ARES CAPITAL CORP
Form 10-Q
November 04, 2015
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period to

Commission File No. 814-00663

ARES CAPITAL CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland	**33-1089684**
(State or other jurisdiction of incorporation or organization)	(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)

N/A

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

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 x No o

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 o No o

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 x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

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

Class	Outstanding at November 4, 2015
Common stock, $0.001 par value	314,468,685

Table of Contents

ARES CAPITAL CORPORATION

INDEX

Part I.	**Financial Information**	
Item 1.	Financial Statements	
	Consolidated Balance Sheet as of September 30, 2015 (unaudited) and December 31, 2014	3
	Consolidated Statement of Operations for the three and nine months ended September 30, 2015 and 2014 (unaudited)	4
	Consolidated Schedule of Investments as of September 30, 2015 (unaudited) and December 31, 2014	5
	Consolidated Statement of Stockholders Equity for the nine months ended September 30, 2015 (unaudited)	52
	Consolidated Statement of Cash Flows for the nine months ended September 30, 2015 and 2014 (unaudited)	53
	Notes to Consolidated Financial Statements (unaudited)	54
Item 2.	Management s Discussion and Analysis of Financial Condition and Results of Operations	86
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	114
Item 4.	Controls and Procedures	115
Part II.	**Other Information**	
Item 1.	Legal Proceedings	115
Item 1A.	Risk Factors	115
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	116
Item 3.	Defaults Upon Senior Securities	116
Item 4.	Mine Safety Disclosures	116
Item 5.	Other Information	116
Item 6.	Exhibits	117

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(in thousands, except per share data)

	As of	
	September 30, 2015 (unaudited)	**December 31, 2014**
ASSETS		
Investments at fair value		
Non-controlled/non-affiliate company investments	$ 6,004,141	$ 6,270,075
Non-controlled affiliate company investments	176,252	228,716
Controlled affiliate company investments	2,512,087	2,529,588
Total investments at fair value (amortized cost of $8,632,775 and $8,875,095, respectively)	8,692,480	9,028,379
Cash and cash equivalents	247,123	194,555
Interest receivable	135,365	160,981
Receivable for open trades		859
Other assets	98,003	112,999
Total assets	$ 9,172,971	$ 9,497,773
LIABILITIES		
Debt	$ 3,653,304	$ 3,924,482
Base management fees payable	33,284	34,497
Income based fees payable	31,842	33,070
Capital gains incentive fees payable	69,820	92,979
Accounts payable and other liabilities	61,395	81,892
Interest and facility fees payable	43,114	46,974
Payable for open trades	410	164
Total liabilities	3,893,169	4,214,058
Commitments and contingencies (Note 7)		
STOCKHOLDERS EQUITY		
Common stock, par value $0.001 per share, 500,000 common shares authorized; 314,469 and 314,108 common shares issued and outstanding, respectively	314	314
Capital in excess of par value	5,334,249	5,328,057
Accumulated overdistributed net investment income	(46,251)	(32,846)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets	(66,768)	(166,668)
Net unrealized gains on investments and foreign currency transactions	58,258	154,858
Total stockholders equity	5,279,802	5,283,715
Total liabilities and stockholders equity	$ 9,172,971	$ 9,497,773
NET ASSETS PER SHARE	$ 16.79	$ 16.82

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)

(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
INVESTMENT INCOME:				
From non-controlled/non-affiliate company investments:				
Interest income from investments	$ 128,814	$ 114,552	$ 376,257	$ 314,763
Capital structuring service fees	27,883	21,196	49,410	47,890
Dividend income	4,045	8,345	11,957	21,922
Other income	2,583	3,938	8,683	13,840
Total investment income from non-controlled/non-affiliate company investments	163,325	148,031	446,307	398,415
From non-controlled affiliate company investments:				
Interest income from investments	3,629	2,706	10,948	8,901
Capital structuring service fees		369	2,205	1,019
Dividend income	38	1,071	1,407	4,569
Other income	66	69	196	472
Total investment income from non-controlled affiliate company investments	3,733	4,215	14,756	14,961
From controlled affiliate company investments:				
Interest income from investments	75,494	73,554	220,660	216,822
Capital structuring service fees	1,885	10,147	21,416	25,433
Dividend income	10,000	10,271	40,099	40,671
Management and other fees	6,148	6,359	18,421	18,389
Other income	363	819	2,015	3,351
Total investment income from controlled affiliate company investments	93,890	101,150	302,611	304,666
Total investment income	260,948	253,396	763,674	718,042
EXPENSES:				
Interest and credit facility fees	56,618	54,096	171,614	159,740
Base management fees	33,284	32,685	100,221	93,500
Income based fees	31,842	31,345	90,156	85,203
Capital gain incentive fees	(2,628)	13,087	834	24,190
Administrative fees	3,545	3,105	10,515	9,661
Other general and administrative	6,926	6,274	22,652	20,314

Total expenses	129,587	140,592	395,992	392,608
NET INVESTMENT INCOME BEFORE INCOME TAXES	131,361	112,804	367,682	325,434
Income tax expense, including excise tax	884	7,514	7,025	15,817
NET INVESTMENT INCOME	130,477	105,290	360,657	309,617
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS:				
Net realized gains (losses):				
Non-controlled/non-affiliate company investments	19,378	21,800	71,182	32,467
Non-controlled affiliate company investments	25,897	58,560	26,230	58,598
Controlled affiliate company investments		(6,592)		(52,780)
Foreign currency transactions	2,462	2,764	6,327	1,847
Net realized gains	47,737	76,532	103,739	40,132
Net unrealized gains (losses):				
Non-controlled/non-affiliate company investments	(23,322)	(9,590)	(47,050)	196
Non-controlled affiliate company investments	(29,859)	(37,439)	(13,463)	9,607
Controlled affiliate company investments	(7,920)	42,076	(34,535)	77,486
Foreign currency transactions	(254)	870	(1,552)	596
Net unrealized gains (losses)	(61,355)	(4,083)	(96,600)	87,885
Net realized and unrealized gains (losses) from investments and foreign currency transactions	(13,618)	72,449	7,139	128,017
REALIZED LOSSES ON EXTINGUISHMENT OF DEBT			(3,839)	(72)
NET INCREASE IN STOCKHOLDERS EQUITY RESULTING FROM OPERATIONS	$ 116,859	$ 177,739	$ 363,957	$ 437,562
BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 10)	$ 0.37	$ 0.57	$ 1.16	$ 1.45
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING (see Note 10)	314,469	310,564	314,350	302,315

See accompanying notes to consolidated financial statements.

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Investment Funds and Vehicles							
CIC Flex, LP (10)	Investment partnership	Limited partnership units (0.94 units)		9/7/2007	$	$ 263(2)	
Covestia Capital Partners, LP (10)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	487	1,863(2)	
HCI Equity, LLC (8)(9)(10)	Investment company	Member interest (100.00% interest)		4/1/2010		128	
Imperial Capital Private Opportunities, LP (10)(28)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	4,134	19,368(2)	
Partnership Capital Growth Fund I, L.P. (10)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006		732(2)	
Partnership Capital Growth Investors III, L.P. (10)(28)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2,722	2,900(2)	
PCG-Ares Sidecar Investment II, L.P. (10)(28)	Investment partnership	Limited partnership interest (100.00% interest)		10/31/2014	6,516	8,828(2)	
PCG-Ares Sidecar Investment, L.P. (10)(28)	Investment partnership	Limited partnership interest (100.00% interest)		5/22/2014	2,152	713(2)	
Piper Jaffray Merchant Banking Fund I, L.P. (10)(28)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	1,250	1,332(2)	
Senior Secured Loan Fund LLC (8)(11)(29)	Co-investment vehicle	Subordinated certificates ($2,000,570 par due 12/2024)	8.33% (Libor + 8.00%/M)(23)	10/30/2009	2,000,570	2,000,570	
		Member interest (87.50% interest)		10/30/2009			
					2,000,570	2,000,570	
VSC Investors LLC (10)	Investment company	Membership interest (1.95% interest)		1/24/2008	879	1,661(2)	
					2,018,710	2,038,358	38.61%
Healthcare Services							
Alegeus Technologies Holdings Corp.	Benefits administration and transaction processing provider	Preferred stock (2,997 shares)		12/13/2013	3,087	1,949	
		Common stock (3 shares)		12/13/2013	3		
					3,090	1,949	

American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured loan ($8,810 par due 6/2019)	7.00% (Libor + 6.00%/Q)	6/27/2014	8,810	8,810(2)(19)(22)
		First lien senior secured loan ($52,039 par due 6/2019)	7.00% (Libor + 6.00%/Q)	6/27/2014	52,039	52,039(3)(19)(22)
		First lien senior secured loan ($3,198 par due 6/2019)	4.00% (Libor + 3.00%/Q)	6/27/2014	3,198	3,198(4)(22)
					64,047	64,047
AwarePoint Corporation	Healthcare technology platform developer	First lien senior secured loan ($10,000 par due 6/2018)	9.50%	9/5/2014	9,927	10,000(2)
		Warrant to purchase up to 3,213,367 shares of Series 1 preferred stock		11/14/2014		609(2)
					9,927	10,609
AxelaCare Holdings, Inc. and AxelaCare Investment Holdings, L.P.	Provider of home infusion services	Preferred units (8,664,072 units)		4/12/2013	866	816(2)
		Common units (87,514 units)		4/12/2013	17	8(2)
					883	824

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CCS Intermediate Holdings, LLC and CCS Group Holdings, LLC (27)	Correctional facility healthcare operator	First lien senior secured revolving loan ($1,350 par due 7/2019)	6.25% (Base Rate + 3.00%/Q)	7/23/2014	1,350	1,282(2)(22)	
		First lien senior secured loan ($6,668 par due 7/2021)	5.00% (Libor + 4.00%/Q)	7/23/2014	6,641	6,335(2)(22)	
		Second lien senior secured loan ($135,000 par due 7/2022)	9.38% (Libor + 8.38%/Q)	7/23/2014	133,847	126,900(2)(22)	
		Class A units (601,937 units)		8/19/2010		698(2)	
					141,838	135,215	
Correctional Medical Group Companies, Inc. (27)	Correctional facility healthcare operator	First lien senior secured loan ($26,200 par due 9/2021)	6.25% (Base Rate + 3.00%/Q)	9/29/2015	26,200	26,200(2)(22)	
		First lien senior secured loan ($3,738 par due 9/2021)	9.61% (Libor + 8.61%/Q)	9/29/2015	3,738	3,738(2)(22)	
		First lien senior secured loan ($355 par due 9/2021)	10.87% (Base Rate + 7.62%/Q)	9/29/2015	355	355(2)(22)	
		First lien senior secured loan ($40,833 par due 9/2021)	9.61% (Libor + 8.61%/Q)	9/29/2015	40,833	40,833(3)(22)	
		First lien senior secured loan ($3,874 par due 9/2021)	10.87% (Base Rate + 7.62%/Q)	9/29/2015	3,874	3,874(3)(22)	
					75,000	75,000	
DCA Investment Holding, LLC (27)	Multi-branded dental practice management company	First lien senior secured loan ($25,137 par due 7/2021)	6.25% (Libor + 5.25%/Q)	7/2/2015	24,894	24,885(2)(22)	
DNAnexus, Inc.	Bioinformatics company	First lien senior secured loan ($10,500 par due 10/2018)	9.25% (Libor + 8.25%/M)	3/21/2014	10,178	10,500(2)(22)	
		Warrant to purchase up to 909,092 units of Series C preferred stock		3/21/2014		240(2)	
					10,178	10,740	
Global Healthcare Exchange, LLC and GHX Ultimate Parent Corp.	On-demand supply chain automation solutions provider	Class A common stock (2,991 shares)		3/11/2014	2,991	2,991(2)	
		Class B common stock (980 shares)		3/11/2014	30	3,199(2)	

					3,021	6,190
Greenphire, Inc. and RMCF III CIV XXIX, L.P (27)	Software provider for clinical trial management	First lien senior secured loan ($4,000 par due 12/2018)	9.00% (Libor + 8.00%/M)	12/19/2014	4,000	4,000(2)(22)
		Limited partnership interest (99.90% interest)		12/19/2014	999	999(2)
					4,999	4,999
INC Research Mezzanine Co-Invest, LLC	Pharmaceutical and biotechnology consulting services	Common units (1,410,000 units)		9/27/2010		3,945(2)
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan ($112,000 par due 6/2020)	9.25% (Libor + 8.25%/Q)	12/27/2012	112,000	110,880(2)(22)
LM Acquisition Holdings, LLC (9)	Developer and manufacturer of medical equipment	Class A units (426 units)		9/27/2013	660	1,617(2)
MC Acquisition Holdings I, LLC	Healthcare professional provider	Class A units (1,338,314 shares)		1/17/2014	1,338	1,948(2)
MW Dental Holding Corp. (27)	Dental services provider	First lien senior secured revolving loan ($2,000 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	2,000	2,000(2)(22)
		First lien senior secured loan ($17,762 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	17,762	17,762(2)(22)
		First lien senior secured loan ($24,295 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	24,295	24,295(2)(22)
		First lien senior secured loan ($47,867 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	47,867	47,867(3)(22)
		First lien senior secured loan ($19,795 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	19,795	19,795(4)(22)
					111,719	111,719
My Health Direct, Inc. (27)	Healthcare scheduling exchange software solution provider	First lien senior secured loan ($2,800 par due 1/2018)	10.75%	9/18/2014	2,736	2,800(2)
		Warrant to purchase up to 4,548 shares of Series D preferred stock		9/18/2014	39	40(2)
					2,775	2,840

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Napa Management Services Corporation	Anesthesia management services provider	First lien senior secured loan ($36,734 par due 2/2019)	9.05% (Libor + 8.05%/Q)	4/15/2011	36,734	36,734(2)(22)	
		First lien senior secured loan ($33,266 par due 2/2019)	9.05% (Libor + 8.05%/Q)	4/15/2011	33,224	33,266(3)(22)	
		Common units (5,345 units)		4/15/2011	5,764	14,159(2)	
					75,722	84,159	
Netsmart Technologies, Inc. and NS Holdings, Inc.	Healthcare technology provider	Second lien senior secured loan ($90,000 par due 8/2019)	10.50% (Libor + 9.50%/Q)	2/27/2015	90,000	88,200(2)(22)	
		Common stock (2,500,000 shares)		6/21/2010	760	2,587(2)	
					90,760	90,787	
New Trident Holdcorp, Inc.	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan ($80,000 par due 7/2020)	10.25% (Libor + 9.00%/Q)	8/6/2013	78,846	76,000(2)(22)	
Nodality, Inc.	Biotechnology company	First lien senior secured loan ($7,269 par due 2/2018)	8.90%	4/25/2014	7,111	7,269(2)	
		First lien senior secured loan ($2,940 par due 8/2018)	8.90%	4/25/2014	2,864	2,940(2)	
		Warrant to purchase up to 164,179 shares of Series B preferred stock		4/25/2014		41(2)	
					9,975	10,250	
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC (27)	Provider of technology-enabled solutions to pharmacies	First lien senior secured loan ($12,372 par due 11/2018)	8.50% (Libor + 7.50%/Q)	11/21/2013	12,372	12,372(2)(22)	
		First lien senior secured loan ($6,953 par due 11/2018)	8.50% (Libor + 7.50%/Q)	11/21/2013	6,953	6,953(4)(22)	
		Limited liability company membership interest (1.57%)		11/21/2013	1,000	1,188(2)	
					20,325	20,513	
Patterson Medical Supply, Inc.	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan ($19,000 par due 8/2023)	8.75% (Libor + 7.75%/Q)	9/2/2015	18,810	18,810(2)(22)	
PerfectServe, Inc. (27)				9/15/2015	8,640	9,000(2)(22)	

	Communications software platform provider for hospitals and physician practices	First lien senior secured loan ($9,000 par due 3/2020)	9.00% (Libor + 8.00%/Q)			
		Warrant to purchase up to 28,428 units of Series C preferred stock		9/15/2015	180	180(2)
		Warrant to purchase up to 34,113 units of Series C preferred stock		12/26/2013		215(2)
					8,820	9,395
Physiotherapy Associates Holdings, Inc.	Physical therapy provider	Class A common stock (100,000 shares)		12/31/2013	3,090	4,944
POS I Corp. (fka Vantage Oncology, Inc.)	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	1,011(2)
Press Ganey Holdings, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Common stock (47,987 shares)		5/27/2015	292	1,425(2)
Reed Group Holdings, LLC	Medical disability management services provider	Equity interests		4/1/2010		(2)
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	Warrant to purchase up to 99,094 shares of Series C preferred stock		6/28/2012	38	28(2)
Sage Products Holdings III, LLC	Patient infection control and preventive care solutions provider	Second lien senior secured loan ($108,679 par due 6/2020)	9.25% (Libor + 8.00%/Q)	12/13/2012	108,504	108,679(2)(22)
Sarnova HC, LLC, Tri-Anim Health Services, Inc., and BEMS Holdings, LLC	Distributor of emergency medical service and respiratory products	Second lien senior secured loan ($60,000 par due 9/2018)	8.75% (Libor + 8.00%/M)	6/30/2014	60,000	60,000(2)(22)
SurgiQuest, Inc.	Medical device company	Warrant to purchase up to 54,672 shares of Series D-4 convertible preferred stock		9/28/2012		(2)
Transaction Data Systems, Inc.	Pharmacy management software provider	Second lien senior secured loan ($27,500 par due 6/2022)	9.25% (Libor + 8.25%/M)	6/15/2015	27,500	27,500(2)(22)

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	Second lien senior secured loan ($50,000 par due 9/2020)	9.00% (Libor + 8.00%/Q)	9/24/2014	50,000	50,000(2)(22)	
Urgent Cares of America Holdings I, LLC	Operator of urgent care clinics	Preferred units (6,000,000 units)		6/11/2015	6,000	6,000	
		Series A common units (2,000,000 units)		6/11/2015	2,000	1,888	
		Series C common units (800,507 units)		6/11/2015		608	
					8,000	8,496	
Young Innovations, Inc.	Dental supplies and equipment manufacturer	Second lien senior secured loan ($45,000 par due 7/2019)	9.00% (Libor + 8.00%/Q)	5/30/2014	45,000	45,000(2)(22)	
					1,176,721	1,184,404	22.43%
Other Services							
American Residential Services L.L.C.	Heating, ventilation and air conditioning services provider	Second lien senior secured loan ($50,000 par due 12/2021)	9.00% (Libor + 8.00%/Q)	6/30/2014	49,583	50,000(2)(22)	
Community Education Centers, Inc. and CEC Parent Holdings LLC (8)	Offender re-entry and in-prison treatment services provider	First lien senior secured loan ($13,957 par due 12/2017)	6.25% (Libor + 5.25%/Q)	12/10/2010	13,957	13,957(2)(13)(22)	
		First lien senior secured loan ($329 par due 12/2017)	7.50% (Base Rate + 4.25%/Q)	12/10/2010	329	329(2)(13)(22)	
		Second lien senior secured loan ($21,985 par due 6/2018)	15.33% (Libor + 15.00%/Q)	12/10/2010	21,895	21,895(2)	
		Class A senior preferred units (7,846 units)		3/27/2015	9,384	9,125(2)	
		Class A junior preferred units (26,154 units)		3/27/2015	19,833	10,591(2)	
		Class A common units (134 units)		3/27/2015		(2)	
					65,398	55,897	
Competitor Group, Inc. and Calera XVI, LLC (27)	Endurance sports media and event operator	First lien senior secured revolving loan ($3,750 par due 11/2018)	9.00% (Libor + 7.75%/Q)	11/30/2012	3,750	3,375(2)(22)	
		First lien senior secured loan ($23,473 par due 11/2018)	10.50% (Libor + 7.75% Cash, 1.50% PIK /Q)	11/30/2012	23,473	21,126(2)(22)	

		First lien senior secured loan ($28,743 par due 11/2018)	10.50% (Libor + 7.75% Cash, 1.50% PIK /Q)	11/30/2012	28,743	25,869(3)(22)
		Membership units (2,522,512 units)		11/30/2012	2,523	82(2)(10)
					58,489	50,452
Crown Health Care Laundry Services, Inc. and Crown Laundry Holdings, LLC (7)(27)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan ($500 par due 3/2019)	7.25% (Libor + 6.00%/Q)	3/13/2014	500	500(2)(22)(25)
		First lien senior secured loan ($23,432 par due 3/2019)	7.25% (Libor + 6.00%/Q)	3/13/2014	23,432	23,432(3)(22)
		Class A preferred units (2,475,000 units)		3/13/2014	2,475	3,587(2)
		Class B common units (275,000 units)		3/13/2014	275	399(2)
					26,682	27,918
Dwyer Acquisition Parent, Inc. and TDG Group Holding Company	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan ($52,670 par due 2/2020)	11.00%	8/15/2014	52,670	52,670(2)
		Senior subordinated loan ($31,500 par due 2/2020)	11.00%	6/12/2015	31,500	31,500(2)
		Common stock (32,843 shares)		8/15/2014	3,378	3,727(2)
					87,548	87,897
Massage Envy, LLC (27)	Franchisor in the massage industry	First lien senior secured loan ($8,017 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	8,017	8,017(2)(22)
		First lien senior secured loan ($46,434 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	46,434	46,434(3)(22)
		First lien senior secured loan ($19,469 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	19,469	19,469(4)(22)
		Common stock (3,000,000 shares)		9/27/2012	3,000	4,790(2)
					76,920	78,710

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
McKenzie Sports Products, LLC (27)	Designer, manufacturer and distributor of hunting-related supplies	First lien senior secured loan ($39,500 par due 9/2020)	6.75% (Libor + 5.75%/M)	9/18/2014	39,500	39,105(2)(14)(22)	
		First lien senior secured loan ($45,000 par due 9/2020)	6.75% (Libor + 5.75%/M)	9/18/2014	45,000	44,550(3)(14)(22)	
					84,500	83,655	
OpenSky Project, Inc.	Social commerce platform operator	First lien senior secured loan ($2,400 par due 9/2017)	10.00%	6/4/2014	2,378	2,400(2)	
		Warrant to purchase up to 159,496 shares of Series D preferred stock		6/29/2015	48	(2)	
					2,426	2,400	
Osmose Holdings, Inc.	Provider of structural integrity management services to transmission and distribution infrastructure	Second lien senior secured loan ($25,000 par due 8/2023)	10.00% (Base Rate + 6.75%/Q)	9/3/2015	24,505	24,750(2)(22)	
PODS, LLC	Storage and warehousing	Second lien senior secured loan ($17,500 par due 2/2023)	9.25% (Libor + 8.25%/Q)	2/2/2015	17,338	17,500(2)(22)	
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan ($140,000 par due 5/2020)	8.00% (Libor + 7.00%/M)	5/14/2013	140,000	135,800(2)(22)	
Surface Dive, Inc.	SCUBA diver training and certification provider	Second lien senior secured loan ($72,000 par due 1/2022)	10.25% (Libor + 9.25%/Q)	1/29/2015	71,596	72,000(2)(22)	
		Second lien senior secured loan ($53,686 par due 1/2022)	9.00% (Libor + 8.00%/Q)	7/28/2015	53,686	53,686(2)(22)	
					125,282	125,686	
TWH Water Treatment Industries, Inc., TWH Filtration Industries, Inc. and TWH Infrastructure Industries, Inc. (27)	Wastewater infrastructure repair, treatment and filtration holding company	First lien senior secured loan ($2,240 par due 10/2019)	10.25% (Libor + 9.25%/Q)	10/10/2014	2,240	2,240(2)(22)	
		First lien senior secured loan ($36,400 par due 10/2019)	10.25% (Libor + 9.25%/Q)	10/10/2014	36,400	36,400(3)(22)	

					38,640	38,640	
Wash Multifamily Acquisition Inc. and Coinmatic Canada Inc.	Laundry service and equipment provider	Second lien senior secured loan ($3,726 par due 5/2023)	8.00% (Libor + 7.00%/M)	5/14/2015	3,655	3,614(2)(22)	
		Second lien senior secured loan ($21,274 par due 5/2023)	8.00% (Libor + 7.00%/M)	5/14/2015	20,866	20,636(2)(22)	
					24,521	24,250	
					821,832	803,555	15.22%
Consumer Products							
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	First lien senior secured loan ($4,500 par due 3/2019)	4.00% (Libor + 3.00%/Q)	4/24/2014	4,500	4,410(2)(22)	
		First lien senior secured loan ($9,500 par due 3/2019)	6.55% (Libor + 5.55%/Q)	4/24/2014	9,500	9,215(2)(18)(22)	
		First lien senior secured loan ($6,742 par due 3/2019)	4.00% (Libor + 3.00%/Q)	4/24/2014	6,742	6,607(2)(22)	
		First lien senior secured loan ($50,100 par due 3/2019)	6.55% (Libor + 5.55%/Q)	4/24/2014	50,100	48,597(3)(18)(22)	
		Common units (373 units)		4/24/2014	3,733	3,654(2)	
					74,575	72,483	
Implus Footcare, LLC	Provider of footwear and other accessories	First lien senior secured loan ($4,987 par due 4/2021)	7.00% (Libor + 6.00%/Q)	4/30/2015	4,912	4,912(2)(22)	
Indra Holdings Corp.	Designer, marketer, and distributor of rain and cold weather products	Second lien senior secured loan ($80,000 par due 11/2021)	8.50% (Libor + 7.50%/Q)	5/1/2014	78,943	76,000(2)(22)	
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of OTC healthcare products	Warrant to purchase up to 1,654,678 shares of common stock		7/27/2011		396(2)	
		Warrant to purchase up to 1,120 shares of preferred stock		7/27/2011		1,315(2)	
						1,711	
Oak Parent, Inc.	Manufacturer of athletic apparel	First lien senior secured loan ($2,624 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	2,621	2,624(3)(22)	

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan ($8,355 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	8,338	8,355(4)(22)	
					10,959	10,979	
PG-ACP Co-Invest, LLC	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units (1,000,0000 units)		8/29/2012	1,000	1,379(2)	
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc.	Provider of branded lawn and garden products	Second lien senior secured loan ($66,000 par due 6/2021)	9.54% (Libor + 8.54%/Q)	12/23/2014	65,667	66,000(2)(22)	
		Common stock (30,000 shares)		12/23/2014	3,000	4,251(2)	
					68,667	70,251	
Shock Doctor, Inc. and Shock Doctor Holdings, LLC (7)	Developer, marketer and distributor of sports protection equipment and accessories	Second lien senior secured loan ($75,000 par due 10/2021)	11.50% (Libor + 10.50%/Q)	4/22/2015	75,000	75,000(2)(22)	
		Class A preferred units (50,000 units)		3/14/2014	5,000	5,249(2)	
		Class C preferred units (50,000 units)		4/22/2015	5,000	5,249(2)	
					85,000	85,498	
The Hygenic Corporation	Designer, manufacturer and marketer of branded wellness products	Second lien senior secured loan ($70,000 par due 4/2021)	9.75% (Libor + 8.75%/Q)	2/27/2015	70,000	69,300(2)(22)	
The Step2 Company, LLC (8)	Toy manufacturer	Second lien senior secured loan ($27,583 par due 9/2019)	10.00%	4/1/2010	27,478	27,583(2)	
		Second lien senior secured loan ($4,500 par due 9/2019)	10.00%	3/13/2014	4,500	4,500(2)	
		Second lien senior secured loan ($41,601 par due 9/2019)		4/1/2010	30,802	12,480(2)(21)	
		Common units (1,116,879 units)		4/1/2011	24		
		Class B common units (126,278,000 units)		10/30/2014		(2)	
		Warrant to purchase up to 3,157,895 units		4/1/2010			
					62,804	44,563	
Varsity Brands Holding Co., Inc., Hercules Achievement, Inc., Hercules	Leading manufacturer and distributor of textiles, apparel &	Second lien senior secured loan ($91,698 par due	9.75% (Libor + 8.75%/Q)	12/11/2014	90,873	91,698(2)(22)	

Achievement Holdings, Inc. and Hercules VB Holdings, Inc.	luxury goods	12/2022)					
		Second lien senior secured loan ($55,576 par due 12/2022)	9.75% (Libor + 8.75%/Q)	12/11/2014	55,073	55,576(2)(22)	
		Common stock (3,353,371 shares)		12/11/2014	4,147	5,238(2)	
		Common stock (3,353,371 shares)		12/11/2014	3,353	4,236(2)	
					153,446	156,748	
					610,306	593,824	11.25%
Power Generation							
Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan ($1,680 par due 7/2017)	9.50%	12/16/2013	1,640	1,680(2)	
		First lien senior secured loan ($2,420 par due 7/2017)	9.62%	12/16/2013	2,303	2,420(2)	
		Series B preferred stock (74,449 shares)		2/26/2014	250	402(2)	
		Warrant to purchase up to 59,524 shares of Series B preferred stock		12/16/2013	146	121(2)	
					4,339	4,623	
Bicent (California) Holdings LLC	Gas turbine power generation facilities operator	Senior subordinated loan ($49,523 par due 2/2021)	8.25% (Libor + 7.25%/Q)	2/6/2014	49,523	49,523(2)(22)	
Brush Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($801 par due 8/2020)	7.50% (Base Rate + 4.25%/Q)	8/1/2013	801	801(2)(22)	
		First lien senior secured loan ($47,640 par due 8/2020)	6.25% (Libor + 5.25%/Q)	8/1/2013	47,640	47,640(2)(22)	

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan ($172 par due 8/2020)	7.50% (Base Rate + 4.25%/Q)	8/1/2013	172	172(4)(22)	
		First lien senior secured loan ($9,828 par due 8/2020)	6.25% (Libor + 5.25%/Q)	8/1/2013	9,828	9,828(4)(22)	
					58,441	58,441	
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan ($43,907 par due 12/2020)	5.00% Cash, 5.00% PIK	8/8/2014	44,460	44,460(2)	
		Warrant to purchase up to 4 units of common stock		8/8/2014		200(2)	
					44,460	44,660	
DESRI VI Management Holdings, LLC	Wind power generation facility operator	Senior subordinated loan ($26,500 par due 12/2021)	9.75%	12/24/2014	26,500	26,500(2)	
		Non-controlling units (10.0 units)		12/24/2014	1,483	1,483(2)	
					27,983	27,983	
Grant Wind Holdings II, LLC	Wind power generation facility	Senior subordinated loan ($23,400 par due 7/2016)	10.00%	9/8/2015	23,400	23,400(2)	
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC (27)	Gas turbine power generation facilities operator	Senior subordinated loan ($85,374 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	85,374	84,520(2)	
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation (27)	Renewable fuel and chemical production developer	First lien senior secured loan ($10,000 par due 10/2018)	10.00% (Libor + 9.00%/M)	3/31/2015	9,871	10,000(2)(22)	
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock		7/25/2013		31(2)(9)	
					9,871	10,031	
Kay Wind Holdings II, LLC	Wind power generation facility	Senior subordinated loan ($28,760 par due 12/2015)	10.25%	3/31/2015	28,700	28,760(2)	
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant operator	Second lien senior secured loan ($10,000 par due 2/2020)	9.25% (Libor + 8.25%/Q)	2/20/2014	9,702	7,700(2)(22)	
Moxie Liberty LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($35,000 par due 8/2020)	7.50% (Libor + 6.50%/Q)	8/21/2013	34,698	34,650(2)(22)	
Moxie Patriot LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($35,000 par due 12/2020)	6.75% (Libor + 5.75%/Q)	12/19/2013	34,706	34,300(2)(22)	

Panda Sherman Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($32,186 par due 9/2018)	9.00% (Libor + 7.50%/Q)	9/14/2012	32,186	30,577(2)(22)	
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($20,000 par due 4/2019)	7.25% (Libor + 6.00%/Q)	4/3/2013	19,878	18,600(2)(22)	
Panda Temple Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($24,875 par due 3/2022)	7.25% (Libor + 6.25%/Q)	3/6/2015	23,666	23,134(2)(22)	
PERC Holdings 1 LLC	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units (21,653,543 units)		10/20/2014	21,654	22,501(2)	
					508,581	503,403	9.53%
Business Services							
2329497 Ontario Inc. (9)	Outsourced data center infrastructure and related services provider	Second lien senior secured loan ($42,480 par due 6/2019)	10.50% (Libor + 9.25%/M)	12/13/2013	43,153	28,991(2)(22)	
Brandtone Holdings Limited (9)(27)	Mobile communications and marketing services provider	First lien senior secured loan ($5,674 par due 11/2018)	9.50% (Libor + 8.50%/M)	5/11/2015	5,520	5,674(2)(22)	
		First lien senior secured loan ($3,295 par due 1/2019)	9.50% (Libor + 8.50%/M)	5/11/2015	3,197	3,295(2)(22)	
		Warrant to purchase up to 115,002 units of Series Three participating convertible preferred ordinary shares		5/11/2015		1(2)	
					8,717	8,970	
CallMiner, Inc.	Provider of cloud-based conversational analytics solutions	First lien senior secured loan ($3,879 par due 5/2018)	10.00%	7/23/2014	3,859	3,879(2)	

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan ($2,000 par due 9/2018)	10.00%	7/23/2014	1,989	2,000(2)	
		Warrant to purchase up to 2,350,636 shares of Series 1 preferred stock		7/23/2014		(2)	
					5,848	5,879	
CIBT Investment Holdings, LLC (27)	Expedited travel document processing services	Class A shares (2,500 shares)		12/15/2011	2,500	4,005(2)	
CMW Parent, LLC (fka BlackArrow, Inc.)	Advertising and data solutions software platform provider	Series A units (32 units)		9/11/2015		(2)	
Command Alkon, Incorporated and CA Note Issuer, LLC	Software solutions provider to the ready-mix concrete industry	Second lien senior secured loan ($10,000 par due 8/2020)	9.25% (Libor + 8.25%/Q)	9/28/2012	10,000	10,000(2)(22)	
		Second lien senior secured loan ($26,500 par due 8/2020)	9.25% (Libor + 8.25%/Q)	9/28/2012	26,500	26,500(2)(22)	
		Second lien senior secured loan ($11,500 par due 8/2020)	9.25% (Libor + 8.25%/Q)	9/28/2012	11,500	11,500(2)(22)	
		Senior subordinated loan ($19,600 par due 8/2021)	14.00% PIK	8/8/2014	19,600	19,600(2)	
					67,600	67,600	
Compuware Parent, LLC	Web and mobile cloud performance testing and monitoring services provider	Class A-1 common stock (4,132 units)		12/15/2014	2,250	2,203(2)	
		Class B-1 common stock (4,132 units)		12/15/2014	450	441(2)	
		Class C-1 common stock (4,132 units)		12/15/2014	300	294(2)	
		Class A-2 common stock (4,132 units)		12/15/2014		(2)	
		Class B-2 common stock (4,132 units)		12/15/2014		(2)	
		Class C-2 common stock (4,132 units)		12/15/2014		(2)	
					3,000	2,938	
Coverall North America, Inc.	Commercial janitorial services provider	Letter of credit facility		1/17/2013		(26)	
Directworks, Inc. and Co-Exprise Holdings, Inc. (27)	Provider of cloud-based software solutions for direct	First lien senior secured loan ($2,500 par due 4/2018)	10.25% (Libor + 9.25%/M)	12/19/2014	2,500	2,500(2)(22)	

	materials sourcing and supplier management for manufacturers					
		Warrant to purchase up to 1,875,000 shares of Series 1 preferred stock		12/19/2014		(2)
					2,500	2,500
DTI Holdco, Inc. and OPE DTI Holdings, Inc.	Provider of legal process outsourcing and managed services	First lien senior secured loan ($992 par due 8/2020)	5.75% (Libor + 4.75%/Q)	8/19/2014	992	973(2)(22)
		Class A common stock (7,500 shares)		8/19/2014	7,500	7,959(2)
		Class B common stock (7,500 shares)		8/19/2014		(2)
					8,492	8,932
EN Engineering, L.L.C (27)	National utility services firm providing engineering and consulting services to natural gas, electric power and other energy & industrial end markets	First lien senior secured loan ($30,424 par due 6/2021)	7.00% (Libor + 6.00%/Q)	6/30/2015	30,224	30,424(2)(22)
Faction Holdings, Inc. and The Faction Group LLC (fka PeakColo Holdings, Inc.) (27)	Wholesaler of cloud-based software applications and services	First lien senior secured revolving loan ($1,500 par due 10/2016)	7.50% (Base + 4.25%/M)	11/3/2014	1,500	1,500(2)(22)
		First lien senior secured loan ($4,000 par due 11/2018)	9.75% (Libor + 8.75%/M)	11/3/2014	3,926	4,000(2)(22)
		Warrant to purchase up to 2,037 shares of Series A preferred stock		11/3/2014	93	93(2)
					5,519	5,593

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
First Insight, Inc.	Software company providing merchandising and pricing solutions to companies worldwide	Warrant to purchase up to 122,827 units of Series C preferred stock		3/20/2014		13(2)	
HCPro, Inc. and HCP Acquisition Holdings, LLC (8)	Healthcare compliance advisory services	Senior subordinated loan ($9,498 par due 5/2015)		3/5/2013	2,691	(2)(21)	
		Class A units (14,293,110 units)		6/26/2008	12,793	(2)	
					15,484		
iControl Networks, Inc. and uControl Acquisition, LLC	Software and services company for the connected home market	Second lien senior secured loan ($20,000 par due 3/2019)	9.50% (Libor + 8.50%/Q)	2/19/2015	19,659	20,075(2)(20)(22)	
		Warrant to purchase up to 385,616 shares of Series D preferred stock		2/19/2015		173(2)	
					19,659	20,248	
IfByPhone Inc.	Voice-based marketing automation software provider	Warrant to purchase up to 124,300 shares of Series C preferred stock		10/15/2012	88	71(2)	
Interactions Corporation	Developer of a speech recognition software based customer interaction system	First lien senior secured loan ($2,500 par due 7/2019)	9.85% (Libor + 8.85%/Q)	6/16/2015	2,174	2,500(2)(22)	
		First lien senior secured loan ($22,500 par due 7/2019)	9.85% (Libor + 8.85%/Q)	6/16/2015	22,131	22,500(5)(22)	
		Warrant to purchase up to 68,187 shares of Series G-3 convertible preferred stock		6/16/2015	303	303(2)	
					24,608	25,303	
Investor Group Services, LLC (7)	Business consulting for private equity and corporate clients	Limited liability company membership interest (5.17% interest)		6/22/2006		387	
iPipeline, Inc. and iPipeline Holdings, Inc. (27)	Provider of software as a service based software solutions to the insurance and financial services industry	First lien senior secured loan ($27,000 par due 8/2022)	8.25% (Libor + 7.25%/Q)	8/4/2015	27,000	27,000(2)(22)	
		First lien senior secured loan	8.25% (Libor + 7.25%/Q)	8/4/2015	45,000	45,000(3)(22)	

		($45,000 par due 8/2022)			
		Preferred stock (1,485 shares)	8/4/2015	1,485	1,485(2)
		Common stock (647,542 shares)	8/4/2015	15	15(2)
				73,500	73,500
IronPlanet, Inc. (27)	Online auction platform provider for used heavy equipment	First lien senior secured revolving loan	9/24/2013		(2)(24)
		Warrant to purchase to up to 133,333 shares of Series C preferred stock	9/24/2013	214	203(2)
				214	203
Itel Laboratories, Inc. (27)	Data services provider for building materials to property insurance industry	Preferred units (1,798,391 units)	6/29/2012	1,000	1,147(2)
Market Track Holdings, LLC	Business media consulting services company	Preferred stock (1,685 shares)	12/13/2013	2,221	2,291
		Common stock (16,251 shares)	12/13/2013	2,221	2,503
				4,442	4,794
Maximus Holdings, LLC	Provider of software simulation tools and related services	Warrant to purchase up to 1,050,013 shares of common stock	12/13/2013		
Multi-Ad Services, Inc. (7)	Marketing services and software provider	Preferred units (1,725,280 units)	4/1/2010	788	2,938
		Common units (1,725,280 units)	4/1/2010		
				788	2,938
MVL Group, Inc. (8)	Marketing research provider	Senior subordinated loan ($436 par due 7/2012)	4/1/2010	226	226(2)(21)
		Common stock (560,716 shares)	4/1/2010		(2)
				226	226

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
NAS, LLC, Nationwide Marketing Group, LLC and Nationwide Administrative Services, Inc.	Buying and marketing services organization for appliance, furniture and consumer electronics dealers	Second lien senior secured loan ($24,100 par due 12/2021)	9.75% (Libor + 8.75%/Q)	6/1/2015	24,100	24,100(2)(22)	
PHL Investors, Inc., and PHL Holding Co. (8)	Mortgage services	Class A common stock (576 shares)		7/31/2012	3,768	(2)	
Poplicus Incorporated	Business intelligence and market analytics platform provider	First lien senior secured loan ($5,000 par due 7/2019)	8.50% (Libor + 7.50%/M)	6/25/2015	4,743	4,850(5)(22)	
		Warrant to purchase up to 2,402,991 shares of Series C preferred stock		6/25/2015	125	125(5)	
					4,868	4,975	
PowerPlan, Inc.	Fixed asset financial management software provider	Second lien senior secured loan ($80,000 par due 2/2023)	10.75% (Libor + 9.75%/Q)	2/23/2015	79,275	80,000(2)(22)	
		Class A common stock (1,980 shares)		2/23/2015	1,980	2,724(2)	
		Class B common stock (989,011 shares)		2/23/2015	20	28(2)	
					81,275	82,752	
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common units (1,972 units)		3/2/2012	1,000	1,075(2)	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	196(2)	
Rocket Fuel Inc.	Provider of open and integrated software for digital marketing optimization	Common stock (11,405 units)		9/9/2014	40	26(2)	
Ship Investor & Cy S.C.A. (9)	Payment processing company	Common stock (936,693 shares)		12/13/2013	1,729	3,625	
Sonian Inc.	Cloud-based email archiving platform	First lien senior secured loan ($7,500 par due 9/2019)	9.00% (Libor + 8.00%/Q)	9/9/2015	7,295	7,275(5)(22)	
		Warrant to purchase up to 169,045 shares of Series C preferred stock		9/9/2015	93	93(5)	
					7,388	7,368	
Talari Networks, Inc.	Networking equipment Company	First lien senior secured loan ($6,000 par due 12/2018)	9.75% (Libor + 8.75%/M)	8/3/2015	5,893	5,940(5)(22)	
		Warrant to purchase up to 421,052 shares of Series D-1		8/3/2015	50	50(5)	

		preferred stock					
					5,943	5,990	
TraceLink, Inc. (27)	Supply chain management software provider for the pharmaceutical industry	First lien senior secured loan ($4,500 par due 1/2019)	8.50% (Libor + 7.00%/M)	1/2/2015	4,406	4,500(2)(22)	
		Warrant to purchase up to 283,353 shares of Series A-2 preferred stock		1/2/2015	146	1,040(2)	
					4,552	5,540	
Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,713,546 units)		12/13/2013	4,503	2,795	
					456,978	433,104	8.20%
Financial Services							
AllBridge Financial, LLC (8)	Asset management services	Equity interests		4/1/2010	1,140	7,369	
Callidus Capital Corporation (8)	Asset management services	Common stock (100 shares)		4/1/2010	3,000	1,678	
Ciena Capital LLC (8)(27)	Real estate and small business loan servicer	First lien senior secured revolving loan ($14,000 par due 12/2016)	6.00%	11/29/2010	14,000	14,000(2)	
		First lien senior secured loan ($750 par due 12/2016)	12.00%	11/29/2010	750	750(2)	
		First lien senior secured loan ($7,500 par due 12/2016)	12.00%	11/29/2010	7,500	7,500(2)	
		First lien senior secured loan ($3,750 par due 12/2016)	12.00%	11/29/2010	3,750	3,750(2)	
		Equity interests		11/29/2010	46,374	28,711(2)	
					72,374	54,711	
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan ($28,000 par due 5/2018)	12.75%	5/10/2012	28,000	28,000(2)	

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Gordian Acquisition Corp.	Financial services firm	Common stock (526 shares)		11/30/2012		(2)	
Imperial Capital Group LLC	Investment services	Class A common units (17,307 units)		5/10/2007	9,832	14,333(2)	
		2006 Class B common units (5,670 units)		5/10/2007	2	3(2)	
		2007 Class B common units (707 units)		5/10/2007		(2)	
					9,834	14,336	
Ivy Hill Asset Management, L.P. (8)(10)	Asset management services	Member interest (100.00% interest)		6/15/2009	170,961	241,261	
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC (10)(27)	Asset-backed financial services company	First lien senior secured revolving loan ($50,960 par due 6/2017)	8.45% (Libor + 8.25%/M)	6/24/2014	50,960	50,960(2)	
LSQ Funding Group, L.C. and LM LSQ Investors LLC (10)(27)	Asset based lender	Senior subordinated loan ($30,000 par due 6/2021)	10.50%	6/25/2015	30,000	30,000(2)	
		Membership units (3,000,000 units)		6/25/2015	3,000	3,000	
					33,000	33,000	
					369,269	431,315	8.17%
Manufacturing							
Cambrios Technologies Corporation	Nanotechnology-based solutions for electronic devices and computers	Warrant to purchase up to 400,000 shares of Series D-4 convertible preferred stock		8/7/2012		13(2)	
Chariot Acquisition, LLC (27)	Distributor and designer of aftermarket golf cart parts and accessories	First lien senior secured loan ($69,000 par due 9/2021)	7.25% (Libor + 6.25%/Q)	9/30/2015	69,000	69,000(2)(22)	
Component Hardware Group, Inc. (27)	Commercial equipment	First lien senior secured revolving loan ($2,241 par due 7/2019)	5.50% (Libor + 4.50%/M)	7/1/2013	2,241	2,218(2)(22)	
		First lien senior secured loan ($8,083 par due 7/2019)	5.50% (Libor + 4.50%/M)	7/1/2013	8,083	8,002(4)(22)	
					10,324	10,220	
Harvey Tool Company, LLC and Harvey Tool Holding, LLC (27)	Cutting tool provider to the metalworking industry	First lien senior secured revolving loan ($45 par due 3/2019)	6.00% (Libor + 5.00%/Q)	3/28/2014	45	45(2)(22)	
		Senior subordinated loan ($27,925 par due 9/2020)	11.00%	8/13/2015	27,925	27,925(2)	
				3/28/2014	896	1,432(2)	

		Class A membership units (750 units)				
					28,866	29,402
Ioxus, Inc.	Energy storage devices	First lien senior secured loan ($10,000 par due 11/2017)	11.00%	4/29/2014	9,760	9,000(2)
		Warrant to purchase up to 717,751 shares of Series AA preferred stock		4/29/2014		(2)
					9,760	9,000
Mac Lean-Fogg Company	Intelligent transportation systems products in the traffic and rail industries	Senior subordinated loan ($102,909 par due 10/2023)	9.50% Cash, 1.50% PIK	10/31/2013	102,909	102,909(2)
MWI Holdings, Inc.	Engineered springs, fasteners, and other precision components	First lien senior secured loan ($28,274 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	28,274	28,274(3)(22)
		First lien senior secured loan ($20,000 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	20,000	20,000(4)(22)
					48,274	48,274
Niagara Fiber Intermediate Corp. (27)	Insoluble fiber filler products	First lien senior secured revolving loan ($1,881 par due 5/2018)	6.75% (Libor + 5.50%/M)	5/8/2014	1,869	1,599(2)(22)
		First lien senior secured loan ($15,097 par due 5/2018)	6.75% (Libor + 5.50%/M)	5/8/2014	14,998	12,833(2)(22)
					16,867	14,432
Nordco Inc. (27)	Designer and manufacturer of railroad maintenance-of-way machinery	First lien senior secured loan ($70,437 par due 8/2020)	7.25% (Libor + 6.25%/Q)	8/26/2015	70,437	70,437(2)(22)
Pelican Products, Inc.	Flashlights	Second lien senior secured loan ($40,000 par due 4/2021)	9.25% (Libor + 8.25%/Q)	4/11/2014	39,953	40,000(2)(22)
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1,000	(2)

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
SI Holdings, Inc.	Elastomeric parts, mid-sized composite structures, and composite tooling	Common stock (1,500 shares)		5/30/2014	1,500	1,500(2)	
TPTM Merger Corp. (27)	Time temperature indicator products	First lien senior secured revolving loan ($750 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/12/2013	750	750(2)(22)	
		First lien senior secured loan ($22,000 par due 9/2018)	9.42% (Libor + 8.42%/Q)	9/12/2013	22,000	22,000(3)(22)	
		First lien senior secured loan ($10,000 par due 9/2018)	9.42% (Libor + 8.42%/Q)	9/12/2013	10,000	10,000(4)(22)	
					32,750	32,750	
					431,640	427,937	8.11%
Education							
Campus Management Corp. and Campus Management Acquisition Corp. (7)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	9,688(2)	
Infilaw Holding, LLC (27)	Operator of for-profit law schools	First lien senior secured revolving loan		8/25/2011		(2)(24)	
		First lien senior secured loan ($6,381 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	6,381	6,381(3)(22)	
		Series A preferred units (124,890 units)	9.50% (Libor + 8.50%/Q)	8/25/2011	124,890	117,397(2)(22)	
		Series B preferred units (3.91 units)		10/19/2012	9,245	14,357(2)	
					140,516	138,135	
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan ($62,438 par due 12/2016)		4/24/2013	51,834	43,394(2)(21)	
		First lien senior secured loan ($1,996 par due 12/2016)		6/13/2014	1,824	1,387(2)(21)	
		Series B preferred stock (1,750,000 shares)		8/5/2010	5,000	(2)	
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	(2)	
		Common stock (20 shares)		6/7/2010		(2)	
					59,347	44,781	
Lakeland Tours, LLC (27)				6/9/2015	45,599	45,607(2)(22)	

	Educational travel provider	First lien senior secured loan ($45,607 par due 6/2020)	9.80% (Libor + 8.80%/Q)			
		First lien senior secured loan ($40,362 par due 6/2020)	9.80% (Libor + 8.80%/Q)	6/9/2015	40,326	40,363(3)(22)
		Common stock (5,000 shares)		10/4/2011	5,000	7,197(2)
					90,925	93,167
PIH Corporation (27)	Franchisor of education-based early childhood centers	First lien senior secured revolving loan ($207 par due 6/2017)	6.50% (Libor + 5.50%/M)	12/13/2013	207	207(2)(22)
R3 Education, Inc. and EIC Acquisitions Corp.	Medical school operator	Preferred stock (1,977 shares)		7/30/2008	494	494(2)
		Common membership interest (15.76% interest)		9/21/2007	15,800	25,121(2)
		Warrant to purchase up to 27,890 shares		12/8/2009		(2)
					16,294	25,615
Regent Education, Inc. (27)	Provider of software solutions designed to optimize the financial aid and enrollment processes	First lien senior secured revolving loan ($1,160 par due 7/2016)	10.00% (Libor + 8.00%/Q)	7/1/2014	1,160	1,160(2)(22)
		First lien senior secured loan ($3,000 par due 1/2018)	10.00% (Libor + 8.00%/Q)	7/1/2014	2,951	3,000(2)
		Warrant to purchase up to 987,771 shares of Series CC preferred stock		7/1/2014		65(2)
					4,111	4,225
RuffaloCODY, LLC (27)	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan ($4,245 par due 5/2019)	6.50% (Base + 3.25%/Q)	5/29/2013	4,245	4,160(2)(22)
Severin Holdings, LLC (27)	Provider of student information system software solutions to the K-12 education market	Second lien senior secured loan ($15,000 par due 7/2022)	9.25% (Libor + 8.25%/M)	7/31/2015	14,707	15,000(2)(22)

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
WCI-Quantum Holdings, Inc.	Distributor of instructional products, services and resources	Series A preferred stock (1,272 shares)		10/24/2014	1,000	1,145(2)	
					341,872	336,123	6.37%
Containers and Packaging							
Charter NEX US Holdings, Inc.	Producer of high-performance specialty films used in flexible packaging	Second lien senior secured loan ($16,000 par due 2/2023)	9.25% (Libor + 8.25%/Q)	2/5/2015	15,780	16,000(2)(22)	
GS Pretium Holdings, Inc.	Manufacturer and supplier of high performance plastic containers	Common stock (500,000 shares)		6/2/2014	500	409(2)	
ICSH, Inc. (27)	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan		8/31/2011		(2)(24)	
		First lien senior secured loan ($25,472 par due 8/2016)	6.75% (Libor + 5.75%/Q)	8/31/2011	25,472	25,472(2)(22)	
		First lien senior secured loan ($53,092 par due 8/2016)	6.75% (Libor + 5.75%/Q)	8/31/2011	53,092	53,092(3)(22)	
		First lien senior secured loan ($4,388 par due 8/2016)	6.75% (Libor + 5.75%/Q)	8/31/2011	4,388	4,388(2)(22)	
					82,952	82,952	
LBP Intermediate Holdings LLC (27)	Manufacturer of paper and corrugated foodservice packaging	First lien senior secured revolving loan ($57 par due 7/2020)	6.50% (Libor + 5.50%/M)	7/10/2015	57	57(2)(22)(25)	
		First lien senior secured loan ($55,261 par due 7/2020)	6.50% (Libor + 5.50%/Q)	7/10/2015	54,574	54,709(2)(22)	
					54,631	54,766	
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan ($142,500 par due 12/2018)	8.50% (Libor + 7.50%/Q)	12/14/2012	142,500	142,500(2)(22)	
		Common stock (50,000 shares)		12/14/2012	3,951	6,517(2)	
					146,451	149,017	
					300,314	303,144	5.74%
Oil and Gas							
Lonestar Prospects, Ltd.	Sand proppant producer and distributor to the oil and natural gas	First lien senior secured loan ($50,086 par due 9/2018)	8.50% (Libor + 6.50% Cash, 1.00% PIK/Q)	9/18/2014	50,086	50,086(2)(22)	

	industry					
		First lien senior secured loan ($25,667 par due 9/2018)	8.50% (Libor + 6.50% Cash, 1.00% PIK/Q)	9/18/2014	25,667	25,667(3)(22)
					75,753	75,753
Petroflow Energy Corporation	Oil and gas exploration and production company	First lien senior secured loan ($52,321 par due 7/2017)		7/31/2014	49,709	37,881(3)(21)
Primexx Energy Corporation	Oil and gas exploration and production company	Second lien senior secured loan ($125,000 par due 1/2020)	10.00% (Libor + 9.00%/M)	7/7/2015	124,494	125,000(2)(22)
UL Holding Co., LLC and Universal Lubricants, LLC (7)	Manufacturer and distributor of re-refined oil products	Second lien senior secured loan ($11,856 par due 12/2016)		4/30/2012	8,717	8,688(2)(21)
		Second lien senior secured loan ($50,286 par due 12/2016)		4/30/2012	37,043	36,848(2)(21)
		Second lien senior secured loan ($5,851 par due 12/2016)		4/30/2012	4,272	4,288(2)(21)
		Class A common units (533,351 units)		6/17/2011	4,993	(2)
		Class B-5 common units (272,834 units)		6/17/2011	2,492	(2)
		Class C common units (758,546 units)		4/25/2008		(2)
		Warrant to purchase up to 606,252 shares of Class A units		5/2/2014		(2)
		Warrant to purchase up to 24,166 shares of Class B-1 units		5/2/2014		(2)
		Warrant to purchase up to 48,333 shares of Class B-2 units		5/2/2014		(2)

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 24,995 shares of Class B-3 units		5/2/2014		(2)	
		Warrant to purchase up to 67,764 shares of Class B-5 units		5/2/2014		(2)	
		Warrant to purchase up to 50,298 shares of Class B-6 units		5/2/2014		(2)	
		Warrant to purchase up to 882,523 shares of Class C units		5/2/2014		(2)	
					57,517	49,824	
					307,473	288,458	5.46%
Restaurants and Food Services							
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	Restaurant owner and operator	First lien senior secured loan ($28,581 par due 12/2018)	9.25% (Libor + 8.25%/Q)	11/27/2006	28,581	25,151(2)(17)(22)	
		First lien senior secured loan ($10,919 par due 12/2018)	9.25% (Libor + 8.25%/Q)	11/27/2006	10,922	9,609(3)(17)(22)	
		Promissory note ($21,179 par due 12/2023)		11/27/2006	13,770	1,763(2)	
		Warrant to purchase up to 23,750 units of Series D common stock		12/18/2013	24	(2)	
					53,297	36,523	
Benihana, Inc. (27)	Restaurant owner and operator	First lien senior secured revolving loan ($1,292 par due 7/2018)	8.00% (Base Rate + 4.75%/Q)	8/21/2012	1,292	1,241(2)(22)	
		First lien senior secured loan ($4,863 par due 1/2019)	7.25% (Libor + 6.00%/Q)	8/21/2012	4,839	4,645(4)(22)	
		First lien senior secured loan ($12 par due 1/2019)	8.00% (Base Rate + 4.75%/Q)	8/21/2012	12	12(4)(22)	
					6,143	5,898	
DineInFresh, Inc.	Meal-delivery provider	First lien senior secured loan ($7,500 par due 7/2018)	9.75% (Libor + 8.75%/M)	12/19/2014	7,435	7,500(2)(22)	
		Warrant to purchase up to 143,079 shares of Series A preferred stock		12/19/2014		4(2)	

					7,435	7,504	
Garden Fresh Restaurant Corp. (27)	Restaurant owner and operator	First lien senior secured revolving loan ($1,100 par due 7/2018)	10.50% (Libor + 9.00%/M)	10/3/2013	1,100	1,100(2)(22)(25)	
		First lien senior secured loan ($41,070 par due 7/2018)	10.50% (Libor + 9.00%/M)	10/3/2013	41,070	41,070(3)(22)	
					42,170	42,170	
Global Franchise Group, LLC and GFG Intermediate Holding, Inc.	Worldwide franchisor of quick service restaurants	First lien senior secured loan ($62,500 par due 12/2019)	10.55% (Libor + 9.55%/Q)	12/18/2014	62,500	62,500(3)(22)	
Orion Foods, LLC (8)	Convenience food service retailer	First lien senior secured loan ($7,536 par due 9/2015)		4/1/2010	7,536	3,699(2)(21)	
		Second lien senior secured loan ($19,420 par due 9/2015)		4/1/2010		(2)(21)	
		Preferred units (10,000 units)		10/28/2010		(2)	
		Class A common units (25,001 units)		4/1/2010		(2)	
		Class B common units (1,122,452 units)		4/1/2010		(2)	
					7,536	3,699	
OTG Management, LLC (27)	Airport restaurant operator	First lien senior secured loan ($10,250 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	10,250	10,250(2)(22)	
		First lien senior secured loan ($22,101 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	22,101	22,101(2)(22)	
		First lien senior secured loan ($24,688 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	24,688	24,688(2)(22)	
		Common units (3,000,000 units)		1/5/2011	3,000	5,239(2)	
		Warrant to purchase up to 7.73% of common units		6/19/2008	100	10,451(2)	
					60,139	72,729	
Restaurant Holding Company, LLC	Fast food restaurant operator	First lien senior secured loan ($36,402 par due 2/2019)	8.75% (Libor + 7.75%/M)	3/13/2014	36,151	34,218(2)(22)	
Wellspring Distribution Corp	Food service distributor	Class A non-voting common stock (1,366,120 shares)		5/3/2008	6,303	11,896(2)	
					281,674	277,137	5.25%

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Automotive Services							
AEP Holdings, Inc. and Arrowhead Holdco Company	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan ($64,955 par due 8/2021)	7.25% (Libor + 6.25%/Q)	8/31/2015	64,955	64,955(2)(22)	
		First lien senior secured loan ($1,295 par due 8/2021)	8.50% (Base Rate + 5.25%/Q)	8/31/2015	1,295	1,295(2)(22)	
		Common stock (2,500 shares)		8/31/2015	2,500	2,500(2)	
					68,750	68,750	
ChargePoint, Inc.	Developer and operator of electric vehicle charging stations	First lien senior secured loan ($10,000 par due 7/2019)	9.75% (Libor + 8.75%/M)	12/24/2014	9,808	10,000(2)(22)	
		First lien senior secured loan ($10,000 par due 1/2019)	9.75% (Libor + 8.75%/M)	12/24/2014	9,543	10,000(2)(22)	
		Warrant to purchase up to 404,563 shares of Series E preferred stock		12/24/2014	327	327(2)	
					19,678	20,327	
Dent Wizard International Corporation and DWH Equity Investors, L.P.	Automotive reconditioning services	Second lien senior secured loan ($50,000 par due 10/2020)	10.25% (Libor + 9.25%/Q)	4/7/2015	50,000	50,000(2)(22)	
		Class A common stock (10,000 shares)		4/7/2015	333	408(2)	
		Class B common stock (20,000 shares)		4/7/2015	667	815(2)	
					51,000	51,223	
Eckler Industries, Inc. (27)	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan ($4,800 par due 7/2017)	10.25% (Base Rate + 7.00%/Q)	7/12/2012	4,800	4,560(2)(22)	
		First lien senior secured loan ($7,829 par due 7/2017)	10.25% (Base Rate + 7.00%/M)	7/12/2012	7,829	7,437(2)(22)	
		First lien senior secured loan ($29,476 par due 7/2017)	10.25% (Base Rate + 7.00%/M)	7/12/2012	29,476	28,002(3)(22)	
		Series A preferred stock (1,800 shares)		7/12/2012	1,800	(2)	
		Common stock (20,000 shares)		7/12/2012	200	(2)	
					44,105	39,999	

EcoMotors, Inc.	Engine developer	First lien senior secured loan ($11,480 par due 3/2018)	11.00%	9/1/2015	10,784	11,480(2)	
		Warrant to purchase up to 321,888 shares of Series C preferred stock		12/28/2012		284(2)	
		Warrant to purchase up to 70,000 shares of Series C preferred stock		2/24/2015		62(2)	
					10,784	11,826	
Mavis Tire Supply LLC	Auto parts retailer	First lien senior secured loan ($16,381 par due 10/2020)	6.25% (Libor + 5.25%/Q)	8/5/2015	16,136	16,218(2)(22)	
Simpson Performance Products, Inc.	Provider of motorsports safety equipment	First lien senior secured loan ($19,500 par due 2/2020)	9.80% (Libor + 8.80%/Q)	2/20/2015	19,500	19,500(3)(22)	
SK SPV IV, LLC	Collision repair site operators	Series A common stock (12,500 units)		8/18/2014	571	2,585(2)	
		Series B common stock (12,500 units)		8/18/2014	571	2,585(2)	
					1,142	5,170	
TA THI Buyer, Inc. and TA THI Parent, Inc.	Collision repair company	Series A Preferred stock (50,000 shares)		7/28/2014	5,000	8,038(2)	
					236,095	241,051	4.57%
Food and Beverage							
American Seafoods Group LLC and American Seafoods Partners LLC (27)	Harvester and processor of seafood	First lien senior secured revolving loan ($1,267 par due 8/2021)	7.25% (Base Rate + 4.00%/Q)	8/19/2015	1,267	1,267(2)(22)	
		First lien senior secured revolving loan ($792 par due 8/2021)	6.00% (Libor + 5.00%/M)	8/19/2015	792	792(2)(22)	
		First lien senior secured loan ($39,900 par due 8/2021)	7.25% (Base Rate + 4.00%/Q)	8/19/2015	39,340	39,501(2)(22)	
		Second lien senior secured loan ($55,000 par due 2/2022)	11.25% (Base Rate + 8.00%/Q)	8/19/2015	55,000	55,000(2)(22)	

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Class A units (77,922 units)		8/19/2015	78	78(2)	
		Warrant to purchase up to 7,422,078 Class A units		8/19/2015	7,422	7,422(2)	
					103,899	104,060	
GF Parent LLC	Producer of low-acid, aseptic food and beverage products	Class A Preferred Units (2,940 units)		5/13/2015	2,940	2,788(2)	
		Class A Common Units (60,000 units)		5/13/2015	60	(2)	
					3,000	2,788	
Kettle Cuisine, LLC	Manufacturer of fresh refrigerated and frozen food products	Second lien senior secured loan ($28,500 par due 2/2022)	11.75% (Base Rate + 8.50%/Q)	8/21/2015	28,500	28,500(2)(22)	
					135,399	135,348	2.56%
Retail							
Fulton Holdings Corp.	Airport restaurant operator	First lien senior secured loan ($9,000 par due 5/2018)	8.50%	5/10/2013	9,000	9,000(2)(15)	
		First lien senior secured loan ($54,000 par due 5/2018)	8.50%	5/28/2010	54,000	54,000(3)(15)	
		First lien senior secured loan ($20,000 par due 5/2018)	8.50%	5/10/2013	20,000	20,000(4)(15)	
		Common stock (19,672 shares)		5/28/2010	1,461	5,899(2)	
					84,461	88,899	
Paper Source, Inc. and Pine Holdings, Inc. (27)	Retailer of fine and artisanal paper products	First lien senior secured revolving loan ($667 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/23/2013	667	667(2)(22)	
		First lien senior secured revolving loan ($667 par due 9/2018)	8.25% (Base Rate + 5.00%/Q)	9/23/2013	667	667(2)(22)	
		First lien senior secured loan ($9,825 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/23/2013	9,825	9,825(4)(22)	
		Class A common stock (36,364 shares)		9/23/2013	6,000	7,781(2)	
					17,159	18,940	
Things Remembered, Inc. and TRM Holdings Corporation (27)	Personalized gifts retailer	First lien senior secured revolving loan ($1,167 par due 5/2017)	6.83% (Libor + 6.50%/Q)	5/24/2012	1,167	992(2)	

		First lien senior secured loan ($13,025 par due 5/2018)	8.25% (Libor + 6.75%/Q)	5/24/2012	13,025	11,072(4)(22)	
					14,192	12,064	
					115,812	119,903	2.27%
Commercial Real Estate Finance							
10th Street, LLC and New 10th Street, LLC (8)	Real estate holding company	First lien senior secured loan ($25,256 par due 11/2019)	7.00% Cash, 1.00% PIK	3/31/2014	25,256	25,256(2)	
		Senior subordinated loan ($27,167 par due 11/2019)	7.00% Cash, 1.00% PIK	4/1/2010	27,167	27,167(2)	
		Member interest (10.00% interest)		4/1/2010	594	49,537	
		Option (25,000 units)		4/1/2010	25	25	
					53,042	101,985	
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010		1,093	
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010			
Crescent Hotels & Resorts, LLC and affiliates (8)	Hotel operator	Senior subordinated loan ($2,236 par due 9/2011)	15.00%	4/1/2010		(2)	
		Common equity interest		4/1/2010			
NPH, Inc.	Hotel property	Real estate equity interests		4/1/2010	1,691	1,263	
					54,733	104,341	1.98%
Chemicals							
Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products	Warrant to purchase 322,422 shares of Series D preferred stock		3/28/2013		6(2)	
K2 Pure Solutions Nocal, L.P. (27)	Chemical producer	First lien senior secured revolving loan ($5,000 par due 8/2019)	9.13% (Libor + 8.13%/M)	8/19/2013	5,000	4,900(2)(22)	

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan ($20,828 par due 8/2019)	8.00% (Libor + 7.00%/M)	8/19/2013	20,828	20,412(2)(22)	
		First lien senior secured loan ($38,750 par due 8/2019)	8.00% (Libor + 7.00%/M)	8/19/2013	38,750	37,975(3)(22)	
		First lien senior secured loan ($19,375 par due 8/2019)	8.00% (Libor + 7.00%/M)	8/19/2013	19,375	18,987(4)(22)	
					83,953	82,274	
Kinestral Technologies, Inc.	Designer of adaptive, dynamic glass for the commercial and residential markets	First lien senior secured loan ($10,000 par due 10/2018)	8.75% (Libor + 7.75%/M)	4/22/2014	9,843	10,000(2)(22)	
		Warrant to purchase up to 325,000 shares of Series A preferred stock		4/22/2014	73	107(2)	
		Warrant to purchase up to 131,883 shares of Series B preferred stock		4/9/2015		43(2)	
					9,916	10,150	
Liquid Light, Inc.	Developer and licensor of process technology for the conversion of carbon dioxide into major chemicals	First lien senior secured loan ($2,889 par due 11/2017)	10.00%	8/13/2014	2,840	2,889(2)	
		Warrant to purchase up to 86,009 shares of Series B preferred stock		8/13/2014	77	74(2)	
					2,917	2,963	
					96,786	95,393	1.81%
Hotel Services							
Aimbridge Hospitality Holdings, LLC (27)	Hotel operator	First lien senior secured loan ($18,305 par due 10/2018)	8.25% (Libor + 7.00%/M)	7/15/2015	18,045	18,305(2)(16)(22)	
Castle Management Borrower LLC	Hotel operator	First lien senior secured loan ($5,970 par due 9/2020)	5.50% (Libor + 4.50%/Q)	10/17/2014	5,970	5,970(2)(22)	
		Second lien senior secured loan ($55,000 par due 3/2021)	11.00% (Libor + 10.00%/Q)	10/17/2014	55,000	55,000(2)(22)	

		Second lien senior secured loan ($10,000 par due 3/2021)	11.00% (Libor + 10.00%/Q)	10/17/2014	10,000	10,000(2)(22)	
					70,970	70,970	
					89,015	89,275	1.69%
Aerospace and Defense							
Cadence Aerospace, LLC	Aerospace precision components manufacturer	First lien senior secured loan ($4,186 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	4,167	4,186(4)(22)	
		Second lien senior secured loan ($79,657 par due 5/2019)	10.50% (Libor + 9.25%/Q)	5/10/2012	79,657	78,861(2)(22)	
					83,824	83,047	
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	128	126(2)	
		Common stock (1,885,195 shares)		1/17/2008	2,291	2,468(2)	
					2,419	2,594	
					86,243	85,641	1.62%
Environmental Services							
RE Community Holdings II, Inc., Pegasus Community Energy, LLC., and MPH Energy Holdings, LP	Operator of municipal recycling facilities	Preferred stock (1,000 shares)		3/1/2011	8,839	(2)	
		Limited partnership interest (3.13% interest)		1/8/2014		(2)	
					8,839		
Waste Pro USA, Inc	Waste management services	Second lien senior secured loan ($76,919 par due 10/2020)	8.50% (Libor + 7.50%/Q)	10/15/2014	76,919	76,919(2)(22)	
					85,758	76,919	1.46%
Health Clubs							
Athletic Club Holdings, Inc. (27)	Premier health club operator	First lien senior secured loan ($41,000 par due 10/2020)	9.50% (Libor + 8.50%/M)	10/11/2007	41,000	41,000(2)(22)	
CFW Co-Invest, L.P., NCP Curves, L.P. and Curves International Holdings, Inc.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4,152	3,619(2)	

Table of Contents

As of September 30, 2015

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Limited partnership interest (2,218,235 shares)		7/31/2012	2,218	1,933(2)(9)	
		Common stock (1,680 shares)		11/12/2014		(2)(9)	
					6,370	5,552	
					47,370	46,552	0.88%
Wholesale Distribution							
Flow Solutions Holdings, Inc.	Distributor of high value fluid handling, filtration and flow control products	Second lien senior secured loan ($6,000 par due 10/2018)	10.00% (Libor + 9.00%/M)	12/16/2014	35,500	34,790(2)(22)	
					35,500	34,790	0.66%
Telecommunications							
Adaptive Mobile Security Limited (9)	Developer of security software for mobile communications networks	First lien senior secured loan ($3,765 par due 7/2018)	10.00% (Libor + 9.00%/M)	1/16/2015	3,498	3,562(2)(20)(22)	
		First lien senior secured loan ($810 par due 7/2018)	10.00% (Libor + 9.00%/M)	1/16/2015	854	804(2)(22)	
					4,352	4,366	
American Broadband Communications, LLC, American Broadband Holding Company, and Cameron Holdings of NC, Inc.	Broadband communication services	Warrant to purchase up to 208 shares		11/7/2007		7,427	
		Warrant to purchase up to 200 shares		9/1/2010		7,142	
						14,569	
Startec Equity, LLC (8)	Communication services	Member interest		4/1/2010			
Wilcon Holdings LLC	Communications infrastructure provider	Class A common stock (2,000,000 shares)		12/13/2013	1,829	2,308	
					6,181	21,243	0.40%
Printing, Publishing and Media							
Batanga, Inc. (27)	Independent digital media company	First lien senior secured revolving loan ($3,000 par due 12/2015)	10.00%	10/31/2012	3,000	3,000(2)	
		First lien senior secured loan ($6,590 par due 6/2017)	10.60%	10/31/2012	6,590	6,590(2)(20)	

					9,590	9,590	
Earthcolor Group, LLC	Printing management services	Limited liability company interests (9.30%)		5/18/2012			
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (10,663 shares)		9/29/2006	1,066	3,549(2)	
		Common stock (15,393 shares)		9/29/2006	3	8(2)	
					1,069	3,557	
					10,659	13,147	0.25%
Computers and Electronics							
Everspin Technologies, Inc. (27)	Designer and manufacturer of computer memory solutions	First lien senior secured loan ($8,000 par due 6/2019)	8.75% (Libor + 7.75%/M)	6/5/2015	7,499	7,760(5)(22)	
		Warrant to purchase up to 480,000 shares of Series B preferred stock		6/5/2015	355	355(5)	
					7,854	8,115	
					7,854	8,115	0.15%
					$ 8,632,775	$ 8,692,480	164.64%

(1) Other than the Company s investments listed in footnote 7 below (subject to the limitations set forth therein), the Company does not Control any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the Investment Company Act). In general, under the Investment Company Act, the Company would Control a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had

Table of Contents

the power to exercise control over the management or policies of such portfolio company. All of the Company s portfolio company investments, which as of September 30, 2015 represented 165% of the Company s net assets or 95% of the Company s total assets, are subject to legal restrictions on sales.

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

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

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

(5) These assets are owned by the Company s consolidated subsidiary Ares Venture Finance, L.P. (AVF LP), are pledged as collateral for the SBA Debentures and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than AVF LP s obligations (see Note 5 to the consolidated financial statements). AVF LP operates as a Small Business Investment Company under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended.

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

(7) As defined in the Investment Company Act, the Company is deemed to be an Affiliated Person and Control this portfolio company because it owns 5% or more of the portfolio company s outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the nine months ended September 30, 2015 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)

Campus Management Corp. and Campus Management Acquisition Corp.	$	$	$	$	$	$	$	$	(474)
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.	$ 41,571	$ 121,827	$ 43,170	$ 5,049	$ 129	$ 1,312	$ 71	$ 25,897	$ (11,656)
Crown Health Care Laundry Services, Inc. and Crown Laundry Holdings, LLC	$ 500	$ 1,584	$	$ 1,487	$	$	$ 101	$	$ 960
Investor Group Services, LLC	$	$	$	$	$	$ 95	$	$ 333	$ (238)
Multi-Ad Services, Inc.	$	$	$	$	$	$	$	$	$ 819
Shock Doctor, Inc. and Shock Doctor Holdings, LLC	$ 94,000	$	$ 14,000	$ 4,412	$ 2,076	$	$ 24	$	$ (259)
UL Holding Co., LLC	$	$ 251	$	$	$	$	$	$	$ (2,615)

(8) As defined in the Investment Company Act, the Company is deemed to be both an Affiliated Person and Control this portfolio company because it owns more than 25% of the portfolio company s outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the nine months ended September 30, 2015 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

Table of Contents

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC and New 10th Street, LLC	$	$	$	$ 3,152	$	$	$	$	$ (1,389)
AllBridge Financial, LLC	$	$	$	$	$	$	$	$	$ 1,565
Callidus Capital Corporation	$	$	$	$	$	$	$	$	$ (24)
Ciena Capital LLC	$	$ 7,000	$	$ 1,969	$	$	$	$	$ 11,804
Community Education Centers, Inc. and CEC Parent Holdings LLC	$	$	$	$ 2,703	$	$	$ 60	$	$ (2,189)
Crescent Hotels & Resorts, LLC and affiliates	$	$	$	$ 790	$	$	$	$	$
HCI Equity, LLC	$	$	$	$	$	$ 99	$	$	$ (269)
HCP Acquisition Holdings, LLC	$	$	$	$	$	$	$	$	$
Ivy Hill Asset Management, L.P.	$	$	$	$	$	$ 40,000	$	$	$ (18,064)
MVL Group, Inc.	$	$	$	$	$	$	$	$	$
Orion Foods, LLC	$	$ 533	$	$	$	$	$	$	$ 1,126
PHL Investors, Inc., and PHL Holding Co.	$	$	$	$	$	$	$	$	$
Senior Secured Loan Fund LLC*	$ 228,331	$ 262,259	$	$ 209,598	$ 21,416	$	$ 20,376	$	$ (30,517)
Startec Equity, LLC	$	$	$	$	$	$	$	$	$
The Step2 Company, LLC	$	$	$	$ 2,448	$	$	$	$	$ 3,422

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

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

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

(11) In the first quarter of 2011, the staff of the Securities and Exchange Commission (the Staff) informally communicated to certain business development companies (BDCs) the Staff s belief that certain entities, which would be classified as an investment company under the Investment Company Act but for the exception from the definition of investment company set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) under Investment Company Act) (i.e. not eligible to included in a BDC s 70% qualifying assets basket). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the Concept Release) which stated that [a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which the U.S. Congress intended BDCs primarily to invest and requested comment on whether or not a 3a-7 issuer should be considered an eligible portfolio company . The Company provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a BDC to treat as eligible portfolio companies entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release) and subsequent discussions with the Staff, the Company has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified such entities, which include the SSLP, as non-qualifying assets should the Staff ultimately disagree with the Company s position. Pursuant to Section 55(a) of the Investment Company Act (using the Staff s methodology described above solely for this purpose), 28% of the

Table of Contents

Company s total assets are represented by investments at fair value and other assets that are considered non-qualifying assets as of September 30, 2015.

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

(13) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.13% on $16 million aggregate principal amount of a first out tranche of the portfolio company s senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(14) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on $86 million aggregate principal amount of a first out tranche of the portfolio company s senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(15) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 6.00% on $5 million aggregate principal amount of a first out tranche of the portfolio company s senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(16) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.50% on $62 million aggregate principal amount of a first out tranche of the portfolio company s senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(17) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.00% on $19 million aggregate principal amount of a first out tranche of the portfolio company s senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of

principal, interest and any other amounts due thereunder.

(18) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.55% on $42 million aggregate principal amount of a first out tranche of the portfolio company s first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(19) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on $51 million aggregate principal amount of a first out tranche of the portfolio company s first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

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

(21) Loan was on non-accrual status as of September 30, 2015.

(22) Loan includes interest rate floor feature.

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

Table of Contents

(24) As of September 30, 2015, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(25) As of September 30, 2015, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(26) As of September 30, 2015, no amounts were funded by the Company under this letter of credit facility; however, there were letters of credit issued and outstanding through a financial intermediary under the letter of credit facility. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(27) As of September 30, 2015, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 7 to the consolidated financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
Aimbridge Hospitality, LLC	$ 2,466	$	$ 2,466	$	$	$ 2,466
American Seafoods Group LLC	22,125	(2,057)	20,068			20,068
Athletic Club Holdings, Inc.	10,000		10,000			10,000
Batanga, Inc.	4,000	(3,000)	1,000			1,000
Benihana, Inc.	3,231	(1,292)	1,939			1,939
Brandtone Holdings Limited	4,539		4,539			4,539
CCS Intermediate Holdings, LLC	7,500	(1,350)	6,150			6,150
Chariot Acquisition, LLC	1,000		1,000			1,000
CIBT Holdings, Inc.	26,440		26,440			26,440
Ciena Capital LLC	20,000	(14,000)	6,000	(6,000)		
Competitor Group, Inc.	3,750	(3,750)				
Component Hardware Group, Inc.	3,734	(2,240)	1,494			1,494
Correctional Medical Group Companies, Inc.	10,000		10,000			10,000
	5,000	(1,272)	3,728			3,728

Crown Health Care Laundry Services, Inc.					
DCA Investment Holding, LLC	5,800		5,800		5,800
Directworks, Inc.	1,000		1,000		1,000
Eckler Industries, Inc.	7,500	(4,800)	2,700	(2,700)	
EN Engineering, L.L.C.	7,500		7,500		7,500
Everspin Technologies, Inc.	4,000		4,000		4,000
Faction Holdings, Inc.	2,000	(1,500)	500		500
Garden Fresh Restaurant Corp.	5,000	(3,743)	1,257		1,257
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	43,500		43,500		43,500
Greenphire, Inc.	8,000		8,000		8,000
Harvey Tool Company, LLC	752	(45)	707		707
ICSH, Inc.	10,000	(2,737)	7,263		7,263
Infilaw Holding, LLC	25,000	(9,670)	15,330		15,330
iPipeline, Inc.	4,000		4,000		4,000
IronPlanet, Inc.	3,000	(3,000)			
Itel Laboratories, Inc.	2,500		2,500		2,500

Table of Contents

Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
Javlin Three LLC	60,000	(50,960)	9,040			9,040
Joule Unlimited Technologies, Inc.	5,000		5,000			5,000
K2 Pure Solutions Nocal, L.P.	5,000	(5,000)				
Lakeland Tours, LLC	29,110		29,110			29,110
LBP Intermediate Holdings LLC	850	(111)	739			739
LSQ Funding Group, L.C.	10,000		10,000			10,000
Massage Envy, LLC	5,000		5,000			5,000
McKenzie Sports Products, LLC	12,000		12,000			12,000
MW Dental Holding Corp.	22,150	(2,000)	20,150			20,150
My Health Direct, Inc.	1,000		1,000			1,000
Niagara Fiber Intermediate Corp.	1,881	(1,881)				
Nordco Inc	10,000		10,000			10,000
OmniSYS Acquisition Corporation	2,500		2,500			2,500
OTG Management, LLC	19,875		19,875			19,875
Paper Source, Inc.	2,500	(1,333)	1,167			1,167
PerfectServe, Inc.	7,000		7,000			7,000
PIH Corporation	3,314	(207)	3,107			3,107
Regent Education, Inc.	2,000	(1,160)	840			840
RuffaloCODY, LLC	7,683	(4,245)	3,438			3,438
Severin Acquisition, LLC	2,900		2,900			2,900
Things Remembered, Inc.	5,000	(1,167)	3,833			3,833
TPTM Merger Corp.	2,500	(750)	1,750			1,750
TraceLink, Inc.	3,000		3,000			3,000
TWH Water Treatment Industries, Inc.	8,960		8,960			8,960
Zemax, LLC	3,000		3,000			3,000
	$ 485,560	$ (123,270)	$ 362,290	$ (6,000)	$ (2,700)	$ 353,590

(27) As of September 30, 2015, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

Portfolio Company	Total private equity commitments	Less: funded private equity commitments	Total unfunded private equity commitments	Less: private equity commitments substantially at the discretion of the Company	Total net adjusted unfunded private equity commitments
Imperial Capital Private Opportunities, LP	$ 50,000	$ (6,794)	$ 43,206	$ (43,206)	$
Partnership Capital Growth Investors III, L.P.	5,000	(4,037)	963		963
PCG - Ares Sidecar Investment, L.P. and PCG-Ares Sidecar Investment II, L.P.	50,000	(8,647)	41,353	(41,353)	
Piper Jaffray Merchant Banking Fund I, L.P.	2,000	(1,250)	750		750
	$ 107,000	$ (20,728)	$ 86,272	$ (84,559)	$ 1,713

(28) As of September 30, 2015, the Company had commitments to co-invest in the SSLP for its portion of the SSLP s commitment to fund delayed draw investments of up to $61.5 million. See Note 4 to the consolidated financial statements for more information on the SSLP.

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2014

(dollar amounts in thousands)

Investment Funds and Vehicles							
Covestia Capital Partners, LP (9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	487	2,100(2)	
Imperial Capital Private Opportunities, LP (9)(31)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	4,654	19,005(2)	
Partnership Capital Growth Investors III, L.P. (9)(31)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	3,030	2,735(2)	
PCG-Ares Sidecar Investment II, L.P. (9)(31)	Investment partnership	Limited partnership interest (100.00% interest)		10/31/2014	6,500	6,500(2)	
Senior Secured Loan Fund LLC (7)(10)(32)	Co-investment vehicle	Subordinated certificates ($2,034,498 par due 12/2024)	8.26% (Libor + 8.00%/M)(26)	10/30/2009	2,034,498	2,065,015	
					2,034,498	2,065,015	
					2,053,195	2,101,828	39.78%
Alegeus Technologies Holdings Corp.	Benefits administration and transaction processing provider	Preferred stock (2,997 shares)		12/13/2013	3,087	1,876	
					3,090	1,876	

		First lien senior secured loan ($23,425 par due 6/2019)	7.00% (Libor + 6.00%/Q)	6/27/2014	23,425	23,425(2)(13)(25)
		First lien senior secured loan ($4,126 par due 6/2019)	4.00% (Libor + 3.00%/Q)	6/27/2014	4,126	4,126(4)(25)
Athletico Management, LLC and Accelerated Holdings, LLC	Provider of outpatient rehabilitation services	First lien senior secured loan ($4,000 par due 12/2020)	6.25% (Libor + 5.50%/Q)	12/2/2014	3,968	4,000(2)(25)
		Warrant to purchase up to 3,213,367 shares of Series 1 preferred stock		11/14/2014		(2)
AxelaCare Holdings, Inc. and AxelaCare Investment Holdings, L.P.	Provider of home infusion services	Preferred units (8,218,160 units)		4/12/2013	822	693(2)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

					830	700
CCS Intermediate Holdings, LLC and CCS Group Holdings, LLC (30)	Correctional facility healthcare operator	First lien senior secured revolving loan ($1,275 par due 7/2019)	5.00% (Libor + 4.00%/Q)	7/23/2014	1,275	1,249(2)(25)
		Second lien senior secured loan ($135,000 par due 7/2022)	9.38% (Libor + 8.38%/Q)	7/23/2014	133,721	133,650(2)(25)
					141,684	143,285
		First lien senior secured loan ($5,000 par due 2/2018)	9.25%	3/21/2014	4,787	5,000(2)
					9,589	10,000
GI Advo Opco, LLC	Behavioral treatment services provider	First lien senior secured loan ($13,890 par due 6/2017)	6.00% (Libor + 4.75%/Q)	12/13/2013	14,182	13,890(2)(25)
					14,252	13,959
		Class A common stock (2,475 shares)		3/11/2014	2,991	2,991(2)
					232,647	236,658
		Limited partnership interest (99.90%		12/19/2014	999	999(2)

		interest)				
INC Research Mezzanine Co-Invest, LLC	Pharmaceutical and biotechnology consulting services	Common units (1,410,000 units)		9/27/2010	1,512	4,287(2)
LM Acquisition Holdings, LLC (8)	Developer and manufacturer of medical equipment	Class A units (426 units)		9/27/2013	1,000	1,721(2)
Monte Nido Holdings, LLC	Outpatient eating disorder treatment provider	First lien senior secured loan ($44,750 par due 12/2019)	8.00% (Libor + 7.00%/M)	12/20/2013	44,750	42,065(3)(19)(25)
		First lien senior secured loan ($24,484 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	24,484	24,484(2)(25)
		First lien senior secured loan ($19,949 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	19,949	19,949(4)(25)
My Health Direct, Inc. (30)	Healthcare scheduling exchange software solution provider	First lien senior secured loan ($3,000 par due 1/2018)	10.75%	9/18/2014	2,907	3,000(2)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

					2,946	3,039
		First lien senior secured loan ($80,234 par due 2/2019)	6.00% (Libor + 5.00%/Q)	4/15/2011	80,234	80,234(2)(21)(25)
		Common units (5,345 units)		4/15/2011	5,764	11,760(2)
Netsmart Technologies, Inc. and NS Holdings, Inc.	Healthcare technology provider	First lien senior secured loan ($2,760 par due 12/2017)	8.75% (Libor + 7.50%/Q)	12/18/2012	2,760	2,760(2)(17)(25)
		Common stock (2,500,000 shares)		6/21/2010	2,500	5,426(2)
New Trident Holdcorp, Inc.	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan ($80,000 par due 7/2020)	10.25% (Libor + 9.00%/Q)	8/6/2013	78,667	78,400(2)(25)
		First lien senior secured loan ($3,000 par due 8/2018)	8.90%	4/25/2014	2,900	3,000(2)
					10,668	11,041
		Limited liability company membership interest (1.57%)		11/21/2013	1,000	1,258(2)
PerfectServe, Inc. (30)	Communications software platform provider for hospitals and physician practices	First lien senior secured revolving loan ($500 par due 6/2015)	7.50%	12/26/2013	500	500(2)
			10.00%	12/26/2013	3,348	3,372(2)

		First lien senior secured loan ($3,372 par due 4/2017)				
					6,327	6,456
		Common stock (16,667 shares)		3/12/2008	167	1,051(2)
PhyMED Management LLC	Provider of anesthesia services	First lien senior secured loan ($10,000 par due 11/2020)	5.25% (Libor + 4.25%/M)	11/18/2014	9,927	10,000(2)(25)
POS I Corp. (fka Vantage Oncology, Inc.)	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	1,222(2)
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	First lien senior secured loan ($1,400 par due 7/2015)	11.00%	6/28/2012	1,399	1,400(2)
					1,437	1,428

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

Sage Products Holdings III, LLC	Patient infection control and preventive care solutions provider	Second lien senior secured loan ($120,000 par due 6/2020)	9.25% (Libor + 8.00%/Q)	12/13/2012	119,775	120,000(2)(25)
SurgiQuest, Inc.	Medical device company	Warrants to purchase up to 54,672 shares of Series D-4 convertible preferred stock		9/28/2012		(2)
		Second lien senior secured loan ($50,000 par due 9/2020)	9.00% (Libor + 8.00%/Q)	9/24/2014	50,000	50,000(2)(25)
Young Innovations, Inc.	Dental supplies and equipment manufacturer	Second lien senior secured loan ($45,000 par due 7/2019)	9.00% (Libor + 8.00%/Q)	5/30/2014	45,000	45,000(2)(25)
Other Services						
Capital Investments and Ventures Corp. (30)	SCUBA diver training and certification provider	First lien senior secured loan ($60,654 par due 8/2020)	8.00% (Base Rate + 4.75%/Q)	8/9/2012	60,334	60,654(2)(25)
		First lien senior secured loan ($7,534 par due 8/2020)	8.00% (Base Rate + 4.75%/Q)	8/9/2012	7,534	7,534(4)(25)
Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	First lien senior secured loan ($14,130 par due 3/2015)	6.25% (Libor + 5.25%/Q)	12/10/2010	14,130	14,130(2)(18)(25)
		Second lien senior secured loan ($48,377 par due 12/2015)		12/10/2010	47,169	39,858(2)(24)
					61,455	54,144

		First lien senior secured revolving loan ($900 par due 11/2018)	9.00% (Libor + 7.75%/Q)	11/30/2012	900	810(2)(25)
		First lien senior secured loan ($29,931 par due 11/2018)	10.50% (Libor + 7.75% Cash, 1.50% PIK /Q)	11/30/2012	29,931	26,938(3)(25)
					60,644	52,587
		First lien senior secured loan ($24,316 par due 3/2019)	8.25% (Libor + 7.00%/Q)	3/13/2014	24,316	24,316(2)(25)
		Class B common units (275,000 units)		3/13/2014	275	303(2)
Dwyer Acquisition Parent, Inc. and TDG Group Holding Company	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan ($52,670 par due 2/2020)	11.00%	8/15/2014	52,670	52,670(2)
					55,670	56,109

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

GHS Interactive Security, LLC and LG Security Holdings, LLC (30)	Originates residential security alarm contracts	First lien senior secured loan ($8,578 par due 5/2018)	7.50% (Libor + 6.00%/S)	12/13/2013	8,626	8,578(25)
					10,233	9,306
		First lien senior secured loan ($47,716 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	47,716	47,716(3)(25)
					78,961	80,267
OpenSky Project, Inc.	Social commerce platform operator	First lien senior secured loan ($3,000 par due 9/2017)	10.00%	6/4/2014	2,960	3,000(2)
					3,008	3,048
		First lien senior secured loan ($33,989 par due 12/2018)	7.00% (Libor + 6.00%/Q)	3/12/2014	33,989	33,989(25)
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan ($140,000 par due 5/2020)	8.00% (Libor + 7.00%/M)	5/14/2013	140,000	137,200(2)(25)
		First lien senior secured loan ($36,400 par due 10/2019)	10.25% (Libor + 9.25%/Q)	10/10/2014	36,400	36,400(2)(25)
United Road Towing, Inc.	Towing company	Warrants to purchase up to 607 shares		4/1/2010		

					815,348	798,254	15.11%
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC (30)	Provider of branded archery and bowhunting accessories	First lien senior secured loan ($50,100 par due 3/2019)	6.55% (Libor + 5.55%/Q)	4/24/2014	50,100	50,100(2)(22)(25)	
		Common units (300 units)		4/24/2014	3,000	2,573(2)	
Implus Footcare, LLC	Provider of footwear and other accessories	Preferred stock (455 shares)	6.00% PIK	10/31/2011	4,740	4,740(2)	
					4,740	6,154	
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of OTC healthcare products	Warrants to purchase up to 1,489 shares of preferred stock		7/27/2011		921(2)	
						921	
		First lien senior secured loan ($157 par due 4/2018)	9.25% (Base Rate + 6.00%/Q)	4/2/2012	157	157(3)(25)	

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

		First lien senior secured loan ($8,551 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	8,527	8,551(4)(25)
					38,900	39,008
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc. (30)	Provider of branded lawn and garden products	First lien senior secured revolving loan ($9,007 par due 12/2020)	5.00% (Libor + 4.00%/Q)	12/23/2014	9,007	9,007(2)(25)
		Second lien senior secured loan ($66,000 par due 6/2021)	9.94% (Libor + 8.94%/Q)	12/23/2014	65,620	66,000(2)(25)
					156,172	157,007
		First lien senior secured loan ($5,721 par due 3/2020)	8.75% (Libor + 7.75%/Q)	3/14/2014	5,721	5,721(2)(25)
		First lien senior secured loan ($19,950 par due 3/2020)	8.75% (Libor + 7.75%/Q)	3/14/2014	19,950	19,950(4)(25)
					85,733	86,262
		Second lien senior secured loan ($4,500 par due 9/2019)	10.00%	3/13/2014	4,500	4,500(2)
		Common units (1,116,879 units)		4/1/2010	24	

		Warrants to purchase up to 3,157,895 units		4/1/2010		
Varsity Brands Holding Co., Inc., Hercules Achievement, Inc., Hercules Achievement Holdings, Inc. and Hercules VB Holdings, Inc.	Leading manufacturer and distributor of textiles, apparel & luxury goods	Second lien senior secured loan ($180,000 par due 12/2022)	9.75% (Libor + 8.75%/M)	12/11/2014	178,200	180,000(2)(25)
		Common stock (3,353,371 shares)		12/11/2014	3,353	3,353(2)
Woodstream Corporation	Pet products manufacturer	First lien senior secured loan ($12 par due 8/2016)	7.00% (Base Rate + 3.75%/Q)	4/18/2012	12	12(4)(25)
		Senior subordinated loan ($80,000 par due 2/2017)	11.50%	4/18/2012	78,178	80,000(2)
					84,216	87,632
Power Generation						
		First lien senior secured loan ($2,880 par due 7/2017)	9.62%	12/16/2013	2,683	2,880(2)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

		Series B preferred stock (74,449 shares)		2/26/2014	250	250(2)
					4,973	5,215
Brush Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($1,730 par due 8/2020)	7.50% (Base Rate + 4.25%/Q)	8/1/2013	1,730	1,730(2)(25)
					88,114	88,114
		Warrant to purchase up to 4 units of common stock		8/8/2014		200(2)
DESRI VI Management Holdings, LLC	Wind and solar power generation facility operator	Senior subordinated loan ($26,500 par due 12/2021)	9.75%	12/24/2014	26,500	26,500(2)
					27,983	27,983
		Non-controlling units (7.5 units)		8/26/2014	806	806(2)
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC (30)	Gas turbine power generation facilities operator	Senior subordinated loan ($81,500 par due 12/2021)	13.25%	11/13/2014	81,500	81,500(2)
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock		7/25/2013		39(2)(8)
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant	Second lien senior secured loan ($10,000	9.25% (Libor + 8.25%/Q)	2/20/2014	9,652	9,400(2)(25)

	operator	par due 2/2020)				
Moxie Patriot LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($100,000 par due 12/2020)	6.75% (Libor + 5.75%/Q)	12/19/2013	99,000	100,000(2)(25)
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan ($20,000 par due 4/2019)	7.25% (Libor + 6.00%/Q)	4/3/2013	19,852	20,000(2)(25)
PERC Holdings 1 LLC	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units (21,653,543 units)		10/20/2014	21,654	21,654(2)
Business Services						
BlackArrow, Inc.	Advertising and data solutions software platform provider	First lien senior secured loan ($8,000 par due 9/2017)	9.25%	3/13/2014	7,782	8,000(2)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

		Warrant to purchase up to 517,386 units of Series C preferred stock		3/13/2014		76(2)
CallMiner, Inc.	Provider of cloud-based conversational analytics solutions	First lien senior secured loan ($4,000 par due 5/2018)	10.00%	7/23/2014	3,973	4,000(2)
		Warrant to purchase up to 2,350,636 shares of Series 1 preferred stock		7/23/2014		(2)
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C. (6)(30)	Payroll and accounting services provider to the entertainment industry	First lien senior secured loan ($27,930 par due 10/2019)	4.00% (Libor + 3.00%/Q)	12/24/2012	27,930	27,930(2)(25)
		First lien senior secured loan ($41,813 par due 10/2019)	7.00% (Libor + 6.00%/Q)	12/24/2012	41,813	41,813(3)(16)(25)
		Class B membership units (2,500,000 units)		12/24/2012	57	5,885(2)
CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)		12/15/2011	2,500	4,915(2)
		Second lien senior secured loan ($26,500 par due 8/2020)	9.25% (Libor + 8.25%/Q)	9/28/2012	26,500	26,500(2)(25)
		Senior subordinated loan ($17,621 par due 8/2021)	14.00% PIK	8/8/2014	17,621	17,621(2)
Compuware Parent, LLC	Web and mobile cloud performance testing and	Class A-1 common stock (4,132 units)		12/15/2014	2,250	2,527(2)

	monitoring services provider					
		Class C-1 common stock (4,132 units)		12/15/2014	300	337(2)
		Class B-2 common stock (4,132 units)		12/15/2014		(2)
					3,000	3,369
Directworks, Inc. and Co-Exprise Holdings, Inc. (30)	Provider of cloud-based software solutions for direct materials sourcing and supplier management for manufacturers	First lien senior secured loan ($2,500 par due 4/2018)	10.25% (Libor + 9.25%/M)	12/19/2014	2,500	2,500(2)(25)
					2,500	2,500
		Class A common stock (7,500 shares)		8/19/2014	7,500	8,383(2)
					8,500	9,383

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

First Insight, Inc.	SaaS company providing merchandising and pricing solutions to companies worldwide	First lien senior secured loan ($3,267 par due 4/2017)	9.50%	3/20/2014	3,193	3,267(2)
					3,193	3,273
		Class A units (14,293,110 units)		6/26/2008	12,793	(2)
IfByPhone Inc.	Voice-based marketing automation software provider	Warrant to purchase up to 124,300 shares of Series C preferred stock		10/15/2012	88	79(2)
IronPlanet, Inc. (30)	Online auction platform provider for used heavy equipment	First lien senior secured revolving loan		9/24/2013		(2)(27)
					214	244
		First lien senior secured loan ($4,900 par due 6/2018)	6.50% (Libor + 5.50%/M)	6/5/2013	4,900	4,900(2)(25)
					103,992	103,992
Market Track Holdings, LLC	Business media consulting services company	Preferred stock (1,500 shares)		12/13/2013	1,982	1,912

				3,964	3,692
Multi-Ad Services, Inc. (6)	Marketing services and software provider	Preferred units (1,725,280 units)	4/1/2010	788	2,118
				788	2,118
		Common stock (560,716 shares)	4/1/2010		(2)
NComputing, Inc.	Desktop virtualization hardware and software technology service provider	Warrant to purchase up to 462,726 shares of Series C preferred stock	3/20/2013		12(2)
		Warrant to purchase up to 2,037 shares of Series A preferred stock	11/3/2014	93	93(2)
PHL Investors, Inc., and PHL Holding Co. (7)	Mortgage services	Class A common stock (576 shares)	7/31/2012	3,768	(2)
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)	5/29/2007	250	181(2)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

Rocket Fuel Inc.	Provider of open and integrated software for digital marketing optimization	Common stock (11,405 units)		9/9/2014	40	92(2)	
Tripwire, Inc. (30)	IT security software provider	First lien senior secured loan ($65,716 par due 5/2018)	7.00% (Libor + 5.75%/Q)	5/23/2011	65,716	66,373(2)(25)	
		First lien senior secured loan ($7,716 par due 5/2018)	7.00% (Libor + 5.75%/Q)	5/23/2011	7,716	7,794(4)(25)	
		Class B common stock (2,655,638 shares)		5/23/2011	30	11,602(2)	
Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,713,546 units)		12/13/2013	4,503	3,270	
					521,866	527,601	9.99%
Campus Management Corp. and Campus Management Acquisition Corp. (6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	10,161(2)	
		First lien senior secured loan ($1 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	1	1(2)(25)	
		Series A preferred units (124,890 units)	9.50% (Libor + 8.50%/Q)	8/25/2011	124,890	124,890(2)(25)	
					143,547	147,142	
				6/13/2014	1,996	1,597(2)(24)	

		First lien senior secured loan ($1,996 par due 12/2016)				
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	(2)
					60,657	48,636
		First lien senior secured loan ($4,181 par due 1/2017)	5.25% (Libor + 4.25%/Q)	10/4/2011	4,180	4,181(2)(25)
		First lien senior secured loan ($40,362 par due 1/2017)	8.50% (Libor + 7.50%/Q)	10/4/2011	40,305	40,362(3)(15)(25)
					135,149	135,492
		First lien senior secured loan ($35,512 par due 6/2017)	7.25% (Libor + 6.25%/M)	12/13/2013	36,127	35,512(2)(25)
R3 Education, Inc. and EIC Acquisitions Corp.	Medical school operator	Preferred stock (1,977 shares)		7/30/2008	494	494(2)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

		Common membership interest (15.76% interest)		9/21/2007	15,800	26,199(2)
					16,294	26,693
		Warrant to purchase up to 987,771 shares of Series CC preferred stock		7/1/2014		76(2)
RuffaloCODY, LLC (30)	Provider of student fundraising and enrollment management services	First lien senior secured loan ($12,683 par due 5/2019)	5.57% (Libor + 4.32%/Q)	5/29/2013	12,683	12,620(2)(25)
		First lien senior secured loan ($11,709 par due 5/2019)	5.57% (Libor + 4.32%/Q)	5/29/2013	11,709	11,651(4)(25)
WCI-Quantum Holdings, Inc.	Distributor of instructional products, services and resources	Series A preferred stock (1,272 shares)		10/24/2014	1,000	1,000(2)
Financial Services						
Callidus Capital Corporation (7)	Asset management services	Common stock (100 shares)		4/1/2010	3,000	1,702
		First lien senior secured loan ($1,000 par due 12/2016)	12.00%	11/29/2010	1,000	1,000(2)
		First lien senior secured loan ($5,000 par due 12/2016)	12.00%	11/29/2010	5,000	5,000(2)
					79,374	49,907

Cook Inlet Alternative Risk, LLC	Risk management services	Senior subordinated loan ($750 par due 9/2015)	9.00%	9/30/2011	750	750(2)	
Imperial Capital Group LLC	Investment services	Class A common units (23,130 units)		5/10/2007	11,248	15,633(2)	
		2007 Class B common units (945 units)		5/10/2007		(2)	
Ivy Hill Asset Management, L.P. (7)(9)	Asset management services	Member interest (100.00% interest)		6/15/2009	170,961	259,325	
					336,875	403,525	7.64%
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	Restaurant owner and operator	First lien senior secured loan ($28,581 par due 12/2018)	9.25% (Libor + 8.25%/Q)	11/27/2006	28,581	27,152(2)(20)(25)	
		Promissory note ($18,817 par due 12/2018)		11/27/2006	13,770	346(2)	

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

		Warrants to purchase up to 23,750 units of Series D common stock		12/18/2013	24	(2)
Benihana, Inc. (30)	Restaurant owner and operator	First lien senior secured loan ($4,888 par due 1/2019)	6.75% (Libor + 5.50%/Q)	8/21/2012	4,888	4,790(4)(25)
		Warrant to purchase up to 143,079 shares of Series A preferred stock		12/19/2014		3(2)
Garden Fresh Restaurant Corp. (30)	Restaurant owner and operator	First lien senior secured revolving loan ($1,100 par due 7/2018)	10.00% (Libor + 8.50%/M)	10/3/2013	1,100	1,100(2)(25)(28)
					43,319	43,319
Hojeij Branded Foods, Inc. (30)	Airport restaurant operator	First lien senior secured revolving loan ($1,450 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	1,450	1,450(2)(25)(28)
		First lien senior secured loan ($9,407 par due 2/2017)	9.00% (Libor + 8.00%/Q)	7/15/2014	9,407	9,407(2)(25)
		Warrants to purchase up to 7.5% of membership interest		2/15/2012		507(2)
					40,104	47,561
				4/1/2010		(2)(24)

		Second lien senior secured loan ($19,420 par due 9/2015)				
		Class A common units (25,001 units)		4/1/2010		(2)
					8,069	3,106
		First lien senior secured loan ($6,250 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	6,250	6,250(2)(25)
		First lien senior secured loan ($25,000 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	25,000	25,000(2)(25)
		Warrants to purchase up to 7.73% of common units		6/19/2008	100	4,464(2)
Performance Food Group, Inc. and Wellspring Distribution Corp	Food service distributor	Second lien senior secured loan ($24,328 par due 11/2019)	6.25% (Libor + 5.25%/M)	5/14/2013	24,234	24,084(2)(25)
					30,537	32,591
S.B. Restaurant Company	Restaurant owner and operator	Preferred stock (46,690 shares)		4/1/2010		(2)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

Manufacturing						
		Warrants to purchase up to 400,000 shares of Series D-4 convertible preferred stock		8/7/2012		13(2)
Component Hardware Group, Inc. (30)	Commercial equipment	First lien senior secured revolving loan ($1,867 par due 7/2019)	5.50% (Libor + 4.50%/M)	7/1/2013	1,867	1,867(2)(25)
		First lien senior secured loan ($1,306 par due 7/2019)	5.50% (Libor + 4.50%/M)	7/1/2013	1,306	1,306(4)(25)
Harvey Tool Company, LLC and Harvey Tool Holding, LLC (30)	Cutting tool provider to the metalworking industry	First lien senior secured loan ($4,863 par due 3/2020)	5.75% (Libor + 4.75%/Q)	3/28/2014	4,863	4,863(2)(25)
		Class A membership units (750 units)		3/28/2014	750	958(2)
Ioxus, Inc.	Energy storage devices	First lien senior secured loan ($10,000 par due 11/2017)	9.00%	4/29/2014	9,674	9,300(2)
					9,674	9,300
MWI Holdings, Inc.	Engineered springs, fasteners, and other precision components	First lien senior secured loan ($28,274 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	28,274	28,274(2)(25)
					48,274	48,274

		First lien senior secured loan ($15,464 par due 5/2018)	6.75% (Libor + 5.50%/M)	5/8/2014	15,333	14,845(2)(25)	
Pelican Products, Inc.	Flashlights	Second lien senior secured loan ($40,000 par due 4/2021)	9.25% (Libor + 8.25%/Q)	4/11/2014	39,947	40,000(2)(25)	
		Preferred stock (2,379,361 shares)		5/23/2011	1,298	7,468(2)	
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1,000	(2)	
TPTM Merger Corp. (30)	Time temperature indicator products	First lien senior secured loan ($40,216 par due 9/2018)	9.42% (Libor + 8.42%/Q)	9/12/2013	40,216	40,216(2)(25)	
		First lien senior secured loan ($9,950 par due 9/2018)	4.75% (Libor + 3.75%/Q)	9/12/2013	9,950	9,950(4)(25)	
					289,064	293,992	5.56%
GS Pretium Holdings, Inc.	Manufacturer and supplier of high performance plastic containers	Common stock (500,000 shares)		6/2/2014	500	397(2)	

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

ICSH, Inc. (30)	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan		8/31/2011		(2)(27)	
		First lien senior secured loan ($23,716 par due 8/2016)	6.75% (Libor + 5.75%/Q)	8/31/2011	23,724	23,716(2)(25)	
					102,908	102,900	
		Common stock (50,000 shares)		12/14/2012	3,951	6,595(2)	
					249,859	252,392	4.78%
Lonestar Prospects, Ltd.	Sand proppant producer and distributor to the oil and natural gas industry	First lien senior secured loan ($75,187 par due 9/2018)	8.50% (Libor + 6.50% Cash, 1.00% PIK/Q)	9/18/2014	75,187	72,180(2)(25)	
UL Holding Co., LLC and Universal Lubricants, LLC (6)	Manufacturer and distributor of re-refined oil products	Second lien senior secured loan ($11,136 par due 12/2016)		4/30/2012	8,761	9,187(2)(24)	
		Second lien senior secured loan ($5,496 par due 12/2016)		4/30/2012	4,294	4,534(2)(24)	
		Class B-5 common units (272,834 units)		6/17/2011	2,491	(2)	
		Warrant to purchase up to 467,575 shares of Class A units		5/2/2014		(2)	

		Warrant to purchase up to 37,277 shares of Class B-2 units		5/2/2014		(2)	
		Warrant to purchase up to 52,263 shares of Class B-5 units		5/2/2014		(2)	
		Warrant to purchase up to 680,649 shares of Class C units		5/2/2014		(2)	
					183,120	171,923	3.25%
Fulton Holdings Corp.	Airport restaurant operator	First lien senior secured loan ($43,000 par due 5/2018)	8.50%	5/10/2013	43,000	43,000(2)(14)	
		Common stock (19,672 shares)		5/28/2010	1,461	3,142(2)	
Paper Source, Inc. and Pine Holdings, Inc. (30)	Retailer of fine and artisanal paper products	First lien senior secured loan ($8,863 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/23/2013	8,863	8,863(2)(25)	
		Class A common stock (36,364 shares)		9/23/2013	6,000	6,871(2)	

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

					24,763	25,634	
					123,667	124,775	2.36%
Cadence Aerospace, LLC (fka PRV Aerospace, LLC)	Aerospace precision components manufacturer	First lien senior secured loan ($4,414 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	4,387	4,414(4)(25)	
					84,044	80,885	
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	121	121(2)	
					2,412	2,462	
Commercial Real Estate Finance							
		Senior subordinated loan ($26,964 par due 11/2019)	7.00% Cash, 1.00% PIK	4/1/2010	26,964	26,964(2)	
		Option (25,000 units)		4/1/2010	25	25	
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010		3,544	
Crescent Hotels & Resorts, LLC and affiliates (7)	Hotel operator	Senior subordinated loan ($2,236 par due 9/2011)	15.00%	4/1/2010		(2)	
					54,788	108,974	2.06%

CH Hold Corp.	Collision repair company	First lien senior secured loan ($17,661 par due 11/2019)	5.50% (Libor + 4.75%/Q)	7/25/2014	17,661	17,661(2)(25)
		Warrant to purchase up to 404,563 shares of Series E preferred stock		12/24/2014	327	327(2)
Driven Brands, Inc. and Driven Holdings, LLC	Automotive aftermarket car care franchisor	First lien senior secured loan ($984 par due 3/2017)	6.00% (Libor + 5.00%/Q)	1/3/2014	984	984(2)(25)
		Preferred stock (247,500 units)		12/16/2011	2,475	3,088(2)
					3,492	5,572
		First lien senior secured loan ($7,976 par due 7/2017)	7.25% (Libor + 6.00%/Q)	7/12/2012	7,976	7,577(2)(25)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

		Series A preferred stock (1,800 shares)		7/12/2012	1,800	261(2)	
					44,738	40,862	
		First lien senior secured loan ($4,545 par due 6/2017)	10.83%	12/28/2012	4,449	4,545(2)	
		Warrant to purchase up to 321,888 shares of Series C preferred stock		12/28/2012		43(2)	
SK SPV IV, LLC	Collision repair site operators	Series A common units (12,500 units)		8/18/2014	625	1,987(2)	
					1,250	3,974	
					93,219	95,225	1.80%
Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products	Warrant to purchase 322,422 shares of Series D preferred stock		3/28/2013		6(2)	
		First lien senior secured loan ($21,231 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	21,231	21,019(2)(25)	
		First lien senior secured loan ($19,750 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	19,750	19,552(4)(25)	
Kinestral Technologies, Inc.	Designer of adaptive, dynamic glass for the commercial and residential markets	First lien senior secured loan ($6,500 par due 8/2017)	10.00%	4/22/2014	6,390	6,500(2)	

					6,463	6,573	
		Warrant to purchase up to 86,009 shares of Series B preferred stock		8/13/2014	77	74(2)	
					92,208	91,532	1.73%
RE Community Holdings II, Inc., Pegasus Community Energy, LLC., and MPH Energy Holdings, LP	Operator of municipal recycling facilities	Preferred stock (1,000 shares)		3/1/2011	8,839	(2)	
					8,839		
					86,339	77,500	1.47%
Castle Management Borrower LLC (30)	Hotel operator	Second lien senior secured loan ($55,000 par due 3/2021)	11.00% (Libor + 10.00%/Q)	10/17/2014	55,000	55,000(2)(25)	

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

Health Clubs							
CFW Co-Invest, L.P., NCP Curves, L.P. and Curves International Holdings, Inc.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4,152	3,418(2)	
		Common stock (1,680 shares)		11/12/2014		(2)(8)	
					47,370	46,244	0.88%
Batanga, Inc. (30)	Independent digital media company	First lien senior secured revolving loan ($4,000 par due 12/2015)	10.00%	10/31/2012	4,000	4,000(2)	
					10,590	10,650	
Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (22.99% interest)		5/20/2011		705(2)	
		First lien senior secured loan ($9,500 par due 3/2017)	9.00% (Libor + 7.50%/Q)	3/6/2011	9,500	9,405(4)(25)	
		Common stock (15,393 shares)		9/29/2006	3	7(2)	
					41,613	43,843	0.83%
Flow Solutions Holdings, Inc. (30)	Distributor of high value fluid handling, filtration and flow control products	Second lien senior secured loan ($29,500 par due 10/2018)	11.25% (Base Rate + 8.00%/Q)	12/16/2014	29,500	29,500(2)(25)	
Telecommunications							

		Warrants to purchase up to 200 shares		9/1/2010		4,457
Quantance, Inc.	Designer of semiconductor products to the mobile wireless market	First lien senior secured loan ($2,831 par due 9/2016)	10.25%	8/23/2013	2,782	2,831(2)
					2,856	2,933
Wilcon Holdings LLC	Communications infrastructure provider	Class A common stock (2,000,000 shares)		12/13/2013	1,829	2,135
Computers and Electronics						
		Warrant to purchase up to 11,531 shares of Series D preferred stock		11/13/2014		11(2)

Table of Contents

As of December 31, 2014

(dollar amounts in thousands)

Zemax, LLC (30)	Provider of optical illumination design software to design engineers	First lien senior secured loan ($2,992 par due 10/2019)	6.50% (Libor + 5.50%/Q)	10/23/2014	2,992	2,992(2)(25)	
Food and Beverage							
		Class A-1 common stock (2,157 shares)		4/1/2010		(2)	
					980	706	0.01%

(1) Other than the Company s investments listed in footnote 7 below (subject to the limitations set forth therein), the Company does not Control any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the Investment Company Act). In general, under the Investment Company Act, the Company would Control a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company s portfolio company investments, which as of December 31, 2014 represented 171% of the Company s net assets or 95% of the Company s total assets, are subject to legal restrictions on sales.

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

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

(4) These assets are owned by the Company s consolidated subsidiary Ares Capital JB Funding LLC (ACJB), are pledged as collateral for the SMBC Funding Facility and, as a result, are not directly available to the

creditors of the Company to satisfy any obligations of the Company other than ACJB s obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).

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

(6) As defined in the Investment Company Act, the Company is deemed to be an Affiliated Person and Control this portfolio company because it owns 5% or more of the portfolio company s outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the year ended December 31, 2014 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

Table of Contents

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
Apple & Eve, LLC and US Juice Partners, LLC	$	$	$ 5,000	$	$	$	$	$ 4,344	$ (205)
Campus Management Corp. and Campus Management Acquisition Corp.	$	$	$	$	$	$	$	$	$ 6,824
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.	$ 87,089	$ 27,037	$ 5,000	$ 5,590	$ 1,290	$ 1,682	$ 511	$	$ 8,614
Crown Health Care Laundry Services, Inc. and Crown Laundry Holdings, LLC	$ 28,550	$ 784	$	$ 1,684	$ 590	$	$ 120	$	$ 276
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC	$ 702	$ 702	$ 2,543	$ 3	$	$	$ 33	$ 6,736	$ (2,113)
The Dwyer Group	$ 14,418	$ 46,377	$	$ 2,772	$ 60	$ 2,279	$ 179	$ 21,141	$ (11,791)
ELC Acquisition Corp. and ELC Holdings Corporation	$	$	$ 11,737	$	$	$ 1,448	$	$ 5,938	$ (1,345)
Insight Pharmaceuticals Corporation	$	$ 19,187	$ 12,070	$ 1,765	$	$	$	$ 33,076	$ (2,544)
Investor Group Services, LLC	$	$	$	$	$	$ 199	$	$ 90	$ (8)
Multi-Ad Services, Inc.	$	$	$	$	$	$	$	$	$ 364
Soteria Imaging Services, LLC	$	$	$	$	$	$	$	$ 60	$
VSS-Tranzact Holdings, LLC	$	$	$ 10,204	$	$	$	$	$ 5,057	$ 4,967
UL Holding Co., LLC	$	$ 4,000	$	$	$	$	$	$	$ 15,041

(7) As defined in the Investment Company Act, the Company is deemed to be both an Affiliated Person and Control this portfolio company because it owns more than 25% of the portfolio company s outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the year ended December 31, 2014 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC and New 10th Street, LLC	$ 24,895	$	$	$ 4,002	$ 455	$	$	$	$ 43,669
AllBridge Financial, LLC	$	$ 3,937	$	$	$	$ 382	$	$	$ 23
Callidus Capital Corporation	$	$	$	$	$	$	$	$	$ (11)
Ciena Capital LLC	$	$ 14,000	$	$ 3,769	$	$	$	$	$ 12,981
Citipostal Inc.	$	$ 70,270	$	$ 60	$	$	$ 17	$ (21,047)	$ 25,270
Crescent Hotels & Resorts, LLC and affiliates	$	$	$	$ 151	$	$ 42	$	$	$
HCI Equity, LLC	$	$ 112	$	$	$	$ 89	$	$	$ 175
HCP Acquisition Holdings, LLC	$	$	$	$	$	$	$	$	$
Hot Light Brands, Inc.	$	$ 90	$	$	$	$	$	$ 164	$ (163)
Ivy Hill Asset Management, L.P.	$	$	$	$	$	$ 50,000	$	$	$ (21,029)
MVL Group, Inc.	$	$ 30,040	$	$	$	$	$	$ (27,709)	$ 27,781
Orion Foods, LLC	$ 3,450	$ 56,342	$	$ 4,143	$	$	$ 646	$ 1,624	$ (6,743)
Pillar Processing LLC, PHL Investors, Inc., and PHL Holding Co.	$	$ 9,844	$	$	$	$	$	$ (6,592)	$ 6,522
Senior Secured Loan Fund LLC*	$ 463,626	$ 174,325	$	$ 275,036	$ 38,997	$	$ 30,669	$	$ 4,340
Startec Equity, LLC	$	$	$	$	$	$	$	$	$
The Step2 Company, LLC	$ 4,500	$	$	$ 3,058	$	$	$	$	$ (17,127)
The Thymes, LLC	$	$ 840	$ 4,014	$	$	$ 158	$	$ 9,753	$ (6,212)

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

Table of Contents

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

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

(10) In the first quarter of 2011, the staff of the Securities and Exchange Commission (the Staff) informally communicated to certain business development companies (BDCs) the Staff s belief that certain entities, which would be classified as an investment company under the Investment Company Act but for the exception from the definition of investment company set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) under Investment Company Act) (i.e. not eligible to included in a BDC s 70% qualifying assets basket). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the Concept Release) which stated that [a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which the U.S. Congress intended BDCs primarily to invest and requested comment on whether or not a 3a-7 issuer should be considered an eligible portfolio company . The Company provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a BDC to treat as eligible portfolio companies entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release) and subsequent discussions with the Staff, the Company has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified such entities, which include the SSLP, as non-qualifying assets should the Staff ultimately disagree with the Company s position. Pursuant to Section 55(a) of the Investment Company Act (using the Staff s methodology described above solely for this purpose), 27% of the Company s total assets are represented by investments at fair value and other assets that are considered non-qualifying assets as of December 31, 2014.

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

(12) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on $87 million aggregate principal amount of a first out tranche of the portfolio company s senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of

principal, interest and any other amounts due thereunder.

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

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

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

Table of Contents

(16) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on $48 million aggregate principal amount of a first out tranche of the portfolio company s senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(17) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.13% on $54 million aggregate principal amount of a first out tranche of the portfolio company s senior term debt previously syndicated by the Company into first out and last out tranches, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(18) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.13% on $16 million aggregate principal amount of a first out tranche of the portfolio company s first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

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

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

(21) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on $87 million aggregate principal amount of a first out tranche of the portfolio company s first lien senior secured loans, whereby the first out tranche will have priority as to the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

(22) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.55% on $28 million aggregate principal amount of a first out tranche of the portfolio company s first lien senior secured loans, whereby the first out tranche will have priority as to

the last out tranche with respect to payments of principal, interest and any other amounts due thereunder.

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

(24) Loan was on non-accrual status as of December 31, 2014.

(25) Loan includes interest rate floor feature.

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

(27) As of December 31, 2014, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(28) As of December 31, 2014, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

Table of Contents

(29) As of December 31, 2014, no amounts were funded by the Company under this letter of credit facility; however, there were letters of credit issued and outstanding through a financial intermediary under the letter of credit facility. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(30) As of December 31, 2014, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 7 to the consolidated financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

Table of Contents

Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
Athletic Club Holdings, Inc.	$ 10,000	$	$ 10,000	$	$	$ 10,000
Batanga, Inc.	4,000	(4,000)				
Benihana, Inc.	3,231		3,231			3,231
California Forensic Medical Group, Incorporated	5,000		5,000			5,000
Capital Investments and Ventures Corp.	10,000		10,000			10,000
Cast & Crew Payroll, LLC	15,000		15,000			15,000
Castle Management Borrower LLC	16,000		16,000			16,000
CCS Intermediate Holdings, LLC	7,125	(1,275)	5,850			5,850
ChargePoint, Inc.	10,000		10,000			10,000
Ciena Capital LLC	20,000	(14,000)	6,000	(6,000)		
Competitor Group, Inc.	3,750	(3,750)				
Component Hardware Group, Inc.	3,734	(1,867)	1,867			1,867
Crown Health Care Laundry Services, Inc.	5,000	(1,472)	3,528			3,528
Directworks, Inc.	1,000		1,000			1,000
Eckler Industries, Inc.	7,500	(4,800)	2,700		(2,700)	
Feradyne Outdoors, LLC	39,000		39,000			39,000
Flow Solutions Holdings, Inc.	6,000		6,000			6,000
Garden Fresh Restaurant Corp.	5,000	(3,765)	1,235			1,235
GHS Interactive Security, LLC	7,419		7,419			7,419
Global Healthcare Exchange, LLC	15,625		15,625			15,625
Green Energy Partners	43,500		43,500			43,500
Greenphire, Inc.	8,000		8,000			8,000
Harvey Tool Company, LLC	2,500		2,500			2,500
Hojeij Branded Foods, Inc.	3,000	(1,591)	1,409			1,409
ICSH, Inc.	10,000	(2,236)	7,764			7,764
Infilaw Holding, LLC	25,000	(9,670)	15,330			15,330
IronPlanet, Inc.	3,000	(3,000)				
ISS #2, LLC	10,000		10,000			10,000
Itel Laboratories, Inc.	2,500		2,500			2,500
Javlin Three LLC	60,000	(42,400)	17,600			17,600
K2 Pure Solutions Nocal, L.P.	5,000	(2,256)	2,744			2,744
Lakeland Tours, LLC	22,500	(1,211)	21,289			21,289
Massage Envy, LLC	5,000		5,000			5,000
McKenzie Sports Products, LLC	12,000		12,000			12,000
MW Dental Holding Corp.	33,500		33,500			33,500
My Health Direct, Inc.	1,000		1,000			1,000
Niagara Fiber Intermediate Corp.	1,881	(1,881)				
OmniSYS Acquisition Corporation	2,500		2,500			2,500
OTG Management, LLC	30,550	(2,500)	28,050			28,050
Paper Source, Inc.	2,500		2,500			2,500
PeakColo Holdings, Inc.	2,000		2,000			2,000
PerfectServe, Inc.	2,000	(500)	1,500			1,500
PIH Corporation	3,314	(621)	2,693			2,693
Plantation Products, LLC	35,000	(9,007)	25,993			25,993
Regent Education, Inc.	2,000		2,000			2,000
RuffaloCODY, LLC	7,683		7,683			7,683
Shock Doctor, Inc.	15,000		15,000			15,000
Things Remembered, Inc.	5,000		5,000			5,000
TPTM Merger Corp.	2,500		2,500			2,500
Tripwire, Inc.	10,000		10,000			10,000
TWH Water Treatment Industries, Inc.	8,960		8,960			8,960
Zemax, LLC	3,000		3,000			3,000

$ 574,772	$ (111,802)	$ 462,970	$ (6,000)	$ (2,700)	$ 454,270

Table of Contents

(31) As of December 31, 2014, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

Portfolio Company	Total private equity commitments	Less: funded private equity commitments	Total unfunded private equity commitments	Less: private equity commitments substantially at the discretion of the Company	Total net adjusted unfunded private equity commitments
Imperial Capital Private Opportunities, LP	$ 50,000	$ (6,794)	$ 43,206	$ (43,206)	$
Partnership Capital Growth Fund III, L.P.	5,000	(4,001)	999		999
PCG - Ares Sidecar Investment, L.P. and PCG - Ares Sidecar Investment II, L.P.	50,000	(8,573)	41,427	(41,427)	
Piper Jaffray Merchant Banking Fund I, L.P.	2,000	(1,074)	926		926
	$ 107,000	$ (20,442)	$ 86,558	$ (84,633)	$ 1,925

(32) As of December 31, 2014, the Company had commitments to co-invest in the SSLP for its portion of the SSLP s commitment to fund delayed draw investments of up to $92,531. See Note 4 to the consolidated financial statements for more information on the SSLP.

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(in thousands, except per share data)

(unaudited)

	Common Stock		Capital in Excess of Par Value	Accumulated Overdistributed Net Investment Income	Accumulated Net Realized Loss on Investments, Foreign Currency Transactions, Extinguishment of Debt and Other Assets	Net Unrealized Gains on Investments and Foreign Currency Transactions	Total Stockholders Equity
	Shares	Amount					
Balance at December 31, 2014	314,108	$ 314	$ 5,328,057	$ (32,846)	$ (166,668)	$ 154,858	$ 5,283,715
Shares issued in connection with dividend reinvestment plan	361		6,192				6,192
Net increase in stockholders equity resulting from operations				360,657	99,900	(96,600)	363,957
Dividends declared and payable ($1.19 per share)				(374,062)			(374,062)
Balance at September 30, 2015	314,469	$ 314	$ 5,334,249	$ (46,251)	$ (66,768)	$ 58,258	$ 5,279,802

See accompanying notes to consolidated financial statements.

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

(unaudited)

	For the Nine Months Ended September 30,	
	2015	**2014**
OPERATING ACTIVITIES:		
Net increase in stockholders equity resulting from operations	$ 363,957	$ 437,562
Adjustments to reconcile net increase in stockholders equity resulting from operations:		
Net realized gains on investments and foreign currency transactions	(103,739)	(40,132)
Net unrealized (gains) losses on investments and foreign currency transactions	96,600	(87,885)
Realized losses on extinguishment of debt	3,839	72
Net accretion of discount on investments	(3,110)	(2,094)
Increase in payment-in-kind interest and dividends	(15,399)	(8,137)
Collections of payment-in-kind interest and dividends	279	8,575
Amortization of debt issuance costs	12,718	12,115
Accretion of net discount on notes payable	12,201	11,225
Depreciation	549	623
Proceeds from sales and repayments of investments	3,216,639	2,155,700
Purchases of investments	(2,865,701)	(3,085,126)
Changes in operating assets and liabilities:		
Interest receivable	25,616	(44,003)
Other assets	15,650	(9,440)
Base management fees payable	(1,213)	3,415
Income based fees payable	(1,228)	2,344
Capital gains incentive fees payable	(23,159)	6,765
Accounts payable and other liabilities	(20,497)	12,856
Interest and facility fees payable	(3,860)	(2,161)
Net cash provided by (used in) operating activities	710,142	(627,726)
FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock		257,626
Borrowings on debt	2,109,370	2,777,052
Repayments and repurchases of debt	(2,392,750)	(2,095,423)
Debt issuance costs	(6,324)	(8,268)
Dividends paid	(367,870)	(345,012)
Net cash provided by (used in) financing activities	(657,574)	585,975
CHANGE IN CASH AND CASH EQUIVALENTS	52,568	(41,751)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	194,555	149,629
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 247,123	$ 107,878
Supplemental Information:		
Interest paid during the period	$ 143,962	$ 129,392
Taxes, including excise tax, paid during the period	$ 10,116	$ 20,310
Dividends declared and payable during the period	$ 374,062	$ 360,831

See accompanying notes to consolidated financial statements.

Table of Contents

ARES CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2015

(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) is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. The Company has elected to be regulated as a business development company (BDC) 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 (RIC) under 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.

The Company s investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company invests primarily in first lien senior secured loans (including unitranche loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, the Company also makes equity investments.

The Company is externally managed by Ares Capital Management LLC (Ares Capital Management or the Company s investment adviser), a subsidiary of Ares Management, L.P. (Ares Management or Ares), a publicly traded, leading global alternative asset manager, pursuant to an investment advisory and management agreement. Ares Operations LLC (Ares Operations or the Company s administrator), a subsidiary of Ares Management, provides certain administrative and other services necessary for the Company to operate.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP), and include the accounts of the Company and its consolidated subsidiaries. The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification (ASC) 946. 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.

Interim financial statements are prepared in accordance with 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, 2015.

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 account. 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

Table of Contents

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, the Company looks 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 the Company s investments) are valued at fair value as determined in good faith by the Company s board of directors, based on, among other things, the input of the Company s investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of the Company s 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 55% of the Company s portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, the Company s independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, the Company s investment valuation process within the context of performing the integrated audit.

As part of the valuation process, the Company may take into account the following types of factors, if relevant, in determining the fair value of the Company s 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, which 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, the Company considers the pricing indicated by the external event to corroborate its valuation.

Because there is not a readily available market value for most of the investments in its portfolio, the Company values substantially all of its portfolio investments at fair value as determined in good faith by its 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 the Company s investments may fluctuate from period to period. Additionally, the fair value of the Company s 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 the Company 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 the Company was required to liquidate a portfolio investment in a forced or liquidation sale, the Company could realize significantly less than the value at which the Company has 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 Company s board of directors undertakes a multi-step valuation process each quarter, as described below:

- The Company s 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 the Company s

portfolio management team.

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

- The audit committee of the Company s board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms, who review a minimum of 55% of the Company s portfolio at fair value.

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

Table of Contents

See Note 8 for more information on the Company s 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 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 its portfolio companies 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.

Other income includes fees for 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.

Table of Contents

Results of operations based on changes in foreign exchange rates are separately disclosed in the statement of operations, if any. 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 fluctuations 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 instead marks its derivatives to market in the Company s consolidated statement of operations.

Equity Offering Expenses

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

Debt Issuance Costs

Debt issuance costs are amortized over the life of the related debt instrument using the straight line method or the effective yield method, depending on the type of debt instrument.

Income Taxes

The Company has elected to be treated as a RIC under 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 requirements) meet certain source-of-income and asset diversification requirements and 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 requirements) has made and intends to continue to make the requisite distributions to its stockholders, which will generally relieve the Company from corporate-level income taxes.

Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable 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 taxable income will be in excess of estimated dividend distributions for the current year, the Company accrues excise tax, if any, on estimated excess taxable income as such taxable income is earned.

Certain of the Company s consolidated subsidiaries are subject to U.S. federal and state corporate-level 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 the Company s 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 the Company may decide to retain such capital gains for investment.

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

Table of Contents

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.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in ASU No. 2014-09 are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is not permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. The new guidance modifies the consolidation analysis for limited partnerships and similar type entities as well as variable interests in a variable interest entity, particularly those that have fee arrangements and related party relationships. Additionally, it provides a scope exception to the consolidation guidance for certain entities. The amendments in ASU No. 2015-02 are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The new guidance modifies the requirements for reporting debt issuance costs. Under the amendments in ASU No. 2015-03, debt issuance costs related to a recognized debt liability will no longer be recorded as a separate asset, but will be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by ASU No. 2015-03. In addition, in August 2015, the FASB issued ASU No. 2015-15, Interest-Imputation of Interest (Subtopic 835-30). The additional guidance reiterates that the SEC would not object to an entity deferring and presenting debt issuance costs related to a line of credit arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line of credit arrangement, regardless of whether there are any outstanding borrowings. ASU No. 2015-03 and ASU No. 2015-15 are required to be applied retrospectively for periods beginning on or after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

In May 2015, the FASB issued ASU No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent). The new guidance removes the requirement that investments for which NAV is determined based on practical expedient reliance be reported utilizing the fair value hierarchy. ASU No. 2015-07 is required to be applied retrospectively for periods beginning on or after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

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 the Company s board of directors, Ares Capital Management provides investment advisory and management services to the Company. For providing these services, Ares Capital Management receives fees from the Company consisting of a base management fee, a fee based on the Company s net investment income (income based fee) and a fee based on the Company s net capital gains (capital gains incentive fee). The investment advisory and management agreement may be terminated by either party without penalty upon 60 days written notice to the other party.

Table of Contents

The base management fee is calculated at an annual rate of 1.5% based on the average value of the Company s 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 income based fee is calculated and payable quarterly in arrears based on the Company s net investment income excluding income based fees and capital gains incentive fees (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 the Company receives 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 income based fee and capital gains incentive fee accrued under GAAP). 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 the Company has not yet received in cash. The Company s investment adviser is not under any obligation to reimburse the Company for any part of the income based fees it received that was based on accrued interest that the Company never actually received.

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 and losses. Because of the structure of the income based fee, it is possible that the Company may pay such fees in a quarter where the Company incurs a loss. For example, if the Company receives pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, the Company will pay the applicable income based fee even if the Company has 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 the Company s net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains 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, the Company may be able to invest its funds in debt instruments that provide for a higher return, which may increase the Company s pre-incentive fee net investment income and make it easier for the Company s investment adviser to surpass the fixed hurdle rate and receive an income based fee based on such net investment income. To the extent the Company has retained pre-incentive fee net investment income that has been used to calculate the income based fee, it is also included in the amount of the Company s total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) used to calculate the 1.5% base management fee.

The Company pays its investment adviser an income based fee with respect to the Company s pre-incentive fee net investment income in each calendar quarter as follows:

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

- 100% of the Company s 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. The Company refers to this portion of its 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 the Company s 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 the Company s 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 capital gains incentive 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 the Company s cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (b) the Company s cumulative aggregate realized capital gains, in each case calculated from October 8, 2004 (the date the Company completed its initial public offering). Realized capital gains and losses include gains and losses on investments and foreign currencies, gains and losses on extinguishment of debt and other assets, as well as any income tax expense related to realized gains and losses. If such amount is positive at the end of such year, then the capital

Table of Contents

gains incentive fee for such year is equal to 20% of such amount, less the aggregate amount of capital gains incentive fees paid in all prior years. If such amount is negative, then there is no capital gains incentive 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 the Company s 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 the Company s 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 the Company s portfolio as of the applicable capital gains incentive fee calculation date and (b) the accreted or amortized cost basis of such investment.

Notwithstanding the foregoing, as a result of an amendment to the capital gains incentive fee under the investment advisory and management agreement that was adopted on June 6, 2011, if the Company is 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 the Company (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 incentive 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 PIK 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.

The Company defers cash payment of any income based fees and capital gains incentive fees otherwise earned by the Company s 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 the Company s stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) is less than 7.0% of the Company s net assets (defined as total assets less indebtedness) at the beginning of such period. Any deferred income based fees and capital gains 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.

There was no capital gains incentive fee earned by the Company s investment adviser as calculated under the investment advisory and management agreement (as described above) for the three and nine months ended September 30, 2015. However, in accordance with GAAP, the Company had cumulatively accrued a capital gains incentive fee of $69,820 as of September 30, 2015 that is not currently due under the investment advisory and management agreement. 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 incentive fee plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires the Company to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual capital gains incentive fees paid or

capital gains incentive fees accrued under GAAP in all prior periods. As of September 30, 2015, the Company has paid capital gains incentive fees since inception totaling $57,404. 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 nine months ended September 30, 2015, base management fees were $33,284 and $100,221, respectively, and income based fees were $31,842 and $90,156, respectively. For the three months ended September 30, 2015, the reduction in capital gains incentive fees calculated in accordance with GAAP was $2,628. For the nine months ended September 30, 2015, the capital gains incentive fees calculated in accordance with GAAP was $834. For the three and nine

Table of Contents

months ended September 30, 2014, base management fees were $32,685 and $93,500, respectively, income based fees were $31,345 and $85,203, respectively, and capital gains incentive fees calculated in accordance with GAAP were $13,087 and $24,190, respectively.

Administration Agreement

The Company is party to an administration agreement, referred to herein as the administration agreement , with its administrator, Ares Operations. Pursuant to the administration agreement, Ares Operations furnishes the Company with office equipment and clerical, bookkeeping and record keeping services at the Company s office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, the Company s 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 the Company is required to maintain and preparing reports to its stockholders and reports filed with the SEC. In addition, Ares Operations assists the Company in determining and publishing its net asset value, assists the Company in providing managerial assistance to its portfolio companies, oversees the preparation and filing of the Company s tax returns and the printing and dissemination of reports to its stockholders, and generally oversees the payment of its expenses and the performance of administrative and professional services rendered to the Company by others. Payments under the administration agreement are equal to an amount based upon its 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 the Company s allocable portion of the compensation of certain of its officers (including the Company s chief compliance officer, chief financial officer, chief accounting 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 nine months ended September 30, 2015, the Company incurred $3,545 and $10,515, respectively, in administrative fees. As of September 30, 2015, $3,545 of these fees were unpaid and included in accounts payable and other liabilities in the accompanying consolidated balance sheet. For the three and nine months ended September 30, 2014, the Company incurred $3,105 and $9,661, respectively, in administrative fees.

4. INVESTMENTS

As of September 30, 2015 and December 31, 2014, investments consisted of the following:

	As of			
	September 30, 2015		December 31, 2014	
	Amortized Cost(1)	Fair Value	Amortized Cost(1)	Fair Value
First lien senior secured loans	$ 2,711,012	$ 2,662,373	$ 3,728,872	$ 3,700,602
Second lien senior secured loans	2,652,205	2,601,245	1,938,861	1,900,464
Subordinated certificates of the SSLP (2)	2,000,570	2,000,570	2,034,498	2,065,015
Senior subordinated debt	580,644	577,159	524,157	523,288
Preferred equity securities	242,769	210,174	206,475	190,254
Other equity securities	443,884	638,602	440,092	642,762
Commercial real estate	1,691	2,357	2,140	5,994
Total	$ 8,632,775	$ 8,692,480	$ 8,875,095	$ 9,028,379

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

(2) The proceeds from these certificates were applied to co-investments with GE Global Sponsor Finance LLC and General Electric Capital Corporation (GECC) (together, GE) to fund first lien senior secured loans to 46 and 50 different borrowers as of September 30, 2015 and December 31, 2014, respectively.

The industrial and geographic compositions of the Company s portfolio at fair value as of September 30, 2015 and December 31, 2014 were as follows:

Table of Contents

	As of	
	September 30, 2015	December 31, 2014
Industry		
Investment Funds and Vehicles (1)	23.4%	23.3%
Healthcare Services	13.6	16.3
Other Services	9.2	8.8
Consumer Products	6.8	8.3
Power Generation	5.8	7.3
Business Services	5.0	5.8
Financial Services	5.0	4.5
Manufacturing	4.9	3.3
Education	3.9	5.0
Containers and Packaging	3.5	2.8
Oil and Gas	3.3	1.9
Restaurants and Food Services	3.2	3.7
Automotive Services	2.8	1.1
Food and Beverage	1.6	
Retail	1.4	1.4
Other	6.6	6.5
Total	100.0%	100.0%

(1) Includes the Company s investment in the SSLP, which had made first lien senior secured loans to 46 and 50 different borrowers as of September 30, 2015 and December 31, 2014, respectively. The portfolio companies in the SSLP are in industries similar to the companies in the Company s portfolio.

	As of	
	September 30, 2015	December 31, 2014
Geographic Region		
West (1)	41.8%	46.2%
Midwest	23.8	18.1
Southeast	18.2	16.6
Mid Atlantic	12.3	15.4
Northeast	2.4	2.3
International	1.5	1.4
Total	100.0%	100.0%

(1) Includes the Company s investment in the SSLP, which represented 23.0% and 22.9% of the total investment portfolio at fair value as of September 30, 2015 and December 31, 2014, respectively.

As of September 30, 2015, 2.3% of total investments at amortized cost (or 1.7% of total investments at fair value) were on non-accrual status. As of December 31, 2014, 2.2% of total investments at amortized cost (or 1.7% of total investments at fair value) were on non-accrual status.

Senior Secured Loan Program

The Company has co-invested in first lien senior secured loans of middle market companies with GE through an unconsolidated Delaware limited liability company, the Senior Secured Loan Fund LLC (d/b/a the Senior Secured Loan Program) or the SSLP. The SSLP has been 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

Table of Contents

representatives of the Company and GE (with approval from a representative of each required). The Company has provided capital to the SSLP in the form of subordinated certificates (the SSLP Certificates).

In April 2015, GE announced its intention to sell most of the assets of General Electric Capital Corporation (GECC) and to exit certain parts of its commercial lending business. In August 2015, GE completed the sale of its U.S. Sponsor Finance business, through which GE has participated with the Company in the SSLP, to Canada Pension Plan Investment Board (CPPIB). This sale excluded GE s interest in the SSLP, and GE and the Company continue to operate the SSLP. The Company and GE no longer have an obligation to present senior secured lending investment opportunities to the SSLP and since June 30, 2015, the SSLP has not made any investments related to new portfolio companies; however, the Company and GE may provide capital to support the SSLP s funding of existing commitments (see below) and other amounts to its portfolio companies. On August 24, 2015, the Company was advised that GECC, as the holder of the senior notes of the SSLP (the Senior Notes), directed State Street Bank and Trust Company, as trustee of the Senior Notes and the SSLP Certificates, pursuant to the terms of the indenture governing the Senior Notes and the SSLP Certificates, to apply all principal proceeds received by the SSLP from its investments to the repayment of the outstanding principal amount of the Senior Notes until paid in full (prior to the distribution of any such principal proceeds to the holders of the SSLP Certificates, which includes the Company). GECC had previously elected to waive its right to receive priority repayments on the Senior Notes from principal proceeds in most circumstances. Prior to closing the sale to CPPIB, GE had announced its intention to provide the Company and CPPIB the opportunity to work together on the SSLP on a go-forward basis. GECC has also stated that if a mutual agreement between the Company and CPPIB to partner on the SSLP is not reached, it intends to retain its interest in the SSLP and the SSLP would be wound down in an orderly manner. The Company has been in dialogue with GE and CPPIB to determine if there is an opportunity to work together; however, to date there has been no agreement in respect of the SSLP as a result of these discussions. In addition to discussions with CPPIB and GECC, the Company is also exploring other options with respect to the SSLP s portfolio, although there can be no assurance that the Company will pursue any of them.

As of September 30, 2015 and December 31, 2014, GE and the Company had agreed to make capital available to the SSLP of $11.5 billion and $11.0 billion, respectively, of which approximately $9.0 billion and $9.9 billion in aggregate principal amount, respectively, was funded. As discussed above, the Company anticipates that no new investments will be made by the SSLP and that the Company and GE will only provide additional capital to support the SSLP s funding of existing commitments and other amounts to its portfolio companies. As of September 30, 2015 and December 31, 2014, the SSLP had commitments to fund various delayed draw investments to certain of its portfolio companies of $338.8 million and $484.3 million, respectively, which had been approved by the investment committee of the SSLP described above. As of September 30, 2015 and December 31, 2014, the total amounts funded and/or committed to the SSLP by GE and the Company were $9.3 billion and $10.4 billion, respectively. All investments of the SSLP must be approved by the investment committee of the SSLP as described above.

As of September 30, 2015 and December 31, 2014, the Company had agreed to make available to the SSLP (subject to the approval of the investment committee of the SSLP as described above) approximately $2.4 billion and $2.3 billion, respectively, of which approximately $2.0 billion and $2.0 billion in aggregate principal amount, respectively, was funded. Additionally, as of September 30, 2015 and December 31, 2014, the Company had commitments to co-invest in the SSLP for its portion of the SSLP s commitments to fund delayed draw investments of up to $61.5 million and $92.5 million, respectively, bringing total amounts funded and/or committed to the SSLP by the Company to $2.1 billion and $2.1 billion, respectively.

As of September 30, 2015 and December 31, 2014, the SSLP had total assets of $9.0 billion and $10.0 billion, respectively. As of September 30, 2015 and December 31, 2014, GE s investment in the SSLP consisted of the Senior Notes of $6.7 billion and $7.6 billion, respectively, and SSLP Certificates of $285.8 million and $290.6 million, respectively. As of September 30, 2015 and December 31, 2014, the Company and GE owned 87.5% and 12.5%, respectively, of the outstanding SSLP Certificates.

The SSLP Certificates pay a weighted average coupon of LIBOR plus approximately 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SSLP Certificates that is greater than the coupon. The SSLP Certificates are junior in right of payment to the Senior Notes held by GE. The Company expects that for so long as principal proceeds from SSLP repayments are directed entirely to repay the Senior Notes as discussed above, the yield on the SSLP Certificates will decline.

The SSLP s portfolio consisted of first lien senior secured loans to 46 and 50 different borrowers as of September 30, 2015 and December 31, 2014, respectively. As of September 30, 2015 and December 31, 2014, the portfolio was comprised of all first lien senior secured loans to U.S. middle-market companies. As of September 30, 2015 and December 31, 2014, one loan was on non-accrual status, representing 1.1% and 1.0%, respectively, of the total loans at principal amount in the SSLP. As

Table of Contents

of September 30, 2015 and December 31, 2014, the largest loan to a single borrower in the SSLP s portfolio in aggregate principal amount was $346.8 million and $331.5 million, respectively, and the five largest loans to borrowers in the SSLP totaled $1.6 billion and $1.6 billion, respectively. 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 were $2.0 billion and $2.0 billion, respectively, as of September 30, 2015, and $2.0 billion and $2.1 billion, respectively, as of December 31, 2014. The Company s yield on its investment in the SSLP at fair value was 13.3% and 13.5% as of September 30, 2015 and December 31, 2014, respectively. For the three and nine months ended September 30, 2015, the Company earned interest income of $71.4 million and $209.6 million, respectively, from its investment in the SSLP Certificates. For the three and nine months ended September 30, 2014, the Company earned interest income of $69.8 million and $205.4 million, respectively, from its investment in the SSLP Certificates. The Company is also entitled to certain fees in connection with the SSLP. For the three and nine months ended September 30, 2015, in connection with the SSLP, the Company earned capital structuring service, sourcing and other fees totaling $8.6 million and $41.8 million, respectively. For the three and nine months ended September 30, 2014, in connection with the SSLP, the Company earned capital structuring service, sourcing and other fees totaling $17.1 million and $46.1 million, respectively.

Ivy Hill Asset Management, L.P.

Ivy Hill Asset Management, L.P. (IHAM) is an asset management services company and an SEC-registered investment adviser. The Company has made investments in IHAM, its wholly owned portfolio company and previously made investments in certain vehicles managed by IHAM. As of September 30, 2015, IHAM had assets under management of approximately $3.2 billion. As of September 30, 2015, IHAM managed 15 vehicles and served as the sub-manager/sub-servicer for three other vehicles (these vehicles managed or sub-managed/sub-serviced by IHAM are collectively referred to as the IHAM Vehicles). IHAM earns fee income from managing the IHAM Vehicles and has also invested in certain of these vehicles as part of its business strategy. As of September 30, 2015 and December 31, 2014, IHAM had total investments of $178.5 million and $219.0 million, respectively. For the three and nine months ended September 30, 2015, IHAM had management and incentive fee income of $5.0 million and $15.0 million, respectively, and other investment-related income of $9.5 million and $20.0 million, respectively. For the three and nine months ended September 30, 2014, IHAM had management and incentive fee income of $4.5 million and $15.0 million, respectively, and other investment-related income of $6.5 million and $19.5 million, respectively.

The amortized cost and fair value of the Company s investment in IHAM was $171.0 million and $241.3 million, respectively, as of September 30, 2015, and $171.0 million and $259.3 million, respectively, as of December 31, 2014. For the three and nine months ended September 30, 2015, the Company received distributions consisting entirely of dividend income from IHAM of $10.0 million and $40.0 million, respectively. For the three and nine months ended September 30, 2014, the Company received distributions consisting entirely of dividend income from IHAM of $10.0 million and $40.0 million, respectively. The dividend income for the nine months ended September 30, 2015 and 2014 included additional dividends of $10.0 million and $10.0 million, respectively, in addition to the quarterly dividends generally paid by IHAM.

From time to time, IHAM or certain IHAM Vehicles may purchase investments from, or sell investments to, the Company. For any such sales or purchases by the IHAM Vehicles to or from the Company, the IHAM Vehicles must obtain approval from third parties unaffiliated with the Company or IHAM, as applicable. During the nine months ended September 30, 2015, IHAM or certain of the IHAM Vehicles purchased $414.2 million of investments from the Company. A net realized gain of $0.4 million was recorded by the Company on these transactions for the nine months ended September 30, 2015. During the nine months ended September 30, 2014, IHAM and certain of the IHAM Vehicles purchased $64.5 million of investments from the Company. No realized gains or losses were recognized on these transactions for the nine months ended September 30, 2014. During the nine months ended September 30, 2015 and 2014, the Company purchased $11.5 million and $20.2 million, respectively, of investments from certain of the IHAM Vehicles.

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, among other things, office facilities, equipment, clerical, bookkeeping and record keeping services, services relating to the marketing and sale of interests in vehicles managed by IHAM, 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, employees and respective staff in performing its obligations under the IHAM administration agreement.

Table of Contents

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, calculated pursuant to the Investment Company Act, is at least 200% after such borrowing. As of September 30, 2015 the Company s asset coverage was 245%.

The Company s outstanding debt as of September 30, 2015 and December 31, 2014 were as follows:

	As of					
	September 30, 2015			December 31, 2014		
	Total Aggregate Principal Amount Committed/ Outstanding (1)	Principal Amount Outstanding	Carrying Value	Total Aggregate Principal Amount Committed/ Outstanding (1)	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	$ 1,290,000(2)	$	$	$ 1,250,000	$ 170,000	$ 170,000
Revolving Funding Facility	540,000(3)	108,000	108,000	540,000	324,000	324,000
SMBC Funding Facility	400,000	90,000	90,000	400,000	62,000	62,000
SBA Debentures	75,000	18,000	18,000			
February 2016 Convertible Notes	575,000	575,000	571,838(4)	575,000	575,000	565,001(4)
June 2016 Convertible Notes	230,000	230,000	227,600(4)	230,000	230,000	225,026(4)
2017 Convertible Notes	162,500	162,500	160,936(4)	162,500	162,500	160,180(4)
2018 Convertible Notes	270,000	270,000	266,477(4)	270,000	270,000	265,431(4)
2019 Convertible Notes	300,000	300,000	296,794(4)	300,000	300,000	296,130(4)
2018 Notes	750,000	750,000	750,580(5)	750,000	750,000	750,704(5)
2020 Notes	600,000	600,000	599,046(6)	400,000	400,000	398,430(6)
February 2022 Notes				143,750	143,750	143,750
October 2022 Notes	182,500	182,500	182,500	182,500	182,500	182,500
2040 Notes	200,000	200,000	200,000(7)	200,000	200,000	200,000(7)
2047 Notes	229,557	229,557	181,533(8)	229,557	229,557	181,330(8)
Total	$ 5,804,557	$ 3,715,557	$ 3,653,304	$ 5,633,307	$ 3,999,307	$ 3,924,482

(1) Subject to borrowing base, leverage and other restrictions. Represents the total aggregate amount committed 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 Revolving Credit Facility to a maximum of $1,935,000.

(3) Provides for a feature that allows the Company and Ares Capital CP, under certain circumstances, to increase the size of the Revolving Funding Facility to a maximum of $865,000.

(4) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below) less the unaccreted discount recorded upon issuance of the Convertible Unsecured Notes. As of September 30, 2015, the total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes was $3,162, $2,400, $1,564, $3,523 and $3,206, respectively. As of December 31, 2014, the total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes was $9,999, $4,974, $2,320, $4,569 and $3,870, respectively.

(5) Represents the aggregate principal amount outstanding of the 2018 Notes plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes. As of September 30, 2015 and December 31, 2014, the total net unamortized premium for the 2018 Notes was $580 and $704, respectively.

Table of Contents

(6) As of September 30, 2015, represents the aggregate principal amount outstanding of the 2020 Notes less the net unaccreted discount of $954 recorded upon the issuances of the 2020 Notes. As of December 31, 2014, represents the aggregate principal amount outstanding of the 2020 Notes less the unaccreted discount of $1,570 recorded on the first issuance of the 2020 Notes.

(7) See Note 15 for a subsequent event relating to the early redemption of the 2040 Notes.

(8) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount recorded as a part of the Allied Acquisition (as defined below). As of September 30, 2015 and December 31, 2014, the total unaccreted purchased discount for the 2047 Notes was $48,024 and $48,227, respectively.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount, of all the Company s outstanding debt as of September 30, 2015 were 5.0% and 5.9 years, respectively, and as of December 31, 2014 were 4.9% and 6.5 years, respectively.

Revolving Credit Facility

The Company is party to a senior secured revolving credit facility (as amended and restated, the Revolving Credit Facility), which allows the Company to borrow up to $1,290,000 at any one time outstanding. The end of the revolving period and the stated maturity date for the Revolving Credit Facility are May 4, 2019 and May 4, 2020, respectively. 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 $1,935,000. 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 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 (subject to certain exceptions) 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. These covenants are subject to important limitations and exceptions that are described in the documents governing the Revolving Credit Facility. Amounts available to borrow 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 the Company s portfolio that are pledged as collateral. As of September 30, 2015, the Company was in compliance in all material respects with the terms of the Revolving Credit Facility.

As of September 30, 2015, there were no amounts outstanding under the Revolving Credit Facility. As of December 31, 2014, there was $170,000 outstanding under the Revolving Credit Facility. As of September 30, 2015, the Revolving Credit Facility also provides for a sub-limit for the issuance of letters of credit for up to an aggregate amount of $150,000. As of September 30, 2015 and December 31, 2014, the Company had $33,801 and $29,648, respectively, in letters of credit issued through the Revolving Credit Facility. The amount available for borrowing under the Revolving Credit Facility is reduced by any letters of credit issued. As of September 30, 2015, there was $1,256,199 available for borrowing (net of letters of credit issued) under the Revolving Credit Facility.

Since March 26, 2015, the interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over an alternate base rate (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of September 30, 2015, the interest rate in effect was LIBOR plus 1.75%. Prior to March 25, 2015, the interest rate charged on the Revolving Credit Facility was based on an applicable spread of 2.00% over LIBOR or an applicable spread of 1.00% over an alternate base rate. As of September 30, 2015, the one, two, three and six month LIBOR was 0.19%, 0.26%, 0.33% and 0.53%, respectively. As of December 31, 2014, the one, two, three and six month LIBOR was 0.17%, 0.21%, 0.26% and 0.36%, respectively. In addition to the stated interest expense on the Revolving Credit Facility, the Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Revolving Credit Facility. Beginning March 26, 2015, the Company is also required to pay a letter of credit fee of either 2.00% or 2.25% per annum on letters of credit issued,

Table of Contents

determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. From May 2, 2013 through March 25, 2015, the letter of credit fee was 2.25%.

The Revolving Credit Facility is secured by certain assets in the Company s portfolio and excludes investments held by Ares Capital CP under the Revolving Funding Facility, those held by ACJB under the SMBC Funding Facility and those held by Ares Venture Finance, L.P. (AVF LP) under the SBA-guaranteed debentures (the SBA Debentures), each as described below, and certain other investments.

For the three and nine months ended September 30, 2015 and 2014, 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 Credit Facility were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Stated interest expense	$ 218	$ 137	$ 298	$ 137
Facility fees	1,333	1,320	3,979	3,786
Amortization of debt issuance costs	724	641	1,885	1,914
Total interest and credit facility fees expense	$ 2,275	$ 2,098	$ 6,162	$ 5,837
Cash paid for interest expense	$ 218	$ 43	$ 395	$ 43
Average stated interest rate	2.00%	2.05%	2.10%	2.05%
Average outstanding balance	$ 42,609	$ 26,141	$ 18,718	$ 8,810

Revolving Funding Facility

The Company s consolidated subsidiary, Ares Capital CP Funding LLC (Ares Capital CP), is party to a revolving funding facility (as amended, the Revolving Funding Facility), which allows Ares Capital CP to borrow up to $540,000 at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are May 14, 2017 and May 14, 2019, respectively. The Revolving Funding Facility also includes a feature that allows, under certain circumstances, for an increase in the Revolving Funding Facility to a maximum of $865,000.

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. These covenants are subject to important limitations and exceptions that are described in the agreements governing the Revolving Funding Facility. As of September 30, 2015, the Company and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

As of September 30, 2015 and December 31, 2014, there was $108,000 and $324,000 outstanding, respectively, under the Revolving Funding Facility. The interest rate charged on the Revolving Funding Facility is based on an applicable spread ranging from 2.25% to 2.50% over LIBOR or ranging from 1.25% to 1.50% over base rate (as defined in the agreements governing the Revolving Funding Facility) in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. As of September 30, 2015 and December 31, 2014, the interest rate in effect was LIBOR plus 2.25%. Through May 13, 2014, Ares Capital CP was required to pay a commitment fee between 0.50% and 1.75% per annum depending on the size of the unused portion of the Revolving Funding Facility. Since May 14, 2014, Ares Capital CP is required to pay a commitment fee between 0.50% and 1.50% per annum depending on the size of the unused portion of the Revolving Funding Facility.

For the three and nine months ended September 30, 2015 and 2014, 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:

Table of Contents

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Stated interest expense	$ 481	$ 1,811	$ 934	$ 2,354
Facility fees	704	435	3,038	3,731
Amortization of debt issuance costs	578	578	1,733	1,638
Total interest and credit facility fees expense	$ 1,763	$ 2,824	$ 5,705	$ 7,723
Cash paid for interest expense	$ 33	$ 324	$ 2,095	$ 2,066
Average stated interest rate	2.44%	2.40%	2.43%	2.40%
Average outstanding balance	$ 77,130	$ 294,739	$ 50,670	$ 129,088

SMBC Funding Facility

The Company s consolidated subsidiary, Ares Capital JB Funding LLC (ACJB), is party to a revolving funding facility (as amended, the SMBC Funding Facility) with ACJB, as the borrower, and Sumitomo Mitsui Banking Corporation (SMBC), as the administrative agent, collateral agent, and lender, which allows ACJB to borrow up to $400,000 at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 14, 2017 and September 14, 2022, respectively. 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 an advance rate 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. These covenants are subject to important limitations and exceptions that are described in the documents governing the SMBC Funding Facility. As of September 30, 2015, the Company and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

As of September 30, 2015 and December 31, 2014, there were $90,000 and $62,000 outstanding, respectively, under the SMBC Funding Facility. Since June 30, 2015, the interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a base rate (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. Prior to June 30, 2015, the interest rate charged on the SMBC Funding Facility was based on an applicable spread of 2.00% over LIBOR or 1.00% over a base rate. As of September 30, 2015, the interest rate in effect was LIBOR plus 2.00%. As of September 30, 2015 and December 31, 2014, the interest rate in effect was based on one month LIBOR, which was 0.19% and 0.17%, respectively. From December 20, 2013 through March 14, 2014, ACJB was required to pay a commitment fee of up to 0.75% per annum depending on the size of the unused portion of the SMBC Funding Facility. After March 14, 2014, ACJB is required to pay a commitment fee of between 0.35% and 0.875% per annum depending on the size of the unused portion of the SMBC Funding Facility.

For the three and nine months ended September 30, 2015 and 2014, 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 SMBC Funding Facility were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014

Stated interest expense	$ 228	$ 237	$ 254	$ 237
Facility fees	356	383	1,203	1,188
Amortization of debt issuance costs	286	281	853	843
Total interest and credit facility fees expense	$ 870	$ 901	$ 2,310	$ 2,268
Cash paid for interest expense	$ 217	$ 191	$ 308	$ 191
Average stated interest rate	2.19%	2.13%	2.19%	2.13%
Average outstanding balance	$ 40,815	$ 43,467	$ 15,344	$ 14,648

Table of Contents

SBA Debentures

In April 2015, the Company s wholly owned subsidiary, AVF LP, received a license from the Small Business Administration (SBA) to operate as a Small Business Investment Company (SBIC) under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended. The SBA places certain limitations on the financing of investments by SBICs in portfolio companies, including regulating the types of financings, restricting investments to only include small businesses with certain characteristics or in certain industries, and requiring capitalization thresholds that may limit distributions to the Company.

The license from the SBA allows AVF LP to obtain leverage by issuing SBA-guaranteed debentures (the SBA Debentures), subject to issuance of a capital commitment by the SBA and other customary procedures. Leverage through the SBA Debentures is subject to required capitalization thresholds. Current SBA regulations limit the amount that any SBIC may borrow to $150,000 and as of September 30, 2015, the amount of the SBA Debentures committed to AVF LP by the SBA was $75,000. The SBA Debentures are non-recourse to the Company, have interest payable semi-annually, have a 10-year maturity and may be prepaid at any time without penalty. As of September 30, 2015, AVF LP had $18,000 of the SBA Debentures issued and outstanding, which mature in September 2025. AVF LP is subject to an annual periodic examination by an SBA examiner to determine AVF LP s compliance with the relevant SBA regulations and an annual financial audit of its financial statements that are prepared on a basis of accounting other than GAAP (such as ASC 820) by an independent auditor. As of September 30, 2015, AVF LP was materially in compliance with SBA regulatory requirements.

The interest rate for the SBA Debentures is fixed at the time the SBA Debentures and other applicable SBA-guaranteed debentures can be pooled and sold to the public and will be based on a spread over U.S. treasury notes with 10-year maturities. The pooling of newly issued SBA-guaranteed debentures occurs twice per year. The spread includes an annual charge as determined by the SBA (the Annual Charge) as well as a market-driven component. Prior to the 10-year fixed interest rate being determined, the interim interest rate charged for the SBA-guarantee debentures is based on LIBOR plus an applicable spread of 0.30% and the Annual Charge. As of September 30, 2015, the 10-year fixed interest rate in effect for the SBA Debentures outstanding was 3.57%. Prior to September 23, 2015, the interim interest rate in effect for the SBA Debentures outstanding was 1.34%.

For the three and nine months ended September 30, 2015, the components of interest expense, cash paid for interest expense, average stated interest rate and average outstanding balances for the SBA Debentures were as follows:

	For the Three Months Ended September 30, 2015	For the Nine Months Ended September 30, 2015
Stated interest expense	$ 62	$ 70
Amortization of debt issuance costs	63	101
Total interest expense	$ 125	$ 171
Cash paid for interest expense	$ 58	$ 58
Average stated interest rate	1.52%	1.50%
Average outstanding balance	$ 16,011	$ 15,869

Convertible Unsecured Notes

In January 2011, the Company issued $575,000 aggregate principal amount of unsecured convertible 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, the Company issued $230,000 aggregate principal amount of unsecured convertible 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, the Company issued $162,500 aggregate principal amount of unsecured convertible notes that mature on March 15, 2017 (the 2017 Convertible Notes), unless previously converted or repurchased in accordance with their terms. In the fourth quarter of 2012, the Company issued $270,000 aggregate principal amount of unsecured convertible notes that mature on January 15, 2018 (the 2018 Convertible Notes), unless previously converted or repurchased in accordance with their terms. In July 2013, the Company issued $300,000 aggregate principal amount of unsecured convertible notes that mature on January 15, 2019 (the 2019 Convertible Notes and together with the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes and the 2018 Convertible Notes, the Convertible Unsecured Notes), unless previously converted or repurchased in accordance with their terms. The Company does not have the right to redeem the Convertible Unsecured Notes prior to maturity. The February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes bear interest at a rate of 5.750%, 5.125%, 4.875%, 4.750% and 4.375%, respectively, per year, payable semi-annually.

Table of Contents

In certain circumstances, the Convertible Unsecured Notes will be convertible into cash, shares of the Company s common stock or a combination of cash and shares of its common stock, at the Company s election, at their respective conversion rates (listed below as of September 30, 2015) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the Convertible Unsecured 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 Unsecured Notes only under certain circumstances set forth in the Convertible Unsecured 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 Unsecured Notes at any time. In addition, if the Company engages in certain corporate events as described in their respective Convertible Unsecured Notes Indenture, holders of the Convertible Unsecured Notes may require the Company to repurchase for cash all or part of the Convertible Unsecured Notes at a repurchase price equal to 100% of the principal amount of the Convertible Unsecured Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of September 30, 2015 are listed below.

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Conversion premium	17.5%	17.5%	17.5%	17.5%	15.0%
Closing stock price at issuance	$ 16.28	$ 16.20	$ 16.46	$ 16.91	$ 17.53
Closing stock price date	January 19, 2011	March 22, 2011	March 8, 2012	October 3, 2012	July 15, 2013
Conversion price (1)	$ 18.36	$ 18.27	$ 18.92	$ 19.64	$ 19.99
Conversion rate (shares per one thousand dollar principal amount) (1)	54.4546	54.7235	52.8559	50.9054	50.0292
Conversion dates	August 15, 2015	December 15, 2015	September 15, 2016	July 15, 2017	July 15, 2018

(1) Represents conversion price and conversion rate, as applicable, as of September 30, 2015, taking into account certain de minimis adjustments that will be made on the conversion date.

As of September 30, 2015, the principal amounts of each series of the Convertible Unsecured Notes exceeded the value of the underlying shares multiplied by the per share closing price of the Company s common stock.

The Convertible Unsecured Notes Indentures 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 the Convertible Unsecured Notes under certain circumstances. These covenants are subject to important limitations and exceptions that are described in the Convertible Unsecured Notes Indentures. As of September 30, 2015, the Company was in compliance in all material respects with the terms of the Convertible Unsecured Notes Indentures.

The Convertible Unsecured Notes are accounted for in accordance with ASC 470-20. Upon conversion of any of the Convertible Unsecured Notes, the Company intends to pay the outstanding principal amount in cash and to the extent that the conversion value exceeds the principal amount, the Company has the option to pay in cash or shares of the Company s common stock (or a combination of cash and shares) in respect of the excess amount, subject to the requirements of the Convertible Unsecured Notes Indentures. The Company has determined that the embedded conversion options in the Convertible Unsecured Notes are not required to be separately accounted for as a derivative under GAAP. In accounting for the Convertible Unsecured Notes, the Company estimated at the time of issuance separate debt and equity components for each of the Convertible Unsecured Notes. An original issue discount equal to the equity components of the Convertible Unsecured Notes was recorded in capital in excess of par value in the accompanying consolidated balance sheet. Additionally, the issuance costs associated with the Convertible Unsecured 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.

The debt and equity component percentages, the issuance costs and the equity component amounts for each of the Convertible Unsecured Notes are listed below.

Table of Contents

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Debt and equity component percentages, respectively(1)	93.0% and 7.0%	93.0% and 7.0%	97.0% and 3.0%	98.0% and 2.0%	99.8% and 0.2%
Debt issuance costs(1)	$ 15,778	$ 5,913	$ 4,813	$ 5,712	$ 4,475
Equity issuance costs(1)	$ 1,188	$ 445	$ 149	$ 116	$ 9
Equity component, net of issuance costs(2)	$ 39,062	$ 15,654	$ 4,724	$ 5,243	$ 582

(1) At time of issuance.

(2) At time of issuance and as of September 30, 2015.

In addition to the original issue discount equal to the equity components of the Convertible Unsecured Notes, the 2018 Convertible Notes and the 2019 Convertible Notes were each issued at a discount. The Company records interest expense comprised of both stated interest expense as well as accretion of any original issue discount.

As of September 30, 2015, the components of the carrying value of the Convertible Unsecured Notes, the stated interest rate and the effective interest rate were as follows:

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Principal amount of debt	$ 575,000	$ 230,000	$ 162,500	$ 270,000	$ 300,000
Original issue discount, net of accretion	(3,162)	(2,400)	(1,564)	(3,523)	(3,206)
Carrying value of debt	$ 571,838	$ 227,600	$ 160,936	$ 266,477	$ 296,794
Stated interest rate	5.750%	5.125%	4.875%	4.750%	4.375%
Effective interest rate(1)	7.4%	6.6%	5.5%	5.3%	4.7%

(1) The effective interest rate of the debt component of the Convertible Unsecured Notes is equal to the stated interest rate plus the accretion of original issue discount.

For the three and nine months ended September 30, 2015 and 2014, the components of interest expense and cash paid for interest expense for the Convertible Unsecured Notes were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Stated interest expense	$ 19,680	$ 19,680	$ 59,042	$ 59,042
Amortization of debt issuance costs	1,324	1,851	5,097	5,415
Accretion of original issue discount	4,027	3,763	11,878	11,100

Total interest expense	$ 25,031	$ 25,294	$ 76,017	$ 75,557
Cash paid for interest expense	$ 33,467	$ 33,467	$ 72,828	$ 72,718

Unsecured Notes

2018 Notes

In November 2013, the Company issued $600,000 aggregate principal amount of unsecured notes that mature on November 30, 2018 (the 2018 Notes). The 2018 Notes bear interest at a rate of 4.875% per year, payable semi-annually and all principal is due upon maturity. The 2018 Notes may be redeemed in whole or in part at any time at the Company s option at a redemption price equal to par plus a make whole premium, as determined pursuant to the indenture governing the 2018 Notes, and any accrued and unpaid interest. The 2018 Notes were issued at a discount at the time of issuance totaling $3,312. The Company records interest expense comprised of both stated interest expense as well as any accretion of any original issue discount. Total proceeds from the issuance of the 2018 Notes, net of the original issue discount, underwriting discounts and

Table of Contents

offering costs, were $586,014. In January 2014, the Company issued an additional $150,000 aggregate principal amount of the 2018 Notes at a premium of 102.7% of their principal amount (the Additional 2018 Notes). The original issue premium recognized upon issuance of the Additional 2018 Notes totaled $4,050. Total proceeds from the issuance of the Additional 2018 Notes, net of underwriting discounts and offering costs, were approximately $151,900.

2020 Notes

In November 2014, the Company issued $400,000 aggregate principal amount of unsecured notes that mature on January 15, 2020 (the 2020 Notes). The 2020 Notes bear interest at a rate of 3.875% per year, payable semi-annually and all principal is due upon maturity. The 2020 Notes may be redeemed in whole or in part at any time at the Company s option at a redemption price equal to par plus a make whole premium, if applicable, as determined pursuant to the indenture governing the 2020 Notes, and any accrued and unpaid interest. The 2020 Notes were issued at a discount at the time of issuance totaling $1,600. The Company records interest expense comprised of both stated interest expense as well as any accretion of any original issue discount. Total proceeds from the issuance of the 2020 Notes, net of the original issue discount, underwriting discounts and offering costs, were $394,308.

In January 2015, the Company issued an additional $200,000 aggregate principal amount of the 2020 Notes at a premium of 100.2% of their principal amount (the Additional 2020 Notes). The original issue premium recognized upon issuance of the Additional 2020 Notes totaled $370. Total proceeds from the issuance of the Additional 2020 Notes, net of underwriting discounts and offering costs, were approximately $198,359.

February 2022 Notes

In February 2012, the Company issued $143,750 aggregate principal amount of unsecured notes that were scheduled to mature on February 15, 2022 (the February 2022 Notes). The February 2022 Notes bore interest at a rate of 7.00% per year, payable quarterly. Total proceeds from the issuance of the February 2022 Notes, net of underwriting discounts and offering costs, were $138,338. In March 2015, the Company redeemed the entire aggregate principal amount outstanding of its February 2022 Notes in accordance with the terms of the indenture governing the February 2022 Notes. The February 2022 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately $144,616, which resulted in a realized loss on the extinguishment of debt of $3,839.

October 2022 Notes

In September 2012 and October 2012, the Company issued $182,500 aggregate principal amount of unsecured notes that mature on October 1, 2022 (the October 2022 Notes). The October 2022 Notes bear interest at a rate of 5.875% per year, payable quarterly and all principal is due upon maturity. The October 2022 Notes may be redeemed in whole or in part at any time or from time to time at the Company s option on or after October 1, 2015, at a par redemption price of $25.00 per security plus accrued and unpaid interest. Total proceeds from the issuance of the October 2022 Notes, net of underwriting discounts and offering costs, were $176,054.

2040 Notes

In October 2010, the Company issued $200,000 aggregate principal amount of unsecured notes that mature on October 15, 2040 (the 2040 Notes). The 2040 Notes bear interest at a rate of 7.75% per year, 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 the Company s option on or after October 15, 2015, at a par redemption price of $25.00 per security plus accrued and unpaid interest. Total proceeds from the issuance of the 2040 Notes, net of underwriting discounts and offering costs, were $192,664. In September 2015, the Company notified the holders of its 2040 Notes that it planned to redeem the entire $200,000 aggregate principal amount outstanding, in accordance with the terms of the indenture governing the 2040 Notes. See Note 15 for a subsequent event relating to the early redemption of the 2040 Notes.

2047 Notes

As part of the acquisition of Allied Capital Corporation (Allied Capital) in April 2010 (the Allied Acquisition), the Company assumed $230,000 aggregate principal amount of unsecured notes due on April 15, 2047 (the 2047 Notes and together with the 2018 Notes, the 2020 Notes, the October 2022 Notes and the 2040 Notes, the Unsecured Notes). The 2047 Notes bear interest at a rate of 6.875%, payable 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 the Company s option, at a par redemption price of $25.00 per security plus accrued and unpaid interest. As of September 30, 2015 and December 31, 2014, the outstanding principal was $229,557 and the

Table of Contents

carrying value was $181,533 and $181,330, respectively. The carrying value represents the outstanding principal amount of the 2047 Notes less the unaccreted purchased discount recorded as a part of the Allied Acquisition.

For the three and nine months ended September 30, 2015 and 2014, the components of interest expense and cash paid for interest expense for the Unsecured Notes and the February 2022 Notes were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Stated interest expense	$ 25,453	$ 22,157	$ 77,877	$ 65,925
Amortization of debt issuance costs	1,023	799	3,049	2,305
Accretion of purchase discount	78	23	323	125
Total interest expense	$ 26,554	$ 22,979	$ 81,249	$ 68,355
Cash paid for interest expense	$ 25,613	$ 13,017	$ 68,278	$ 54,374

The Unsecured 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 set forth in the indentures governing such notes. As of September 30, 2015, the Company was in compliance in all material respects with the terms of the respective indentures governing each of the Unsecured Notes.

The Convertible Unsecured Notes and the Unsecured Notes are the Company s unsecured senior obligations and rank senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Unsecured Notes and the Unsecured Notes; equal in right of payment to the Company s existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of its secured indebtedness (including existing unsecured indebtedness that the Company later secures) 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 the Company s subsidiaries, financing vehicles or similar facilities.

6. DERIVATIVE INSTRUMENTS

The Company enters into forward currency contracts from time to time to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company s investments denominated in foreign currencies. Forward contracts are considered undesignated derivative instruments. Net unrealized gains or losses on derivative financial instruments are included in net unrealized gains (losses)-foreign currency transactions and net realized gains or losses on derivative financial instruments are included in net realized gains (losses)-foreign currency transactions in the accompanying consolidated statement of operations.

Certain information related to the Company s derivative financial instruments is presented below as of September 30, 2015 and December 31, 2014.

	As of September 30, 2015

Description	Notional Amount	Maturity Date	Gross Amount of Recognized Assets	Gross Amount Offset in the Balance Sheet	Net Amount in the Balance Sheet	Balance Sheet Location of Net Amounts
Foreign currency forward contract	CAD 45,000	1/6/2016	$ 33,641	$ (33,697)	$ (56)	Accounts payable and other liabilities
Foreign currency forward contract	3,820	1/6/2016	4,291	(4,273)	18	Other Assets
Total			$ 37,932	$ (37,970)	$ (38)	

Table of Contents

			As of December 31, 2014			
Description	Notional Amount	Maturity Date	Gross Amount of Recognized Assets	Gross Amount Offset in the Balance Sheet	Net Amount in the Balance Sheet	Balance Sheet Location of Net Amounts
Foreign currency forward contract	CAD 45,000	1/8/2015	$ 40,247	$ (38,710)	$ 1,537	Other assets
Total			$ 40,247	$ (38,710)	$ 1,537	

7. COMMITMENTS AND CONTINGENCIES

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

As of September 30, 2015 and December 31, 2014, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to fund which are at (or substantially at) the Company s discretion:

	As of	
	September 30, 2015	December 31, 2014
Total revolving and delayed draw loan commitments	$ 485,560	$ 574,772
Less: drawn commitments	(123,270)	(111,802)
Total undrawn commitments	362,290	462,970
Less: commitments substantially at discretion of the Company	(6,000)	(6,000)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(2,700)	(2,700)
Total net adjusted undrawn revolving and delayed draw loan commitments	$ 353,590	$ 454,270

Included within the total revolving and delayed draw loan commitments as of September 30, 2015 and December 31, 2014 were delayed draw loan commitments totaling $202,540 and $206,429, respectively. The Company s commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated terms and conditions. Generally, the most significant and uncertain term requires the borrower to satisfy a specific use of proceeds covenant. The use of proceeds covenant typically requires the borrower to use the additional loans for the specific purpose of a permitted acquisition or permitted investment, for example. In addition to the use of proceeds covenant, the borrower is generally required to satisfy additional negotiated covenants (including specified leverage levels).

Also included within the total revolving and delayed draw loan commitments as of September 30, 2015 were commitments to issue up to $52,412 in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of September 30, 2015, the Company had $18,874 in letters of credit issued and outstanding under these commitments on behalf of portfolio companies. In addition to these letters of credit included as a part of the total revolving and delayed draw loan commitments to portfolio companies, as of September 30, 2015 the Company also had $5,284 of letters of credit issued and outstanding on behalf of other portfolio companies. For all these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. None of these letters of credit issued and outstanding are recorded as a liability on the Company s balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company. All of these letters of credit expire in 2016.

The Company also has commitments to co-invest in the SSLP for the Company s portion of the SSLP s commitments to fund delayed draw investments to certain portfolio companies of the SSLP. See Note 4 for more information.

As of September 30, 2015 and December 31, 2014, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

Table of Contents

	As of	
	September 30, 2015	December 31, 2014
Total private equity commitments	$ 107,000	$ 107,000
Less: funded private equity commitments	(20,728)	(20,442)
Total unfunded private equity commitments	86,272	86,558
Less: private equity commitments substantially at discretion of the Company	(84,559)	(84,633)
Total net adjusted unfunded private equity commitments	$ 1,713	$ 1,925

In the ordinary course of business, the Company may sell certain of its 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) the Company has, 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 have given rise to liabilities in the past and may do so in the future.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows 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 lines titled interest receivable, receivable for open trades, payable for open trades, accounts payable and other liabilities, base management fees payable, income based fees payable, capital gains incentive fees payable and interest and facility fees payable approximate fair value due to their short maturity.

The Company also follows 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 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, the Company continues to employ the net asset valuation policy approved by the Company s board of directors that is consistent with ASC 820-10 (see Note 2). Consistent with the Company s valuation policy, it evaluates the source of inputs, including any markets in which the Company s investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. The Company s valuation policy considers the fact that because there is not a readily available market value for most of the investments in the Company s portfolio, the fair value of the investments must typically be determined using unobservable inputs.

Table of Contents

The Company s portfolio investments (other than as described 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 (generally defined as 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 Company may also employ other valuation multiples to determine EV, such as revenues or, in the case of certain portfolio companies in the power generation industry, kilowatt capacity. 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 the Company does 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, the Company considers 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 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 SSLP Certificates, 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 tables summarize the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 3 as of September 30, 2015 and December 31, 2014. The tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company s determination of fair values.

	As of September 30, 2015				
				Unobservable Input	
Asset Category	Fair Value	Primary Valuation Techniques	Input	Estimated Range	Weighted Average
First lien senior secured loans	$ 2,662,373	Yield analysis	Market yield	4.0% - 16.5%	8.9%
Second lien senior secured loans	2,601,245	Yield analysis	Market yield	8.5% - 19.6%	10.1%
Subordinated certificates of the SSLP	2,000,570	Discounted cash flow analysis	Discount rate	9.5% - 10.5%	10.0%
Senior subordinated debt	577,159	Yield analysis	Market yield	8.3% - 14.0%	11.1%
Preferred equity securities	210,174	EV market multiple analysis	EBITDA multiple	5.3x - 14.8x	10.0x
Other equity securities and other	635,563	EV market multiple analysis	EBITDA multiple	5.3x - 14.8x	9.7x
Total	$ 8,687,084				

Table of Contents

	As of December 31, 2014				
				Unobservable Input	
Asset Category	Fair Value	Primary Valuation Techniques	Input	Estimated Range	Weighted Average
First lien senior secured loans	$ 3,700,602	Yield analysis	Market yield	4.0% - 20.0%	8.5%
Second lien senior secured loans	1,900,464	Yield analysis	Market yield	6.6% - 13.5%	9.5%
Subordinated certificates of the SSLP	2,065,015	Discounted cash flow analysis	Discount rate	10.0% - 13.0%	11.8%
Senior subordinated debt	523,288	Yield analysis	Market yield	8.3% - 14.0%	11.2%
Preferred equity securities	190,254	EV market multiple analysis	EBITDA multiple	4.5x - 15.2x	9.7x
Other equity securities and other	644,157	EV market multiple analysis	EBITDA multiple	4.5x - 14.5x	9.5x
Total	$ 9,023,780				

Changes in market yields, discount rates or EBITDA multiples, each in isolation, may change the fair value of certain of the Company s 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 the Company s 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 the Company s investments may fluctuate from period to period. Additionally, the fair value of the Company s 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 the Company 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 the Company was required to liquidate a portfolio investment in a forced or liquidation sale, it could realize significantly less than the value at which the Company has 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, investments and derivatives as of September 30, 2015:

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 247,123	$ 247,123	$	$
Investments	$ 8,692,480	$ 5,396	$	$ 8,687,084
Derivatives	$ (38)	$	$ (38)	$

The following table presents fair value measurements of cash and cash equivalents, investments and derivatives as of December 31, 2014:

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3

Cash and cash equivalents	$	194,555	$	194,555	$		$	
Investments	$	9,028,379	$	4,599	$		$	9,023,780
Derivatives	$	1,537	$		$	1,537	$	

The following table presents changes in investments that use Level 3 inputs as of and for the three and nine months ended September 30, 2015:

Table of Contents

		As of and For the Three Months Ended September 30, 2015
Balance as of June 30, 2015	$	8,566,971
Net realized gains		45,275
Net unrealized gains		(60,328)
Purchases		1,474,841
Sales		(677,360)
Redemptions		(666,496)
Payment-in-kind interest and dividends		3,168
Net accretion of discount on securities		1,013
Net transfers in and/or out of Level 3		
Balance as of September 30, 2015	$	8,687,084

		As of and For the Nine Months Ended September 30, 2015
Balance as of December 31, 2014	$	9,023,780
Net realized gains		97,033
Net unrealized losses		(95,112)
Purchases		2,863,920
Sales		(1,489,900)
Redemptions		(1,730,045)
Payment-in-kind interest and dividends		15,399
Net accretion of discount on securities		3,110
Net transfers in and/or out of Level 3		(1,101)
Balance as of September 30, 2015	$	8,687,084

As of September 30, 2015, the net unrealized appreciation on the investments that use Level 3 inputs was $53,172.

For the three and nine months ended September 30, 2015, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company s Level 3 assets still held as of September 30, 2015, and reported within the net unrealized gains (losses) from investments in the Company s consolidated statement of operations was $(21,531) and $(50,197), respectively.

The following table presents changes in investments that use Level 3 inputs as of and for the three and nine months ended September 30, 2014:

		As of and For the Three Months Ended September 30, 2014
Balance as of June 30, 2014	$	8,065,826
Net realized gains		73,690
Net unrealized losses		(5,498)
Purchases		1,350,079
Sales		(226,293)
Redemptions		(480,582)
Payment-in-kind interest and dividends		2,431
Net accretion of discount on securities		1,266
Net transfers in and/or out of Level 3		(298)
Balance as of September 30, 2014	$	8,780,621

78

Table of Contents

		As of and For the Nine Months Ended September 30, 2014
Balance as of December 31, 2013	$	7,632,897
Net realized gains		38,207
Net unrealized losses		86,124
Purchases		3,085,331
Sales		(606,222)
Redemptions		(1,464,155)
Payment-in-kind interest and dividends		8,137
Net accretion of discount on securities		2,094
Net transfers in and/or out of Level 3		(1,792)
Balance as of September 30, 2014	$	8,780,621

As of September 30, 2014, the net unrealized appreciation on the investments that use Level 3 inputs was $181,170.

For the three and nine months ended September 30, 2014, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company s Level 3 assets still held as of September 30, 2014, and reported within the net unrealized gains (losses) from investments in the Company s consolidated statement of operations was $47,286 and $73,318, respectively.

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 the Company s debt obligations as of September 30, 2015 and December 31, 2014. Fair value is estimated by discounting remaining payments using applicable current market rates, which take into account changes in the Company s marketplace credit ratings, or market quotes, if available.

Table of Contents

	As of			
	September 30, 2015		December 31, 2014	
	Carrying value(1)	Fair value	Carrying value(1)	Fair value
Revolving Credit Facility	$	$	$ 170,000	$ 170,000
Revolving Funding Facility	108,000	108,000	324,000	324,000
SMBC Funding Facility	90,000	90,000	62,000	62,000
SBA Debentures	18,000	18,000		
February 2016 Convertible Notes (principal amount outstanding of $575,000)	571,838(2)	579,635	565,001(2)	592,940
June 2016 Convertible Notes (principal amount outstanding of $230,000)	227,600(2)	233,020	225,026(2)	237,010
2017 Convertible Notes (principal amount outstanding of $162,500)	160,936(2)	167,039	160,180(2)	168,521
2018 Convertible Notes (principal amount outstanding of $270,000)	266,477(2)	277,438	265,431(2)	279,169
2019 Convertible Notes (principal amount outstanding of $300,000)	296,794(2)	310,812	296,130(2)	302,532
2018 Notes (principal amount outstanding of $750,000)	750,580(3)	783,255	750,704(3)	788,288
2020 Notes (principal amount outstanding of $600,000 and $400,000, respectively)	599,046(4)	615,684	398,430(4)	399,740
February 2022 Notes (principal amount outstanding of $0 and $143,750, respectively)			143,750	144,764
October 2022 Notes (principal amount outstanding of $182,500)	182,500	182,520	182,500	183,835
2040 Notes (principal amount outstanding of $200,000)	200,000(5)	196,968	200,000(5)	203,208
2047 Notes (principal amount outstanding of $229,557)	181,533(6)	226,316	181,330(6)	226,592
	$ 3,653,304(7)	$ 3,788,687	$ 3,924,482(7)	$ 4,082,599

(1) Except for the Convertible Unsecured Notes, the 2018 Notes, the 2020 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 Unsecured Notes less the unaccreted discount recorded upon issuance of each respective series of the Convertible Unsecured Notes.

(3) Represents the aggregate principal amount outstanding of the 2018 Notes plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes.

(4) As of September 30, 2015, represents the aggregate principal amount outstanding of the 2020 Notes less the net unaccreted discount recognized on the issuances of the 2020 Notes. As of December 31, 2014, represents the aggregate principal amount outstanding of the 2020 Notes less the unaccreted discount recognized on the first issuance of the 2020 Notes.

(5) See Note 15 for a subsequent event relating to the early redemption of the 2040 Notes.

(6) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount.

(7) Total principal amount of debt outstanding totaled $3,715,557 and $3,999,307 as of September 30, 2015 and December 31, 2014, respectively.

The following table presents fair value measurements of the Company s debt obligations as of September 30, 2015 and December 31, 2014:

Table of Contents

Fair Value Measurements Using	As of September 30, 2015	As of December 31, 2014
Level 1	$ 605,804	$ 758,399
Level 2	3,182,883	3,324,200
Total	$ 3,788,687	$ 4,082,599

9. STOCKHOLDERS EQUITY

There were no sales of the Company s equity securities for the nine months ended September 30, 2015. 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 nine months ended September 30, 2014:

	Shares issued	Offering price per share	Proceeds net of underwriting and operating costs
2014			
July 2014 public offering	15,525	$ 16.63(1)	$ 257,667
Total for the nine months ended September 30, 2014	15,525		$ 257,667

(1) The shares were sold to the underwriters for a price of $16.63 per share, which the underwriters were then permitted to sell at variable prices to the public.

The Company used the net proceeds from the above public equity offerings to repay outstanding indebtedness and for general corporate purposes, which included funding investments in accordance with its investment objective. See Note 11 for information regarding shares of common stock issued in accordance with the Company s dividend reinvestment plan.

Stock Repurchase Program

In September 2015, the Company s Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $100 million in the aggregate of its outstanding common stock in the open market at certain thresholds below its net asset value per share, in accordance with the guidelines specified in Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The timing, manner, price and amount of any share repurchases will be determined by the Company, in its discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors. The Company expects that the program will be in effect until September 30, 2016, or until the approved dollar amount has been used to repurchase shares. The program does not require the Company to repurchase any specific number of shares and it cannot assure stockholders that any shares will be repurchased under the program. The program may be suspended, extended, modified or discontinued at any time. During the three months ended September 30, 2015, the Company did not repurchase any shares of its common stock.

10. 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 nine months ended September 30, 2015 and 2014:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Net increase in stockholders equity resulting from operations available to common stockholders	$ 116,859	$ 177,739	$ 363,957	$ 437,562
Weighted average shares of common stock outstanding basic and diluted	314,469	310,564	314,350	302,315
Basic and diluted net increase in stockholders equity resulting from operations per share	$ 0.37	$ 0.57	$ 1.16	$ 1.45

Table of Contents

For the purpose of calculating diluted net increase in stockholders equity resulting from operations per share, the average closing price of the Company s common stock for the three and nine months ended September 30, 2015 and 2014 was less than the conversion price for each of the Convertible Unsecured Notes outstanding as of September 30, 2015 and 2014. Therefore, for all periods presented in the financial statements, the underlying shares for the intrinsic value of the embedded options in the Convertible Unsecured Notes have no impact on the computation of diluted net increase in stockholders equity resulting from operations per share.

11. DIVIDENDS AND DISTRIBUTIONS

The following table summarizes the Company s dividends declared and payable during the nine months ended September 30, 2015 and 2014:

Date declared	Record date	Payment date	Per share amount	Total amount
August 4, 2015	September 15, 2015	September 30, 2015	$ 0.38	$ 119,498
May 4, 2015	June 15, 2015	June 30, 2015	0.38	119,498
February 26, 2015	March 13, 2015	March 31, 2015	0.38	119,361
February 26, 2015	March 13, 2015	March 31, 2015	0.05(1)	15,705
Total declared and payable for the nine months ended September 30, 2015			$ 1.19	$ 374,062
August 5, 2014	September 15, 2014	September 30, 2014	$ 0.38	$ 119,361
May 6, 2014	June 16, 2014	June 30, 2014	0.38	113,343
February 26, 2014	March 14, 2014	March 31, 2014	0.38	113,228
November 5, 2013	March 14, 2014	March 28, 2014	0.05(1)	14,899
Total declared and payable for the nine months ended September 30, 2014			$ 1.19	$ 360,831

(1) Represents an additional dividend.

The Company has a dividend reinvestment plan, 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. 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 nine months ended September 30, 2015 and 2014, was as follows:

	For the Nine Months Ended September 30, 2015		2014
Shares issued	361		612
Average issue price per share	17.17	$	17.74
Shares purchased by plan agent to satisfy dividends declared and payable during the period for stockholders	667		
Average purchase price per share	15.70	$	

12. RELATED PARTY TRANSACTIONS

In accordance with the investment advisory and management agreement, the Company bears all costs and expenses of the operation of the Company and reimburses its investment adviser or its affiliates for certain of such costs and expenses incurred in the operation of the Company. For the three and nine months ended September 30, 2015, the Company s investment adviser or its affiliates incurred such expenses totaling $1,834 and $4,668, respectively. For the three and nine months ended September 30, 2014, the Company s investment adviser or its affiliates incurred such expenses totaling totaled $1,446 and $4,504, respectively.

Table of Contents

The Company is party to office leases pursuant to which it is leasing office facilities from third parties. For certain of these office leases, the Company has also entered into separate subleases with Ares Management LLC, the sole member of Ares Capital Management, and IHAM, pursuant to which Ares Management LLC and IHAM sublease a portion of these leases. For the three and nine months ended September 30, 2015, amounts payable to the Company under these subleases totaled $1,134 and $3,343, respectively. For the three and nine months ended September 30, 2014, amounts payable to the Company under these subleases totaled $1,269 and $3,015, respectively.

Ares Management LLC has also entered into separate subleases with the Company, pursuant to which the Company subleases certain office spaces from Ares Management LLC. For the three and nine months ended September 30, 2015, amounts payable to Ares Management LLC under these subleases totaled $190 and $564, respectively. For the three and nine months ended September 30, 2014, amounts payable to Ares Management LLC under these subleases totaled $186 and $371, respectively.

The Company has also entered into agreements with Ares Management LLC and IHAM, pursuant to which Ares Management LLC and IHAM are entitled to use the Company s proprietary portfolio management software. For the three and nine months ended September 30, 2015, amounts payable to the Company under these agreements totaled $25 and $75, respectively.

See Note 3 for descriptions of other related party transactions.

13. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights as of and for the nine months ended September 30, 2015 and 2014:

	As of and For the Nine Months Ended September 30,	
Per Share Data:	**2015**	**2014**
Net asset value, beginning of period(1)	$ 16.82	16.46
Net investment income for period(2)	1.15	1.02
Net realized and unrealized gains for period(2)	0.01	0.42
Net increase in stockholders equity	1.16	1.44
Total distributions to stockholders(3)	(1.19)	(1.19)
Net asset value at end of period(1)	$ 16.79	$ 16.71
Per share market value at end of period	$ 14.48	$ 16.16
Total return based on market value(4)	0.38%	(2.36)%
Total return based on net asset value(5)	6.92%	8.81%
Shares outstanding at end of period	314,469	314,108
Ratio/Supplemental Data:		
Net assets at end of period	$ 5,279,802	$ 5,249,648
Ratio of operating expenses to average net assets(6)(7)	9.98%	10.44%
Ratio of net investment income to average net assets(6)(8)	9.07%	8.23%
Portfolio turnover rate(6)	44%	34%

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

(2) Weighted average basic per share data.

(3) Includes an additional dividend of $0.05 per share for both periods presented.

(4) For the nine months ended September 30, 2015, the total return based on market value equaled the decrease of the ending market value at September 30, 2015 of $14.48 per share from the ending market value at December 31, 2014

Table of Contents

of $15.61 per share plus the declared and payable dividends of $1.19 per share for the nine months ended September 30, 2015, divided by the market value at December 31, 2014. For the nine months ended September 30, 2014, the total return based on market value equaled the decrease of the ending market value at September 30, 2014 of $16.16 per share from the ending market value at December 31, 2013 of $17.77 per share plus the declared and payable dividends of $1.19 per share for the nine months ended September 30, 2014, divided by the market value at December 31, 2013. 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.

(5) For the nine months ended September 30, 2015, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of $1.19 per share for the nine months ended September 30, 2015, divided by the beginning net asset value for the period. For the nine months ended September 30, 2014, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of $1.19 per share for the nine months ended September 30, 2014, divided by the beginning net asset value at December 31, 2013. These calculations are adjusted for shares issued in connection with the dividend reinvestment plan, the issuance of common stock in connection with any equity offerings and the equity components of any convertible notes issued during the period. The Company s performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

(6) The ratios reflect an annualized amount.

(7) For the nine months ended September 30, 2015, the ratio of operating expenses to average net assets consisted of 2.53% of base management fees, 2.29% of income based fees and capital gains incentive fees, 4.33% of the cost of borrowing and 0.83% of other operating expenses. For the nine months ended September 30, 2014, the ratio of operating expenses to average net assets consisted of 2.48% of base management fees, 2.91% of income based fees and capital gains incentive fees, 4.25% of the cost of borrowing and 0.80% of other operating expenses.

(8) The ratio of net investment income to average net assets excludes income taxes related to realized gains and losses.

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 that 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.

On May 20, 2013, the Company was named as one of several defendants in an action (the Action) filed in the United States District Court for the Eastern District of Pennsylvania (the Pennsylvania Court) by the bankruptcy trustee of DSI Renal Holdings LLC and two related companies. On March 17, 2014, the Action was transferred to the United States District Court for the District of Delaware (the Delaware Court) pursuant to a motion filed by the defendants and granted by the Pennsylvania Court. On May 6, 2014, the Delaware Court referred the Action to the United States Bankruptcy Court for the District of Delaware. The complaint in the Action alleges, among other things, that each of the named defendants participated in a purported fraudulent transfer involving the restructuring of a subsidiary of DSI Renal Holdings LLC. Among other things, the complaint seeks, jointly and severally from all defendants, (1) damages of approximately $425 million, of which the complaint states the Company s individual share is approximately $117 million, and (2) punitive damages. The Company is currently unable to assess with any certainty whether it may have any exposure in the Action. The Company believes the plaintiff s claims are without merit and intends to vigorously defend itself in the Action.

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 nine months ended September 30, 2015, except as discussed below.

In October 2015, the Company redeemed the entire $200.0 million aggregate principal amount outstanding of the 2040 Notes in accordance with the terms of the indenture governing the 2040 Notes. The 2040 Notes were redeemed at par plus

Table of Contents

accrued and unpaid interest for a total redemption price of approximately $200,560, which resulted in a realized loss on the extinguishment of debt of $6,572.

In October 2015, Antony P. Ressler resigned from his position as a member of the Company s board of directors.

In October 2015, the Company s board of directors appointed R. Kipp deVeer, the Company s Chief Executive Officer, as a Class III Director, to fill the vacant seat created by Mr. Ressler s resignation.

Table of Contents

Item 2. Management s Discussion And Analysis Of Financial Condition And Results Of Operations

The information contained in this section should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this Quarterly Report. In addition, some of the statements in this Quarterly Report (including in the following discussion) constitute forward-looking statements, which relate to future events or the future performance or financial condition of Ares Capital Corporation (the Company, ARCC, Ares Capital, we, us, or our). The forward-looking statements contained in this report involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies , future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the impact of changes in laws or regulations (including the interpretation thereof) governing our operations or the operations of our portfolio companies or the operations of our competitors;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- our ability to recover unrealized losses;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital;
- our contractual arrangements and relationships with third parties including parties to our joint ventures;

- the general economy and its impact on the industries in which we invest;

- uncertainty surrounding the financial stability of the U.S., the EU and China;

- Middle East turmoil and the potential for fluctuating energy prices and its impact on the industries in which we invest;

- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;

- our expected financings and investments;

- our ability to successfully complete and integrate any acquisitions;

- the adequacy of our cash resources and working capital;

- the timing, form and amount of any dividend distributions;

- the timing of cash flows, if any, from the operations of our portfolio companies; and

- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments.

We use words such as anticipates, believes, expects, intends, will, should, may and similar expressions to identify forward-looking sta although not all forward-looking statements include these words. Our actual results and condition could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in Risk Factors and elsewhere in our annual report on Form 10-K for the fiscal year ended December 31, 2014.

We have based the forward-looking statements included in this Quarterly Report on information available to us on the date of this Quarterly Report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future

Table of Contents

events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission SEC , including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

OVERVIEW

We are 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 (BDC) under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the Investment Company Act).

We are externally managed by Ares Capital Management LLC (Ares Capital Management or our investment adviser), a subsidiary of Ares Management L.P. (NYSE: ARES) (Ares Management), a publicly traded, leading global alternative asset manager, pursuant to our investment advisory and management agreement. Ares Operations LLC (Ares Operations or our administrator), a subsidiary of Ares Management, provides certain administrative and other services necessary for us to operate.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in first lien senior secured loans (including unitranche loans), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component like warrants.

To a lesser extent, we also make preferred and/or common equity investments, which have generally been non-control equity investments, of less than $20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments.

Since our initial public offering on October 8, 2004 through September 30, 2015, our exited investments resulted in an aggregate cash flow realized internal rate of return to us of approximately 13% (based on original cash invested, net of syndications, of approximately $11.8 billion and total proceeds from such exited investments of approximately $14.4 billion). Internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of expenses related to investments as these expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of a debt investment or sale of an investment or through the determination that no further consideration was collectible and, thus, a loss may have been realized. Approximately 71% of these exited investments resulted in an aggregate cash flow realized internal rate of return to us of 10% or greater.

Additionally, since our initial public offering on October 8, 2004 through September 30, 2015, our realized gains have exceeded our realized losses by approximately $455 million (excluding a one-time gain on the acquisition of Allied Capital Corporation (Allied Capital) and realized gains/losses from the extinguishment of debt and other assets). For this same time period, our average annualized net realized gain rate was approximately 1.1% (excluding a one-time gain on the acquisition of Allied Capital and realized gains/losses from the extinguishment of debt and other assets). Net realized gain/loss rates for a particular period are the amount of net realized gains/losses during such period divided by the average quarterly investments at amortized cost in such period.

Information included herein regarding internal rates of return, realized gains and losses and annualized net realized gain rates are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in qualifying assets, including securities and indebtedness of private U.S. companies and certain public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We also may invest up to 30% of our portfolio in non-qualifying assets, as permitted by the Investment Company Act. Specifically, as part of this 30% basket, we may invest in entities that are not considered eligible portfolio companies (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

We have elected to be treated as a regulated investment company, or a RIC , under the Internal Revenue Code of 1986, as amended (the Code), and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute

Table of Contents

to our stockholders generally at least 90% of our investment company taxable income, as defined by the Code, for each year. Pursuant to this election, we generally will not have to pay U.S. federal corporate-level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

PORTFOLIO AND INVESTMENT ACTIVITY

Our investment activity for the three months ended September 30, 2015 and 2014 is presented below (information presented herein is at amortized cost unless otherwise indicated).

(dollar amounts in millions)	For the Three Months Ended September 30, 2015	2014
New investment commitments(1):		
New portfolio companies	$ 1,312.6	$ 488.5
Existing portfolio companies(2)	211.3	829.5
Total new investment commitments(3)	1,523.9	1,318.0
Less:		
Investment commitments exited(4)	1,340.5	654.2
Net investment commitments	$ 183.4	$ 663.8
Principal amount of investments funded:		
First lien senior secured loans	$ 1,090.2	$ 826.1
Second lien senior secured loans	322.2	294.0
Subordinated certificates of the Senior Secured Loan Program (SSLP)(5)	10.7	86.4
Senior subordinated debt	51.3	126.4
Preferred equity securities	1.7	5.0
Other equity securities	10.4	12.2
Total	$ 1,486.5	$ 1,350.1
Principal amount of investments sold or repaid:		
First lien senior secured loans	$ 1,152.6	$ 365.0
Second lien senior secured loans	40.2	102.6
Subordinated certificates of the SSLP	99.4	70.4
Senior subordinated debt	14.8	40.9
Preferred equity securities		11.0
Other equity securities	0.4	39.3
Commercial real estate		4.0
Total	$ 1,307.4	$ 633.2
Number of new investment commitments(6)	23	30
Average new investment commitment amount	$ 66.3	$ 43.9
Weighted average term for new investment commitments (in months)	66	73
Percentage of new investment commitments at floating rates	96%	87%
Percentage of new investment commitments at fixed rates	3%	12%
Weighted average yield of debt and other income producing securities(7):		
Funded during the period at amortized cost	7.8%	8.8%
Funded during the period at fair value(8)	7.8%	8.7%
Exited or repaid during the period at amortized cost	8.0%	9.1%
Exited or repaid during the period at fair value(8)	8.0%	8.8%

(1) New investment commitments include new agreements to fund revolving credit facilities or delayed draw loans. See Off Balance Sheet Arrangements as well as Note 7 to our consolidated financial statements for the three and nine

Table of Contents

months ended September 30, 2015, for more information on our commitments to fund revolving credit facilities or delayed draw loans.

(2) Includes investment commitments to the SSLP to make co-investments with GE Global Sponsor Finance LLC and General Electric Capital Corporation (GECC) (together, GE) in first lien senior secured loans of middle market companies of $7.3 million and $99.8 million for the three months ended September 30, 2015 and 2014, respectively.

(3) Includes both funded and unfunded commitments. Of these new investment commitments, we funded $1,420.1 million and $1,120.7 million for the three months ended September 30, 2015 and 2014, respectively.

(4) Includes both funded and unfunded commitments. For the three months ended September 30, 2015 and 2014, investment commitments exited included exits of unfunded commitments of $51.6 million and $52.0 million, respectively.

(5) See Senior Secured Loan Program below and Note 4 to our consolidated financial statements for the three and nine months ended September 30, 2015 for more information on the SSLP.

(6) Number of new investment commitments represents each commitment to a particular portfolio company or a commitment to multiple companies as part of an individual transaction (e.g., the purchase of a portfolio of investments).

(7) Weighted average yield of debt and other income producing securities at amortized cost is computed as the (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at amortized cost. Weighted average yield of debt and other income producing securities at fair value is computed as the (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at fair value.

(8) Represents fair value for investments in the portfolio as of the most recent prior quarter end, if applicable.

As of September 30, 2015 and December 31, 2014, our investments consisted of the following:

	As of			
	September 30, 2015		December 31, 2014	
(in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First lien senior secured loans	$ 2,711.0	$ 2,662.4	$ 3,728.9	$ 3,700.6
Second lien senior secured loans	2,652.2	2,601.2	1,938.9	1,900.5
Subordinated certificates of the SSLP(1)	2,000.6	2,000.6	2,034.5	2,065.0
Senior subordinated debt	580.6	577.2	524.1	523.3
Preferred equity securities	242.8	210.2	206.5	190.2
Other equity securities	443.9	638.6	440.1	642.8
Commercial real estate	1.7	2.3	2.1	6.0
Total	$ 8,632.8	$ 8,692.5	$ 8,875.1	$ 9,028.4

(1) The proceeds from these certificates were applied to co-investments with GE to fund first lien senior secured loans to 46 and 50 different borrowers as of September 30, 2015 and December 31, 2014, respectively.

The weighted average yields at amortized cost and fair value of the following portions of our portfolio as of September 30, 2015 and December 31, 2014 were as follows:

Table of Contents

	As of			
	September 30, 2015		December 31, 2014	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt and other income producing securities(1)	10.3%	10.4%	10.1%	10.1%
Total portfolio(2)	9.4%	9.3%	9.3%	9.1%
First lien senior secured loans(2)	8.2%	8.4%	8.1%	8.2%
Second lien senior secured loans(2)	9.4%	9.6%	8.7%	8.8%
Subordinated certificates of the SSLP(2)(3)	13.3%	13.3%	13.8%	13.5%
Senior subordinated debt(2)	10.9%	11.0%	11.2%	11.2%
Income producing equity securities (2)	9.5%	10.1%	9.4%	9.4%

(1) Weighted average yield of debt and other income producing securities at amortized cost is computed as the (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at amortized cost. Weighted average yield of debt and other income producing securities at fair value is computed as the (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at fair value.

(2) Weighted average yields at amortized cost are computed as the (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on the relevant accruing debt and other income producing securities, divided by (b) the total relevant investments at amortized cost. Weighted average yields at fair value are computed as the (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on the relevant accruing debt and other income producing securities, divided by (b) the total relevant investments at fair value.

(3) The proceeds from these certificates were applied to co-investments with GE to fund first lien senior secured loans.

Ares Capital Management, our investment adviser, employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our investment adviser grades the credit risk of all investments on a scale of 1 to 4 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to our initial cost basis in respect of such portfolio investment (i.e., at the time of origination or acquisition), although it may also take into account under certain circumstances the performance of the portfolio company s business, the collateral coverage of the investment and other relevant factors. Under this system, investments with a grade of 4 involve the least amount of risk to our initial cost basis. The trends and risk factors for this investment since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments graded 3 involve a level of risk to our initial cost basis that is similar to the risk to our initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup the cost of our investment are neutral to favorable. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3. Investments graded 2 indicate that the risk to our ability to recoup the initial cost basis of such investment has increased materially since origination or acquisition, including as a result of factors such as declining performance and non-compliance with debt covenants; however, payments are generally not

more than 120 days past due. An investment grade of 1 indicates that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition, and the portfolio company likely has materially declining performance. For debt investments with an investment grade of 1, most or all of the debt covenants are out of compliance and payments are substantially delinquent. For investments graded 1, it is anticipated that we will not recoup our initial cost basis and may realize a substantial loss of our initial cost basis upon exit. For investments graded 1 or 2, our investment adviser enhances its level of scrutiny over the monitoring of such portfolio company. The grade of a portfolio investment may be reduced or increased over time.

Set forth below is the grade distribution of our portfolio companies as of September 30, 2015 and December 31, 2014:

Table of Contents

	As of							
	September 30, 2015				December 31, 2014			
(dollar amounts in millions)	Fair Value	%	Number of Companies	%	Fair Value	%	Number of Companies	%
Grade 1	$ 3.7	%	5	2.3%	$ 49.9	0.6%	5	2.4%
Grade 2	451.0	5.2%	18	8.3%	298.5	3.3%	11	5.4%
Grade 3	7,520.9	86.5%	174	80.6%	7,847.6	86.9%	171	83.4%
Grade 4	716.9	8.3%	19	8.8%	832.4	9.2%	18	8.8%
Total	$ 8,692.5	100.0%	216	100.0%	$ 9,028.4	100.0%	205	100.0%

As of September 30, 2015 and December 31, 2014, the weighted average grade of the investments in our portfolio at fair value was 3.0 and 3.0, respectively.

As of September 30, 2015, loans on non-accrual status represented 2.3% and 1.7% of the total investments at amortized cost and at fair value, respectively. As of December 31, 2014, loans on non-accrual status represented 2.2% and 1.7% of the total investments at amortized cost and at fair value, respectively.

Senior Secured Loan Program

We have co-invested in first lien senior secured loans of middle market companies with GE through an unconsolidated Delaware limited liability company, the Senior Secured Loan Fund LLC (d/b/a the Senior Secured Loan Program) or the SSLP. The SSLP has been 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 ours and GE (with approval from a representative of each required). We have provided capital to the SSLP in the form of subordinated certificates (the SSLP Certificates).

In April 2015, GE announced its intention to sell most of the assets of GECC and to exit certain parts of its commercial lending business. In August 2015, GE completed the sale of its U.S. Sponsor Finance business, through which GE has participated with us in the SSLP, to Canada Pension Plan Investment Board (CPPIB). This sale excluded GE s interest in the SSLP, and we and GE continue to operate the SSLP. We and GE no longer have an obligation to present senior secured lending investment opportunities to the SSLP and since June 30, 2015, the SSLP has not made any investments related to new portfolio companies; however, we and GE may provide capital to support the SSLP s funding of existing commitments (see below) and other amounts to its portfolio companies. On August 24, 2015, we were advised that GECC, as the holder of the senior notes of the SSLP (the Senior Notes), directed State Street Bank and Trust Company, as trustee of the Senior Notes and the SSLP Certificates, pursuant to the terms of the indenture governing the Senior Notes and the SSLP Certificates, to apply all principal proceeds received by the SSLP from its investments to the repayment of the outstanding principal amount of the Senior Notes until paid in full (prior to the distribution of any such principal proceeds to the holders of the SSLP Certificates, which includes us). GECC had previously elected to waive its right to receive priority repayments on the Senior Notes from principal proceeds in most circumstances. Prior to closing the sale to CPPIB, GE had announced its intention to provide us and CPPIB the opportunity to work together on the SSLP on a go-forward basis. GECC has also stated that if a mutual agreement between us and CPPIB to partner on the SSLP is not reached, it intends to retain its interest in the SSLP and the SSLP would be wound down in an orderly manner. We have been in dialogue with GE and CPPIB to determine if there is an opportunity to work together; however, to date there has been no agreement in respect of the SSLP as a result of these discussions. In addition to discussions with CPPIB and GECC, we are also exploring other options with respect to the SSLP s portfolio, although there can be no assurance that we will pursue any of them.

As of September 30, 2015 and December 31, 2014, we and GE had agreed to make capital available to the SSLP of $11.5 billion and $11.0 billion, respectively, of which approximately $9.0 billion and $9.9 billion in aggregate principal amount, respectively, was funded. As discussed above, we anticipate that no new investments will be made by the SSLP and that we and GE will only provide additional capital to support the SSLP s funding of existing commitments and other amounts to its portfolio companies. As of September 30, 2015 and December 31, 2014, the SSLP had commitments to fund various delayed draw investments to certain of its portfolio companies of $338.8 million and $484.3 million, respectively, which had been approved by the investment committee of the SSLP described above. As of September 30, 2015 and December 31, 2014, the total amounts funded and/or committed to the SSLP by GE and us were $9.3 billion and $10.4 billion, respectively. All investments of the SSLP must be approved by the investment committee of the SSLP as described above.

Table of Contents

As of September 30, 2015 and December 31, 2014, we had agreed to make available to the SSLP (subject to the approval of the investment committee of the SSLP as described above) approximately $2.4 billion and $2.3 billion, respectively, of which approximately $2.0 billion and $2.0 billion in aggregate principal amount, respectively, was funded. Additionally, as of September 30, 2015 and December 31, 2014, we had commitments to co-invest in the SSLP for our portion of the SSLP s commitments to fund delayed draw investments of up to $61.5 million and $92.5 million, respectively, bringing total amounts funded and/or committed to the SSLP by us to $2.1 billion and $2.1 billion, respectively.

As of September 30, 2015 and December 31, 2014, the SSLP had total assets of $9.0 billion and $10.0 billion, respectively. As of September 30, 2015 and December 31, 2014, GE s investment in the SSLP consisted of the Senior Notes of $6.7 billion and $7.6 billion, respectively, and SSLP Certificates of $285.8 million and $290.6 million, respectively. As of September 30, 2015 and December 31, 2014, we and GE owned 87.5% and 12.5%, respectively, of the outstanding SSLP Certificates.

The SSLP Certificates pay a weighted average coupon of LIBOR plus approximately 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SSLP Certificates that is greater than the coupon. The SSLP Certificates are junior in right of payment to the Senior Notes held by GE. We expect that for so long as principal proceeds from SSLP repayments are directed entirely to repay the Senior Notes as discussed above, the yield on the SSLP Certificates will decline.

As of September 30, 2015 and December 31, 2014, the portfolio was comprised of all first lien senior secured loans to U.S. middle-market companies. As of September 30, 2015 and December 31, 2014, one loan was on non-accrual status, representing 1.1% and 1.0%, respectively, of the total loans at principal amount in the SSLP. The portfolio companies in the SSLP are in industries similar to the companies in our portfolio.

Below is a summary of the SSLP s portfolio, followed by a listing of the individual first lien senior secured loans in the SSLP s portfolio as of September 30, 2015 and December 31, 2014:

	As of	
(dollar amounts in millions)	**September 30, 2015**	**December 31, 2014**
Total first lien senior secured loans(1)	$ 8,801.7	$ 9,522.6
Weighted average yield on first lien senior secured loans(2)	6.7%	6.7%
Number of borrowers in the SSLP	46	50
Largest loan to a single borrower(1)	$ 346.8	$ 331.5
Total of five largest loans to borrowers(1)	$ 1,587.7	$ 1,571.7

(1) At principal amount.

(2) Computed as the (a) annual stated interest rate on accruing first lien senior secured loans, divided by (b) total first lien senior secured loans at principal amount.

92

Table of Contents

SSLP Loan Portfolio as of September 30, 2015

(dollar amounts in millions) Portfolio Company	Business Description	Maturity Date	Stated Interest Rate(1)	Principal Amount
ADG, LLC	Dental services provider	9/2019	8.1%	$ 205.1
AMZ Holding Corp.	Specialty chemicals manufacturer	12/2018	6.8%	228.9
Argon Medical Devices, Inc.	Manufacturer and marketer of single-use specialty medical devices	4/2018	6.5%	210.8
Argotec LLC	Producer of thermoplastic polyurethane film and sheet used for paint production, glass lamination, medical use, graphics, and textile lamination	12/2019	7.5%	91.8
Athletico Management, LLC and Accelerated Holdings, LLC	Provider of outpatient rehabilitation services	12/2020	6.3%	309.4
Breg, Inc.	Designer, manufacturer, and distributor of non-surgical orthopedic products for preventative, post-operative and rehabilitative use	10/2020	6.3%	149.2
Brewer Holdings Corp. and Zywave, Inc.	Provider of software and technology-enabled content and analytical solutions to insurance brokers	3/2021	8.0%	257.9
Cambridge International, Inc.	Manufacturer of custom designed and engineered metal products	4/2018	8.0%	80.1
CH Hold Corp.	Collision repair company	11/2019	5.5%	346.8
CIBT Holdings, Inc.(2)(4)	Expedited travel document processing services	12/2018	6.8%	207.2
Connoisseur Media, LLC	Owner and operator of radio stations	6/2019	7.3%	121.4
CWD, LLC	Supplier of automotive aftermarket brake parts	6/2016	7.0%	122.4
DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	2/2022	6.5%	193.0
Drayer Physical Therapy Institute, LLC	Outpatient physical therapy provider	7/2018	8.0%	133.6
DTI Holdco, Inc.(2)(4)	Provider of legal process outsourcing and managed services	8/2020	5.8%	298.0
ECI Purchaser Company, LLC	Manufacturer of equipment to safely control pressurized gases	12/2019	6.0%	227.4
Excelligence Learning Corporation	Developer, manufacturer and retailer of educational products	12/2020	6.8%	179.6
Gehl Foods, LLC(4)	Producer of low-acid, aseptic food and beverage products	3/2021	7.5%	160.3
Gentle Communications, LLC	Dental services provider	6/2020	6.5%	84.2
III US Holdings, LLC	Provider of library automation software and systems	6/2018	6.0%	204.5
Implus Footcare, LLC(2)	Provider of footwear and other accessories	4/2021	7.0%	263.4
Instituto de Banca y Comercio, Inc.(2)(4)	Private school operator	12/2016	%	97.0(5)
Intermedix Corporation(3)	Revenue cycle management provider to the emergency healthcare industry	12/2019	5.8%	262.7
ISS Compressors Industries, Inc.	Provider of repairs, refurbishments and services to the broader industrial end user markets	6/2018	6.5%	138.4
Laborie Medical Technologies Corp(4)	Developer and manufacturer of medical equipment	9/2019	7.3%	199.4
Mavis Tire Supply LLC(2)	Auto parts retailer	10/2020	6.3%	243.0
MCH Holdings, Inc.(4)	Healthcare professional provider	1/2020	6.3%	173.8
MWI Holdings, Inc.(2)	Engineered springs, fasteners, and other precision components	3/2019	7.4%	257.2
Noranco Manufacturing (USA) Ltd.	Supplier of complex machined and sheet metal components for the aerospace industry	4/2019	7.8%	155.5

Oak Parent, Inc.(2)	Manufacturer of athletic apparel	4/2018	7.5%	289.3
Palermo Finance Corporation	Provider of mission-critical integrated public safety software and services to local, state, and federal agencies	11/2020	7.0%	189.1
Penn Detroit Diesel Allison, LLC	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	10/2019	7.3%	71.1
Pretium Packaging, L.L.C.(4)	Manufacturer and supplier of high performance plastic containers	6/2020	6.3%	217.7
Restaurant Technologies, Inc.	Provider of bulk cooking oil management services to the restaurant and fast food service industries	10/2021	6.8%	229.4
Sanders Industries Holdings, Inc.(4)	Elastomeric parts, mid-sized composite structures, and composite tooling	5/2020	7.0%	77.7
Singer Sewing Company	Manufacturer of consumer sewing machines	6/2017	7.3%	194.0
Square Brands International, LLC	Franchisor and operator of specialty battery and light bulb retail stores	6/2021	6.7%	200.0

Table of Contents

(dollar amounts in millions) Portfolio Company	Business Description	Maturity Date	Stated Interest Rate(1)	Principal Amount
STATS Acquisition, LLC	Sports technology, data and content company	6/2020	7.0%	103.0
Strategic Partners, Inc.(4)	Supplier of medical uniforms, specialized medical footwear and accessories	8/2018	7.3%	287.1
TA THI Buyer, Inc. and TA THI Parent, Inc.(4)	Collision repair company	7/2020	6.5%	344.2
The Linen Group	Provider of outsourced commercial linen and laundry services	8/2019	8.0%	91.9
Towne Holdings, Inc.	Provider of contracted hospitality services and parking systems	12/2019	6.8%	166.5
U.S. Anesthesia Partners, Inc.(3)	Anesthesiology service provider	12/2019	6.0%	262.1
Urgent Cares of America Holdings I, LLC(4)	Operator of urgent care clinics	6/2022	7.0%	110.0
WCI-Quantum Holdings, Inc.(4)	Distributor of instructional products, services and resources	10/2020	5.8%	84.3
Woodstream Group, Inc.	Pet products manufacturer	5/2022	7.3%	282.3
				$ 8,801.7

(1) Represents the weighted average annual stated interest rate as of September 30, 2015. All interest rates are payable in cash. For loans on non-accrual status, the stated interest rate is not shown as there is no current yield on such loans.

(2) We also hold a portion of this company s first lien senior secured loan.

(3) We also hold a portion of this company s second lien senior secured loan.

(4) We hold an equity investment in this company.

(5) Loan was on non-accrual status, as determined by the investment committee of the SSLP, as of September 30, 2015.

Table of Contents

SSLP Loan Portfolio as of December 31, 2014

(dollar amounts in millions) Portfolio Company	Business Description	Maturity Date	Stated Interest Rate(1)	Principal Amount	Fair Value(2)
ADG, LLC	Dental services provider	9/2019	8.1%	$ 212.6	$ 212.6
AMZ Holding Corp.	Specialty chemicals manufacturer	12/2018	6.8%	235.2	230.5
Argon Medical Devices, Inc.	Manufacturer and marketer of single-use specialty medical devices	4/2018	6.5%	221.3	221.3
Argotec LLC	Producer of thermoplastic polyurethane film and sheet used for paint production, glass lamination, medical use, graphics, and textile lamination.	12/2019	7.5%	93.0	93.0
Athletico Management, LLC and Accelerated Holdings, LLC(3)	Provider of outpatient rehabilitation services	12/2020	6.3%	325.0	325.0
Breg, Inc.	Designer, manufacturer, and distributor of non-surgical orthopedic products for preventative, post-operative and rehabilitative use	10/2020	6.5%	150.0	150.0
Brewer Holdings Corp. and Zywave, Inc.	Provider of software and technology-enabled content and analytical solutions to insurance brokers	11/2019	7.0%	173.7	173.7
Cambridge International, Inc.	Manufacturer of custom designed and engineered metal products	4/2018	8.0%	82.9	82.1
CH Hold Corp.(3)	Collision repair company	11/2019	5.5%	298.5	298.5
Chariot Acquisition, LLC	Distributor and designer of aftermarket golf cart parts and accessories	1/2019	7.8%	152.2	152.2
CIBT Holdings, Inc.(5)	Expedited travel document processing services	12/2018	6.8%	204.4	204.4
Connoisseur Media, LLC	Owner and operator of radio stations	6/2019	7.3%	134.3	133.0
CWD, LLC	Supplier of automotive aftermarket brake parts	6/2016	7.0%	125.9	125.9
Drayer Physical Therapy Institute, LLC	Outpatient physical therapy provider	7/2018	8.0%	133.9	133.9
Driven Brands, Inc.(3)(5)	Automotive aftermarket car care franchisor	3/2017	6.0%	201.2	201.2
DTI Holdco, Inc.(3)(5)	Provider of legal process outsourcing and managed services	8/2020	5.8%	300.3	300.3
ECI Purchaser Company, LLC	Manufacturer of equipment to safely control pressurized gases	12/2019	6.0%	235.0	232.6
Excelligence Learning Corporation	Developer, manufacturer and retailer of educational products	12/2020	6.8%	180.0	180.0
Fleischmann s Vinegar Company, Inc.	Manufacturer and marketer of industrial vinegar products	5/2016	8.0%	70.4	70.4
Gentle Communications, LLC	Dental services provider	6/2020	6.5%	84.8	84.0
III US Holdings, LLC	Provider of library automation software and systems	6/2018	6.0%	215.2	213.0
Implus Footcare, LLC(5)	Provider of footwear and other accessories	4/2019	6.8%	264.9	264.9
Instituto de Banca y Comercio, Inc.(3)(5)	Private school operator	12/2016		91.5	73.2(6)
Intermedix Corporation(4)	Revenue cycle management provider to the emergency healthcare industry	12/2019	5.8%	267.9	267.9
Laborie Medical Technologies Corp(5)	Developer and manufacturer of medical equipment	10/2018	6.8%	125.4	125.4
Mavis Tire Supply LLC	Auto parts retailer	10/2020	6.3%	184.5	184.5
MCH Holdings, Inc.(5)	Healthcare professional provider	1/2020	6.3%	179.1	179.1
MWI Holdings, Inc.(3)	Engineered springs, fasteners, and other precision components	3/2019	7.4%	259.2	259.2
Noranco Manufacturing (USA) Ltd.	Supplier of complex machined and sheet metal components for the aerospace industry	4/2019	6.8%	156.3	156.3

Nordco Inc.	Designer and manufacturer of railroad maintenance-of-way machinery	8/2019	7.0%	217.3	217.3
Oak Parent, Inc.(3)	Manufacturer of athletic apparel	4/2018	7.5%	297.6	297.6
Palermo Finance Corporation	Provider of mission-critical integrated public safety software and services to local, state, and federal agencies	11/2020	7.0%	135.0	135.0

Table of Contents

(dollar amounts in millions) Portfolio Company	Business Description	Maturity Date	Stated Interest Rate(1)	Principal Amount	Fair Value(2)
Penn Detroit Diesel Allison, LLC	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	10/2019	7.3%	71.6	71.6
PetroChoice Holdings, LLC	Provider of lubrication solutions	1/2017	10.0%	238.5	238.5
PODS Funding Corp. II(3)	Storage and warehousing	12/2018	7.0%	331.5	331.5
Pretium Packaging, L.L.C(5)	Manufacturer and supplier of high performance plastic containers	6/2020	6.2%	209.2	209.2
Protective Industries, Inc. (3)(5)	Plastic protection products	10/2019	6.3%	275.5	275.5
Restaurant Technologies, Inc.	Provider of bulk cooking oil management services to the restaurant and fast food service industries	6/2018	7.0%	198.5	198.5
Sanders Industries Holdings, Inc.(5)	Elastomeric parts, mid-sized composite structures, and composite tooling	5/2020	7.0%	83.8	83.8
Selig Sealing Products, Inc.	Manufacturer of container sealing products for rigid packaging applications	10/2019	6.8%	188.5	188.5
Singer Sewing Company	Manufacturer of consumer sewing machines	6/2017	7.3%	195.0	191.1
STATS Acquisition, LLC	Sports technology, data and content company	6/2020	7.0%	103.5	103.5
Strategic Partners, Inc.(5)	Supplier of medical uniforms, specialized medical footwear and accessories	8/2018	7.3%	289.3	289.3
TA THI Buyer, Inc. and TA THI Parent, Inc.(5)	Collision repair company	7/2020	6.5%	312.7	312.7
The Linen Group	Provider of outsourced commercial linen and laundry services	8/2019	8.0%	92.6	92.6
The Teaching Company, LLC(3)(5)	Education publications provider	3/2017	9.0%	109.2	108.1
Towne Holdings, Inc.	Provider of contracted hospitality services and parking systems	12/2019	6.8%	167.8	167.8
U.S. Anesthesia Partners, Inc.(3)(4)	Anesthesiology service provider	12/2019	6.0%	264.0	264.0
Universal Services of America, LP	Provider of security officer and guard services	7/2019	6.0%	302.2	302.2
WCI-Quantum Holdings, Inc.(5)	Distributor of instructional products, services and resources	10/2020	5.8%	80.7	80.7
				$ 9,522.6	$ 9,487.1

(1) Represents the weighted average annual stated interest rate as of December 31, 2014. All interest rates are payable in cash. For loans on non-accrual status, the stated interest rate is not shown as there is no current yield on such loans.

(2) Represents the fair value in accordance with Accounting Standards Codification (ASC) 820-10. The determination of such fair value is not included in our board of directors valuation process described elsewhere herein.

(3) We also hold a portion of this company s first lien senior secured loan.

(4) We also hold a portion of this company s second lien senior secured loan.

(5) We hold an equity investment in this company.

(6) Loan was on non-accrual status, as determined by the investment committee of the SSLP, as of December 31, 2014.

The amortized cost and fair value of our SSLP Certificates was $2.0 billion and $2.0 billion, respectively, as of September 30, 2015, and $2.0 billion and $2.1 billion, respectively, as of December 31, 2014. As described above, the SSLP Certificates pay a weighted average coupon of LIBOR plus approximately 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the underlying loan portfolio, which may result in a return to the holders of the SSLP Certificates that is greater than both the coupon on the SSLP Certificates as well as the weighted average yield on the SSLP s portfolio of 6.7% and 6.7% as of September 30, 2015 and December 31, 2014, respectively. Our yield on our investment in the SSLP at amortized cost and fair value was 13.3% and 13.3%, respectively, as of September 30, 2015, and 13.8% and 13.5%, respectively, as of December 31, 2014. For the three and nine months ended September 30, 2015, we earned interest income of $71.4 million and $209.6 million, respectively, from our investment in the SSLP Certificates. For the three and nine months

Table of Contents

ended September 30, 2014, we earned interest income of $69.8 million and $205.4 million, respectively, from our investment in the SSLP Certificates. See above discussion on the decline in yield on the SSLP Certificates.

We are also entitled to certain fees in connection with the SSLP. For the three and nine months ended September 30, 2015, in connection with the SSLP, we earned capital structuring service, sourcing and other fees totaling $8.6 million and $41.8 million, respectively. For the three and nine months ended September 30, 2014, in connection with the SSLP, we earned capital structuring service, sourcing and other fees totaling $17.1 million and $46.1 million, respectively.

Selected financial information for the SSLP as of September 30, 2015 and December 31, 2014, and for the nine months ended September 30, 2015 and 2014, was as follows:

(in millions)	As of September 30, 2015	As of December 31, 2014
Selected Balance Sheet Information:		
Investments in loans receivable, net	$ 8,717.8	$ 9,442.6
Cash and other assets	309.6	563.3
Total assets	$ 9,027.4	$ 10,005.9
Senior notes	$ 6,684.2	$ 7,613.7
Other liabilities	64.3	77.3
Total liabilities	6,748.5	7,691.0
Subordinated certificates and members capital	2,278.9	2,314.9
Total liabilities and members capital	$ 9,027.4	$ 10,005.9

	For the Nine Months Ended September 30, 2015	2014
Selected Statement of Operations Information:		
Total interest and other income	$ 514.0	$ 494.7
Interest expense	172.5	173.1
Management and sourcing fees	54.8	52.2
Other expenses	42.1	45.3
Total expenses	269.4	270.6
Net income	$ 244.6	$ 224.1

Senior Direct Lending Program

In June 2015, we announced the establishment of a new joint venture with Varagon Capital Partners (Varagon) to make first lien senior secured loans, including stretch senior and unitranche loans, to middle-market companies. The new joint venture will be called the Senior Direct Lending Program (the SDLP) and it is expected that the SDLP will commit and hold individual loans of up to $300 million. We may co-invest with the SDLP to accommodate larger transactions. It is expected that the SDLP will be co-managed by Varagon and our investment adviser, Ares Capital Management.

RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2015 and 2014

Operating results for the three and nine months ended September 30, 2015 and 2014 were as follows:

Table of Contents

(in millions)	For the Three Months Ended September 30, 2015	2014	For the Nine Months Ended September 30, 2015	2014
Total investment income	$ 261.0	$ 253.4	$ 763.7	$ 718.0
Total expenses	129.6	140.6	396.0	392.6
Net investment income before income taxes	131.4	112.8	367.7	325.4
Income tax expense, including excise tax	0.9	7.5	7.0	15.8
Net investment income	130.5	105.3	360.7	309.6
Net realized gains on investments and foreign currency transactions	47.7	76.5	103.7	40.1
Net unrealized gains (losses) on investments and foreign currency transactions	(61.4)	(4.1)	(96.6)	87.9
Realized losses on extinguishment of debt			(3.8)	(0.1)
Net increase in stockholders equity resulting from operations	$ 116.8	$ 177.7	$ 364.0	$ 437.5

Net income can vary substantially from period to period due to various factors, including acquisitions, the level of new investment commitments, the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, quarterly comparisons of net income may not be meaningful.

Investment Income

(in millions)	For the Three Months Ended September 30, 2015	2014	For the Nine Months Ended September 30, 2015	2014
Interest income from investments	$ 207.9	$ 190.8	$ 607.9	$ 540.5
Capital structuring service fees	29.8	31.7	73.0	74.3
Dividend income	14.1	19.7	53.5	67.2
Management and other fees	6.2	6.4	18.4	18.4
Other income	3.0	4.8	10.9	17.6
Total investment income	$ 261.0	$ 253.4	$ 763.7	$ 718.0

The increase in interest income from investments for the three months ended September 30, 2015 from the comparable period in 2014 was primarily due to an increase in the size of our portfolio, which increased from an average of $8.2 billion at amortized cost for the three months ended September 30, 2014 to an average of $8.5 billion at amortized cost for the comparable period in 2015. The decrease in capital structuring service fees for the three months ended September 30, 2015 from the comparable period in 2014 was primarily due to the decrease in the weighted average capital structuring service fees received on new investment commitments, which decreased from 2.4% for the three months ended September 30, 2014 to 2.0% in the comparable period in 2015, partially offset by the increase in new investment commitments, which increased from $1.3 billion for the three months ended September 30, 2014 to $1.5 billion for the comparable period in 2015. Dividend income for the three months ended September 30, 2015 and 2014 included dividends received from Ivy Hill Asset Management, L.P. (IHAM), a wholly owned portfolio company, totaling $10.0 million and $10.0 million, respectively. Also during the three months ended September 30, 2015, we received $1.0 million in other non-recurring dividends from non-income producing equity securities compared to $6.0 million for the comparable period in 2014. The decrease in other income for the three months ended September 30, 2015 from the comparable period in 2014 was primarily attributable to lower amendment fees.

The increase in interest income from investments for the nine months ended September 30, 2015 from the comparable period in 2014 was primarily due to an increase in the size of our portfolio, which increased from an average of $7.9 billion at amortized cost for the nine months ended September 30, 2014 to an average of $8.5 billion at amortized cost for the comparable period in 2015. The decrease in capital structuring service fees for the nine months ended September 30, 2015 from the comparable period in 2014 was due to the decrease in new investment commitments, which decreased from $3.2 billion for the nine months ended September 30, 2014 to $2.8 billion for the comparable period in 2015, partially offset by the increase in the weighted average capital structuring service fees received on new investment commitments, which increased from 2.3% for the nine months ended September 30, 2014 to 2.6% in the comparable period in 2015. Dividend income for the nine months ended September 30, 2015 and 2014 included dividends received from IHAM totaling $40.0 million and $40.0 million,

Table of Contents

respectively. The dividends received from IHAM for the nine months ended September 30, 2015 and 2014 included additional dividends of $10.0 million for each period that were paid in addition to the quarterly dividends generally paid by IHAM. IHAM paid the additional dividends out of accumulated earnings that had previously been retained by IHAM. Also during the nine months ended September 30, 2015, we received $4.3 million in other non-recurring dividends from non-income producing equity securities compared to $15.5 million for the comparable period in 2014. The decrease in other income for the nine months ended September 30, 2015 from the comparable period in 2014 was primarily attributable to lower amendment fees.

Operating Expenses

(in millions)	For the Three Months Ended September 30, 2015	2014	For the Nine Months Ended September 30, 2015	2014
Interest and credit facility fees	$ 56.6	$ 54.1	$ 171.6	$ 159.7
Base management fees	33.3	32.7	100.2	93.5
Income based fees	31.8	31.3	90.2	85.2
Capital gains incentive fees	(2.6)	13.1	0.8	24.2
Administrative fees	3.6	3.1	10.5	9.7
Other general and administrative	6.9	6.3	22.7	20.3
Total operating expenses	$ 129.6	$ 140.6	$ 396.0	$ 392.6

Interest and credit facility fees for the three and nine months ended September 30, 2015 and 2014, were comprised of the following:

(in millions)	For the Three Months Ended September 30, 2015	2014	For the Nine Months Ended September 30, 2015	2014
Stated interest expense	$ 46.1	$ 44.0	$ 138.5	$ 127.7
Facility fees	2.4	2.1	8.2	8.7
Amortization of debt issuance costs	4.0	4.2	12.7	12.1
Accretion of net discount on notes payable	4.1	3.8	12.2	11.2
Total interest and credit facility fees	$ 56.6	$ 54.1	$ 171.6	$ 159.7

Stated interest expense for the three months ended September 30, 2015 increased from the comparable period in 2014 primarily due to the increase in the average principal amount of debt outstanding, partially offset by a decrease in our weighted average stated interest rate of our debt outstanding. For the three months ended September 30, 2015, our average principal debt outstanding increased to $3.7 billion as compared to $3.4 billion for the comparable period in 2014, and the weighted average stated interest rate on our outstanding debt was 5.0% for the three months ended September 30, 2015 as compared to 5.2% for the comparable period in 2014. Stated interest expense for the nine months ended September 30, 2015 increased from the comparable period in 2014 primarily due to the increase in the average principal amount of debt outstanding, partially offset by a decrease in our weighted average stated interest rate of our debt outstanding. For the nine months ended September 30, 2015, our average principal debt outstanding increased to $3.6 billion as compared to $3.2 billion for the comparable period in 2014, and the weighted average stated interest rate on our outstanding debt was 5.1% for the nine months ended September 30, 2015 as compared to 5.4% for the comparable period in 2014.

The increase in base management fees and our income based fees for the three and nine months ended September 30, 2015 from the comparable period in 2014 were primarily due to the increases in the size of the portfolio in the case of base management fees and in the case of income based fees, the related increase in net investment income excluding income based fees and capital gains incentive fees.

For the three months ended September 30, 2015, the reduction in capital gains incentive fees calculated in accordance with GAAP was $2.6 million. For the nine months ended September 30, 2015, the capital gains incentive fees calculated in accordance with GAAP was $0.8 million. For the three and nine months ended September 30, 2014, the capital gains incentive fee calculated in accordance with GAAP was $13.1 million and $24.2 million, respectively. Capital gains incentive fee expense accrual for the three months ended September 30, 2015 decreased from the comparable period in 2014 primarily due to net losses on investments and foreign currency transactions during the three months ended September 30, 2015 of $13.6 million

Table of Contents

compared to net gains of $72.4 million for the three months ended September 30, 2014. Capital gains incentive fee expense accrual for the nine months ended September 30, 2015 decreased from the comparable period in 2014 primarily due to lower net gains of $3.3 million for the nine months ended September 30, 2015 as compared to net gains of $127.9 million for the nine months ended September 30, 2014. The capital gains incentive fee accrued under GAAP includes an accrual related to unrealized capital appreciation, whereas the capital gains incentive fee actually payable under our investment advisory and management agreement does not. There can be no assurance that such unrealized capital appreciation will be realized in the future. The 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 reduction 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. As of September 30, 2015 and December 31, 2014, the total capital gains incentive fee accrual calculated in accordance with GAAP was $69.8 million and $93.0 million, respectively. As of September 30, 2015, there was no capital gains incentive fee actually payable under our investment advisory and management agreement. As of December 31, 2014, the capital gains incentive fee actually payable under our investment advisory and management agreement was $24.0 million. The $24.0 million payable as of December 31, 2014 was paid in the first quarter of 2015. See Note 3 to our consolidated financial statements for the three and nine months ended September 30, 2015, for more information on the base management fees, income based fees and capital gains incentive fees.

Administrative fees represent fees paid to Ares Operations for our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our executive officers and their respective staffs. Other general and administrative expenses include professional fees, rent, insurance, depreciation and director s fees, among other costs.

Income Tax Expense, Including Excise Tax

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must generally (among other requirements) timely distribute to our stockholders at least 90% of our investment company taxable income, as defined by the Code, for each year. In order to maintain our RIC status, we have made and intend to continue to make the requisite distributions to our stockholders which will generally relieve us from corporate-level income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward such taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. If we determine that our estimated current year taxable income will be in excess of estimated dividend distributions for the current year from such income, we accrue excise tax on estimated excess taxable income as such taxable income is earned. For the three months ended September 30, 2015, we recorded a net expense of $1.5 million for U.S. federal excise tax. For the nine months ended September 30, 2015, we recorded a net expense of $5.5 million for U.S. federal excise tax, which includes a reduction in expense in the third quarter related to the recording of a requested refund resulting from the overpayment of 2014 excise tax of $1.5 million. For the three months ended September 30, 2014, we had no U.S. federal excise tax expense. For the nine months ended September 30, 2014, we recorded a net expense of $4.0 million for U.S. federal excise tax, which includes a reduction in expense in the third quarter related to the recording of a requested refund resulting from the overpayment of 2013 excise tax of $1.7 million.

Certain of our consolidated subsidiaries are subject to U.S. federal and state income taxes. For the three and nine months ended September 30, 2015, we recorded a tax (benefit) expense of approximately $(0.6) million and $1.5 million, respectively, for these subsidiaries. For the three and nine months ended September 30, 2014, we recorded a tax expense of approximately $7.5 million and $11.8 million, respectively, for these subsidiaries.

Net Realized Gains/Losses

During the three months ended September 30, 2015, we had $1,343.4 million of sales, repayments or exits of investments resulting in $45.3 million of net realized gains on investments. These sales, repayments or exits included $113.4 million of investments sold to IHAM and certain vehicles managed by IHAM. A net realized gain of $0.2 million was recorded on these transactions. See Note 4 to our consolidated financial statements for the three and nine months ended September 30, 2015 for more detail on IHAM and its managed vehicles. Net realized gains on investments of $45.3 million were comprised of $45.4 million of gross realized gains and $0.1 million of gross realized losses.

The net realized gains on investments during the three months ended September 30, 2015 consisted of the following:

Table of Contents

(in millions) Portfolio Company		Net Realized Gains (Losses)
Cast & Crew Payroll, LLC	$	25.9
Global Healthcare Exchange, LLC		8.3
Hojeij Branded Foods, Inc.		8.0
Other, net		3.1
Total	$	45.3

During the three months ended September 30, 2015, we also recognized net realized gains on foreign currency transactions of $2.5 million.

During the three months ended September 30, 2014, we had $706.6 million of sales, repayments or exits of investments resulting in $73.8 million of net realized gains on investments. Net realized gains on investments of $73.8 million were comprised of $80.9 million of gross realized gains and $7.1 million of gross realized losses.

The net realized gains on investments during the three months ended September 30, 2014 consisted of the following:

(in millions) Portfolio Company		Net Realized Gains (Losses)
Insight Pharmaceuticals Corporation	$	33.1
The Dwyer Group		21.1
Service King Paint & Body, LLC		10.4
Platform Acquisition, Inc.		4.7
Apple & Eve, LLC		4.3
TOA Technologies, Inc.		1.9
BECO Holding Company, Inc.		1.9
X Plus Two Solutions, Inc.		1.5
Pillar Processing LLC		(6.6)
Other, net		1.5
Total, net	$	73.8

During the three months ended September 30, 2014, we also recognized net realized gains on foreign currency transactions of $2.8 million.

During the nine months ended September 30, 2015, we had $3.2 billion of sales, repayments or exits of investments resulting in $97.4 million of net realized gains on investments. These sales, repayments or exits included $414.2 million of investments sold to IHAM and certain vehicles managed by IHAM. A net realized gain of $0.4 million was recorded on these transactions. See Note 4 to our consolidated financial statements for the three and nine months ended September 30, 2015 for more detail on IHAM and its managed vehicles. Net realized gains on investments of $97.4 million were comprised of $100.8 million of gross realized gains and $3.4 million of gross realized losses.

The net realized gains on investments during the nine months ended September 30, 2015 consisted of the following:

101

Table of Contents

(in millions) Portfolio Company		Net Realized Gains (Losses)
Cast & Crew Payroll, LLC	$	25.9
Tripwire, Inc.		13.8
TAP Holdings, LLC		11.2
Global Healthcare Exchange, LLC		8.3
Protective Industries, Inc. dba Caplugs		8.2
Hojeij Branded Foods, Inc.		8.0
Driven Brands, Inc.		5.5
Implus Footcare, LLC		3.7
Woodstream Corporation		3.2
Panda Temple Power, LLC		2.4
Varsity Brands Holding Co., Inc.		1.3
GHS Interactive Security, LLC		(1.1)
Other, net		7.0
Total, net	$	97.4

During the nine months ended September 30, 2015, we also recognized net realized gains on foreign currency transactions of $6.3 million. In addition, during the nine months ended September 30, 2015, we redeemed the entire $143.8 million aggregate principal amount outstanding of the February 2022 Notes (as defined below). The February 2022 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately $144.6 million, which resulted in a realized loss on the extinguishment of debt of $3.8 million.

During the nine months ended September 30, 2014, we had $2.1 billion of sales, repayments or exits of investments resulting in $38.3 million of net realized gains on investments. These sales, repayments or exits included $64.5 million of investments sold to IHAM or certain vehicles managed by IHAM. No realized gains or losses were recognized on these transactions. Net realized gains on investments of $38.3 million were comprised of $97.6 million of gross realized gains and $59.3 million of gross realized losses.

The net realized gains on investments during the nine months ended September 30, 2014 consisted of the following:

Table of Contents

(in millions) Portfolio Company	Net Realized Gains (Losses)
Insight Pharmaceuticals Corporation	$ 33.1
The Dwyer Group	21.1
Service King Paint & Body, LLC	10.4
Platform Acquisition, Inc.	4.7
Apple & Eve, LLC	4.3
TOA Technologies, Inc.	2.0
JHP Group Holdings, Inc.	1.9
BECO Holding Company, Inc.	1.9
Dialysis Newco, Inc.	1.7
Orion Foods, LLC	1.6
La Paloma Generating Company, LLC	1.6
X Plus Two Solutions, Inc.	1.5
Magnacare Holdings, Inc.	1.3
Imperial Capital Group LLC	1.3
Stag-Parkway, Inc.	1.2
Eberle Design, Inc.	1.1
Geotrace Technologies, Inc.	(2.9)
Pillar Processing LLC	(6.6)
CitiPostal Inc.	(19.9)
MVL Group, Inc.	(27.7)
Other, net	4.7
Total	$ 38.3

During the nine months ended September 30, 2014, we also recognized net realized gains on foreign currency transactions of $1.8 million. In addition, during the nine months ended September 30, 2014, we purchased $0.4 million aggregate principal amount of the 2047 Notes (as defined below) and as a result of these transactions, we recognized realized losses on extinguishment of debt of $0.1 million.

Net Unrealized Gains/Losses

We value our portfolio investments quarterly and the changes in value are recorded as unrealized gains or losses in the consolidated statement of operations. Net unrealized gains and losses for our portfolio for the three and nine months ended September 30, 2015 and 2014, were comprised of the following:

(in millions)	For the Three Months Ended September 30, 2015	2014	For the Nine Months Ended September 30, 2015	2014
Unrealized appreciation	$ 39.5	$ 86.1	$ 80.8	$ 152.8
Unrealized depreciation	(61.4)	(34.6)	(124.0)	(93.3)
Net unrealized (appreciation) depreciation reversal related to net realized gains or losses(1)	(39.2)	(56.5)	(51.8)	27.8
Total net unrealized gains (losses)	$ (61.1)	$ (5.0)	$ (95.0)	$ 87.3

(1) The net unrealized (appreciation) depreciation reversal related to net realized gains or losses represents the unrealized appreciation or depreciation recorded on the related asset at the end of the prior period.

The changes in net unrealized appreciation and depreciation during the three months ended September 30, 2015 consisted of the following:

Table of Contents

(in millions) Portfolio Company		Net Unrealized Appreciation (Deprecation)
OTG Management, LLC	$	6.3
Ciena Capital LLC		4.5
ADF Capital, Inc.		2.2
Fulton Holdings Corp.		2.0
Cleveland East Equity, LLC		(2.1)
Netsmart Technologies, Inc.		(2.2)
Feradyne Outdoors, LLC		(2.6)
2329497 Ontario Inc.		(2.7)
Spin HoldCo Inc.		(2.8)
Infilaw Holding, LLC		(3.2)
Ivy Hill Asset Management, L.P.		(3.2)
CCS Intermediate Holdings, LLC		(3.6)
Petroflow Energy Corporation		(6.6)
Senior Secured Loan Fund LLC		(9.9)
Other, net		2.0
Total	$	(21.9)

During the three months ended September 30, 2015, we also recognized net unrealized losses on foreign currency transactions of $0.3 million.

The changes in net unrealized appreciation and depreciation during the three months ended September 30, 2014 consisted of the following:

(in millions) Portfolio Company		Net Unrealized Appreciation (Deprecation)
10th Street, LLC	$	38.7
Ciena Capital LLC		6.6
Universal Lubricants, LLC		5.5
VSS-Tranzact Holdings, LLC		4.1
CCS Intermediate Holdings, LLC		3.9
Performance Food Group, Inc.		2.3
Restaurant Holding Company, LLC		(2.3)
2329497 Ontario Inc.		(2.4)
Orion Foods, LLC		(2.9)
ADF Capital, Inc.		(3.0)
The Step2 Company, LLC		(3.3)
Ivy Hill Asset Management, L.P.		(3.4)
Other, net		7.7
Total	$	51.5

During the three months ended September 30, 2014, we also recognized net unrealized gains on foreign currency transactions of $0.9 million.

The changes in net unrealized appreciation and depreciation during the nine months ended September 30, 2015 consisted of the following:

104

Table of Contents

(in millions) Portfolio Company		Net Unrealized Appreciation (Deprecation)
Ciena Capital LLC	$	11.8
OTG Management, LLC		9.0
The Step2 Company, LLC		3.4
Wellspring Distribution Corp		3.4
Lonestar Prospects, Ltd.		3.0
Fulton Holdings Corp.		2.8
Physiotherapy Associates Holdings, Inc.		2.5
TA THI Buyer, Inc.		2.4
Napa Management Services Corporation		2.4
Cadence Aerospace, LLC		2.4
PCG-Ares Sidecar Investment II, L.P.		2.3
Community Education Centers, Inc.		(2.2)
Cleveland East Equity, LLC		(2.5)
New Trident Holdcorp, Inc.		(2.6)
UL Holding Co., LLC		(2.7)
Instituto de Banca y Comercio, Inc.		(2.7)
Netsmart Technologies, Inc.		(2.9)
Indra Holdings Corp.		(3.3)
Infilaw Holding, LLC		(6.0)
2329497 Ontario Inc.		(6.8)
CCS Intermediate Holdings, LLC		(8.6)
Petroflow Energy Corporation		(8.7)
Ivy Hill Asset Management, L.P.		(18.1)
Senior Secured Loan Fund LLC		(26.6)
Other, net		5.1
Total	$	(43.2)

During the nine months ended September 30, 2015, we also recognized net unrealized losses on foreign currency transactions of $1.6 million.

The changes in net unrealized appreciation and depreciation during the nine months ended September 30, 2014 consisted of the following:

Table of Contents

(in millions) Portfolio Company		Net Unrealized Appreciation (Deprecation)
10th Street, LLC	$	47.2
VSS-Tranzact Holdings, LLC		10.0
Ciena Capital LLC		9.4
Imperial Capital Private Opportunities, LP		8.4
Universal Lubricants, LLC		7.1
Campus Management Corp.		6.0
Senior Secured Loan Fund LLC		5.2
CCS Intermediate Holdings, LLC		3.9
Cast & Crew Payroll, LLC		3.4
Waste Pro USA, Inc		2.8
The Thymes, LLC		2.7
American Broadband Communications, LLC		2.6
Performance Food Group, Inc.		2.4
Service King Paint & Body, LLC		2.3
Netsmart Technologies, Inc.		2.1
EUNetworks Group Limited		(2.2)
Orion Foods, LLC		(2.7)
2329497 Ontario Inc.		(2.9)
R3 Education, Inc.		(4.2)
OTG Management, LLC		(4.3)
Community Education Centers, Inc.		(4.5)
ADF Capital, Inc.		(10.2)
The Step2 Company, LLC		(18.4)
Ivy Hill Asset Management, L.P.		(21.5)
Other, net		14.9
Total	$	59.5

During the nine months ended September 30, 2014, we also recognized net unrealized gains on foreign currency transactions of $0.6 million.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Our liquidity and capital resources are generated primarily from the net proceeds of public offerings of equity and debt securities, advances from the Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility (each as defined below and together, the Facilities), net proceeds from the issuance of other securities, including convertible unsecured notes and Small Business Administration (SBA)-guaranteed debentures (the SBA Debentures), as well as cash flows from operations.

As of September 30, 2015, we had $247.1 million in cash and cash equivalents and $3.7 billion in total aggregate principal amount of debt outstanding ($3.7 billion at carrying value). Subject to leverage, borrowing base and other restrictions, we had approximately $2.1 billion available for additional borrowings under the Facilities and the SBA Debentures as of September 30, 2015.

We may from time to time seek to retire or repurchase our common stock through cash purchases, as well as retire, cancel or purchase our outstanding debt through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. See Note 9 to our consolidated financial statements for the three and nine months ended September 30, 2015 for information on our stock repurchase

program. Such purchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. The amounts involved may be material. In addition, we may from time to time enter into additional debt facilities, increase the size of existing facilities or issue additional debt securities, including unsecured debt and/or debt securities convertible into common

Table of Contents

stock. Any such incurrence or issuance would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. In accordance with the Investment Company Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, calculated pursuant to the Investment Company Act, is at least 200% after such borrowing. As of September 30, 2015, our asset coverage was 245%.

Equity Issuances

As of September 30, 2015 and December 31, 2014, our total equity market capitalization was $4.6 billion and $4.9 billion, respectively. There were no sales of our equity securities during the nine months ended September 30, 2015. The following table summarizes the total shares issued and proceeds received in public offerings of our common stock net of underwriting discounts and offering costs for the nine months ended September 30, 2014:

(in millions, except per share data)	Shares issued	Offering price per share	Proceeds net of underwriting and operating costs
2014			
July 2014 public offering	15.5	$ 16.63(1)	$ 257.6
Total for the nine months ended September 30, 2014	15.5		$ 257.6

(1) The shares were sold to the underwriters for a price of $16.63 per share, which the underwriters were then permitted to sell at variable prices to the public.

Debt Capital Activities

Our debt obligations consisted of the following as of September 30, 2015 and December 31, 2014:

	As of					
	September 30, 2015			December 31, 2014		
(in millions)	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	$ 1,290.0(2)	$	$	$ 1,250.0	$ 170.0	$ 170.0
Revolving Funding Facility	540.0(3)	108.0	108.0	540.0	324.0	324.0
SMBC Funding Facility	400.0	90.0	90.0	400.0	62.0	62.0
SBA Debentures	75.0	18.0	18.0			
February 2016 Convertible Notes	575.0	575.0	571.8(4)	575.0	575.0	565.0(4)

June 2016 Convertible Notes	230.0	230.0	227.6(4)	230.0	230.0	225.0(4)
2017 Convertible Notes	162.5	162.5	160.9(4)	162.5	162.5	160.2(4)
2018 Convertible Notes	270.0	270.0	266.5(4)	270.0	270.0	265.4(4)
2019 Convertible Notes	300.0	300.0	296.8(4)	300.0	300.0	296.1(4)
2018 Notes	750.0	750.0	750.6(5)	750.0	750.0	750.7(5)
2020 Notes	600.0	600.0	599.0(6)	400.0	400.0	398.4(6)
February 2022 Notes				143.8	143.8	143.8
October 2022 Notes	182.5	182.5	182.5	182.5	182.5	182.5
2040 Notes	200.0	200.0	200.0(7)	200.0	200.0	200.0(7)
2047 Notes	229.6	229.6	181.6(8)	229.5	229.5	181.3(8)
Total	$ 5,804.6	$ 3,715.6	$ 3,653.3	$ 5,633.3	$ 3,999.3	$ 3,924.5

Table of Contents

(1) Subject to borrowing base, leverage and other restrictions. Represents the total aggregate amount committed or outstanding, as applicable, under such instrument.

(2) Provides for a feature that allows us, under certain circumstances, to increase the size of the Revolving Credit Facility to a maximum of $1,935.0 million.

(3) Provides for a feature that allows us and our consolidated subsidiary, Ares Capital CP Funding LLC (Ares Capital CP), under certain circumstances, to increase the size of the Revolving Funding Facility to a maximum of $865.0 million.

(4) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes less the unaccreted discount recorded upon issuance of the Convertible Unsecured Notes. As of September 30, 2015, the total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes was $3.2 million, $2.4 million, $1.6 million, $3.5 million and $3.2 million, respectively. As of December 31, 2014, the total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes was $10.0 million, $5.0 million, $2.3 million, $4.6 million and $3.9 million, respectively.

(5) Represents the aggregate principal amount outstanding of the 2018 Notes plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes. As of September 30, 2015 and December 31, 2014, the total net unamortized premium for the 2018 Notes was $0.6 million and $0.7 million, respectively.

(6) As of September 30, 2015, represents the aggregate principal amount of the 2020 Notes less the net unaccreted discount of $1.0 million recorded upon the issuances of the 2020 Notes. As of December 31, 2014, represents the aggregate principal amount outstanding of the 2020 Notes less the unaccreted discount of $1.6 million recorded on the first issuance of the 2020 Notes.

(7) See Recent Developments, as well as Note 15 to our consolidated financial statements for the three and nine months ended September 30, 2015 for more information on the early redemption of the 2040 Notes.

(8) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount recorded as part of the acquisition of Allied Capital Corporation in April 2010 (the Allied Acquisition). As of September 30, 2015 and December 31, 2014, the total unaccreted purchased discount for the 2047

Notes was $48.0 million and $48.2 million, respectively.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount, of all our debt outstanding as of September 30, 2015 were 5.0% and 5.9 years, respectively, and as of December 31, 2014 were 4.9% and 6.5 years, respectively.

The ratio of total principal amount of debt outstanding to stockholders equity as of September 30, 2015 was 0.70:1.00 compared to 0.76:1.00 as of December 31, 2014. The ratio of total carrying value of debt outstanding to stockholders equity as of September 30, 2015 was 0.69:1.00 compared to 0.74:1.00 as of December 31, 2014.

Revolving Credit Facility

We are party to a senior secured revolving credit facility (as amended and restated, the Revolving Credit Facility), which allows us to borrow up to $1,290.0 million at any one time outstanding. The end of the revolving period and the stated maturity date for the Revolving Credit Facility are May 4, 2019 and May 4, 2020, respectively. The Revolving Credit Facility also provides for a feature that allows us, under certain circumstances, to increase the size of the facility to a maximum of $1,935.0 million. The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over an alternate base rate (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of September 30, 2015, the interest rate in effect was LIBOR plus 1.75%. We are also required to pay a letter of credit fee of either 2.00% or 2.25% per annum on letters of credit issued, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. Additionally, we are required to pay a commitment fee of 0.375% per annum on any

Table of Contents

unused portion of the Revolving Credit Facility. As of September 30, 2015, there were no amounts outstanding under the Revolving Credit Facility and we were in compliance in all material respects with the terms of the Revolving Credit Facility.

Revolving Funding Facility

Our consolidated subsidiary, Ares Capital CP, is party to a revolving funding facility (as amended, the Revolving Funding Facility), which allows Ares Capital CP to borrow up to $540.0 million at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility is May 14, 2017 and May 14, 2019, respectively. The Revolving Funding Facility also provides for a feature that allows, under certain circumstances, for an increase in the size of the facility to a maximum of $865.0 million. The interest rate charged on the Revolving Funding Facility is based on an applicable spread ranging from 2.25% to 2.50% over LIBOR or ranging from 1.25% to 1.50% over base rate (as defined in the agreements governing the Revolving Funding Facility) in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. As of September 30, 2015, the interest rate in effect was LIBOR plus 2.25%. Additionally, Ares Capital CP is required to pay a commitment fee of between 0.50% and 1.50% per annum depending on the size of the unused portion of the Revolving Funding Facility. As of September 30, 2015, there was $108.0 million outstanding under the Revolving Funding Facility and we and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

SMBC Funding Facility

Our consolidated subsidiary, Ares Capital JB Funding LLC (ACJB), is party to a revolving funding facility (as amended, the SMBC Funding Facility), which allows ACJB to borrow up to $400.0 million at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. As of September 30, 2015, the end of the reinvestment period and the stated maturity date for the SMBC Funding Facility were September 14, 2017 and September 14, 2022, respectively. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement. The interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a base rate (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. As of September 30, 2015, the interest rate in effect was LIBOR plus 2.00%. Additionally, ACJB is required to pay a commitment fee of between 0.35% and 0.875% per annum depending on the size of the unused portion of the SMBC Funding Facility. As of September 30, 2015, there was $90.0 million outstanding under the SMBC Funding Facility and we and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

SBA Debentures

In April 2015, our wholly owned subsidiary, Ares Venture Finance, L.P. (AVF LP), received a license from the SBA to operate as a Small Business Investment Company (SBIC) under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended. The SBA places certain limitations on the financing of investments by SBICs in portfolio companies, including regulating the types of financings, restricting investments to only include small businesses with certain characteristics or in certain industries, and requiring capitalization thresholds that may limit distributions to us.

The license from the SBA allows AVF LP to obtain leverage by issuing the SBA Debentures, subject to issuance of a capital commitment by the SBA and other customary procedures. Leverage through the SBA Debentures is subject to required capitalization thresholds. Current SBA regulations limit the amount that any SBIC may borrow to $150.0 million and as of September 30, 2015, the amount of the SBA Debentures committed to AVF LP by the SBA was $75.0 million. The SBA Debentures are non-recourse to us, have interest payable semi-annually, have a ten-year maturity and may be prepaid at any time without penalty. As of September 30, 2015, AVF LP had $18.0 million of the SBA Debentures issued and outstanding, which mature in September 2025. AVF LP is subject to an annual periodic examination by an SBA examiner to determine AVF LP s compliance with the relevant SBA regulations and an annual financial audit of its financial statements that are prepared on a basis of accounting other than GAAP (such as ASC 820) by an independent auditor. As of September 30, 2015, AVF LP was materially in compliance with SBA regulatory requirements.

The interest rate for the SBA Debentures is fixed at the time the SBA Debentures and other applicable issued SBA-guaranteed debentures can be pooled and sold to the public and will be based on a spread over U.S. treasury notes with ten-year maturities. The pooling of newly issued SBA-guaranteed debentures occurs twice per year. The spread includes an annual charge as determined by the SBA (the Annual Charge) as well as a market-driven component. Prior to the ten-year fixed interest rate being determined, the interest rate charged for the SBA Debentures is based on LIBOR plus an applicable spread of

Table of Contents

0.30% and the Annual Charge. As of September 30, 2015, the ten-year fixed interest rate in effect for the SBA Debentures outstanding was 3.57%.

Convertible Unsecured Notes

In January 2011, we issued $575.0 million aggregate principal amount of unsecured convertible 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 $230.0 million aggregate principal amount of unsecured convertible 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 $162.5 million aggregate principal amount of unsecured convertible notes that mature on March 15, 2017 (the 2017 Convertible Notes), unless previously converted or repurchased in accordance with their terms. In the fourth quarter of 2012, we issued $270.0 million aggregate principal amount of unsecured convertible notes that mature on January 15, 2018 (the 2018 Convertible Notes), unless previously converted or repurchased in accordance with their terms. In July 2013, we issued $300.0 million aggregate principal amount of unsecured convertible notes that mature on January 15, 2019 (the 2019 Convertible Notes and together with the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes and the 2018 Convertible Notes, the Convertible Unsecured Notes), unless previously converted or repurchased in accordance with their terms. We do not have the right to redeem the Convertible Unsecured Notes prior to maturity. The February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes bear interest at a rate of 5.750%, 5.125% , 4.875% , 4.750% and 4.375%, respectively, per year, payable semi-annually.

In certain circumstances, the Convertible Unsecured 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 conversion rates (listed below as of September 30, 2015) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the Convertible Unsecured 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 Unsecured Notes only under certain circumstances set forth in the respective Convertible Unsecured Notes Indenture. 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 Unsecured Notes at any time. In addition, if we engage in certain corporate events as described in their respective Convertible Unsecured Notes Indenture, holders of the Convertible Unsecured Notes may require us to repurchase for cash all or part of the Convertible Unsecured Notes at a repurchase price equal to 100% of the principal amount of the Convertible Unsecured Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of September 30, 2015 are listed below.

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Conversion premium	17.5%	17.5%	17.5%	17.5%	15.0%
Closing stock price at issuance	$ 16.28	$ 16.20	$ 16.46	$ 16.91	$ 17.53
Closing stock price date	January 19, 2011	March 22, 2011	March 8, 2012	October 3, 2012	July 15, 2013
Conversion price (1)	$ 18.36	$ 18.27	$ 18.92	$ 19.64	$ 19.99
Conversion rate (shares per one thousand dollar principal amount) (1)	54.4546	54.7235	52.8559	50.9054	50.0292

Conversion dates	August 15, 2015	December 15, 2015	September 15, 2016	July 15, 2017	July 15, 2018

(1) Represents conversion price and conversion rate, as applicable, as of September 30, 2015, taking into account certain de minimis adjustments that will be made on the conversion date.

Unsecured Notes

2018 Notes

In November 2013, we issued $600.0 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 4.875% per year and mature on November 30, 2018 (the 2018 Notes). The 2018 Notes require payment of interest semi-annually, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time at our option

Table of Contents

at a redemption price equal to par plus a make whole premium, as determined pursuant to the indenture governing the 2018 Notes, and any accrued and unpaid interest. The $600.0 million aggregate principal amount of the 2018 Notes was issued at a discount of the principal amount. In January 2014, we issued an additional $150.0 million aggregate principal amount of the 2018 Notes at a premium of 102.7% of their principal amount.

2020 Notes

In November 2014, we issued $400.0 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 3.875% per year and mature on January 15, 2020 (the 2020 Notes). The 2020 Notes require payment of interest semi-annually, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time at our option at a redemption price equal to par plus a make whole premium, if applicable, as determined pursuant to the indenture governing the 2020 Notes, and any accrued and unpaid interest. The $400.0 million aggregate principal amount of the 2020 Notes was issued at a discount to the principal amount. In January 2015, we issued an additional $200.0 million aggregate principal amount of the 2020 Notes at a premium of 100.2% of their principal amount.

February 2022 Notes

In February 2012, we issued $143.8 million in aggregate principal amount of unsecured notes, which bore interest at a rate of 7.00% per year and were scheduled to mature on February 15, 2022 (the February 2022 Notes). In March 2015, we redeemed the entire aggregate principal amount outstanding of our February 2022 Notes at par plus accrued and unpaid interest for a total redemption price of approximately $144.6 million, which resulted in a realized loss on the extinguishment of debt of $3.8 million.

October 2022 Notes

In September 2012 and October 2012, we issued $182.5 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 5.875% per year and mature on October 1, 2022 (the October 2022 Notes). The October 2022 Notes require payment of interest quarterly and all principal is due upon maturity. These notes are redeemable in whole or in part at any time or from time to time at our option on or after October 1, 2015, at a par redemption price of $25.00 per security plus accrued and unpaid interest.

2040 Notes

In October 2010, we issued $200.0 million in aggregate principal amount of unsecured notes which bear interest at a rate of 7.75% and mature on October 15, 2040 (the 2040 Notes). The 2040 Notes require payment of interest quarterly, and all principal is due upon maturity. These notes are redeemable 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 $25.00 per security plus accrued and unpaid interest. In September 2015, we notified the holders of our 2040 Notes that we planned to redeem the entire $200.0 million aggregate principal amount outstanding, in accordance with the terms of the indenture governing the 2040 Notes. See Recent Developments, as well as Note 15 to our consolidated financial statements for the three and nine months ended September 30, 2015 for a subsequent event relating to the early redemption of the 2040 Notes.

2047 Notes

As part of the Allied Acquisition, we assumed $230.0 million aggregate principal amount of unsecured notes which bear interest at a rate of 6.875% and mature on April 15, 2047 (the 2047 Notes and together with the 2018 Notes, the 2020 Notes, the October 2022 Notes and the 2040 Notes, the Unsecured Notes). The 2047 Notes require payment of interest quarterly, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time or from time to time at our option, at a par redemption price of $25.00 per security plus accrued and unpaid interest.

As of September 30, 2015, we were in compliance in all material respects with the terms of the Convertible Unsecured Notes Indentures and the indentures governing the Unsecured Notes.

The Convertible Unsecured Notes and the Unsecured Notes are our senior unsecured obligations and rank senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Unsecured Notes and the Unsecured 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

Table of Contents

all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

See Note 5 to our consolidated financial statements for the three and nine months ended September 30, 2015 for more detail on our debt obligations.

OFF BALANCE SHEET ARRANGEMENTS

We have various commitments to fund investments in our portfolio, as described below.

As of September 30, 2015 and December 31, 2014, we had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to fund which are at (or substantially at) our discretion:

	As of	
(in millions)	**September 30, 2015**	**December 31, 2014**
Total revolving and delayed draw loan commitments	$ 485.6	$ 574.8
Less: drawn commitments	(123.3)	(111.8)
Total undrawn commitments	362.3	463.0
Less: commitments substantially at our discretion	(6.0)	(6.0)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(2.7)	(2.7)
Total net adjusted undrawn revolving and delayed draw loan commitments	$ 353.6	$ 454.3

Included within the total revolving and delayed draw loan commitments as of September 30, 2015 and December 31, 2014 were delayed draw loan commitments totaling $202.5 million and $206.4 million, respectively. Our commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated terms and conditions. Generally, the most significant and uncertain term requires the borrower to satisfy a specific use of proceeds covenant. The use of proceeds covenant typically requires the borrower to use the additional loans for the specific purpose of a permitted acquisition or permitted investment, for example. In addition to the use of proceeds covenant, the borrower is generally required to satisfy additional negotiated covenants (including specified leverage levels).

Also included within the total revolving and delayed draw loan commitments as of September 30, 2015 were commitments to issue up to $52.4 million in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of September 30, 2015, we had $18.9 million in letters of credit issued and outstanding under these commitments on behalf of the portfolio companies. In addition to these letters of credit included as a part of the total revolving and delayed draw loan commitments to portfolio companies, as of September 30, 2015 we also had $5.3 million of letters of credit issued and outstanding on behalf of other portfolio companies. For all these letters of credit issued and outstanding, we would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. None of these letters of credit issued and outstanding are 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. All of these letters of credit expire in 2016.

We also have commitments to co-invest in the SSLP for our portion of the SSLP s commitments to fund delayed draw investments to certain portfolio companies of the SSLP. See Senior Secured Loan Program above and Note 4 to our consolidated financial statements for the three and nine months ended September 30, 2015 for more information.

As of September 30, 2015 and December 31, 2014, we were party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

Table of Contents

(in millions)	As of September 30, 2015	As of December 31, 2014
Total private equity commitments	$ 107.0	$ 107.0
Less: funded private equity commitments	(20.7)	(20.4)
Total unfunded private equity commitments	86.3	86.6
Less: private equity commitments substantially at our discretion	(84.6)	(84.7)
Total net adjusted unfunded private equity commitments	$ 1.7	$ 1.9

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 have given rise to liabilities in the past and may do so in the future.

RECENT DEVELOPMENTS

In October 2015, we redeemed the entire $200.0 million aggregate principal amount outstanding of the 2040 Notes in accordance with the terms of the indenture governing the 2040 Notes. The 2040 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately $200.6 million, which resulted in a realized loss on the extinguishment of debt of $6.6 million.

In October 2015, Antony P. Ressler resigned from his position as a member of our board of directors.

In October 2015, our board of directors appointed R. Kipp deVeer, our Chief Executive Officer, as a Class III Director, to fill the vacant seat created by Mr. Ressler s resignation.

From October 1, 2015 through October 29, 2015, we made new investment commitments of approximately $305 million, all of which were funded. Of these new commitments, 49% were in second lien senior secured loans, 24% were in senior subordinated loans, 24% were in preferred equity securities and 3% were in first lien senior secured loans. Of the approximately $305 million of new investment commitments, 52% were floating rate, 47% were fixed rate and 1% were non-interest bearing. The weighted average yield of debt and other income producing securities funded during the period at amortized cost was 11.4%. We may seek to sell all or a portion of these new investment commitments, although there can be no assurance that we will be able to do so.

From October 1, 2015 through October 29, 2015, we exited approximately $152 million of investment commitments. Of these investment commitments, 89% were first lien senior secured loans, 6% were other equity securities, 4% were senior subordinated loans and 1% were preferred equity securities. Of the approximately $152 million of exited investment commitments, 59% were fixed rate, 34% were floating rate and 7% were non-interest bearing. The weighted average yield of debt and other income producing securities exited or repaid during the period at amortized cost was 8.0%. On the approximately $152 million of investment commitments exited from October 1, 2015 through October 29, 2015, we recognized total net realized gains of approximately $14 million.

In addition, as of October 29, 2015, we had an investment backlog and pipeline of approximately $630 million and $425 million, respectively. Investment backlog includes transactions approved by our investment adviser s investment committee and/or for which a formal mandate, letter of intent or a signed commitment have been issued, and therefore we believe are likely to close. Investment pipeline includes transactions where due diligence and analysis are in process, but no formal mandate, letter of intent or signed commitment have been issued. The consummation of any of the investments in this backlog and pipeline depends upon, among other things, one or more of the following: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation. In addition, we may sell all or a portion of these investments and certain of these investments may result in the repayment of existing investments. We cannot assure you that we will make any of these investments or that we will sell all or any portion of these investments.

CRITICAL ACCOUNTING POLICIES

See Note 2 to our consolidated financial statements for the three and nine months ended September 30, 2015, which describes our critical accounting policies and recently issued accounting pronouncements not yet required to be adopted by us.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates and the valuations of our investment portfolio.

Interest Rate Risk

Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

As of September 30, 2015, 81% of the investments at fair value in our portfolio bore interest at variable rates, 9% bore interest at fixed rates, 8% were non-interest earning and 2% were on non-accrual status. Additionally, for the variable rate investments, 71% of these investments contained interest rate floors (representing 57% of total investments at fair value). The Facilities all bear interest at variable rates with no interest rate floors, while the SBA Debentures, the Unsecured Notes and the Convertible Unsecured Notes bear interest at fixed rates.

We regularly measure our exposure to interest rate risk. We assess interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on that review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates.

While hedging activities may mitigate our exposure to adverse fluctuations in interest rates, certain hedging transactions that we may enter into in the future, such as interest rate swap agreements, may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio investments. In addition, there can be no assurance that we will be able to effectively hedge our interest rate risk.

Based on our September 30, 2015 balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

(in millions) Basis Point Change	Interest Income	Interest Expense	Net Income (1)
Up 300 basis points	$ 146.5	$ 5.9	$ 140.6
Up 200 basis points	$ 76.8	$ 4.0	$ 72.8
Up 100 basis points	$ 7.5	$ 2.0	$ 5.5
Down 100 basis points	$ 8.1	$ (0.4)	$ 8.5
Down 200 basis points	$ 8.0	$ (0.4)	$ 8.4
Down 300 basis points	$ 8.0	$ (0.4)	$ 8.4

(1) Excludes the impact of income based fees. See Note 3 to our consolidated financial statements for the three and nine months ended September 30, 2015 for more information on the income based fees.

Based on our December 31, 2014, balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

Table of Contents

(in millions) Basis Point Change	Interest Income	Interest Expense	Net Income (1)
Up 300 basis points	$ 141.0	$ 16.7	$ 124.3
Up 200 basis points	$ 68.1	$ 11.1	$ 57.0
Up 100 basis points	$ (3.9)	$ 5.6	$ (9.5)
Down 100 basis points	$ 7.2	$ (1.0)	$ 8.2
Down 200 basis points	$ 7.2	$ (1.0)	$ 8.2
Down 300 basis points	$ 7.2	$ (1.0)	$ 8.2

(1) Excludes the impact of income based fees. See Note 3 to our consolidated financial statements for three and nine months ended September 30, 2015 for more information on the income based fees.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company s management, including the Company s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures (as defined in Rule 13a-15 of the Securities Exchange Act of 1934). Based on that evaluation, the Company s Chief Executive Officer and Chief Financial Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to the Company that is required to be disclosed by us in the reports it files or submits under the Securities Exchange Act of 1934.

There have been no changes in the Company s internal control over financial reporting during the three and nine months ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

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

On May 20, 2013, we were named as one of several defendants in an action (the Action) filed in the United States District Court for the Eastern District of Pennsylvania (the Pennsylvania Court) by the bankruptcy trustee of DSI Renal Holdings LLC and two related companies. On March 17, 2014, the Action was transferred to the United States District Court for the District of Delaware (the Delaware Court) pursuant to a motion filed by the defendants and granted by the Pennsylvania Court. On May 6, 2014, the Delaware Court referred the Action to the United States Bankruptcy Court for the District of Delaware. The complaint in the Action alleges, among other things, that each of the named

defendants participated in a purported fraudulent transfer involving the restructuring of a subsidiary of DSI Renal Holdings LLC. Among other things, the complaint seeks, jointly and severally from all defendants, (1) damages of approximately $425 million, of which the complaint states our individual share is approximately $117 million, and (2) punitive damages. We are currently unable to assess with any certainty whether we may have any exposure in the Action. We believe the plaintiff s claims are without merit and intend to vigorously defend ourselves in the Action.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the risk factors described in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

Table of Contents

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

We did not sell any equity securities during the period covered in this report that were not registered under the Securities Act of 1933.

During the nine months ended September 30, 2015, as a part of our dividend reinvestment plan for our common stockholders, we purchased 661,854 shares of our common stock for an average price per share of $16.06 in the open market in order to satisfy the reinvestment portion of our dividends. The following chart outlines such purchases of our common stock during the nine months ended September 30, 2015.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2015 through January 31, 2015	360,095	$ 15.69		
February 1, 2015 through February 28, 2015				
March 1, 2015 through March 31, 2015				
April 1, 2015 through April 30, 2015				
May 1, 2015 through May 31, 2015				
June 1, 2015 through June 30, 2015				
July 1, 2015 through July 31, 2015	301,759	16.51		
August 1, 2015 through August 31, 2015				
September 1, 2015 through September 30, 2015				
Total	661,854	$ 16.06		

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

None.

Table of Contents

Item 6. Exhibits.

EXHIBIT INDEX

Number	Description
3.1	Articles of Amendment and Restatement, as amended(1)
3.2	Second Amended and Restated Bylaws, as amended(2)
31.1	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith

(1) Incorporated by reference to Exhibit 3.1 to the Company s Form 10-Q (File No. 814-00663) for the quarter ended September 30, 2012, filed on November 5, 2012.

(2) Incorporated by reference to Exhibit 3.2 to the Company s Form 10-Q (File No. 814-00663) for the quarter ended June 30, 2010, filed on August 5, 2010.

Table of Contents

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.

ARES CAPITAL CORPORATION

Date: November 4, 2015	By	/s/ R. Kipp deVeer R. Kipp deVeer Chief Executive Officer
Date: November 4, 2015	By	/s/ Penni F. Roll Penni F. Roll Chief Financial Officer
Date: November 4, 2015	By	/s/ Scott C. Lem Scott C. Lem Chief Accounting Officer, Vice President and Treasurer