

ARES CAPITAL CORP  
Form 10-Q  
May 08, 2012  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

**For the quarterly period ended March 31, 2012**

**OR**

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

**For the transition period      to**

**Commission File No. 000-50697**

**ARES CAPITAL CORPORATION**

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(Exact name of Registrant as specified in its charter)

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

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

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

(Address of principal executive office) (Zip Code)

**(212) 750-7300**

(Registrant's telephone number, including area code)

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**N/A**

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

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

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

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

| <b>Class</b>                    | <b>Outstanding at May 8, 2012</b> |
|---------------------------------|-----------------------------------|
| Common stock, \$0.001 par value | 221,874,996                       |

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(in thousands, except per share data)

|  | March 31, 2012<br>(unaudited) | As of | December 31, 2011 |
|--|-------------------------------|-------|-------------------|
| <b>ASSETS</b>  |                               |       |                   |
| Investments at fair value  |                               |       |                   |
| Non-controlled/non-affiliate investments   | \$ 3,064,016                  | \$    | 3,060,084         |
| Non-controlled affiliate company investments   | 309,401                       |       | 267,324           |
| Controlled affiliate company investments   | 1,831,114                     |       | 1,767,098         |
| Total investments at fair value (amortized cost of \$5,182,508 and \$5,108,663, respectively)  | 5,204,531                     |       | 5,094,506         |
| Cash and cash equivalents  | 216,412                       |       | 120,782           |
| Receivable for open trades   | 45                            |       | 550               |
| Interest receivable  | 101,197                       |       | 99,078            |
| Other assets   | 86,953                        |       | 72,521            |
| Total assets   | \$ 5,609,138                  | \$    | 5,387,437         |
| <b>LIABILITIES</b>   |                               |       |                   |
| Debt   | \$ 2,018,866                  | \$    | 2,073,602         |
| Management and incentive fees payable  | 95,329                        |       | 92,496            |
| Accounts payable and other liabilities   | 39,035                        |       | 47,691            |
| Interest and facility fees payable   | 22,647                        |       | 26,383            |
| Total liabilities  | 2,175,877                     |       | 2,240,172         |
| Commitments and contingencies (Note 6)   |                               |       |                   |
| <b>STOCKHOLDERS EQUITY</b>   |                               |       |                   |
| Common stock, par value \$.001 per share, 400,000 common shares authorized, 221,875 and 205,130 common shares issued and outstanding, respectively | 222                           |       | 205               |
| Capital in excess of par value   | 3,652,760                     |       | 3,390,354         |
| Accumulated overdistributed net investment income  | (15,385)                      |       | (10,449)          |
| Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt, other assets and acquisitions                 | (226,359)                     |       | (218,688)         |
| Net unrealized gain (loss) on investments  | 22,023                        |       | (14,157)          |
| Total stockholders equity  | 3,433,261                     |       | 3,147,265         |
| Total liabilities and stockholders equity  | \$ 5,609,138                  | \$    | 5,387,437         |
| <b>NET ASSETS PER SHARE</b>  | \$ 15.47                      | \$    | 15.34             |

See accompanying notes to consolidated financial statements.

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS****(in thousands, except per share data)**

|   | <b>For the three months ended</b> |                       |
|---|-----------------------------------|-----------------------|
|   | <b>March 31, 2012</b>             | <b>March 31, 2011</b> |
|   | <b>(unaudited)</b>                | <b>(unaudited)</b>    |
| <b>INVESTMENT INCOME:</b>   |                                   |                       |
| From non-controlled/non-affiliate company investments:                        |                                   |                       |
| Interest income   | \$ 72,168                         | \$ 61,860             |
| Capital structuring service fees  | 7,877                             | 5,365                 |
| Dividend income   | 3,802                             | 1,515                 |
| Management fees   | 328                               | 154                   |
| Other income  | 2,748                             | 1,236                 |
| Total investment income from non-controlled/non-affiliate company investments | 86,923                            | 70,130                |
| From non-controlled affiliate company investments:                            |                                   |                       |
| Interest income   | 4,592                             | 10,132                |
| Dividend income   | 316                               | 2,376                 |
| Management fees   | 63                                | 188                   |
| Other income  | 25                                | 576                   |
| Total investment income from non-controlled affiliate company investments     | 4,996                             | 13,272                |
| From controlled affiliate company investments:                                |                                   |                       |
| Interest income   | 56,125                            | 38,621                |
| Capital structuring service fees  | 9,783                             | 5,593                 |
| Dividend income   | 5,101                             | 4,900                 |
| Management fees   | 4,541                             | 3,107                 |
| Other income  | 269                               | 68                    |
| Total investment income from controlled affiliate company investments         | 75,819                            | 52,289                |
| <b>Total investment income</b>  | <b>167,738</b>                    | <b>135,691</b>        |
| <b>EXPENSES:</b>  |                                   |                       |
| Interest and credit facility fees   | 32,776                            | 30,175                |
| Incentive management fees   | 26,386                            | 30,941                |
| Base management fees  | 19,986                            | 16,730                |
| Professional fees   | 3,686                             | 2,632                 |
| Administrative fees   | 2,320                             | 2,425                 |
| Other general and administrative  | 2,801                             | 2,918                 |
| Total expenses  | 87,955                            | 85,821                |
| <b>NET INVESTMENT INCOME BEFORE INCOME TAXES</b>                              | <b>79,783</b>                     | <b>49,870</b>         |
| Income tax expense, including excise tax                                      | 2,745                             | 2,047                 |
| <b>NET INVESTMENT INCOME</b>  | <b>77,038</b>                     | <b>47,823</b>         |
| <b>REALIZED AND UNREALIZED NET GAINS (LOSSES) ON INVESTMENTS:</b>             |                                   |                       |
| Net realized gains (losses):  |                                   |                       |
| Non-controlled/non-affiliate company investments                              | 462                               | 72,412                |
| Non-controlled affiliate company investments                                  | 3                                 | (3,596)               |

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|  |            |            |
|--|------------|------------|
| Controlled affiliate company investments   | (8,136)    | (6,247)    |
| Net realized gains (losses)  | (7,671)    | 62,569     |
| Net unrealized gains (losses):   |            |            |
| Non-controlled/non-affiliate company investments                                   | 6,017      | (13,054)   |
| Non-controlled affiliate company investments                                       | 10,093     | 6,547      |
| Controlled affiliate company investments   | 20,070     | 28,741     |
| Net unrealized gains   | 36,180     | 22,234     |
| Net realized and unrealized gains on investments                                   | 28,509     | 84,803     |
| REALIZED LOSS ON EXTINGUISHMENT OF DEBT  |            | (8,860)    |
| NET INCREASE IN STOCKHOLDERS EQUITY RESULTING FROM OPERATIONS                      | \$ 105,547 | \$ 123,766 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 9)                           | \$ 0.49    | \$ 0.61    |
| WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (see Note 9) | 217,044    | 204,419    |

See accompanying notes to consolidated financial statements.

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

| Company(1)   | Business Description   | Investment   | Interest (5)(11)        | Acquisition Date | Amortized Cost | Fair Value | Percentage of Net Assets |
|--|------------------------|--|-------------------------|------------------|----------------|------------|--------------------------|
| <b>Investment Funds and Vehicles</b>               |                        |  |                         |                  |                |            |                          |
| AGILE Fund I, LLC (7)(9)                           | Investment partnership | Member interest (0.50% interest)                             |                         | 4/1/2010         | \$ 207         | \$ 104     |                          |
| CIC Flex, LP (9)                                   | Investment partnership | Limited partnership units (0.94 unit)                        |                         | 9/7/2007         | 2,452          | 3,648      |                          |
| Covestia Capital Partners, LP (9)                  | Investment partnership | Limited partnership interest (46.67% interest)               |                         | 6/17/2008        | 1,059          | 1,111      |                          |
| Dynamic India Fund IV, LLC (9)                     | Investment company     | Member interest (5.44% interest)                             |                         | 4/1/2010         | 4,822          | 3,509      |                          |
| Firstlight Financial Corporation (6)(9)            | Investment company     | Senior subordinated loan (\$71,720 par due 12/2016)          | 1.00% PIK               | 12/31/2006       | 71,462         | 74,342     |                          |
|  |                        | Class A common stock (10,000 shares)                         |                         | 12/31/2006       | 10,000         |            |                          |
|  |                        | Class B common stock (30,000 shares)                         |                         | 12/31/2006       | 30,000         |            |                          |
|  |                        |  |                         |                  | 111,462        | 74,342     |                          |
| HCI Equity, LLC (7)(8)(9)                          | Investment company     | Member interest (100.00% interest)                           |                         | 4/1/2010         | 808            | 736        |                          |
| Imperial Capital Private Opportunities, LP (9)     | Investment partnership | Limited partnership interest (80.00% interest)               |                         | 5/10/2007        | 6,643          | 5,120      |                          |
| Ivy Hill Middle Market Credit Fund, Ltd. (7)(8)(9) | Investment company     | Class B deferrable interest notes (\$40,000 par due 11/2018) | 6.47% (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         | 16,480     |                          |
|  |                        |  |                         |                  | 55,515         | 54,480     |                          |
| Kodiak Funding, LP (9)                             | Investment partnership | Limited partnership interest (3.96% interest)                |                         | 4/1/2010         | 859            | 823        |                          |
| Novak Biddle Venture Partners III, L.P. (9)        | Investment partnership | Limited partnership interest (2.46% interest)                |                         | 4/1/2010         | 83             | 184        |                          |
| Partnership Capital Growth Fund I, L.P. (9)        | Investment partnership | Limited partnership interest (25.00% interest)               |                         | 6/16/2006        | 1,721          | 4,225      |                          |
| Partnership Capital Growth Fund III, L.P. (9)      | Investment partnership | Limited partnership interest (2.50% interest)                |                         | 10/5/2011        | 1,342          | 1,266      |                          |



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|  |  |   |                         |            |           |              |        |
|--|--|---|-------------------------|------------|-----------|--------------|--------|
| Senior Secured Loan Fund LLC (7)(10)(17)   | Co-investment vehicle                                | Subordinated certificates (\$1,110,966 par due 12/2020) | 8.47% (Libor + 8.00%/Q) | 10/30/2009 | 1,100,243 | 1,125,702    |        |
| VSC Investors LLC (9)  | Investment company                                   | Membership interest (1.95% interest)                    |                         | 1/24/2008  | 1,394     | 790          |        |
|  |  |   |                         |            | 1,288,610 | 1,276,040    | 37.17% |
| <b>Healthcare-Services</b>   |  |   |                         |            |           |              |        |
| BenefitMall Holdings Inc. and Centerstone Insurance and Financial Services (7)   | Employee benefits broker services company            | Senior subordinated loan (\$40,326 par due 6/2014)      | 18.00%                  | 4/1/2010   | 40,326    | 40,326       |        |
|  |  |   |                         | 4/1/2010   | 53,510    | 60,096       |        |
|  |  |   |                         | 4/1/2010   | 93,836    | 100,422      |        |
| CCS Group Holdings, LLC  | Correctional facility healthcare operator            | Class A units (601,937 units)                           |                         | 8/19/2010  | 602       | 1,064        |        |
| CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC (6) | Healthcare analysis services                         | Senior secured loan (\$7,227 par due 3/2017)            | 7.75% (Libor + 6.50%/Q) | 3/15/2011  | 7,227     | 6,938(2)(16) |        |
|  |  | Senior secured loan (\$7,623 par due 3/2017)            | 7.75% (Libor + 6.50%/Q) | 3/15/2011  | 7,623     | 7,318(3)(16) |        |
|  |  |   |                         | 6/15/2007  | 4,000     | 9,019        |        |
|  |  |   |                         | 6/15/2007  |           | 1,441        |        |
|  |  |   |                         |            | 18,850    | 24,716       |        |
| INC Research, Inc.   | Pharmaceutical and biotechnology consulting services | Common stock (1,410,000 shares)                         |                         | 9/27/2010  | 1,512     | 1,403        |        |

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

| Company(1)   | Business Description                    | Investment   | Interest (5)(11)        | Acquisition Date | Amortized Cost | Fair Value    | Percentage of Net Assets |
|--|---|--|-------------------------|------------------|----------------|---------------|--------------------------|
| Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC | Healthcare professional provider        | Senior secured loan (\$20,711 par due 3/2018)          | 9.75% (Libor + 8.75%/Q) | 9/15/2010        | 20,711         | 20,711(16)    |                          |
|  |   | Senior secured loan (\$44,001 par due 3/2018)          | 9.75% (Libor + 8.75%/Q) | 9/15/2010        | 44,001         | 44,001(2)(16) |                          |
|  |   | Senior secured loan (\$56,798 par due 3/2018)          | 9.75% (Libor + 8.75%/Q) | 3/16/2012        | 56,798         | 56,798(16)    |                          |
|  |   | Senior secured loan (\$15,999 par due 3/2018)          | 9.75% (Libor + 8.75%/Q) | 3/16/2012        | 15,999         | 15,999(2)(16) |                          |
|  |   |  |                         |                  | 137,509        | 137,509       |                          |
| 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 (\$4,000 par due 4/2017)           | 8.50% (Libor + 7.00%/M) | 4/12/2011        | 4,000          | 4,000(16)     |                          |
|  |   | Senior secured loan (\$5,371 par due 4/2017)           | 8.50% (Libor + 7.00%/M) | 4/12/2011        | 5,371          | 5,371(16)     |                          |
|  |   | Senior secured loan (\$49,625 par due 4/2017)          | 8.50% (Libor + 7.00%/M) | 4/12/2011        | 49,625         | 49,625(2)(16) |                          |
|  |   | Senior secured loan (\$9,975 par due 4/2017)           | 8.50% (Libor + 7.00%/M) | 4/12/2011        | 9,975          | 9,975(4)(16)  |                          |
|  |   | Senior secured loan (\$2,680 par due 4/2017)           | 8.50% (Libor + 7.00%/M) | 4/12/2011        | 2,680          | 2,680(3)(16)  |                          |
|  |   |  |                         |                  | 73,351         | 73,351        |                          |
| Napa Management Services Corporation   | Anesthesia management services provider | Senior secured loan (\$10,822 par due 4/2016)          | 7.50% (Libor + 6.00%/Q) | 4/15/2011        | 10,504         | 10,822(16)    |                          |
|  |   | Senior secured loan (\$29,250 par due 4/2016)          | 7.50% (Libor + 6.00%/Q) | 4/15/2011        | 29,250         | 29,250(2)(16) |                          |
|  |   | Senior secured loan (\$7,702 par due 4/2016)           | 7.50% (Libor + 6.00%/Q) | 4/15/2011        | 7,702          | 7,702(3)(16)  |                          |
|  |   | Common units (5,000 units)                             |                         | 4/15/2011        | 5,000          | 5,700         |                          |
|  |   |  |                         |                  | 52,456         | 53,474        |                          |

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|  |  |  |                         |           |        |              |
|--|--|--|-------------------------|-----------|--------|--------------|
| 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  | 3,530        |
|  |  |  |                         |           | 53,079 | 54,109       |
| OnCURE Medical Corp.   | Radiation oncology care provider   | Common stock (857,143 shares)                      |                         | 8/18/2006 | 3,000  | 1,361        |
| 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 | 9,962        |
|  |  | Common stock (16,106 shares)                       |                         | 7/30/2008 | 100    |              |
|  |  |  |                         |           | 11,256 | 9,962        |
| 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 (\$9,085 par due 11/2015)      | 6.75% (Libor + 5.00%/Q) | 11/3/2010 | 9,063  | 9,085(3)(16) |
|  |  | Senior subordinated loan (\$4,000 par due 3/2016)  | 12.50%                  | 3/12/2008 | 3,958  | 4,000        |
|  |  | Preferred stock (333 shares)                       |                         | 3/12/2008 | 125    | 16           |
|  |  | Common stock (16,667 shares)                       |                         | 3/12/2008 | 167    | 789          |
|  |  |  |                         |           | 13,313 | 13,890       |

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

| Company(1)                         | Business Description                            | Investment  | Interest (5)(11)          | Acquisition Date | Amortized Cost | Fair Value    | Percentage of Net Assets |
|------------------------------------|---|---|---------------------------|------------------|----------------|---------------|--------------------------|
| PRA Holdings, Inc.                 | Drug testing services                           | Senior secured loan (\$11,330 par due 12/2014)          | 4.48% (Libor + 4.00%/Q)   | 12/14/2007       | 11,057         | 11,103(4)     |                          |
|                                    |   | Senior secured loan (\$12,000 par due 12/2014)          | 4.48% (Libor + 4.00%/Q)   | 12/14/2007       | 11,707         | 11,760(3)     |                          |
|                                    |   |   |                           |                  | 22,764         | 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 (\$1,448 par due 12/2013) |                           | 4/1/2010         | 1,080          | 1,231(15)     |                          |
|                                    |   | Senior secured loan (\$12,457 par due 12/2013)          |                           | 4/1/2010         | 9,285          | 10,588(15)    |                          |
|                                    |   | Senior secured loan (\$26,469 par due 12/2013)          |                           | 4/1/2010         | 16,658         | 2,036(15)     |                          |
|                                    |   | Equity interests  |                           | 4/1/2010         | 203            |               |                          |
|                                    |   |   |                           |                  | 27,226         | 13,855        |                          |
| Soteria Imaging Services, LLC (6)  | Outpatient medical imaging provider             | Junior secured loan (\$1,177 par due 11/2010)           |                           | 4/1/2010         | 1,003          | 770(15)       |                          |
|                                    |   | Junior secured loan (\$1,681 par due 11/2010)           |                           | 4/1/2010         | 1,461          | 1,099(15)     |                          |
|                                    |   | Preferred member units (1,823,179 units)                |                           | 4/1/2010         |                |               |                          |
|                                    |   |   |                           |                  | 2,464          | 1,869         |                          |
| Sunquest Information Systems, Inc. | Laboratory software solutions provider          | Junior secured loan (\$67,000 par due 6/2017)           | 9.75% (Libor + 8.50%/Q)   | 12/16/2010       | 67,000         | 67,000(16)    |                          |
|                                    |   | Junior secured loan (\$58,000 par due 6/2017)           | 9.75% (Libor + 8.50%/Q)   | 12/16/2010       | 58,000         | 58,000(2)(16) |                          |
|                                    |   |   |                           |                  | 125,000        | 125,000       |                          |

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|   |  |  |                         |            |         |               |        |
|---|--|--|-------------------------|------------|---------|---------------|--------|
| U.S. Renal Care, Inc.   | Dialysis provider  | Senior secured loan (\$7,425 par due 12/2016)        | 5.50% (Libor + 4.00%/M) | 6/9/2011   | 7,388   | 7,425(16)     |        |
|   |  | Senior subordinated loan (\$50,824 par due 6/2018)   | 11.25% Cash, 2.00% PIK  | 5/24/2010  | 50,824  | 50,824(2)     |        |
|   |  |  |                         |            | 58,212  | 58,249        |        |
| Vantage Oncology, Inc.  | Radiation oncology care provider   | Common stock (62,157 shares)                         |                         | 2/3/2011   | 4,670   | 4,132         |        |
|   |  |  |                         |            | 764,100 | 762,229       | 22.20% |
| <b>Education</b>  |  |  |                         |            |         |               |        |
| American Academy Holdings, LLC                                      | Provider of education, training, certification, networking, 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 (\$21,415 par due 3/2016)        | 9.50% (Libor + 8.50%/Q) | 3/18/2011  | 21,415  | 21,415(16)    |        |
|   |  | Senior secured loan (\$55,437 par due 3/2016)        | 9.50% (Libor + 8.50%/Q) | 3/18/2011  | 55,437  | 55,437(2)(16) |        |
|   |  |  |                         |            | 76,952  | 76,952        |        |
| Campus Management Corp. and Campus Management Acquisition Corp. (6) | Education software developer   | Preferred stock (485,159 shares)                     |                         | 2/8/2008   | 10,520  | 12,560        |        |
| Community Education Centers, Inc.                                   | Offender re-entry and in-prison treatment services provider  | Senior secured loan (\$17,143 par due 12/2014)       | 6.25% (Libor + 5.25%/Q) | 12/10/2010 | 17,143  | 17,143(16)    |        |

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As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

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|--|--|--|--|------------------|----------------|---------------|--------------------------|
|  |  | Junior secured loan (\$32,161 par due 12/2015)     | 15.57% (Libor + 11.57% Cash, 4.00% PIK /Q) | 12/10/2010       | 32,161         | 30,553        |                          |
|  |  | Junior secured loan (\$9,680 par due 12/2015)      | 15.50% (Libor + 11.50% Cash, 4.00% PIK /Q) | 12/10/2010       | 9,680          | 9,196         |                          |
|  |  | Warrants to purchase up to 578,427 shares          |  | 12/10/2010       |                |               |                          |
|  |  |  |  |                  | 58,984         | 56,892        |                          |
| eInstruction Corporation   | Developer, manufacturer and retailer of educational products | Junior secured loan (\$17,000 par due 7/2014)      |  | 4/1/2010         | 15,396         | 7,532(15)     |                          |
|  |  | Senior subordinated loan (\$28,396 par due 1/2015) |  | 4/1/2010         | 24,151         | (15)          |                          |
|  |  | Common stock (2,406 shares)                        |  | 4/1/2010         | 926            |               |                          |
|  |  |  |  |                  | 40,473         | 7,532         |                          |
| ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation (6) | Developer, manufacturer and retailer of educational products | Preferred stock (99,492 shares)                    |  | 8/1/2011         | 10,149         | 8,213         |                          |
|  |  | Common stock (50,800 shares)                       |  | 8/1/2011         | 51             |               |                          |
|  |  |  |  |                  | 10,200         | 8,213         |                          |
| Infilaw Holding, LLC   | Operator of for-profit law schools                           | Senior secured loan (\$29,850 par due 8/2016)      | 9.50% (Libor + 8.50%/Q)                    | 8/25/2011        | 29,850         | 29,850(2)(16) |                          |
|  |  | Series A preferred units (131,000 units)           | 10.75% (Base Rate + 7.50%/Q)               | 8/25/2011        | 131,000        | 131,000(16)   |                          |
|  |  |  |  |                  | 160,850        | 160,850       |                          |
| 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          | 6,386         |                          |
|  |  | Series C preferred stock (2,512,586 shares)        |  | 6/7/2010         | 689            | 323           |                          |
|  |  | Common stock (20 shares)                           |  | 6/7/2010         |                |               |                          |

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|                              |                               |   |                              |            |         |                   |
|------------------------------|-------------------------------|---|------------------------------|------------|---------|-------------------|
|                              |                               |   |                              |            | 5,689   | 6,709             |
| JTC Education Holdings, Inc. | Postsecondary school operator | Senior secured revolving loan (\$2,175 par due 12/2014) | 12.75% (Base Rate + 9.50%/Q) | 12/31/2009 | 2,175   | 2,175(16)         |
|                              |                               | Senior secured loan (\$19,810 par due 12/2014)          | 12.50% (Libor + 9.50%/M)     | 12/31/2009 | 19,810  | 19,810(16)        |
|                              |                               | Senior secured loan (\$9,594 par due 12/2014)           | 12.50% (Libor + 9.50%/M)     | 12/31/2009 | 9,594   | 9,594(3)(16)      |
|                              |                               |   |                              |            | 31,579  | 31,579            |
| Lakeland Tours, LLC          | Educational travel provider   | Senior secured loan (\$13,201 par due 12/2016)          | 6.00% (Libor + 4.50%/Q)      | 10/4/2011  | 13,161  | 13,201(16)        |
|                              |                               | Senior secured loan (\$9,470 par due 12/2016)           | 6.00% (Libor + 4.50%/Q)      | 10/4/2011  | 9,441   | 9,470(2)(16)      |
|                              |                               | Senior secured loan (\$1,894 par due 12/2016)           | 6.00% (Libor + 4.50%/Q)      | 10/4/2011  | 1,888   | 1,894(4)(16)      |
|                              |                               | Senior secured loan (\$56,265 par due 12/2016)          | 10.00% (Libor + 8.50%/Q)     | 10/4/2011  | 56,093  | 56,265(14)(16)    |
|                              |                               | Senior secured loan (\$40,362 par due 12/2016)          | 10.00% (Libor + 8.50%/Q)     | 10/4/2011  | 40,238  | 40,362(2)(14)(16) |
|                              |                               | Senior secured loan (\$8,072 par due 12/2016)           | 10.00% (Libor + 8.50%/Q)     | 10/4/2011  | 8,047   | 8,072(4)(14)(16)  |
|                              |                               | Common stock (5,000 shares)                             |                              | 10/4/2011  | 5,000   | 4,637             |
|                              |                               |   |                              |            | 133,868 | 133,901           |

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|---|-------------------------------|---|------------------------------|------------------|----------------|---------------|--------------------------|
| R3 Education, Inc. and EIC Acquisitions Corp. (8) | Medical school operator       | Senior secured loan (\$1,882 par due 4/2013)            | 9.00% (Libor + 6.00%/Q)      | 9/21/2007        | 1,882          | 4,522(3)(16)  |                          |
|   |                               | Senior secured loan (\$2,437 par due 4/2013)            | 9.00% (Libor + 6.00%/Q)      | 9/21/2007        | 2,437          | 5,857(3)(16)  |                          |
|   |                               | Senior secured loan (\$6,719 par due 4/2013)            | 13.00% PIK                   | 12/8/2009        | 4,568          | 16,146        |                          |
|   |                               | Preferred stock (8,800 shares)                          |                              | 7/30/2008        | 2,200          | 1,760         |                          |
|   |                               | Common membership interest (26.27% interest)            |                              | 9/21/2007        | 15,800         | 23,936        |                          |
|   |                               | Warrants to purchase up to 27,890 shares                |                              | 12/8/2009        |                |               |                          |
|   |                               |   |                              |                  | 26,887         | 52,221        |                          |
|   |                               |   |                              |                  | 556,002        | 547,409       | 15.94%                   |
| <b>Restaurants and Food Services</b>              |                               |   |                              |                  |                |               |                          |
| ADF Capital, Inc. & ADF Restaurant Group, LLC     | Restaurant owner and operator | Senior secured revolving loan (\$1,968 par due 11/2013) | 6.50% (Libor + 3.50%/Q)      | 11/27/2006       | 1,968          | 1,968(16)     |                          |
|   |                               | Senior secured loan (\$7,205 par due 11/2013)           | 6.50% (Libor + 3.50%/Q)      | 11/27/2006       | 7,205          | 7,205(16)     |                          |
|   |                               | Senior secured loan (\$11,238 par due 11/2014)          | 12.50% (Libor + 9.50%/Q)     | 11/27/2006       | 11,241         | 11,238(2)(16) |                          |
|   |                               | Senior secured loan (\$9,370 par due 11/2014)           | 12.50% (Libor + 9.50%/Q)     | 11/27/2006       | 9,370          | 9,370(3)(16)  |                          |
|   |                               | Promissory note (\$14,897,360 par due 11/2016)          |                              | 11/27/2006       | 14,886         | 15,339        |                          |
|   |                               | Warrants to purchase up to 0.61 shares                  |                              | 6/1/2006         |                |               |                          |
|   |                               |   |                              |                  | 44,670         | 45,120        |                          |
| Hojeij Branded Foods, Inc.                        | Airport restaurant operator   | Senior secured revolving loan (\$1,200 par due 2/2017)  | 10.25% (Base Rate + 7.00%/Q) | 2/15/2012        | 1,200          | 1,164(16)     |                          |
|   |                               | Senior secured loan (\$15,000 par due 2/2017)           | 9.00% (Libor + 8.00%/Q)      | 2/15/2012        | 15,000         | 14,550(16)    |                          |
|   |                               |   |                              | 2/15/2012        |                | 669           |                          |



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|   |                                   |   |                              |            |        |               |
|---|-----------------------------------|---|------------------------------|------------|--------|---------------|
|   |                                   | Warrants to purchase up to 324 shares of Class A common stock |                              |            |        |               |
|   |                                   | Warrants to purchase up to 7.5% of membership interest        |                              | 2/15/2012  |        |               |
|   |                                   |   |                              |            | 16,200 | 16,383        |
| Orion Foods, LLC (fka Hot Stuff Foods, LLC) (7) | Convenience food service retailer | Senior secured revolving loan (\$7,300 par due 9/2014)        | 10.75% (Base Rate + 7.50%/M) | 4/1/2010   | 7,300  | 7,300(16)     |
|   |                                   | Senior secured loan (\$33,807 par due 9/2014)                 | 10.00% (Libor + 8.50%/Q)     | 4/1/2010   | 33,807 | 33,807(2)(16) |
|   |                                   | Junior secured loan (\$37,552 par due 9/2014)                 | 14.00%                       | 4/1/2010   | 26,397 | 27,443        |
|   |                                   | 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   |        |               |
|   |                                   |   |                              |            | 67,504 | 68,550        |
| 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)       |

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|---------------------------------|-------------------------------|---|---|------------------|----------------|---------------|--------------------------|
|                                 |                               | Senior secured loan (\$18,687 par due 8/2016)             | 8.50% (Libor + 7.00%/Q)                   | 8/9/2011         | 18,687         | 18,687(16)    |                          |
|                                 |                               | Junior secured loan (\$2,143 par due 8/2016)              | 14.50% (Libor + 13.00%/Q)                 | 8/9/2011         | 2,143          | 2,143(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          | 2,702         |                          |
|                                 |                               | Warrants to purchase up to 189,857 shares of common stock |   | 6/19/2008        | 100            | 4,704         |                          |
|                                 |                               |   |   |                  | 56,027         | 60,333        |                          |
| PMI Holdings, Inc.              | Restaurant owner and operator | Senior secured revolving loan (\$2,000 par due 5/2015)    | 10.00% (Libor + 8.00%/M)                  | 5/5/2010         | 2,000          | 2,000(16)     |                          |
|                                 |                               | Senior secured loan (\$8,614 par due 5/2015)              | 10.00% (Libor + 8.00%/M)                  | 5/5/2010         | 8,614          | 8,614(4)(16)  |                          |
|                                 |                               | Senior secured loan (\$212 par due 5/2015)                | 10.25% (Base Rate + 7.00%/M)              | 5/5/2010         | 212            | 212(4)(16)    |                          |
|                                 |                               | Senior secured loan (\$8,614 par due 5/2015)              | 10.00% (Libor + 8.00%/M)                  | 5/5/2010         | 8,614          | 8,614(3)(16)  |                          |
|                                 |                               | Senior secured loan (\$212 par due 5/2015)                | 10.25% (Base Rate + 7.00%/M)              | 5/5/2010         | 212            | 212(3)(16)    |                          |
|                                 |                               |   |   |                  | 19,652         | 19,652        |                          |
| Restaurant Holding Company, LLC | Fast food restaurant operator | Senior secured loan (\$63,000 par due 2/2017)             | 9.00% (Libor + 7.50%/M)                   | 2/15/2012        | 61,767         | 62,370(16)    |                          |
|                                 |                               | Senior secured loan (\$12,000 par due 2/2017)             | 9.00% (Libor + 7.50%/M)                   | 2/15/2012        | 11,761         | 11,880(2)(16) |                          |
|                                 |                               |   |   |                  | 73,528         | 74,250        |                          |
| S.B. Restaurant Company         | Restaurant owner and operator | Senior secured loan (\$34,549 par due 7/2012)             | 13.00% (Libor + 9.00% Cash, 2.00% PIK /Q) | 4/1/2010         | 32,711         | 34,549(16)    |                          |
|                                 |                               | Preferred stock (46,690 shares)                           |   | 4/1/2010         |                | 117           |                          |
|                                 |                               | Warrants to purchase up to 257,429 shares of common stock |   | 4/1/2010         |                |               |                          |

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|  |  |  |        |            |         |           |        |
|--|--|--|--------|------------|---------|-----------|--------|
|  |  |  |        |            | 32,711  | 34,666    |        |
| Vistar Corporation and Wellspring Distribution Corp. | Food service distributor                     | Junior secured loan (\$50,250 par due 5/2015)            | 11.00% | 5/23/2008  | 49,341  | 50,250    |        |
|  |  | Junior secured loan (\$50,000 par due 5/2015)            | 11.00% | 5/23/2008  | 49,627  | 50,000(2) |        |
|  |  | Class A non-voting common stock (1,366,120 shares)       |        | 5/3/2008   | 7,500   | 6,752     |        |
|  |  |  |        |            | 106,468 | 107,002   |        |
|  |  |  |        |            | 416,760 | 425,956   | 12.41% |
| <b>Financial Services</b>                            |  |  |        |            |         |           |        |
| AllBridge Financial, LLC (7)                         | Asset management services                    | Equity interests   |        | 4/1/2010   | 11,395  | 13,668    |        |
| Callidus Capital Corporation (7)                     | Asset management services                    | Common stock (100 shares)                                |        | 4/1/2010   | 3,000   | 1,020     |        |
| Ciena Capital LLC (7)                                | 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  | 23,009    |        |
|  |  |  |        |            | 99,374  | 69,009    |        |

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| 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 (\$3,700 par due 9/2015)       | 9.00%                       | 9/30/2011        | 3,700          | 3,700      |                          |
| Financial Pacific Company              | Commercial finance leasing                       | Preferred stock (6,500 shares)                          | 8.00% PIK                   | 10/13/2010       | 6,631          | 8,483      |                          |
|  |  | Common stock (650,000 shares)                           |                             | 10/13/2010       |                |            |                          |
|  |  |   |                             |                  | 6,631          | 8,483      |                          |
| Imperial Capital Group, LLC            | Investment services                              | Class A common units (7,710 units)                      |                             | 5/10/2007        | 14,997         | 20,766     |                          |
|  |  | 2006 Class B common units (2,526 units)                 |                             | 5/10/2007        | 3              | 4          |                          |
|  |  | 2007 Class B common units (315 units)                   |                             | 5/10/2007        |                |            |                          |
|  |  |   |                             |                  | 15,000         | 20,770     |                          |
| Ivy Hill Asset Management, L.P. (7)(9) | Asset management services                        | Member interest (100.00% interest)                      |                             | 6/15/2009        | 112,876        | 201,199    |                          |
|  |  |   |                             |                  | 271,476        | 337,349    | 9.83%                    |
| <b>Business Services</b>               |  |   |                             |                  |                |            |                          |
| Aviation Properties Corporation (7)    | Aviation services                                | Common stock (100 shares)                               |                             | 4/1/2010         |                |            |                          |
| CIBT Investment Holdings, LLC          | Expedited travel document processing services    | Class A shares (2,500 shares)                           |                             | 12/15/2011       | 2,500          | 2,590      |                          |
| CitiPostal Inc. (7)                    | Document storage and management services         | Senior secured revolving loan (\$2,900 par due 12/2013) | 6.75% (Base Rate + 3.25%/Q) | 4/1/2010         | 2,900          | 2,900(16)  |                          |
|  |  | Senior secured loan (\$506 par due 12/2013)             | 8.50% Cash, 5.50% PIK       | 4/1/2010         | 506            | 506        |                          |
|  |  | Senior secured loan (\$51,880 par due 12/2013)          | 8.50% Cash, 5.50% PIK       | 4/1/2010         | 51,880         | 51,880(2)  |                          |
|  |  | Senior subordinated loan (\$15,299 par due 12/2015)     |                             | 4/1/2010         | 13,038         | 1,985(15)  |                          |
|  |  | Common stock (37,024 shares)                            |                             | 4/1/2010         |                |            |                          |
|  |  |   |                             |                  | 68,324         | 57,271     |                          |
|  |  |   |                             | 8/12/2011        | 18,630         | 18,444(16) |                          |

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|  |  |   |                         |           |        |       |
|--|--|---|-------------------------|-----------|--------|-------|
| Cornerstone Records Management, LLC    | Physical records storage and management service provider     | Senior secured loan (\$18,630 par due 8/2016)                   | 8.50% (Libor + 7.00%/Q) |           |        |       |
| Overall North America, Inc.            | Commercial janitorial service provider                       | Subordinated notes (\$9,435 par due 2/2016)                     | 10.00% Cash, 2.00% PIK  | 2/22/2011 | 9,435  | 9,435 |
| Diversified Collections Services, Inc. | Collections services   | Preferred stock (3,944 shares)                                  |                         | 5/18/2006 | 45     | 89    |
|  |  | Common stock (478,816 shares)                                   |                         | 4/1/2010  | 1,478  | 3,345 |
|  |  | Common stock (124,987 shares)                                   |                         | 2/5/2005  | 295    | 873   |
|  |  |   |                         |           | 1,818  | 4,307 |
| HCP Acquisition Holdings, LLC (7)      | Healthcare compliance advisory services                      | Class A units (11,763,438 units)                                |                         | 6/26/2008 | 11,763 | 5,084 |
| Impact Innovations Group, LLC          | IT consulting and outsourcing services                       | Member interest (50.00% interest)                               |                         | 4/1/2010  |        | 200   |
| Investor Group Services, LLC (6)       | Business consulting for private equity and corporate clients | Limited liability company membership interest (10.00% interest) |                         | 6/22/2006 |        | 926   |
| Multi-Ad Services, Inc. (6)            | Marketing services and software provider                     | Preferred units (1,725,280 units)                               |                         | 4/1/2010  | 788    | 2,038 |
|  |  | Common units (1,725,280 units)                                  |                         | 4/1/2010  |        |       |
|  |  |   |                         |           | 788    | 2,038 |

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| MVL Group, Inc. (7)   | Marketing research provider                    | Senior secured loan (\$22,772 par due 7/2012)                   | 12.00%                 | 4/1/2010         | 22,772         | 22,772       |                          |
|   |  | Senior subordinated loan (\$36,080 par due 7/2012)              | 12.00% Cash, 2.50% PIK | 4/1/2010         | 35,512         | 33,721       |                          |
|   |  | Junior subordinated loan (\$144 par due 7/2012)                 | 10.00%                 | 4/1/2010         |                |              |                          |
|   |  | Common stock (560,716 shares)                                   |                        | 4/1/2010         |                |              |                          |
|   |  |   |                        |                  | 58,284         | 56,493       |                          |
| Pillar Processing LLC and PHL Holding Co. (6)   | Mortgage services                              | Senior secured loan (\$7,142 par due 11/2013)                   |                        | 7/31/2008        | 7,064          | 6,571(15)    |                          |
|   |  | Senior secured loan (\$7,375 par due 5/2014)                    |                        | 11/20/2007       | 7,375          | 1,062(15)    |                          |
|   |  | Senior secured loan (\$4,458 par due 11/2013)                   |                        | 11/20/2007       | 4,409          | 4,101(3)(15) |                          |
|   |  | Common stock (85 shares)  |                        | 11/20/2007       | 3,768          |              |                          |
|   |  |   |                        |                  | 22,616         | 11,734       |                          |
| Powersport Auctioneer Holdings, LLC   | Powersport vehicle auction operator            | Common Units (1,972 units)                                      |                        | 3/2/2012         | 1,000          | 1,000        |                          |
| 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 (\$45,150 par due 2/2014)              |                        | 2/9/2007         | 43,819         | 1,013(15)    |                          |
|   |  | Preferred units (30,000 units)                                  |                        | 4/11/2006        | 3,000          |              |                          |
|   |  |   |                        |                  | 46,819         | 1,013        |                          |
| Promo Works, LLC  | Marketing services                             | Senior secured loan (\$8,655 par due 12/2013)                   |                        | 4/1/2010         | 3,981          | 2,241(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        |                | 619          |                          |

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|                                      |   |   |                         |            |         |               |       |
|--------------------------------------|---|---|-------------------------|------------|---------|---------------|-------|
| Tradesmen International, Inc.        | Construction labor support                                      | Junior secured loan (\$10,085 par due 5/2014) | 13.00% Cash, 1.00% PIK  | 4/1/2010   | 8,075   | 10,085        |       |
|                                      |   | Warrants to purchase up to 771,036 shares     |                         | 4/1/2010   |         | 6,283         |       |
|                                      |   |   |                         |            | 8,075   | 16,368        |       |
| Tripwire, Inc.                       | IT security software provider                                   | Senior secured loan (\$30,000 par due 5/2018) | 6.00% (Libor + 4.75%/Q) | 5/23/2011  | 30,000  | 30,000(16)    |       |
|                                      |   | Senior secured loan (\$50,000 par due 5/2018) | 6.00% (Libor + 4.75%/Q) | 5/23/2011  | 50,000  | 50,000(2)(16) |       |
|                                      |   | Class A common stock (2,970 shares)           |                         | 5/23/2011  | 2,970   | 4,932         |       |
|                                      |   | Class B common stock (2,655,638 shares)       |                         | 5/23/2011  | 30      | 50            |       |
|                                      |   |   |                         |            | 83,000  | 84,982        |       |
| Venturehouse-Cibernet Investors, LLC | Financial settlement services for intercarrier wireless roaming | Equity interest                               |                         | 4/1/2010   |         |               |       |
| VSS-Tranzact Holdings, LLC (6)       | Management consulting services                                  | Series B preferred units (854 units)          |                         | 11/7/2011  | 867     | 899           |       |
|                                      |   | Common membership interest (8.54% interest)   |                         | 10/26/2007 | 10,204  | 224           |       |
|                                      |   | Warrants to purchase up to 4,206 units        |                         | 11/7/2011  |         | 110           |       |
|                                      |   |   |                         |            | 11,071  | 1,233         |       |
|                                      |   |   |                         |            | 348,354 | 276,135       | 8.04% |

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of March 31, 2012

(dollar amounts in thousands)

(unaudited)

| Company(1)  | Business Description   | Investment  | Interest (5)(11)            | Acquisition Date | Amortized Cost | Fair Value    | Percentage of Net Assets |
|---|--|---|-----------------------------|------------------|----------------|---------------|--------------------------|
| <b>Consumer Products-Non-durable</b>                            |  |   |                             |                  |                |               |                          |
| Augusta Sportswear, Inc.  | Manufacturer of athletic apparel                               | Senior secured loan (\$8,626 par due 7/2015)            | 9.50% (Base Rate + 6.25%/Q) | 9/3/2010         | 8,626          | 8,626(3)(16)  |                          |
| Gilchrist & Soames, Inc.  | Personal care manufacturer                                     | Senior secured revolving loan (\$1,000 par due 10/2013) | 4.22% (Libor + 3.75%/Q)     | 4/1/2010         | 1,000          | 1,000(16)     |                          |
|   |  | Senior secured revolving loan (\$1,500 par due 10/2013) | 4.10% (Libor + 3.75%/S)     | 4/1/2010         | 1,500          | 1,500(16)     |                          |
|   |  | Senior secured loan (\$21,941 par due 10/2013)          | 13.44%                      | 4/1/2010         | 21,498         | 21,941        |                          |
|   |  |   |                             |                  | 23,998         | 24,441        |                          |
| Implus Footcare, LLC  | Provider of footwear and other accessories                     | Preferred stock (455 shares)                            | 6.00% PIK                   | 10/31/2011       | 4,659          | 4,659         |                          |
|   |  | Common stock (455 shares)                               |                             | 10/31/2011       | 455            | 65            |                          |
|   |  |   |                             |                  | 5,114          | 4,724         |                          |
| Insight Pharmaceuticals Corporation (6)                         | OTC drug products manufacturer                                 | Junior secured loan (\$25,000 par due 8/2017)           | 13.25% (Libor + 11.75%/Q)   | 8/26/2011        | 24,748         | 24,500(2)(16) |                          |
|   |  | Class A common stock (155,000 shares)                   |                             | 8/26/2011        | 6,035          | 9,525         |                          |
|   |  | Class B common stock (155,000 shares)                   |                             | 8/26/2011        | 6,035          | 9,525         |                          |
|   |  |   |                             |                  | 36,818         | 43,550        |                          |
| Making Memories Wholesale, Inc. (7)                             | Scrapbooking branded products manufacturer                     | Senior secured revolving loan (\$2,250 par due 8/2014)  |                             | 8/21/2009        | 2,229          | 1,105(15)     |                          |
|   |  | Senior secured loan (\$9,625 par due 8/2014)            |                             | 8/21/2009        | 7,193          | (15)          |                          |
|   |  | Senior secured loan (\$6,086 par due 8/2014)            |                             | 8/21/2009        | 3,874          | (15)          |                          |
|   |  | Common stock (100 shares)                               |                             | 8/21/2009        |                |               |                          |
|   |  |   |                             |                  | 13,296         | 1,105         |                          |
| Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp. | Developer and marketer of over-the-counter healthcare products | Senior secured revolving loan (\$4,500 par due 6/2016)  | 13.00% (Libor + 12.00%/M)   | 6/30/2011        | 4,500          | 4,275(16)     |                          |



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|                        |                  |   |                           |           |        |               |
|------------------------|------------------|---|---------------------------|-----------|--------|---------------|
|                        |                  | Senior secured loan (\$40,906 par due 6/2016)               | 13.00% (Libor + 12.00%/Q) | 6/30/2011 | 40,660 | 38,861(2)(16) |
|                        |                  | Warrants to purchase up to 1,489 shares of preferred stock  |                           | 7/27/2011 |        | 652           |
|                        |                  | Warrants to purchase up to 1,654,678 shares of common stock |                           | 7/27/2011 |        |               |
|                        |                  |   |                           |           | 45,160 | 43,788        |
| The Step2 Company, LLC | Toy manufacturer | Junior secured loan (\$27,000 par due 4/2015)               | 10.00%                    | 4/1/2010  | 25,842 | 27,000        |
|                        |                  | Junior secured loan (\$31,576 par due 4/2015)               | 10.00% Cash, 5.00% PIK    | 4/1/2010  | 30,359 | 28,418        |
|                        |                  | Common units (1,116,879 units)                              |                           | 4/1/2010  | 24     | 15            |
|                        |                  | Warrants to purchase up to 3,157,895 units                  |                           | 4/1/2010  |        | 42            |
|                        |                  |   |                           |           | 56,225 | 55,475        |

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(unaudited)

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|-------------------------------|--|--|-----------------------------|------------------|----------------|---------------|--------------------------|
| The Thymes, LLC (7)           | Cosmetic products manufacturer   | Preferred units (6,283 units)                      | 8.00% PIK                   | 6/21/2007        | 5,834          | 6,564         |                          |
|                               |  | Common units (5,400 units)                         |                             | 6/21/2007        |                | 870           |                          |
|                               |  |  |                             |                  | 5,834          | 7,434         |                          |
| Woodstream Corporation        | Pet products manufacturer  | Senior subordinated loan (\$45,000 par due 2/2015) | 12.00%                      | 1/22/2010        | 40,723         | 44,550        |                          |
|                               |  | Common stock (4,254 shares)                        |                             | 1/22/2010        | 1,222          | 2,504         |                          |
|                               |  |  |                             |                  | 41,945         | 47,054        |                          |
|                               |  |  |                             |                  | 237,016        | 236,197       | 6.88%                    |
| <b>Containers-Packaging</b>   |  |  |                             |                  |                |               |                          |
| ICSH, Inc.                    | Industrial container manufacturer, reconditioner and servicer          | Senior secured loan (\$61,161 par due 8/2016)      | 8.00% (Libor + 7.00%/Q)     | 8/31/2011        | 61,161         | 61,161(16)    |                          |
|                               |  | Senior secured loan (\$49,745 par due 8/2016)      | 8.00% (Libor + 7.00%/Q)     | 8/31/2011        | 49,745         | 49,745(2)(16) |                          |
|                               |  | Senior secured loan (\$9,974 par due 8/2016)       | 8.00% (Libor + 7.00%/Q)     | 8/31/2011        | 9,974          | 9,974(4)(16)  |                          |
|                               |  |  |                             |                  | 120,880        | 120,880       |                          |
| 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       |                          |
|                               |  |  |                             |                  | 230,880        | 230,880       | 6.72%                    |
| <b>Services-Other</b>         |  |  |                             |                  |                |               |                          |
| Competitor Group, Inc.        | Endurance sports media and event operator                              | Senior secured loan (\$29,542 par due 1/2017)      | 9.50% (Libor + 8.00%/Q)     | 1/30/2012        | 29,542         | 29,542(16)    |                          |
| McKenzie Sports Products, LLC | Designer, manufacturer and distributor of taxidermy forms and supplies | Senior secured loan (\$32,000 par due 3/2017)      | 7.75% (Base Rate + 4.50%/M) | 3/30/2012        | 32,000         | 32,000(16)    |                          |
| The Dwyer Group (6)           |  |  | 14.50%                      | 12/22/2010       | 17,100         | 17,100        |                          |

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|   |  |   |                             |            |         |               |
|---|--|---|-----------------------------|------------|---------|---------------|
|   | Operator of multiple franchise concepts primarily related to home maintenance or repairs | Senior subordinated loan (\$17,100 par due 12/2016)         |                             |            |         |               |
|   |  | Series A preferred units (13,292,377 units)                 | 8.00% PIK                   | 12/22/2010 | 14,701  | 19,425        |
|   |  |   |                             |            | 31,801  | 36,525        |
| Wash Multifamily Laundry Systems, LLC (fka Web Services Company, LLC) | Laundry service and equipment provider   | Senior secured loan (\$4,837 par due 8/2014)                | 7.00% (Base Rate + 3.75%/Q) | 6/15/2009  | 4,722   | 4,837(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)  |
|   |  |   |                             |            | 94,722  | 94,837        |
|   |  |   |                             |            | 188,065 | 192,904       |
|   |  |   |                             |            |         | 5.62%         |
| <b>Manufacturing</b>  |  |   |                             |            |         |               |
| Component Hardware Group, Inc.  | Commercial equipment   | Junior secured loan (\$3,130 par due 12/2014)               | 7.00% Cash, 3.00% PIK       | 8/4/2010   | 3,130   | 3,130         |
|   |  | Senior subordinated loan (\$10,729 par due 12/2014)         | 7.50% Cash, 5.00% PIK       | 4/1/2010   | 7,262   | 10,729        |
|   |  | Warrants to purchase up to 1,462,500 shares of common stock |                             | 8/4/2010   |         | 4,235         |
|   |  |   |                             |            | 10,392  | 18,094        |

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|-----------------------------|---|--|-----------------------------|------------------|----------------|------------|--------------------------|
| 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         | 13,568(16) |                          |
| MWI Holdings, Inc.          | Highly engineered springs, fastners, and other precision components | Senior secured loan (\$48,274 par due 6/2017)        | 10.00% (Libor + 8.00%/Q)    | 6/15/2011        | 48,274         | 48,274(16) |                          |
| NetShape Technologies, Inc. | Metal precision engineered components                               | Senior secured revolving loan (\$285 par due 2/2013) | 3.94% (Libor + 3.75%/Q)     | 4/1/2010         | 147            | 250        |                          |
|                             |   | Senior secured revolving loan (\$648 par due 2/2013) | 4.22% (Libor + 3.75%/Q)     | 4/1/2010         | 335            | 568        |                          |
|                             |   |  |                             |                  | 482            | 818        |                          |
| 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 (\$5,575 par due 5/2017)         | 5.75% (Libor + 4.25%/M)     | 5/23/2011        | 5,575          | 5,519(16)  |                          |
|                             |   | Senior subordinated loan (\$733 par due 5/2018)      | 8.00% Cash, 7.25% PIK       | 5/23/2011        | 733            | 733        |                          |
|                             |   | Preferred stock (2,379,361 shares)                   |                             | 5/23/2011        | 2,307          | 3,497      |                          |
|                             |   |  |                             |                  | 8,629          | 9,763      |                          |
| Saw Mill PCG Partners LLC   | Metal precision engineered components                               | Common units (1,000 units)                           |                             | 1/30/2007        |                |            |                          |