3,300	\$ 330	\$	\$ 10,265	\$	\$	\$ 811	\$	\$ (6,832)
Penn Detroit Diesel Allison, LLC	\$	\$ 4,077	\$ 15,993	\$	\$	\$	\$ 500	\$ 18,388	\$ (1,987)
Reflexite Corporation	\$	\$ 9,281	\$ 27,435	\$ 1,130	\$	\$	\$ 39	\$ 40,923	\$ (3,088)
Senior Secured Loan Fund LLC*	\$ 496,816	\$	\$	\$ 118,420	\$ 41,592	\$	\$ 13,307	\$	\$ 688
Stag-Parkway, Inc.	\$	\$	\$	\$ 4,372	\$	\$ 925	\$ 249	\$	\$ 780
Startec Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$
The Thymes, LLC	\$	\$ 1,162	\$	\$	\$	\$ 490	\$	\$	\$ 945

*

Together with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE"), we co-invest through the Senior Secured Loan Fund LLC d/b/a the "Senior Secured Loan Program" (the "SSLP"). The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by GE and the Company; 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).

(7)

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

(8)

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

(9)

In the first quarter of 2011, the staff of the Securities and Exchange Commission (the "Staff") informally communicated to certain business development companies the Staff's belief that certain entities, which would be classified as an "investment company" under the Investment Company Act but for the exception from the definition of "investment company" set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) of the Investment Company Act). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the "Concept Release") which states that "[a]s a general matter, the Commission

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which Congress intended BDCs primarily to invest" and requested comment on whether or not a 3a-7 issuer should be considered an "eligible portfolio company". Ares Capital provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a business development company to treat as "eligible portfolio companies" entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release), Ares Capital has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified these entities in our schedule of investments as "non-qualifying assets" should the Staff ultimately disagree with Ares Capital's position.

(10)

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

(11)

In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 5.00% on \$18 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.

F-132

Table of Contents

- (12) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.50% on \$12 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (13) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 4.00% on \$45 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (14) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 1.25% on \$74 million aggregate principal amount outstanding of the portfolio company's senior term debt previously syndicated by us.
- (15) Loan was on non-accrual status as of December 31, 2011.
- (16) Loan includes interest rate floor feature.
- (17) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle us to receive a portion of the excess cash flow from the SSLP's loan portfolio, which may result in a return to the Company greater than the contractual stated interest rate.

F-133

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Six Months Ended June 30, 2012
(in thousands, except per share data)
(unaudited)

	Common Stock			Accumulated Overdistributed Net Investment Income	Accumulated Net Realized Loss on Investments, Foreign Currency Transactions, Extinguishment of Debt and Other Assets	Net Unrealized Gain (Loss) on Investments	Total Stockholders' Equity
	Shares	Amount	Capital in Excess of Par Value				
Balance at December 31, 2011	205,130	\$ 205	\$ 3,390,354	\$ (10,449)	\$ (218,688)	\$ (14,157)	\$ 3,147,265
Issuance of common stock in add-on offerings (net of offering and underwriting costs)	16,422	16	252,399				252,415
Shares issued in connection with dividend reinvestment plan	599	1	9,682				9,683
Issuance of the Convertible Notes (see Note 5)			4,725				4,725
Net increase in stockholders' equity resulting from operations				164,939	(49,246)	80,786	196,479
Dividends declared (\$0.74 per share)				(164,068)			(164,068)
Balance at June 30, 2012	222,151	\$ 222	\$ 3,657,160	\$ (9,578)	\$ (267,934)	\$ 66,629	\$ 3,446,499

See accompanying notes to consolidated financial statements.

F-134

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	For the six months ended	
	June 30, 2012	June 30, 2011
	(unaudited)	(unaudited)
OPERATING ACTIVITIES:		
Net increase in stockholders' equity resulting from operations	\$ 196,479	\$ 160,689
Adjustments to reconcile net increase in stockholders' equity resulting from operations:		
Realized loss from extinguishment of debt	2,678	19,318
Net realized (gains) losses on investments	46,568	(56,195)
Net unrealized gains on investments	(80,786)	(32,226)
Net accretion of discount on securities	(7,503)	(7,850)
Increase in accrued payment-in-kind interest and dividends	(13,710)	(18,719)
Collections of payment-in-kind interest and dividends	5,217	18,610
Amortization of debt issuance costs	6,672	6,227
Accretion of discount on notes payable	5,362	6,128
Depreciation	398	477
Proceeds from sales and repayments of investments	713,399	966,449
Purchases of investments	(1,086,383)	(1,232,544)
Changes in operating assets and liabilities:		
Interest receivable	(1,899)	(6,282)
Other assets	(8,146)	1,561
Management and incentive fees payable	5,706	37,486
Accounts payable and accrued expenses	(8,434)	4,961
Interest and facility fees payable	2,616	977
Net cash used in operating activities	(221,766)	(130,933)
FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	252,415	
Borrowings on debt	1,250,101	1,403,888
Repayments and repurchases of debt	(1,129,531)	(1,132,983)
Debt issuance costs	(16,064)	(24,177)
Dividends paid	(154,672)	(131,658)
Net cash provided by financing activities	202,249	115,070
CHANGE IN CASH AND CASH EQUIVALENTS	(19,517)	(15,863)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	120,782	100,752
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 101,265	\$ 84,889
Supplemental Information:		
Interest paid during the period	\$ 50,424	\$ 38,356
Taxes, including excise tax, paid during the period	\$ 8,529	\$ 8,306
Dividends declared during the period	\$ 164,068	\$ 143,210

See accompanying notes to consolidated financial statements.

Table of Contents

**ARES CAPITAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of June 30, 2012

(unaudited)

**(in thousands, except per share data, percentages and as otherwise indicated;
for example, with the words "million," "billion" or otherwise)**

1. ORGANIZATION

Ares Capital Corporation (the "Company" or "ARCC" or "we") is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. We have elected to be regulated as a business development company under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). The Company has elected to be treated as a regulated investment company, or a "RIC", under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") and operates in a manner so as to qualify for the tax treatment applicable to RICs.

On April 1, 2010, we consummated our acquisition of Allied Capital Corporation ("Allied Capital"), in an all stock merger where each existing share of common stock of Allied Capital was exchanged for 0.325 shares of our common stock (the "Allied Acquisition"). The Allied Acquisition was valued at approximately \$908 million as of April 1, 2010. In connection therewith, we issued approximately 58.5 million shares of our common stock to Allied Capital's then-existing stockholders.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, we also make equity investments. Also, as a result of the Allied Acquisition, Allied Capital's equity investments, including equity investments larger than those we have historically made and controlled portfolio company equity investments, became part of our portfolio.

We are externally managed by Ares Capital Management LLC ("Ares Capital Management" or our "investment adviser"), a wholly owned subsidiary of Ares Management LLC ("Ares Management"), a global alternative asset manager and a Securities and Exchange Commission ("SEC") registered investment adviser. Ares Operations LLC ("Ares Operations" or our "administrator"), a wholly owned subsidiary of Ares Management, provides the administrative services necessary for us to operate.

Interim financial statements are prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period presented, have been included. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with GAAP, and include the accounts of the Company and its consolidated subsidiaries. The consolidated financial statements reflect all adjustments and reclassifications that, in the opinion of management, are necessary for the fair presentation of the results of the operations and financial condition as of and for the periods presented. All significant intercompany balances and transactions have been eliminated.

Table of Contents

Cash and Cash Equivalents

Cash and cash equivalents include funds from time to time deposited with financial institutions and short-term, liquid investments in a money market fund. Cash and cash equivalents are carried at cost which approximates fair value.

Concentration of Credit Risk

The Company places its cash and cash equivalents with financial institutions and, at times, cash held in money market accounts may exceed the Federal Deposit Insurance Corporation insured limit.

Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment without regard to unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized.

Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, we look at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (i.e., substantially all of our investments) are valued at fair value as determined in good faith by our board of directors, based on, among other things, the input of our investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12 month period (with certain de minimis exceptions) and under a valuation policy and a consistently applied valuation process. The valuation process is conducted at the end of each fiscal quarter, and a minimum of 50% of our portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, our independent accountants review our valuation process as part of their overall integrated audit.

As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate our valuation.

Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board of directors, as described herein. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded

Table of Contents

securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

Our board of directors undertakes a multi-step valuation process each quarter, as described below:

Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with our portfolio management team.

Preliminary valuations are reviewed and discussed with our investment adviser's management and investment professionals, and then valuation recommendations are presented to our board of directors.

The audit committee of our board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms, with respect to the valuations of a minimum of 50% of our portfolio at fair value.

Our board of directors discusses valuations and ultimately determines the fair value of each investment in our portfolio without a readily available market quotation in good faith based on, among other things, the input of our investment adviser, audit committee and, where applicable, independent third-party valuation firms.

See Note 7 for more information on our valuation process.

Interest and Dividend Income Recognition

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on securities purchased are accreted/amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current. The Company may make exceptions to this if the loan has sufficient collateral value and is in the process of collection.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Payment-in-Kind Interest

The Company has loans in its portfolio that contain payment-in-kind ("PIK") provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To maintain the Company's status as a RIC, this

Table of Contents

non-cash source of income must be paid out to stockholders in the form of dividends, even though the Company has not yet collected the cash.

Capital Structuring Service Fees and Other Income

The Company's investment adviser seeks to provide assistance to our portfolio companies in connection with the Company's investments and in return the Company may receive fees for capital structuring services. These fees are generally only available to the Company as a result of the Company's underlying investments, are normally paid at the closing of the investments, are generally non-recurring and are recognized as revenue when earned upon closing of the investment. The services that the Company's investment adviser provides vary by investment, but generally include reviewing existing credit facilities, arranging bank financing, arranging equity financing, structuring financing from multiple lenders, structuring financing from multiple equity investors, restructuring existing loans, raising equity and debt capital, and providing general financial advice, which concludes upon closing of the investment. Any services of the above nature subsequent to the closing would generally generate a separate fee payable to the Company. In certain instances where the Company is invited to participate as a co-lender in a transaction and does not provide significant services in connection with the investment, a portion of loan fees paid to the Company in such situations will be deferred and amortized over the estimated life of the loan. The Company's investment adviser may also take a seat on the board of directors of a portfolio company, or observe the meetings of the board of directors without taking a formal seat.

Other income includes fees for asset management, management and consulting services, loan guarantees, commitments, amendments and other services rendered by the Company to portfolio companies. Such fees are recognized as income when earned or the services are rendered.

Foreign Currency Translation

The Company's books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) Fair value of investment securities, other assets and liabilities at the exchange rates prevailing at the end of the period.
- (2) Purchases and sales of investment securities, income and expenses at the exchange rates prevailing on the respective dates of such transactions, income or expenses.

Results of operations based on changes in foreign exchange rates are separately disclosed in the statement of operations. Foreign security and currency translations may involve certain considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, currency fluctuation and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices more volatile than those of comparable U.S. companies or U.S. government securities.

Accounting for Derivative Instruments

The Company does not utilize hedge accounting and marks its derivatives to market through unrealized gains (losses) in the accompanying statement of operations.

Equity Offering Expenses

The Company's offering costs, excluding underwriters' fees, are charged against the proceeds from equity offerings when received.

Table of Contents

Debt Issuance Costs

Debt issuance costs are amortized over the life of the related debt instrument using the straight line method, which closely approximates the effective yield method.

U.S. Federal Income Taxes

The Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must, among other things, timely distribute to its stockholders at least 90% of its investment company taxable income, as defined by the Code, for each year. The Company, among other things, has made and intends to continue to make the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year dividend distributions from such income into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as such taxable income is earned.

Certain of our consolidated subsidiaries are also subject to U.S. federal and state income taxes.

Dividends to Common Stockholders

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by our board of directors each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are generally distributed, although we may decide to retain such capital gains for investment.

We have adopted a dividend reinvestment plan that provides for reinvestment of any distributions we declare in cash on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our board of directors authorizes, and we declare, a cash dividend, then our stockholders who have not "opted out" of our dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of our common stock, rather than receiving the cash dividend. We intend to use primarily newly issued shares to implement the dividend reinvestment plan (so long as we are trading at a premium to net asset value). If our shares are trading at a significant enough discount to net asset value and we are otherwise permitted under applicable law to purchase such shares, we intend to purchase shares in the open market in connection with our obligations under our dividend reinvestment plan. However, we reserve the right to issue new shares of our common stock in connection with our obligations under the dividend reinvestment plan even if our shares are trading below net asset value.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of actual and contingent assets and liabilities at the date of the financial statements and the reported amounts of income or loss and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of investments.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value

Table of Contents

Measurement and Disclosure Requirements in U.S. GAAP and IFRSs ("ASU 2011-04"). ASU 2011-04 was issued concurrently with International Financial Reporting Standards No.13 ("IFRS 13"), Fair Value Measurements, to provide largely identical guidance about fair value measurement and disclosure requirements as is currently required under ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820). The new standards do not extend the use of fair value but, rather, provide guidance about how fair value should be applied where it already is required or permitted under IFRS or GAAP. For GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS 13. ASU 2011-04 eliminates the concepts of in-use and in-exchange when measuring fair value of all financial instruments. For Level 3 fair value measurements, the ASU requires that our disclosure include quantitative information about significant unobservable inputs, a qualitative discussion about the sensitivity of the fair value measurement to changes in the unobservable inputs and the interrelationship between inputs, and a description of our valuation process. Public companies are required to apply ASU 2011-04 prospectively for interim and annual periods beginning after December 15, 2011. The Company has evaluated the impact of the adoption of ASU 2011-04 on its financial statements and disclosures and determined the adoption of ASU 2011-04 has had no material effect on the Company's financial condition and results of operations. See Note 7 for the disclosure required by ASU 2011-04.

3. AGREEMENTS

Investment Advisory and Management Agreement

The Company is party to an investment advisory and management agreement (the "investment advisory and management agreement") with Ares Capital Management. Subject to the overall supervision of our board of directors, Ares Capital Management provides investment advisory and management services to the Company. For providing these services, Ares Capital Management receives a fee from us consisting of two components: a base management fee and an incentive fee.

The base management fee is calculated at an annual rate of 1.5% based on the average value of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) at the end of the two most recently completed calendar quarters. The base management fee is payable quarterly in arrears.

The incentive fee has two parts. The first part is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the quarter. Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the administration agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash. Our investment adviser is not under any obligation to reimburse us for any part of the incentive fee it received that was based on accrued interest that we never actually receive.

Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses, unrealized capital appreciation, unrealized capital depreciation or income tax expense related to realized gains. Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, we will pay the applicable

Table of Contents

incentive fee even if we have incurred a loss in that quarter due to realized and/or unrealized capital losses.

Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of 1.75% per quarter. If market credit spreads rise, we may be able to invest our funds in debt instruments that provide for a higher return, which may increase our pre-incentive fee net investment income and make it easier for our investment adviser to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income. To the extent we have retained pre-incentive fee net investment income that has been used to calculate this part of the incentive fee, it is also included in the amount of our total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) used to calculate the 1.5% base management fee.

We pay our investment adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate;

100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter. We refer to this portion of our pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.1875%) as the "catch-up" provision. The "catch-up" is meant to provide our investment adviser with 20% of the pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeded 2.1875% in any calendar quarter; and

20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

These calculations are adjusted for any share issuances or repurchases during the quarter.

The second part of the incentive fee (the "Capital Gains Fee"), is determined and payable in arrears as of the end of each calendar year (or, upon termination of the investment advisory and management agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (a) the sum of our cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (b) our cumulative aggregate realized capital gains, in each case calculated from October 8, 2004 (the date we completed our initial public offering). Realized capital gains and losses include gains and losses on investments and foreign currencies, as well as gains and losses on extinguishment of debt and other assets. If such amount is positive at the end of such year, then the Capital Gains Fee for such year is equal to 20% of such amount, less the aggregate amount of Capital Gains Fees paid in all prior years. If such amount is negative, then there is no Capital Gains Fee for such year.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in our portfolio when sold and (b) the accreted or amortized cost basis of such investment.

The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in our portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.

The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the valuation of each investment in our portfolio as of the applicable Capital Gains Fee calculation date and (b) the accreted or amortized cost basis of such investment.

Table of Contents

Notwithstanding the foregoing, as a result of an amendment to the capital gains portion of the incentive fee under the investment advisory and management agreement that was adopted on June 6, 2011, if we are required by GAAP to record an investment at its fair value as of the time of acquisition instead of at the actual amount paid for such investment by us (including, for example, as a result of the application of the acquisition method of accounting), then solely for the purposes of calculating the Capital Gains Fee, the "accreted or amortized cost basis" of an investment shall be an amount (the "Contractual Cost Basis") equal to (1) (x) the actual amount paid by the Company for such investment plus (y) any amounts recorded in the Company's financial statements as required by GAAP that are attributable to the accretion of such investment plus (z) any other adjustments made to the cost basis included in the Company's financial statements, including payment-in-kind interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in the Company's financial statements as required by GAAP that are attributable to the amortization of such investment, whether such calculated Contractual Cost Basis is higher or lower than the fair value of such investment (as determined in accordance with GAAP) at the time of acquisition.

We defer cash payment of any incentive fee otherwise earned by our investment adviser if during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made the sum of (a) the aggregate distributions to our stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. Any deferred incentive fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under the investment advisory and management agreement.

The Capital Gains Fee due to our investment adviser as calculated under the investment advisory and management agreement (as described above) for the three and six months ended June 30, 2012 was \$0. However, in accordance with GAAP, the Company has cumulatively accrued a capital gains incentive fee of \$55,264 as of June 30, 2012. GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the Capital Gains Fee plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires us to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual Capital Gains Fees paid or capital gains incentive fees accrued under GAAP in all prior periods. The resulting accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future.

For the three and six months ended June 30, 2012, base management fees were \$20,811 and \$40,797, respectively, incentive fees related to pre-incentive fee net investment income were \$22,127 and \$42,812, respectively, and incentive fees related to capital gains in accordance with GAAP were \$606 and 6,307, respectively.

As of June 30, 2012, \$98,202 was included in "management and incentive fees payable" in the accompanying consolidated balance sheet, of which \$42,938 is currently payable to the Company's investment adviser under the investment advisory and management agreement.

Table of Contents

For the three and six months ended June 30, 2011, base management fees were \$17,414 and \$34,144, respectively, incentive fees related to pre-incentive fee net investment income were \$17,102 and \$32,928, respectively, and incentive fees related to capital gains in accordance with GAAP were \$24,644 and \$39,759, respectively.

Administration Agreement

We are party to an administration agreement, referred to herein as the "administration agreement", with our administrator, Ares Operations. Pursuant to the administration agreement, Ares Operations furnishes us with office equipment and clerical, bookkeeping and record keeping services at our office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, our required administrative services, which include, among other things, providing assistance in accounting, legal, compliance, operations, technology, and investor relations, being responsible for the financial records that we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, Ares Operations assists us in determining and publishing our net asset value, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. Payments under our administration agreement are equal to an amount based upon our allocable portion of Ares Operations' overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the compensation of certain of our officers (including our chief compliance officer, chief financial officer, general counsel, treasurer and assistant treasurer) and their respective staffs. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

For the three and six months ended June 30, 2012, we incurred \$2,217 and \$4,537, respectively, in administrative fees. For the three and six months ended June 30, 2011, we incurred \$2,459 and \$4,884, respectively, in administrative fees. As of June 30, 2012, \$2,217 of these fees were unpaid and included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.

4. INVESTMENTS

As of June 30, 2012 and December 31, 2011, investments consisted of the following:

	June 30, 2012		December 31, 2011	
	Amortized Cost(1)	Fair Value	Amortized Cost(1)	Fair Value
Senior term debt	\$ 3,155,582	\$ 3,123,660	\$ 2,691,018	\$ 2,671,114
Subordinated Certificates of the SSLP(2)	1,099,477	1,125,812	1,034,254	1,059,178
Senior subordinated debt	486,215	457,873	592,618	515,014
Collateralized loan obligations	40,515	40,230	55,515	54,000
Preferred equity securities	233,275	246,649	251,192	251,064
Other equity securities	403,665	494,825	463,861	527,002
Commercial real estate	19,455	15,764	20,205	17,134
Total	\$ 5,438,184	\$ 5,504,813	\$ 5,108,663	\$ 5,094,506

(1) The amortized cost represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

Table of Contents

(2)

The proceeds from these certificates were applied to co-investments with GE Global Sponsor Finance LLC and General Electric Capital Corporation to fund first lien senior secured loans to 34 and 32 different borrowers as of June 30, 2012 and December 31, 2011, respectively.

The industrial and geographic compositions of our portfolio at fair value at June 30, 2012 and December 31, 2011 were as follows:

	As of	
	June 30, 2012	December 31, 2011
Industry		
Investment Funds and Vehicles(1)	22.7%	23.6%
Healthcare Services	13.3	13.4
Education	9.5	11.2
Consumer Products	8.3	5.4
Restaurants and Food Services	7.6	6.8
Business Services	6.7	6.6
Financial Services	6.3	6.4
Containers and Packaging	4.1	4.5
Other Services	4.0	2.5
Manufacturing	3.2	2.8
Grocery	1.7	1.9
Telecommunications	1.6	2.0
Retail	1.6	1.8
Energy	1.6	1.3
Aerospace and Defense	1.4	3.6
Other	6.4	6.2
Total	100.0%	100.0%

(1)

Includes our investment in the SSLP (as defined below), which had made loans to 34 and 32 different borrowers as of June 30, 2012 and December 31, 2011, respectively. The portfolio companies in the SSLP are in industries similar to the companies in the Company's portfolio.

	As of	
	June 30, 2012	December 31, 2011
Geographic Region		
West	49.0%	48.4%
Southeast	17.8	21.2
Midwest	14.7	14.5
Mid Atlantic	13.8	12.8
International	2.5	1.4
Northeast	2.2	1.7
Total	100.0%	100.0%

As of June 30, 2012, 2.3% of total investments at amortized cost (or 0.7% of total investments at fair value), were on non-accrual status. As of December 31, 2011, 3.3% of total investments at amortized cost (or 0.9% of total investments at fair value), were on non-accrual status.

Table of Contents

SSLP

The Company has an investment in the subordinated certificates (the "SSLP Certificates") issued by the Senior Secured Loan Fund LLC, which operates using the name "Senior Secured Loan Program" (the "SSLP"), an unconsolidated vehicle. The Company, through the SSLP, co-invests in first lien senior secured loans of middle market companies with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE"). 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).

As of June 30, 2012 and December 31, 2011, the SSLP had available capital of approximately \$7.7 billion, of which approximately \$5.4 billion and \$5.0 billion in aggregate principal amount was funded at June 30, 2012 and December 31, 2011, respectively. As of June 30, 2012 and December 31, 2011, the Company had agreed to make available to the SSLP \$1,487,500, of which \$377,473 and \$442,523 was unfunded, respectively. It is within the Company's discretion to make these additional amounts available to the SSLP.

As of June 30, 2012 and December 31, 2011, the SSLP had total assets of \$5.4 billion and \$5.0 billion, respectively. GE's investment in the SSLP consisted of senior notes of \$4.1 billion and \$3.8 billion and SSLP Certificates of \$159 million and \$149 million at June 30, 2012 and December 31, 2011, respectively. The SSLP Certificates are junior to the senior notes invested by GE and the Company owned 87.5% of the outstanding SSLP Certificates as of June 30, 2012 and December 31, 2011. The SSLP's portfolio consisted of first lien senior secured loans to 34 and 32 different borrowers as of June 30, 2012 and December 31, 2011, respectively. As of June 30, 2012 and December 31, 2011, the portfolio was comprised of all first lien senior secured loans to U.S. middle-market companies and none of these loans was on non-accrual status. As of June 30, 2012 and December 31, 2011, the largest loan to a single borrower in the SSLP's portfolio in aggregate principal amount was \$300.0 million and the five largest loans to borrowers totaled \$1.4 billion. The portfolio companies in the SSLP are in industries similar to the companies in the Company's portfolio.

The amortized cost and fair value of the SSLP Certificates held by the Company was \$1,099,477 and \$1,125,812, respectively, as of June 30, 2012, and \$1,034,254 and \$1,059,178, respectively, as of December 31, 2011. The SSLP Certificates pay a weighted average coupon of approximately LIBOR plus 8.0% and also entitle the Company to receive a portion of the excess cash flow from the loan portfolio, which may result in a return greater than the contractual coupon. The Company's yield on its investment in the SSLP at fair value was 15.6% and 15.7% as of June 30, 2012 and December 31, 2011, respectively. For the three and six months ended June 30, 2012, the Company earned interest income of \$44,476 and \$87,743, respectively, in respect of its SSLP investment. For the three and six months ended June 30, 2011, the Company earned interest income of \$27,003 and \$50,324, respectively, in respect of its SSLP investment. The Company is also entitled to certain fees in connection with the SSLP.

Effective March 30, 2012, Ares Capital Management assumed from the Company the role of co-manager of the SSLP. However, this change did not impact the Company's economics in respect of its participation in the SSLP and Ares Capital Management does not receive any remuneration in respect of its co-manager role.

5. DEBT

In accordance with the Investment Company Act, with certain limited exceptions, the Company is only allowed to borrow amounts such that its asset coverage, as defined in the Investment Company Act, is at least 200% after such borrowing. As of June 30, 2012 our asset coverage for borrowed amounts was 257%.

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Table of Contents

The Company's outstanding debt obligations as of June 30, 2012 and December 31, 2011 was as follows:

	As of			As of		
	June 30, 2012			December 31, 2011		
	Total Aggregate Principal Amount Available/ Outstanding(1)	Principal Amount	Carrying Value	Total Aggregate Principal Amount Available/ Outstanding(1)	Principal Amount	Carrying Value
Revolving Credit Facility	\$ 900,000(2)	\$ 295,000	\$ 295,000	\$ 810,000(2)	\$ 395,000	\$ 395,000
Revolving Funding Facility	580,000(3)	348,000	348,000	500,000	463,000	463,000
SMBC Funding Facility	200,000	107,000	107,000			
Debt Securitization February 2016				77,531	77,531	77,531
Convertible Notes	575,000	575,000	544,769(4)	575,000	575,000	541,152(4)
June 2016 Convertible Notes	230,000	230,000	217,322(4)	230,000	230,000	215,931(4)
2017 Convertible Notes	162,500	162,500	157,876(4)			
2022 Notes	143,750	143,750	143,750			
2040 Notes	200,000	200,000	200,000	200,000	200,000	200,000
2047 Notes	230,000	230,000	181,091(5)	230,000	230,000	180,988(5)
	\$ 3,221,250	\$ 2,291,250	\$ 2,194,808	\$ 2,622,531	\$ 2,170,531	\$ 2,073,602

- (1) Subject to borrowing base and leverage restrictions. Represents the total aggregate amount available or outstanding, as applicable, under such instrument.
- (2) Provides for a feature that allows the Company, under certain circumstances, to increase the size of the facility to a maximum of \$1,350,000 and \$1,050,000 for the Revolving Credit Facility as of June 30, 2012 and December 31, 2011, respectively.
- (3) Provides for a feature that allows the Company and Ares Capital CP, under certain circumstances, to increase the size of the facility to a maximum of \$865,000 for the Revolving Funding Facility as of June 30, 2012.
- (4) Represents the aggregate principal amount outstanding of the Convertible Notes (as defined below) less the unaccreted discount initially recorded upon issuance of the Convertible Notes. The total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes and the 2017 Convertible Notes was \$30,231, \$12,678 and \$4,624, respectively, at June 30, 2012.
- (5) Represents the aggregate principal amount outstanding less the unaccreted purchased discount. The total unaccreted purchased discount on the 2047 Notes was \$48,909 and \$49,012 as of June 30, 2012 and December 31, 2011, respectively.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount, of all our outstanding debt as of June 30, 2012 were 5.0% and 9.8 years, respectively, and as of December 31, 2011 were 4.8% and 9.3 years, respectively.

Revolving Credit Facility

In December 2005, the Company entered into a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), which as of June 30, 2012, allows the Company to borrow up to \$900,000 at any one time outstanding. On May 4, 2012, the Company amended and restated the Revolving Credit Facility to, among other things, increase the size of the facility from \$810,000 to \$900,000, extend the expiration of the revolving period from January 22, 2013 to May 4, 2015 and extend the stated maturity date from January 22, 2013 to May 4, 2016. The Revolving Credit Facility also includes a feature that allows, under certain circumstances, for an increase in the size of the facility to a maximum of \$1,350,000. The Revolving Credit Facility generally requires payments of interest at the end of each LIBOR interest period, but no less frequently than quarterly, on LIBOR based loans, and monthly payments of interest on other loans. From the end of the revolving period to the stated maturity date, the Company is required to repay outstanding principal amounts under the

Table of Contents

Revolving Credit Facility on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period.

Under the Revolving Credit Facility, the Company is required to comply with various covenants, reporting requirements and other customary requirements for similar revolving credit facilities, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) maintaining a certain minimum stockholders' equity, (e) maintaining a ratio of total assets (less total liabilities other than indebtedness) to total indebtedness of the Company and its consolidated subsidiaries, of not less than 2.0:1.0, (f) limitations on pledging certain unencumbered assets, and (g) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. Borrowings under the Revolving Credit Facility (and the incurrence of certain other permitted debt) are also subject to compliance with a borrowing base that applies different advance rates to different types of assets in our portfolio that are pledged as collateral. As of June 30, 2012, the Company was in compliance in all material respects with the terms of the Revolving Credit Facility.

As of June 30, 2012 and December 31, 2011, there was \$295,000 and \$395,000 outstanding, respectively, under the Revolving Credit Facility. The Revolving Credit Facility also provides for a sub-limit for the issuance of letters of credit for up to an aggregate amount of \$125,000. As of June 30, 2012 and December 31, 2011, the Company had \$45,764 and \$47,249, respectively, in standby letters of credit issued through the Revolving Credit Facility. The amount available for borrowing under the Revolving Credit Facility is reduced by any standby letters of credit issued. As of June 30, 2012, there was \$559,236 available for borrowing (net of standby letters of credit issued) under the Revolving Credit Facility.

After May 4, 2012, subject to certain exceptions, the interest rate charged on the Revolving Credit Facility is based on LIBOR plus an applicable spread of 2.25% or a "base rate" (as defined in the agreements governing the Revolving Credit Facility) plus an applicable spread of 1.25%. Prior to May 4, 2012, the interest rate charged on the Revolving Credit Facility was based on LIBOR plus an applicable spread of between 2.50% and 4.00% or on a "base rate" plus an applicable spread of between 1.50% and 3.00%, in each case, based on a pricing grid depending upon our credit ratings. As of June 30, 2012, the one, two, three and six month LIBOR was 0.25%, 0.34%, 0.46% and 0.73%, respectively. As of December 31, 2011, the one, two, three and six month LIBOR was 0.30%, 0.43%, 0.58% and 0.81%, respectively. In addition to the stated interest expense on the Revolving Credit Facility, after May 4, 2012, the Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Revolving Credit Facility and a letter of credit fee of 2.50% per annum on letters of credit issued, both of which are payable quarterly. Prior to May 4, 2012, the commitment fee was 0.50%, and the letter of credit fee was 3.25%.

The Revolving Credit Facility is secured by certain assets in our portfolio and excludes investments held by Ares Capital CP under the Revolving Funding Facility, those held by ACJB under the SMBC Funding Facility and prior to the termination of the Debt Securitization, those previously held as part of the Debt Securitization, each as discussed below, and certain other investments.

Table of Contents

The components of interest and credit facility fees expense, cash paid for interest expense, average interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Credit Facility were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Stated interest expense	\$ 1,021	\$	\$ 1,929	\$ 222
Facility fees	1,047	1,068	2,277	2,118
Amortization of debt issuance costs	1,043	1,639	2,603	3,233
Total interest and credit facility fees expense	\$ 3,111	\$ 2,707	\$ 6,809	\$ 5,573
Cash paid for interest expense	\$ 578	\$	\$ 2,081	\$ 563
Average stated interest rate	2.73%		% 3.03%	3.34%
Average outstanding balance	\$ 149,451	\$	\$ 126,484	\$ 13,254

Revolving Funding Facility

In October 2004, the Company established through its consolidated subsidiary, Ares Capital CP Funding LLC ("Ares Capital CP"), a revolving funding facility (as amended, the "Revolving Funding Facility"), which as of June 30, 2012, allows Ares Capital CP to borrow up to \$580,000 at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the Company's membership interest in, Ares Capital CP. On June 7, 2012, the Company and Ares Capital CP amended the Revolving Funding Facility to, among other things, increase the size of the Revolving Funding Facility from \$500 million to \$580 million, add a feature that allows, under certain circumstances, for an increase in the size of the facility to a maximum of \$865 million, extend the reinvestment period from January 18, 2015 to April 18, 2015, and extend the stated maturity date from January 18, 2017 to April 18, 2017. See Note 15 for subsequent events relating to the Revolving Funding Facility.

Amounts available to borrow under the Revolving Funding Facility are subject to a borrowing base that applies different advance rates to different types of assets held by Ares Capital CP. Ares Capital CP is also subject to limitations with respect to the loans securing the Revolving Funding Facility, including restrictions on sector concentrations, loan size, payment frequency and status, collateral interests, loans with fixed rates and loans with certain investment ratings, as well as restrictions on portfolio company leverage, which may also affect the borrowing base and therefore amounts available to borrow. The Company and Ares Capital CP are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. As of June 30, 2012, the Company and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

As of June 30, 2012 and December 31, 2011, there was \$348,000 and \$463,000 outstanding, respectively, under the Revolving Funding Facility. After a January 18, 2012 amendment to the Revolving Funding Facility, the interest rate charged on the Revolving Funding Facility is based on LIBOR plus an applicable spread of 2.50% or on a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus an applicable spread of 1.50%. Prior to January 18, 2012, the interest rate charged on the Revolving Funding Facility, subject to certain exceptions, was based on LIBOR plus an applicable spread of between 2.25% and 3.75% or on a "base rate" plus an applicable spread of between 1.25% to 2.75%, in each case, based on a pricing grid depending upon the Company's credit ratings. As of June 30, 2012 and December 31, 2011, the interest rate in effect was based on one month LIBOR of 0.25% and 0.30%, respectively. Ares Capital CP is also required to pay a commitment fee of between 0.50% and 1.75% depending on the size of the unused portion of the Revolving Funding Facility.

Table of Contents

The components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Funding Facility were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Stated interest expense	\$ 2,695	\$ 448	\$ 5,871	\$ 1,125
Facility fees	168	1,127	235	2,139
Amortization of debt issuance costs	403	545	777	1,070
 Total interest and credit facility fees expense	 \$ 3,266	 \$ 2,120	 \$ 6,883	 \$ 4,334
 Cash paid for interest expense	 \$ 3,175	 \$ 677	 \$ 6,626	 \$ 3,029
Average stated interest rate	2.77%	2.97%	2.79%	3.00%
Average outstanding balance	\$ 389,110	\$ 60,276	\$ 418,132	\$ 75,016

SMBC Funding Facility

In January 2012, the Company established through its consolidated subsidiary, Ares Capital JB Funding LLC ("ACJB"), a revolving funding facility (the "SMBC Funding Facility") with ACJB, as the borrower, Sumitomo Mitsui Banking Corporation ("SMBC"), as the administrative agent, collateral agent, and lender, which ACJB may borrow up to \$200,000 at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. The SMBC Funding Facility has a reinvestment period scheduled to end on January 20, 2015 and a stated maturity date of January 20, 2020. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement.

Amounts available to borrow under the SMBC Funding Facility are subject to a borrowing base that applies different advance rates to assets held by ACJB. The Company and ACJB are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. As of June 30, 2012, the Company and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

As of June 30, 2012, there was \$107,000 outstanding under the SMBC Funding Facility. Subject to certain exceptions, the interest rate charged on the SMBC Funding Facility is based on one month LIBOR plus an applicable spread of 2.125% or a "base rate" (as defined in the agreements governing the SMBC Funding Facility) plus an applicable spread of 1.125%. As of June 30, 2012, one month LIBOR was 0.25%. Prior to July 20, 2012, there was no commitment fee required to be paid. Beginning on July 20, 2012, ACJB is required to pay a commitment fee of 0.50% depending on the size of the unused portion of the SMBC Funding Facility.

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Table of Contents

The components of interest and credit facility fees expense, cash paid for interest expense, average interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the SMBC Funding Facility were as follows:

	For the three months ended June 30, 2012	For the six months ended June 30, 2012
Stated interest expense	\$ 449	\$ 526
Amortization of debt issuance costs	155	267
Total interest and credit facility fees expense	\$ 604	\$ 793
Cash paid for interest expense	\$ 373	\$ 410
Average stated interest rate	2.36%	2.35%
Average outstanding balance	\$ 76,075	\$ 44,452
Debt Securitization		

In July 2006, through ARCC Commercial Loan Trust 2006, a vehicle serviced by the Company's consolidated subsidiary, ARCC CLO 2006 LLC ("ARCC CLO"), the Company completed a \$400,000 debt securitization (the "Debt Securitization") and issued approximately \$314,000 aggregate principal amount of asset backed notes to third parties (the "CLO Notes") that were secured by a pool of middle market loans that were purchased or originated by the Company. The Company initially retained approximately \$86,000 of aggregate principal amount of certain "BBB" and non-rated securities in the Debt Securitization and subsequently repurchased \$34,790 of the CLO Notes. In June 2012, the Company repaid in full the \$60,049 aggregate principal amount outstanding of the CLO Notes and terminated or discharged the agreements governing the Debt Securitization.

Class	As of		Amount	LIBOR Spread (basis points)
	June 30, 2012	December 31, 2011		
A-1A	\$	\$ 4,896	25	
A-1A VFN		12,520	28	
A-1B		14,000	37	
A-2B		13,905	35	
B		9,000	43	
C		23,210	70	
Total	\$	\$ 77,531		

The interest charged under the Debt Securitization was based on 3-month LIBOR, which as of December 31, 2011 was 0.56%. The blended interest rate charged on the CLO Notes, excluding fees, at December 31, 2011, was approximately 3-month LIBOR plus 45 basis points. The Company was also required to pay a commitment fee of 0.175% for any unused portion of the Class A-1A VFN Notes through June 17, 2011, the end of the reinvestment period, which is included in facility fees below.

In connection with the repayment in full of the CLO Notes ahead of their scheduled maturities, the remaining unamortized debt issuance costs related to the CLO Notes of \$2,678 were expensed and recorded as a "realized loss on extinguishment of debt" in the accompanying consolidated statement of operations.

Table of Contents

The components of interest and credit facility fees expense, cash paid for interest expense, average interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Debt Securitization are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Stated interest expense	\$ 120	\$ 235	\$ 321	\$ 490
Facility fees		14		25
Amortization of debt issuance costs	89	89	179	177
Total interest and credit facility fees expense	\$ 209	\$ 338	\$ 500	\$ 692
Cash paid for interest expense	\$ 149	\$ 239	\$ 347	\$ 500
Average stated interest rate	0.90%	0.72%	1.00%	0.71%
Average outstanding balance	\$ 52,791	\$ 138,561	\$ 64,008	\$ 145,868

Unsecured Notes

Convertible Notes

In January 2011, we issued \$575,000 aggregate principal amount of unsecured convertible senior notes that mature on February 1, 2016 (the "February 2016 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In March 2011, we issued \$230,000 aggregate principal amount of unsecured convertible senior notes that mature on June 1, 2016 (the "June 2016 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In March 2012, we issued \$162,500 aggregate principal amount of unsecured convertible senior notes that mature on March 15, 2017 (the "2017 Convertible Notes" and together with the February 2016 Convertible Notes and the June 2016 Convertible Notes, the "Convertible Notes"), unless previously converted or repurchased in accordance with their terms. We do not have the right to redeem the Convertible Notes prior to maturity. The February 2016 Convertible Notes, the June 2016 Convertible Notes and the 2017 Convertible Notes bear interest at a rate of 5.75%, 5.125% and 4.875%, respectively, per year, payable semi-annually.

In certain circumstances, the Convertible Notes will be convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, at their respective initial conversion rates (listed below) subject to customary anti-dilution adjustments and the requirements of their respective indentures (the "Convertible Notes Indentures"). Prior to the close of business on the business day immediately preceding their respective conversion date (listed below), holders may convert their Convertible Notes only under certain circumstances set forth in the Convertible Notes Indentures. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding their respective maturity date, holders may convert their Convertible Notes at any time. In addition, if we engage in certain corporate events as described in their respective Convertible Notes Indenture, holders of the Convertible Notes may require us to repurchase for cash all or part of the Convertible Notes at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

Table of Contents

Certain key terms related to the convertible features for each of the Convertible Notes are listed below.

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes
Conversion premium	17.5%	17.5%	17.5%
Closing stock price	\$ 16.28	\$ 16.20	\$ 16.46
Closing stock price date	January 19, 2011	March 22, 2011	March 8, 2012
Initial conversion price	\$ 19.13	\$ 19.04	\$ 19.34
Initial conversion rate (shares per one thousand dollar principal amount)	52.2766	52.5348	51.7050
Conversion dates	August 15, 2015	December 15, 2015	September 15, 2016

As of June 30, 2012, the principal amounts of each series of the Convertible Notes exceeded the value of the underlying shares multiplied by the per share closing price of our common stock.

The Convertible Notes are our senior unsecured obligations and rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to our existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of our secured indebtedness (including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

The Convertible Notes Indentures contain certain covenants, including covenants requiring us to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act and to provide financial information to the holders of the Convertible Notes under certain circumstances. These covenants are subject to important limitations and exceptions that are described in the Convertible Notes Indentures. As June 30, 2012, the Company was in compliance in all material respects with the terms of the Convertible Notes Indentures.

The Convertible Notes are accounted for in accordance with Accounting Standards Codification ("ASC") 470-20. Upon conversion of any of the Convertible Notes, we intend to pay the outstanding principal amount in cash and to the extent that the conversion value exceeds the principal amount, we have the option to pay in cash or shares of our common stock (or a combination of cash and shares) in respect of the excess amount, subject to the requirements of the Convertible Notes Indentures. The Company has determined that the embedded conversion options in the Convertible Notes are not required to be separately accounted for as a derivative under GAAP. In accounting for the Convertible Notes, we estimated at the time of issuance that the values of the debt and equity components were approximately 93% and 7%, respectively, for each of the February 2016 Convertible Notes and the June 2016 Convertible Notes, and the debt and equity components approximately 97% and 3%, respectively, for the 2017 Convertible Notes. The original issue discount equal to the equity components of the Convertible Notes were recorded in "capital in excess of par value" in the accompanying consolidated balance sheet. As a result, we record interest expense comprised of both stated interest expense as well as accretion of the original issue discount. Additionally, the issuance costs associated with the Convertible Notes were allocated to the debt and equity components in proportion to the allocation of the proceeds and accounted for as debt issuance costs and equity issuance costs, respectively.

At the time of issuance, the debt issuance costs and equity issuance costs for the February 2016 Convertible Notes were \$15,778 and \$1,188, respectively, for the June 2016 Convertible Notes were \$5,913 and \$445, respectively, and for the 2017 Convertible Notes were \$4,813 and \$149, respectively. At the time of issuance and as of June 30, 2012, the equity component, net of issuance costs as

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Table of Contents

recorded in the "capital in excess of par value" in the accompanying consolidated balance sheet for the February 2016 Convertible Notes, the June 2016 Convertible Notes and the 2017 Convertible Notes was \$39,063, \$15,653 and \$4,725, respectively.

As of June 30, 2012, the components of the carrying value of the Convertible Notes, the stated interest rate and the effective interest rate were as follows:

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes
Principal amount of debt	\$ 575,000	\$ 230,000	\$ 162,500
Original issue discount, net of accretion	(30,231)	(12,678)	(4,624)
Carrying value of debt	\$ 544,769	\$ 217,322	\$ 157,876
Stated interest rate	5.75%	5.125%	4.875%
Effective interest rate(1)	7.0%	6.3%	5.4%

- (1) The effective interest rate of the debt component of the convertible notes is equal to the stated interest rate plus the accretion of original issue discount.

For the three and six months ended June 30, 2012 and 2011, the components of interest expense and cash paid for interest expense for the Convertible Notes were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Stated interest expense	\$ 13,193	\$ 11,180	\$ 24,780	\$ 17,372
Accretion of original issue discount	2,740	2,351	5,259	3,603
Amortization of debt issuance costs	1,334	1,087	2,507	1,628
Total interest expense	\$ 17,267	\$ 14,618	\$ 32,546	\$ 22,603
Cash paid for interest expense	\$ 5,894	\$	\$ 22,425	\$

2022 Notes

On February 2, 2012, we issued \$143,750 aggregate principal amount of senior unsecured notes that mature on February 15, 2022 (the "2022 Notes"). The 2022 Notes bear interest at a rate of 7.00% per year payable quarterly commencing on May 15, 2012 and all principal is due upon maturity. The 2022 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after February 15, 2015, at a par redemption price of \$25 per security plus accrued and unpaid interest. Total proceeds from the issuance of the 2022 Notes, net of underwriting discounts and offering costs, were approximately \$138,338.

2040 Notes

On October 21, 2010, we issued \$200,000 aggregate principal amount of senior unsecured notes that mature on October 15, 2040 (the "2040 Notes"). The 2040 Notes bear interest at a rate of 7.75% per annum, payable quarterly, and all principal is due upon maturity. The 2040 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after October 15, 2015, at a par redemption price of \$25 per security plus accrued and unpaid interest. Total proceeds from the issuance of the 2040 Notes, net of underwriting discounts and offering costs, were approximately \$193,000.

Table of Contents

For the three and six months ended June 30, 2012 and 2011, the components of interest expense and cash paid for interest expense for the 2022 Notes and the 2040 Notes are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Stated interest expense	\$ 6,363	\$ 3,875	\$ 11,915	\$ 7,750
Amortization of debt issuance costs	193	61	339	119
Total interest expense	\$ 6,556	\$ 3,936	\$ 12,254	\$ 7,869
Cash paid for interest expense	\$ 6,754	\$ 3,875	\$ 10,629	\$ 7,492

Allied Unsecured Notes

As part of the Allied Acquisition, the Company assumed all outstanding debt obligations of Allied Capital, including Allied Capital's unsecured notes, which consisted of 6.625% Notes due on July 15, 2011 (the "2011 Notes"), 6.000% Notes due on April 1, 2012 (the "2012 Notes") and 6.875% Notes due on April 15, 2047 (the "2047 Notes" and, together with the 2011 Notes and the 2012 Notes, the "Allied Unsecured Notes"). In accordance with ASC 805-10, the initial carrying value of the Allied Unsecured Notes was equal to the fair value as of April 1, 2010 resulting in an initial unaccreted discount from the principal value of the Allied Unsecured Notes of approximately \$65,800. Accretion expense related to this discount is included in "interest and credit facility fees" in the accompanying statement of operations.

On March 16, 2011 we redeemed the remaining balance of the 2011 Notes for a total redemption price (including a redemption premium) of \$306,800, in accordance with the terms of the indenture governing the 2011 Notes, which resulted in a loss on the extinguishment of debt of \$8,860. On April 27, 2011, we redeemed the remaining balance of the 2012 Notes for a total redemption price (including a redemption premium) of \$169,338, in accordance with the terms of the indenture governing the 2012 Notes, which resulted in a loss on the extinguishment of debt of \$10,458.

As of June 30, 2012 and December 31, 2011, the 2047 Notes were outstanding as follows:

	As of			
	June 30, 2012		December 31, 2011	
	Outstanding Principal	Carrying Value(1)	Outstanding Principal	Carrying Value(1)
2047 Notes	\$ 230,000	\$ 181,091	\$ 230,000	\$ 180,988

(1) Represents the principal amount of the 2047 Notes less the unaccreted purchased discount initially recorded as a part of the Allied Acquisition

The 2047 Notes bear interest at a rate of 6.875% and mature on April 15, 2047. The 2047 Notes require payment of interest quarterly, and all principal is due upon maturity. The 2047 Notes may be redeemed in whole or in part at any time or from time to time at our option, at a par redemption price of \$25 per security plus accrued and unpaid interest and upon the occurrence of certain tax events as stipulated in the indenture governing the 2047 Notes.

Table of Contents

For the three and six months ended June 30, 2012 and 2011, the components of interest expense and cash paid for interest expense for the Allied Unsecured Notes are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Stated interest expense	\$ 3,953	\$ 4,652	\$ 7,906	\$ 15,172
Accretion on original issue discount	52	222	103	2,525
Total interest and credit facility fees expense	\$ 4,005	\$ 4,874	\$ 8,009	\$ 17,697
Cash paid for interest expense	\$ 3,953	\$ 9,488	\$ 7,906	\$ 26,772

The 2022 Notes, the 2040 Notes and the 2047 Notes contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act and to provide financial information to the holders of such notes under certain circumstances. These covenants are subject to important limitations and exceptions. As of June 30, 2012, the Company was in compliance in all material respects with the terms of the 2022 Notes, the 2040 Notes and the 2047 Notes.

6. COMMITMENTS AND CONTINGENCIES

The Company has various commitments to fund investments in its portfolio as described below.

As of June 30, 2012 and December 31, 2011, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments the funding of which is at (or substantially at) the Company's discretion:

	As of	
	June 30, 2012	December 31, 2011
Total revolving and delayed draw commitments	\$ 576,912	\$ 565,630
Less: funded commitments	(123,531)	(125,037)
Total unfunded commitments	453,381	440,593
Less: commitments substantially at discretion of the Company	(6,250)	(64,750)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(20,521)	(5,518)
Total net adjusted unfunded revolving and delayed draw commitments	\$ 426,610	\$ 370,325

Included within the total revolving and delayed draw commitments as of June 30, 2012 were commitments to issue up to \$65,485 in standby letters of credit through a financial intermediary on behalf of certain portfolio companies. Under these arrangements, if the standby letters of credit were to be issued, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. As of June 30, 2012, the Company had \$42,408 in standby letters of credit issued and outstanding under these commitments on behalf of the portfolio companies, of which no amounts were recorded as a liability on our balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company. Of these letters of credit \$40,649 expire in 2012 and \$1,759 expire in 2013.

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Table of Contents

As of June 30, 2012 and December 31, 2011, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships:

	As of	
	June 30, 2012	December 31, 2011
Total private equity commitments	\$ 149,117	\$ 132,030
Less: funded private equity commitments	(79,490)	(67,428)
Total unfunded private equity commitments	69,627	64,602
Less: private equity commitments substantially at discretion of the Company	(53,525)	(53,525)
Total net adjusted unfunded private equity commitments	\$ 16,102	\$ 11,077

In addition, as of each of June 30, 2012 and December 31, 2011, the Company had outstanding guarantees or similar obligations on behalf of certain portfolio companies totaling \$800.

Further in the ordinary course of business, we may sell certain of our investments to third party purchasers. In particular, in connection with the sale of certain controlled portfolio company equity investments (as well as certain other sales) we have, and may continue to do so in the future, agreed to indemnify such purchasers for future liabilities arising from the investments and the related sale transaction. Such indemnification provisions may give rise to future liabilities.

As of June 30, 2012, one of the Company's portfolio companies, Ciena Capital LLC ("Ciena"), had one non-recourse securitization Small Business Administration ("SBA") loan warehouse facility, which has reached its maturity date but remains outstanding. Ciena is working with the providers of the SBA loan warehouse facility with regard to the repayment of that facility. Allied Capital had previously issued a performance guaranty (which the Company succeeded to as a result of the Allied Acquisition) whereby the Company must indemnify the warehouse providers for any damages, losses, liabilities and related costs and expenses that they may incur as a result of Ciena's failure to perform any of its obligations as loan originator, loan seller or loan servicer under the warehouse facility. As of June 30, 2012, there are no known issues or claims with respect to this performance guaranty.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective January 1, 2008, the Company adopted ASC 825-10, which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company's choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. The Company has not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value. With the exception of the line items entitled "other assets" and "debt," which are reported at amortized cost, all assets and liabilities approximate fair value on the balance sheet. The carrying value of the line items entitled "interest receivable," "receivable for open trades," "payable for open trades," "accounts payable and accrued expenses," "management and incentive fees payable" and "interest and facility fees payable" approximate fair value due to their short maturity.

Effective January 1, 2008, the Company adopted ASC 820-10, which expands the application of fair value accounting. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure of fair value measurements. ASC 820-10 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the

Table of Contents

Company to assume that the portfolio investment is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820-10, the Company has considered its principal market as the market in which the Company exits its portfolio investments with the greatest volume and level of activity. ASC 820-10 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with ASC 820-10, these inputs are summarized in the three broad levels listed below:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In addition to using the above inputs in investment valuations, we continue to employ the net asset valuation policy approved by our board of directors that is consistent with ASC 820-10 (see Note 2). Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. Our valuation policy considers the fact that because there is not a readily available market value for most of the investments in our portfolio, the fair value of the investments must typically be determined using unobservable inputs.

The Company's portfolio investments (other than as discussed below in the following paragraph) are typically valued using two different valuation techniques. The first valuation technique is an analysis of the enterprise value ("EV") of the portfolio company. Enterprise value means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The primary method for determining EV uses a multiple analysis whereby appropriate multiples are applied to the portfolio company's EBITDA (net income before net interest expense, income tax expense, depreciation and amortization). EBITDA multiples are typically determined based upon review of market comparable transactions and publicly traded comparable companies, if any. The second method for determining EV uses a discounted cash flow analysis whereby future expected cash flows of the portfolio company are discounted to determine a present value using estimated discount rates (typically a weighted average cost of capital based on costs of debt and equity consistent with current market conditions). The EV analysis is performed to determine the value of equity investments, the value of debt investments in portfolio companies where the Company has control or could gain control through an option or warrant security, and to determine if there is credit impairment for debt investments. If debt investments are credit impaired, an EV analysis may be used to value such debt investments; however, in addition to the methods outlined above, other methods such as a liquidation or wind-down analysis may be utilized to estimate enterprise value. The second valuation technique is a yield analysis, which is typically performed for non-credit impaired debt investments in portfolio companies where we do not own a controlling equity position. To determine fair value using a yield analysis, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk. In the yield analysis, we consider the current contractual interest rate, the maturity and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the enterprise value of the portfolio company. As debt investments held by the Company are substantially illiquid with no active transaction market, the Company depends on primary market data, including newly funded

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Table of Contents

transactions, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

For other portfolio investments such as investments in collateralized loan obligations and the subordinated certificates of the SSLP, discounted cash flow analysis is the primary technique utilized to determine fair value. Expected future cash flows associated with the investment are discounted to determine a present value using a discount rate that reflects estimated market return requirements.

The following table summarizes the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 2 or 3 as of June 30, 2012. The table is not intended to be all-inclusive, but instead captures the significant unobservable inputs relevant to our determination of fair values.

Asset Category	Fair Value	Primary Valuation Technique	Unobservable Input		
			Input	Range	Weighted Average
Senior term debt	\$ 3,123,660	Yield Analysis	Market Yield	5.5% - 20.8%	10.1%
Subordinated Certificates of the SSLP	1,125,812	Discounted Cash Flow	Discount Rate	14.0% - 16.0%	15.0%
Senior subordinated debt	457,873	Yield Analysis	Market Yield	9.0% - 18.6%	14.1%
Collateralized loan obligations	40,230	Discounted Cash Flow	Discount Rate	8.8% - 13.5%	10.7%
Preferred equity securities	246,649	EV Market Multiple Analysis	EBITDA Multiple	4.5x - 10.5x	8.0x
Other equity securities and other	510,589	EV Market Multiple Analysis	EBITDA Multiple	4.5x - 12.0x	7.4x
Total	\$ 5,504,813				

Changes in market yields, discount rates or EBITDA multiples, each in isolation, may change the fair value of certain of our investments. Generally, an increase in market yields or discount rates or decrease in EBITDA multiples may result in a decrease in the fair value of certain of our investments.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

The following table presents fair value measurements of cash and cash equivalents and investments as of June 30, 2012:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 101,265	\$ 101,265	\$	\$
Investments	\$ 5,504,813	\$	\$	\$ 5,504,813

F-159

Table of Contents

The following table presents changes in investments that use Level 3 inputs as of and for the three and six months ended June 30, 2012:

	As of and for the three months ended June 30, 2012
Balance as of March 31, 2012	\$ 5,204,531
Net realized and unrealized gains	5,709
Purchases	703,812
Sales	(111,543)
Redemptions	(305,739)
Payment-in-kind interest and dividends	4,495
Accretion of discount on securities	3,548
Net transfers in and/or out of Level 3	
Balance as of June 30, 2012	\$ 5,504,813

	As of and for the six months ended June 30, 2012
Balance as of December 31, 2011	\$ 5,094,506
Net realized and unrealized gains	34,218
Purchases	1,086,383
Sales	(119,593)
Redemptions	(609,546)
Payment-in-kind interest and dividends	11,342
Accretion of discount on securities	7,503
Net transfers in and/or out of Level 3	
Balance as of June 30, 2012	\$ 5,504,813

As of June 30, 2012, the net unrealized appreciation on the investments that use Level 3 inputs was \$66,629.

The following table presents fair value measurements of cash and cash equivalents and investments as of December 31 2011:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 120,782	\$ 120,782	\$	\$
Investments	\$ 5,094,506	\$	\$	\$ 5,094,506

F-160

Table of Contents

The following table presents changes in investments that use Level 3 inputs as of and for the three and six months ended June 30, 2011:

	As of and for the three months ended June 30, 2011
Balance as of March 31, 2011	\$ 4,256,420
Net realized and unrealized gains	15,707
Purchases	744,455
Sales	(112,884)
Redemptions	(259,785)
Payment-in-kind interest and dividends	6,919
Accretion of discount on securities	3,851
Net transfers in and/or out of Level 3	(24,640)
Balance as of June 30, 2011	\$ 4,630,043

	As of and for the six months ended June 30, 2011
Balance as of December 31, 2010	\$ 4,312,657
Net realized and unrealized gains	99,231
Purchases	1,212,723
Sales	(403,433)
Redemptions	(592,302)
Payment-in-kind interest and dividends	17,957
Accretion of discount on securities	7,850
Net transfers in and/or out of Level 3	(24,640)
Balance as of June 30, 2011	\$ 4,630,043

As of June 30, 2011, the net unrealized appreciation on the investments that use Level 3 inputs was \$76,210.

Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfers occur.

Following are the carrying and fair values of our debt obligations as of June 30, 2012 and December 31, 2011. Fair value is estimated by discounting remaining payments using applicable current

Edgar Filing: WESTPAC BANKING CORP - Form 6-K

Table of Contents

market rates, which take into account changes in the Company's marketplace credit ratings, or market quotes, if available.

	As of			
	June 30, 2012		December 31, 2011	
	Carrying value(1)	Fair value	Carrying value(1)	Fair value
Revolving Credit Facility	\$ 295,000	\$ 295,000	\$ 395,000	\$ 399,400
Revolving Funding Facility	348,000	348,000	463,000	467,900
SMBC Funding Facility	107,000	107,000		
Debt Securitization			77,531	68,215
February 2016 Convertible Notes (principal amount outstanding of \$575,000)	544,769(2)	589,985	541,152(2)	545,445
June 2016 Convertible Notes (principal amount outstanding of \$230,000)	217,322(2)	229,209	215,931(2)	215,717
2017 Convertible Notes (principal amount outstanding of \$162,500)	157,876(2)	156,354		
2022 Notes (principal amount outstanding of \$143,750)	143,750	149,077		
2040 Notes (principal amount outstanding of \$200,000)	200,000	207,288	200,000	198,808
2047 Notes (principal amount outstanding of \$230,000)	181,091(3)	224,362	180,988(3)	212,218
	\$ 2,194,808(4)	\$ 2,306,275	\$ 2,073,602(4)	\$ 2,107,703

- (1) Except for the Convertible Notes and the 2047 Notes, all carrying values are the same as the principal amounts outstanding.
- (2) Represents the aggregate principal amount outstanding of the Convertible Notes less the unaccreted discount initially recorded upon issuance of each respective series of the Convertible Notes.
- (3) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount.
- (4) Total principal amount of debt outstanding totaled \$2,291,250 and \$2,170,531 as of June 30, 2012 and December 31, 2011, respectively.

The following table presents fair value measurements of our debt obligations as of June 30, 2012 and December 31, 2011:

Fair Value Measurements Using	As of	
	June 30, 2012	December 31, 2011
Level 1	\$ 580,727	\$ 411,026
Level 2	1,725,548	1,696,677
Total	\$ 2,306,275	\$ 2,107,703

Table of Contents**8. STOCKHOLDERS' EQUITY**

The following table summarizes the total shares issued and proceeds received in public offerings of the Company's common stock net of underwriting discounts and offering costs for the six months ended June 30, 2012:

	Shares issued	Offering price per share	Proceeds net of underwriting and offering costs
January 2012 public offering	16,422	\$ 15.41	\$ 252,415
Total for the six months ended June 30, 2012	16,422	\$ 15.41	\$ 252,415

The Company used the net proceeds from the January 2012 public equity offering to repay outstanding debt and for general corporate purposes, which included funding investments.

There were no sales of our equity securities for the six months ended June 30, 2011.

9. EARNINGS PER SHARE

The following information sets forth the computations of basic and diluted net increase in stockholders' equity resulting from operations per share for the three and six months ended June 30, 2012 and 2011:

	For the three months ended		For the six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net increase in stockholders' equity resulting from operations available to common stockholders:	\$ 90,932	\$ 36,923	\$ 196,479	\$ 160,689
Weighted average shares of common stock outstanding basic and diluted:	221,878	204,752	219,461	204,586
Basic and diluted net increase in stockholders' equity resulting from operations per share:	\$ 0.41	\$ 0.18	\$ 0.90	\$ 0.79

For the purposes of calculating diluted earnings per share, the average closing price of the Company's common stock for the three and six months ended June 30, 2012 and for the period from the time of issuance of the 2017 Convertible Notes through June 30, 2012 was less than the current conversion price for each respective series of the Convertible Notes and therefore, the underlying shares for the intrinsic value of the embedded options in the Convertible Notes had no impact on this calculation. The average closing price of the Company's common stock for the three months ended June 30, 2011 and for the period from the time of issuance of both the February 2016 Convertible Notes and the June 2016 Convertible Notes through June 30, 2011 was less than the current conversion price for each respective series of the Convertible Notes and therefore, the underlying shares for the intrinsic value of the embedded options in the Convertible Notes had no impact on this calculation.

Table of Contents**10. DIVIDENDS AND DISTRIBUTIONS**

The following table summarizes our dividends declared during the six months ended June 30, 2012 and 2011 :

Date Declared	Record Date	Payment Date	Per Share Amount	Total Amount
May 8, 2012	June 15, 2012	June 29, 2012	\$ 0.37	\$ 82,094
February 28, 2012	March 15, 2012	March 30, 2012	\$ 0.37	\$ 81,974
Total declared for the six months ended June 30, 2012			\$ 0.74	\$ 164,068
May 5, 2011	June 15, 2011	June 30, 2011	\$ 0.35	\$ 71,663
March 1, 2011	March 15, 2011	March 31, 2011	\$ 0.35	\$ 71,547
Total declared for the six months ended June 30, 2011			\$ 0.70	\$ 143,210

The Company has a dividend reinvestment plan that was amended effective March 28, 2012, whereby the Company may buy shares of its common stock in the open market or issue new shares in order to satisfy dividend reinvestment requests. Prior to the amendment, if the Company issued new shares to implement the dividend reinvestment plan, the issue price was equal to the closing price of its common stock on the dividend record date. As a result of the amendment, when the Company issues new shares in connection with the dividend reinvestment plan, the issue price is equal to the closing price of its common stock on the dividend payment date. Dividend reinvestment plan activity for the six months ended June 30, 2012 and 2011, was as follows:

	For the six months ended June 30,	
	2012	2011
Shares issued	599	711
Average price per share	\$ 16.16	\$ 16.24
Shares purchased by plan agent for shareholders		
Average price per share	\$	\$

11. RELATED PARTY TRANSACTIONS

In accordance with the investment advisory and management agreement, we bear all costs and expenses of the operation of the Company and reimburse our investment adviser for certain costs and expenses incurred by the Company's investment adviser in the operation of the Company. For the three and six months ended June 30, 2012, the Company's investment adviser incurred costs and expenses in respect of which it was entitled to reimbursement totaling \$954 and \$1,863, respectively. For the three and six months ended June 30, 2011, the Company's investment adviser incurred costs and expenses in respect of which it was entitled to reimbursement totaling \$2,469 and \$3,112, respectively. As of June 30, 2012, \$1,125 of this amount was unpaid and such payable is included in "accounts payable and accrued expenses" in the accompanying consolidated balance sheet.

We have entered into separate subleases with Ares Management and Ivy Hill Asset Management, L.P. ("IHAM"), a wholly owned portfolio company of the Company, pursuant to which Ares Management and IHAM sublease approximately 15% and 20%, respectively, of the Company's New York office space for a fixed rent equal to 15% and 20%, respectively, of the base annual rent payable by us under the Company's lease for this space, plus certain additional costs and expenses. For the three and six months ended June 30, 2012, amounts payable to the Company under these subleases

Table of Contents

totaled \$407 and \$775, respectively. For the three and six months ended June 30, 2011, amounts payable to the Company under these subleases totaled \$137. Under our previous lease that expired on February 27, 2011, we were party to a sublease agreement with Ares Management whereby Ares Management subleased approximately 25% of such office space for a fixed rent equal to 25% of the basic annual rent payable by us under this lease, plus certain additional costs and expenses. For the three and six months ended June 30, 2011, amounts payable under this sublease to the Company totaled \$396.

We are also party to an office sublease with Ares Commercial Real Estate Management LLC ("ACREM"), a wholly owned subsidiary of Ares Management, pursuant to which we are subleasing approximately 12% of ACREM's office space for a fixed rent equal to 12% of the basic annual rent payable by ACREM under its office lease, plus certain additional costs and expenses. For the three and six months ended June 30, 2012, amounts payable under this sublease by the Company to ACREM totaled \$26.

As of June 30, 2012, Ares Investments Holdings LLC, an affiliate of Ares Management (the sole member of our investment adviser), owned approximately 2.9 million shares of the Company's common stock representing approximately 1.3% of the total shares outstanding as of June 30, 2012.

See Notes 3 and 12 for descriptions of other related party transactions.

12. IVY HILL ASSET MANAGEMENT, L.P. AND OTHER MANAGED VEHICLES

In November 2007, the Company established IHAM to serve as a manager for Ivy Hill Middle Market Credit Fund, Ltd., an unconsolidated investment vehicle focusing on investments in middle-market loans. From inception until the second quarter of 2009, IHAM's financial results were consolidated with those of the Company. In June 2009, because of a shift in activity from being primarily a manager, with no dedicated employees, of funds in which the Company had invested debt and equity, to a manager with individuals dedicated to managing an increasing number of third party funds, the Company concluded that GAAP required the financial results of IHAM to be reported as a portfolio company in the schedule of investments rather than as a consolidated subsidiary in the Company's financial results. The Company made an initial equity investment of \$3,816 into IHAM in June 2009. As of June 30, 2012, the Company's total investment in IHAM at fair value was \$204,977, including unrealized appreciation of \$92,101. As of December 31, 2011, the Company's total investment in IHAM at fair value was \$194,597 including unrealized appreciation of \$81,721. For the three and six months ended June 30, 2012, the Company received distributions consisting entirely of dividend income from IHAM of \$4,762 and \$9,524, respectively. For the three and six months ended June 30, 2011, the Company received distributions consisting entirely of dividend income from IHAM of \$4,762 and \$9,524, respectively.

IHAM, which became an SEC registered investment adviser effective March 30, 2012, as of June 30, 2012 managed 10 unconsolidated credit vehicles and sub-managed or sub-advised four other unconsolidated credit vehicles (these vehicles managed or sub-managed /sub-advised by IHAM are collectively, the "IHAM Vehicles"). As of June 30, 2012 and December 31, 2011, the Company had investments in two of the IHAM Vehicles.

IHAM or certain of the IHAM Vehicles purchased investments from the Company of \$36,147, during the six months ended June 30, 2012. A net realized loss of \$848 was recorded on these transactions for the six months ended June 30, 2012. IHAM or the IHAM Vehicles may, from time to time, buy or sell additional investments from or to the Company. For any such purchases or sales by the IHAM Vehicles from or to the Company, the IHAM Vehicles must obtain approval from third parties unaffiliated with the Company or IHAM, as applicable.

Table of Contents

IHAM is party to an administration agreement, referred to herein as the "IHAM administration agreement," with Ares Operations. Pursuant to the IHAM administration agreement, Ares Operations provides IHAM with office facilities, equipment, clerical, bookkeeping and record keeping services, services of, and oversight of, custodians, depositories, accountants, attorneys, underwriters and such other persons in any other capacity deemed to be necessary. Under the IHAM administration agreement, IHAM reimburses Ares Operations for all of the actual costs associated with such services, including Ares Operations' allocable portion of overhead and the cost of its officers and respective staff in performing its obligations under the IHAM administration agreement.

As part of the Allied Acquisition, the Company acquired the management rights for an unconsolidated vehicle, the AGILE Fund I, LLC ("AGILE Fund"). Effective March 30, 2012, the management rights for the AGILE Fund were transferred for de minimis, non-monetary consideration to an unrelated third party. The Company's investment in AGILE Fund was \$201 at fair value, including unrealized depreciation of \$90 as of June 30, 2012.

13. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights for the six months ended June 30, 2012 and 2011:

Per Share Data:	For the six months ended	
	June 30, 2012	June 30, 2011
Net asset value, beginning of period(1)	\$ 15.34	\$ 14.92
Issuance of common stock		
Issuances of Convertible Notes	0.02	0.27
Net investment income for period(2)	0.75	0.45
Net realized and unrealized gains for period(2)	0.14	0.34
Net increase in stockholders' equity	0.91	1.06
Total distributions to stockholders	(0.74)	(0.70)
Net asset value at end of period(1)	\$ 15.51	\$ 15.28
Per share market value at end of period	\$ 15.96	\$ 16.07
Total return based on market value(3)	8.09%	1.76%
Total return based on net asset value(4)	5.83%	5.26%
Shares outstanding at end of period	222,151	205,130
Ratio/Supplemental Data:		
Net assets at end of period	\$ 3,446,499	\$ 3,134,281
Ratio of operating expenses to average net assets(5)(6)	10.32%	11.76%
Ratio of net investment income to average net assets(5)(7)	9.73%	5.84%
Portfolio turnover rate(5)	30%	44%

(1) The net assets used equals the total stockholders' equity on the consolidated balance sheets.

(2) Weighted average basic per share data.

(3) For the six months ended June 30, 2012, the total return based on market value equals the increase of the ending market value at June 30, 2012 of \$15.96 per share over the ending market value at December 31, 2011 of \$15.45 per share plus the declared dividends of \$0.74 per share for the six months ended June 30, 2012, divided by the market value at December 31, 2011. For the six months ended June 30, 2011, the total return based on market value equals the decrease of the ending market value at June 30, 2011 of \$16.07 per share from the ending market value at December 31, 2010 of \$16.48 per share, plus the declared dividends of \$0.70 per share for the six months ended June 30, 2011, divided by the market value at December 31, 2010. Total return

Table of Contents

based on market value is not annualized. The Company's shares fluctuate in value. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

- (4) For the six months ended June 30, 2012, the total return based on net asset value equals the change in net asset value during the period plus the declared dividends of \$0.74 per share for the six months ended June 30, 2012, divided by the beginning net asset value. For the six months ended June 30, 2011, the total return based on net asset value equals the change in net asset value during the period plus the declared dividends of \$0.70 per share for the six months ended June 30, 2011 divided by the beginning net asset value. These calculations are adjusted for shares issued in connection with the dividend reinvestment plan and the issuance of common stock in connection with any equity offerings. Total return based on net asset value is not annualized. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.
- (5) The ratios reflect an annualized amount.
- (6) For the six months ended June 30, 2012, the ratio of operating expenses to average net assets consisted of 2.41% of base management fees, 2.90% of incentive fees, 4.00% of the cost of borrowing and 1.01% of other operating expenses. For the six months ended June 30, 2011, the ratio of operating expenses to average net assets consisted of 2.18% of base management fees, 4.63% of incentive fees, 3.75% of the cost of borrowing and 1.02% of other operating expenses. These ratios reflect annualized amounts.
- (7) The ratio of net investment income to average net assets excludes income taxes related to realized gains.

14. LITIGATION

The Company is party to certain lawsuits in the normal course of business. In addition, Allied Capital was involved in various legal proceedings which the Company assumed in connection with the Allied Acquisition. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the outcome of any such legal proceedings cannot at this time be predicted with certainty, the Company does not expect that these legal proceedings will materially affect its business, financial condition or results of operations.

15. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the Consolidated Financial Statements as of and for the six months ended June 30, 2012, except as disclosed below.

In July 2012, pursuant to the terms of the amended Revolving Funding Facility, the Company and Ares Capital CP received an increase in the commitments under the Revolving Funding Facility of \$40,000, bringing the total commitments to \$620,000.

In August 2012, the Company declared a third quarter dividend of \$0.38 per share and an additional dividend of \$0.05 per share. Both dividends are payable on September 28, 2012 to stockholders of record as of September 14, 2012.

Table of Contents

\$175,000,000

5.875% Senior Notes due 2022

PROSPECTUS SUPPLEMENT

**BofA Merrill Lynch
Morgan Stanley
UBS Investment Bank
Wells Fargo Securities
Stifel Nicolaus Weisel
Credit Suisse
Janney Montgomery Scott
RBC Capital Markets
Stephens Inc.**

September 20, 2012
