



First Quarter 2020
Earnings Presentation

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Financial and Portfolio Highlights

Financial Highlights

	Q1-20	Q4-19	Q1-19
(all per share amounts, excluding net asset value per share, are basic and diluted)			
Core EPS* ⁽¹⁾	\$ 0.41	\$ 0.45	\$ 0.48
Net Investment Income Per Share	\$ 0.54	\$ 0.44	\$ 0.47
Net Realized Gains (Losses) Per Share	\$ 0.08	\$ (0.18)	\$ 0.13
Net Unrealized Gains (Losses) Per Share	\$ (2.04)	\$ 0.22	\$ (0.10)
GAAP Net Income (Loss) Per Share	\$ (1.42)	\$ 0.48	\$ 0.50
Net Asset Value Per Share	\$ 15.58	\$ 17.32	\$ 17.21

Portfolio Highlights

	Q1-20	Q4-19	Q1-19
(dollar amounts in millions)			
Gross Commitments	\$ 1,272	\$ 1,608	\$ 1,953
Exits of Commitments ⁽²⁾	\$ 918	\$ 1,224	\$ 1,353
Total Fair Value of Investments	\$ 14,370	\$ 14,426	\$ 13,064
Weighted Average Yield of Debt & Other Income Producing Securities at Amortized Cost ⁽³⁾	8.9%	9.6%	10.4%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	7.9%	8.6%	9.3%

Note: Endnotes begin on page 24.

* See page 23 hereof for reconciliations of basic and diluted Core EPS to GAAP net income (loss) per share, the most directly comparable GAAP financial measure.

Selected Historical Financial Information

(dollar amounts in millions, except per share data and stock prices)

	As of and for the Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
Core EPS – Basic and Diluted ⁽¹⁾	\$ 0.41	\$ 0.45	\$ 0.48	\$ 0.49	\$ 0.48
Net Investment Income Per Share – Basic and Diluted	\$ 0.54	\$ 0.44	\$ 0.50	\$ 0.49	\$ 0.47
Net Realized and Unrealized Gains (Losses) Per Share – Basic and Diluted	\$ (1.96)	\$ 0.04	\$ (0.09)	\$ (0.02)	\$ 0.03
GAAP Net Income (Loss) Per Share – Basic and Diluted	\$ (1.42)	\$ 0.48	\$ 0.41	\$ 0.47	\$ 0.50
Dividend Declared and Payable Per Share	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
Additional Dividend Declared and Payable Per Share	\$ —	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02
Stockholders' Equity	\$ 6,583	\$ 7,467	\$ 7,373	\$ 7,368	\$ 7,339
Net Asset Value Per Share	\$ 15.58	\$ 17.32	\$ 17.26	\$ 17.27	\$ 17.21
Debt/Equity Ratio**	1.26x	0.95x	0.91x	0.83x	0.86x
Debt/Equity Ratio, Net of Available Cash ⁽⁵⁾	1.19x	0.93x	0.89x	0.77x	0.79x
Unsecured Debt to Total Debt	55.8%	54.8%	66.8%	68.9%	56.7%
Weighted Average Stated Interest on Debt ⁽⁶⁾	3.4%	3.9%	4.0%	4.1%	4.1%
Net Interest and Dividend Margin ⁽⁷⁾	7.3%	7.6%	7.7%	7.8%	7.6%
Ratio of Earnings to Fixed Charges ⁽⁸⁾	3.2	3.5	3.8	4.1	4.1
Market Capitalization					
Principal Debt	\$ 8,274	\$ 7,060	\$ 6,691	\$ 6,124	\$ 6,293
Equity	4,556	8,040	7,963	7,655	7,307
Total Market Capitalization	<u>\$ 12,830</u>	<u>\$ 15,100</u>	<u>\$ 14,654</u>	<u>\$ 13,779</u>	<u>\$ 13,600</u>
Common Stock Data:					
High Price during the period	\$ 19.23	\$ 19.02	\$ 19.19	\$ 18.12	\$ 17.48
Low Price during the period	\$ 8.08	\$ 18.10	\$ 17.99	\$ 17.22	\$ 15.28
Closing Price	\$ 10.78	\$ 18.65	\$ 18.64	\$ 17.94	\$ 17.14

* See page 23 hereof for reconciliations of basic and diluted Core EPS to GAAP net income (loss) per share, the most directly comparable GAAP financial measure.

** Effective June 21, 2019, Ares Capital's asset coverage requirement applicable to senior securities was reduced from 200% to 150%.

Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	As of				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
Investments at Fair Value	\$ 14,370	\$ 14,426	\$ 13,892	\$ 12,992	\$ 13,064
Number of Portfolio Companies ⁽⁹⁾	355	354	352	345	345
Asset Class (at fair value):					
First Lien Senior Secured Loans ⁽¹⁰⁾	48%	44%	45%	41%	44%
Second Lien Senior Secured Loans	28%	30%	32%	33%	30%
Senior Direct Lending Program ⁽¹¹⁾	6%	6%	6%	7%	6%
Senior Subordinated Loans	6%	6%	4%	5%	6%
Preferred Equity	5%	5%	5%	5%	5%
Other Equity	7%	9%	8%	9%	9%
Interest Rate Type (at fair value)					
% Floating Rate ⁽¹²⁾	85%	84%	86%	84%	85%
% Fixed Rate	5%	5%	5%	6%	6%
% Equity and Other Non-Interest Earning	10%	11%	9%	10%	9%
Yields:					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost ⁽³⁾	8.9%	9.6%	9.8%	10.4%	10.4%
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value ⁽³⁾	9.4%	9.7%	9.9%	10.5%	10.5%
Weighted Average Yield on Total Investments at Amortized Cost ⁽⁴⁾	7.9%	8.6%	8.8%	9.2%	9.3%
Weighted Average Yield on Total Investments at Fair Value ⁽⁴⁾	8.5%	8.7%	9.0%	9.5%	9.5%

Selected Historical Financial Information (cont'd)

(dollar amounts in millions)

	For the Three Months Ended					
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19	
Commitments:						
Gross Commitments	\$ 1,272	\$ 1,608	\$ 2,409	\$ 1,307	\$ 1,953	
Exits of Commitments ⁽²⁾	(918)	(1,224)	(1,424)	(1,348)	(1,353)	
Net Commitments ⁽¹³⁾	\$ 354	\$ 384	\$ 985	\$ (41)	\$ 600	
Gross Commitments Information:						
Number of Transactions	37	43	50	33	37	
Weighted Average Commitment Term in Months	70	75	70	93	90	
Average Commitment in Period	\$ 34	\$ 37	\$ 48	\$ 40	\$ 53	
Fundings:						
Gross Fundings	\$ 1,760	\$ 1,540	\$ 2,098	\$ 1,249	\$ 1,941	
Net Fundings ⁽¹³⁾	\$ 752	\$ 379	\$ 788	\$ (90)	\$ 652	
Portfolio Turnover	0.07	0.08	0.10	0.10	0.10	

Quarterly Operating Results

(amounts in millions, except per share data)

	For the Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
Investment income	\$ 369	\$ 386	\$ 387	\$ 382	\$ 373
Expenses, net of waiver of income based fees ⁽¹⁴⁾	132	193	170	170	168
Net investment income before income taxes	237	193	217	212	205
Income tax expense, including excise tax	3	3	5	4	4
Net investment income	234	190	212	208	201
Net realized and unrealized gains (losses)	(846)	14	(37)	(8)	13
Net Income (Loss)	<u>\$ (612)</u>	<u>\$ 204</u>	<u>\$ 175</u>	<u>\$ 200</u>	<u>\$ 214</u>
Per Share:					
Core EPS - Basic and Diluted* ⁽¹⁾	\$ 0.41	\$ 0.45	\$ 0.48	\$ 0.49	\$ 0.48
Net Income (Loss) - Basic and Diluted	\$ (1.42)	\$ 0.48	\$ 0.41	\$ 0.47	\$ 0.50
Dividends Declared and Payable**	\$ 0.40	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.42
Weighted average shares of common stock outstanding - Basic and Diluted	430	429	427	426	426
Common shares outstanding at end of period	423	431	427	427	426

* See page 23 hereof for reconciliations of basic and diluted Core EPS to GAAP net income (loss) per share, the most directly comparable GAAP financial measure.

** For each of the quarters ended December 31, 2019, September 30, 2019, June 30, 2019 and March 31, 2019, dividends declared and payable included additional dividends of \$0.02/share in each quarter.

Quarterly Operating Results Detail

(amounts in millions)

	For the Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
Net Investment Income Before Income Taxes:					
Investment Income:					
Interest income from investments	\$ 298	\$ 296	\$ 299	\$ 296	\$ 289
Capital structuring service fees	28	38	41	38	45
Dividend income	36	44	39	38	31
Other income	7	8	8	10	8
Total investment income	<u>369</u>	<u>386</u>	<u>387</u>	<u>382</u>	<u>373</u>
Expenses:					
Interest and credit facility fees	82	79	76	69	67
Base management fees	55	54	52	50	49
Income based fees	44	48	49	49	48
Capital gains incentive fees*	(58)	3	(8)	(1)	2
Administrative fees	4	3	4	3	4
Other general and administrative	5	6	7	10	8
Total operating expenses	<u>132</u>	<u>193</u>	<u>180</u>	<u>180</u>	<u>178</u>
Waiver of income based fees ⁽¹⁴⁾	—	—	(10)	(10)	(10)
Total expenses, net of waiver of income based fees ⁽¹⁴⁾	<u>132</u>	<u>193</u>	<u>170</u>	<u>170</u>	<u>168</u>
Net investment income before income taxes	<u>237</u>	<u>193</u>	<u>217</u>	<u>212</u>	<u>205</u>
Income tax expense, including excise tax	3	3	5	4	4
Net investment income	<u>\$ 234</u>	<u>\$ 190</u>	<u>\$ 212</u>	<u>\$ 208</u>	<u>\$ 201</u>

* Accrued in accordance with GAAP. As of March 31, 2020, Ares Capital had no incentive fees payable related to capital gains under GAAP. The actual amount of any capital gains incentive fee due under the Investment Advisory and Management Agreement is only determined annually at the end of each calendar year and may be different from the amount accrued under GAAP. No capital gains incentive fee were actually payable under Ares Capital's investment advisory and management agreement with its investment adviser, Ares Capital Management (the "Investment Advisory and Management Agreement") for any periods presented.

Quarterly Gain/Loss Detail

(amounts in millions)

	For the Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
Net Realized and Unrealized Gains (Losses):					
Realized gains (losses) on investments:					
Gains	\$ 47	\$ 21	\$ 25	\$ 20	\$ 10
Losses	(12)	(99)	(99)	(2)	(3)
Net realized gains (losses) on investments	<u>35</u>	<u>(78)</u>	<u>(74)</u>	<u>18</u>	<u>7</u>
Unrealized gains (losses) on investments:					
Unrealized appreciation	37	129	82	77	73
Unrealized depreciation	(912)	(129)	(139)	(98)	(114)
Net unrealized losses on investments	<u>(875)</u>	<u>—</u>	<u>(57)</u>	<u>(21)</u>	<u>(41)</u>
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses on investments	<u>(14)</u>	<u>100</u>	<u>81</u>	<u>(3)</u>	<u>2</u>
Total net unrealized gains (losses) on investments	<u>(889)</u>	<u>100</u>	<u>24</u>	<u>(24)</u>	<u>(39)</u>
Net realized and unrealized gains (losses) on foreign currency and other transactions	<u>8</u>	<u>(8)</u>	<u>13</u>	<u>(2)</u>	<u>45</u>
Net realized and unrealized gains (losses)	<u>\$ (846)</u>	<u>\$ 14</u>	<u>\$ (37)</u>	<u>\$ (8)</u>	<u>\$ 13</u>

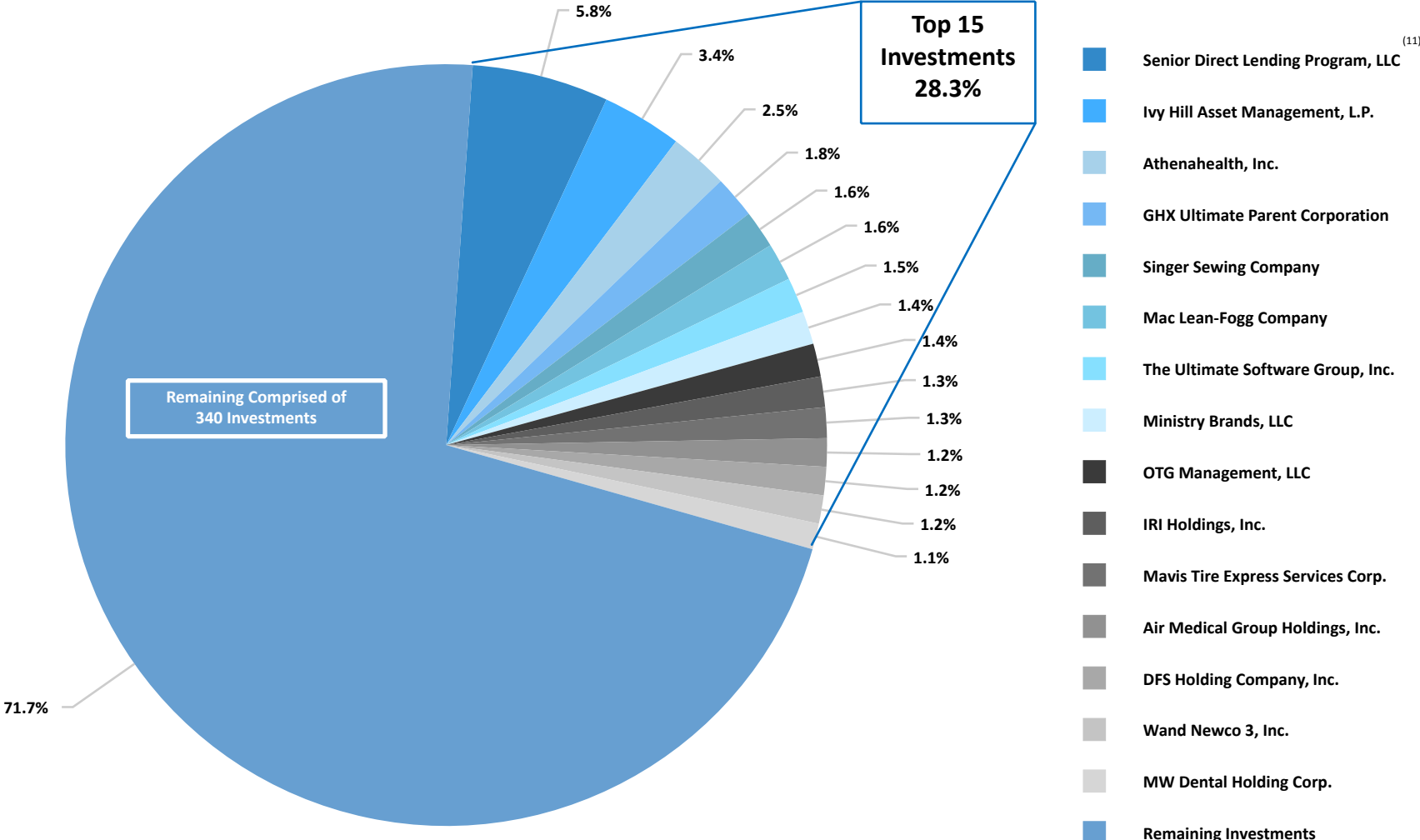
Quarterly Balance Sheets

(amounts in millions, except per share data)

	As of				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
ASSETS					
Investments at fair value	\$ 14,370	\$ 14,426	\$ 13,892	\$ 12,992	\$ 13,064
Cash and cash equivalents	460	167	179	541	544
Restricted cash	655	9	74	31	28
Interest receivable	111	117	121	105	114
Operating lease right-of-use asset	94	94	99	101	105
Other assets	93	78	89	76	79
Receivable for open trades	23	14	4	—	28
Total assets	<u>\$ 15,806</u>	<u>\$ 14,905</u>	<u>\$ 14,458</u>	<u>\$ 13,846</u>	<u>\$ 13,962</u>
LIABILITIES					
Debt	\$ 8,179	\$ 6,971	\$ 6,598	\$ 6,024	\$ 6,197
Payable to participants	655	9	74	31	28
Base management fees payable	55	54	52	50	49
Income based fees payable	44	48	39	39	38
Capital gains incentive fees payable*	—	58	55	63	64
Interest and facility fees payable	38	54	44	62	25
Accounts payable and other liabilities	122	90	95	76	50
Payable for open trades	11	33	—	2	35
Operating lease liabilities	119	121	128	131	137
Total liabilities	<u>9,223</u>	<u>7,438</u>	<u>7,085</u>	<u>6,478</u>	<u>6,623</u>
STOCKHOLDERS' EQUITY					
Common stock	—	—	—	—	—
Capital in excess of par value	7,660	7,760	7,194	7,185	7,177
Accumulated undistributed (overdistributed) earnings	(1,077)	(293)	179	183	162
Total stockholders' equity	<u>6,583</u>	<u>7,467</u>	<u>7,373</u>	<u>7,368</u>	<u>7,339</u>
Total liabilities and stockholders' equity	<u>\$ 15,806</u>	<u>\$ 14,905</u>	<u>\$ 14,458</u>	<u>\$ 13,846</u>	<u>\$ 13,962</u>
NET ASSETS PER SHARE					
	<u>\$ 15.58</u>	<u>\$ 17.32</u>	<u>\$ 17.26</u>	<u>\$ 17.27</u>	<u>\$ 17.21</u>

* Accrued in accordance with GAAP. No capital gains incentive fees were actually payable under the Ares Capital's investment advisory and management agreement for any periods presented.

Investment Portfolio by Issuer as of March 31, 2020*



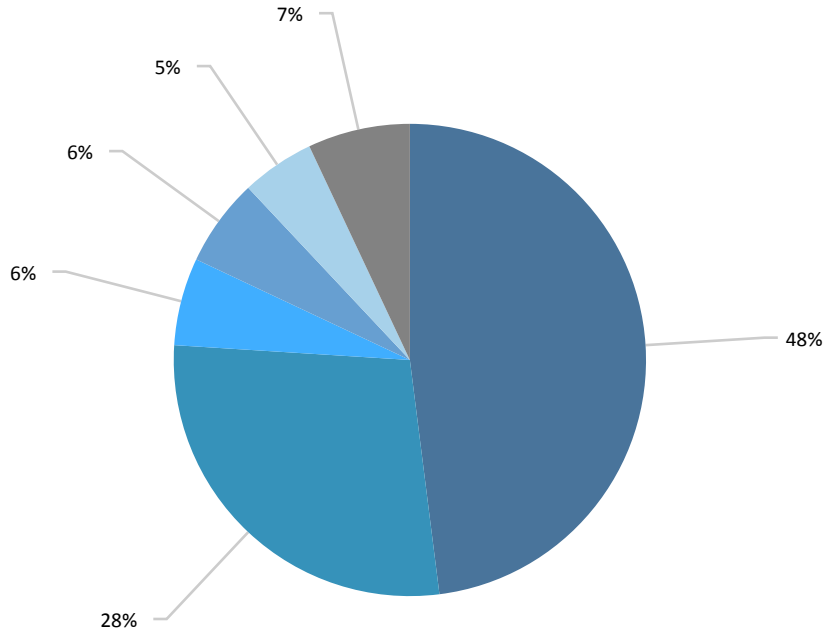
Diversified \$14.4 billion portfolio with 355 investments

* At fair value.



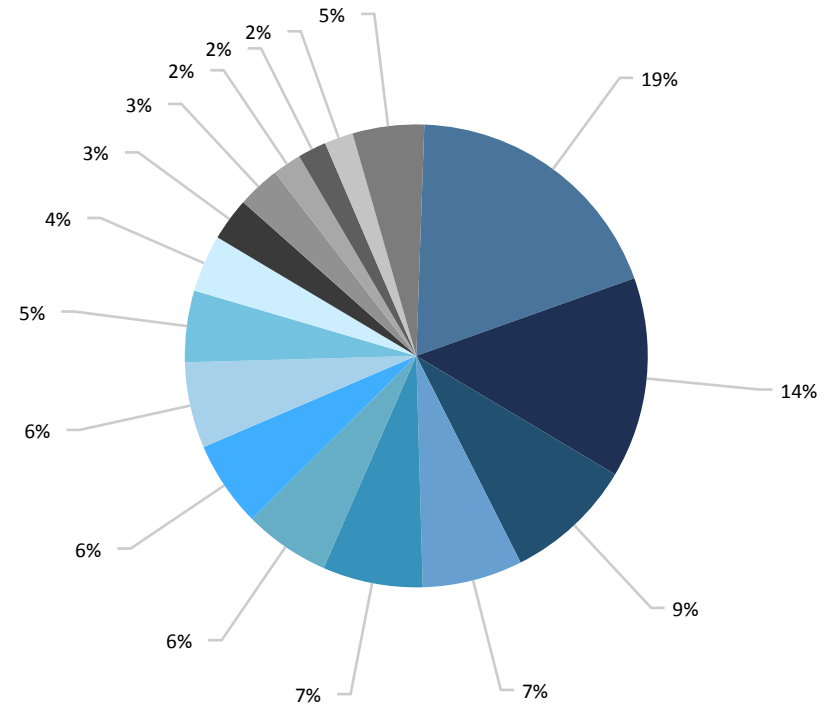
Investment Portfolio as of March 31, 2020*

Asset Class



- First Lien Senior Secured Loans⁽¹⁰⁾
- Second Lien Senior Secured Loans
- Senior Direct Lending Program⁽¹¹⁾
- Senior Subordinated Loans
- Preferred Equity
- Other Equity

Industry



- Health Care Services
- Software & Services
- Commercial & Professional Services
- Power Generation
- Consumer Services
- Consumer Durables & Apparel
- Senior Direct Lending Program⁽¹¹⁾
- Diversified Financials
- Automobiles & Components
- Capital Goods
- Insurance Services
- Food & Beverage
- Retailing & Distribution
- Energy
- Materials
- Other

* At fair value.

Debt Summary

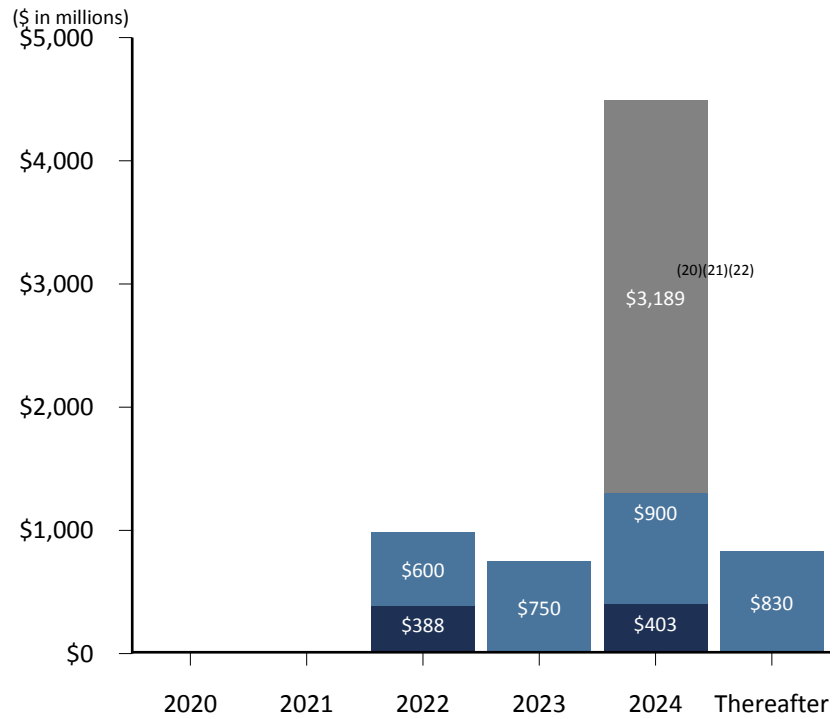
(dollar amounts in millions)	As of 12/31/19			As of 3/31/20			Weighted Average Stated Interest Rate ⁽¹⁹⁾	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding ⁽¹⁶⁾	Principal Amount Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding ⁽¹⁶⁾	Principal Amount Outstanding	Carrying Value of Outstanding Debt			
Secured Revolving Facilities⁽¹⁵⁾:									
Revolving Credit Facility	\$ 3,365	\$ 2,250	\$ 2,250	\$ 3,605	\$ 2,265	\$ 2,265	2.610%	LIBOR + 1.75%	⁽²⁰⁾ March 2025 ⁽²⁰⁾
Revolving Funding Facility	1,275	638	638	1,525	913	913	2.993%	LIBOR + 2.00%	⁽²¹⁾ January 2025 ⁽²¹⁾
SMBC Funding Facility	650	301	301	725	475	475	2.455%	LIBOR + 1.75%	⁽²²⁾ September 2024 ⁽²²⁾
Subtotal	5,290	3,189	3,189	5,855	3,653	3,653	2.816%		
Unsecured Notes Payable:									
2022 Notes	600	600	597 ⁽¹⁷⁾	600	600	597 ⁽¹⁷⁾	3.625%		January 2022
2022 Convertible Notes	388	388	377 ⁽¹⁷⁾	388	388	379 ⁽¹⁷⁾	3.750%		February 2022
2023 Notes	750	750	746 ⁽¹⁷⁾	750	750	746 ⁽¹⁷⁾	3.500%		February 2023
2024 Convertible Notes	403	403	389 ⁽¹⁷⁾	403	403	390 ⁽¹⁷⁾	4.625%		March 2024
2024 Notes	900	900	895 ⁽¹⁷⁾	900	900	895 ⁽¹⁷⁾	4.200%		June 2024
March 2025 Notes	600	600	594 ⁽¹⁷⁾	600	600	594 ⁽¹⁷⁾	4.250%		March 2025
July 2025 Notes	—	—	—	750	750	740 ⁽¹⁷⁾	3.250%		July 2025
2047 Notes	230	230	184 ⁽¹⁸⁾	230	230	185 ⁽¹⁸⁾	6.875%		April 2047
Subtotal	3,871	3,871	3,782	4,621	4,621	4,526	3.996%		
Total Debt	\$ 9,161	\$ 7,060	\$ 6,971	\$ 10,476	\$ 8,274	\$ 8,179	3.475%		

Floating and Fixed rate debt as of March 31, 2020			
Debt (dollar amounts in millions)	Principal Amount Outstanding	Weighted Average Stated Interest Rate ⁽¹⁹⁾	Weighted Average Remaining Maturity* (in years)
Floating	\$ 3,258	2.77%	4.86
Fixed ⁽¹⁹⁾	5,016	3.98%	4.88
Total	\$ 8,274	3.48%	4.87

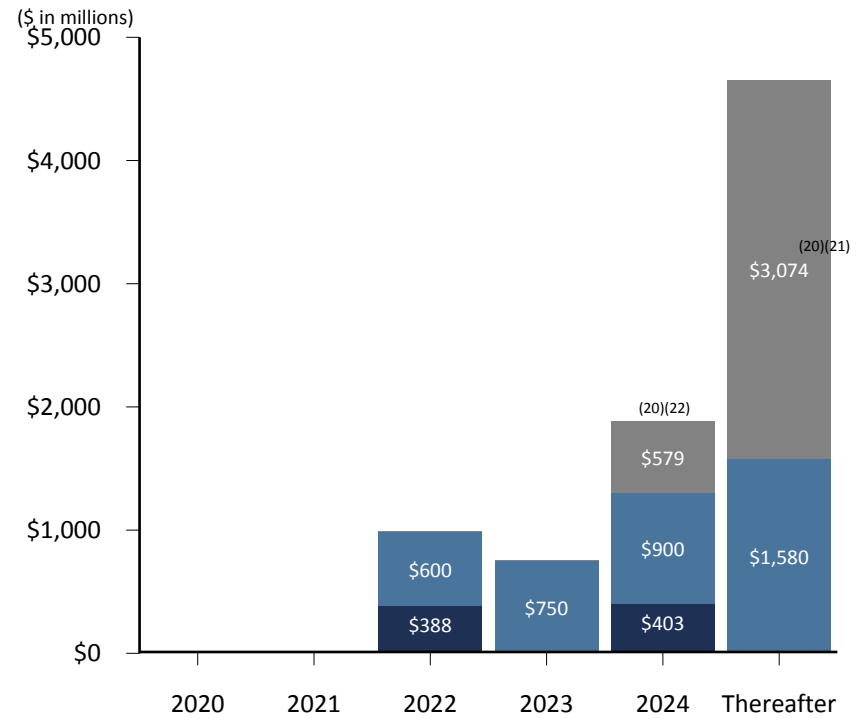
*Represents the weighted average remaining maturity of outstanding debt as of March 31, 2020.

Debt Summary

Debt Maturities*



As of December 31, 2019



As of March 31, 2020

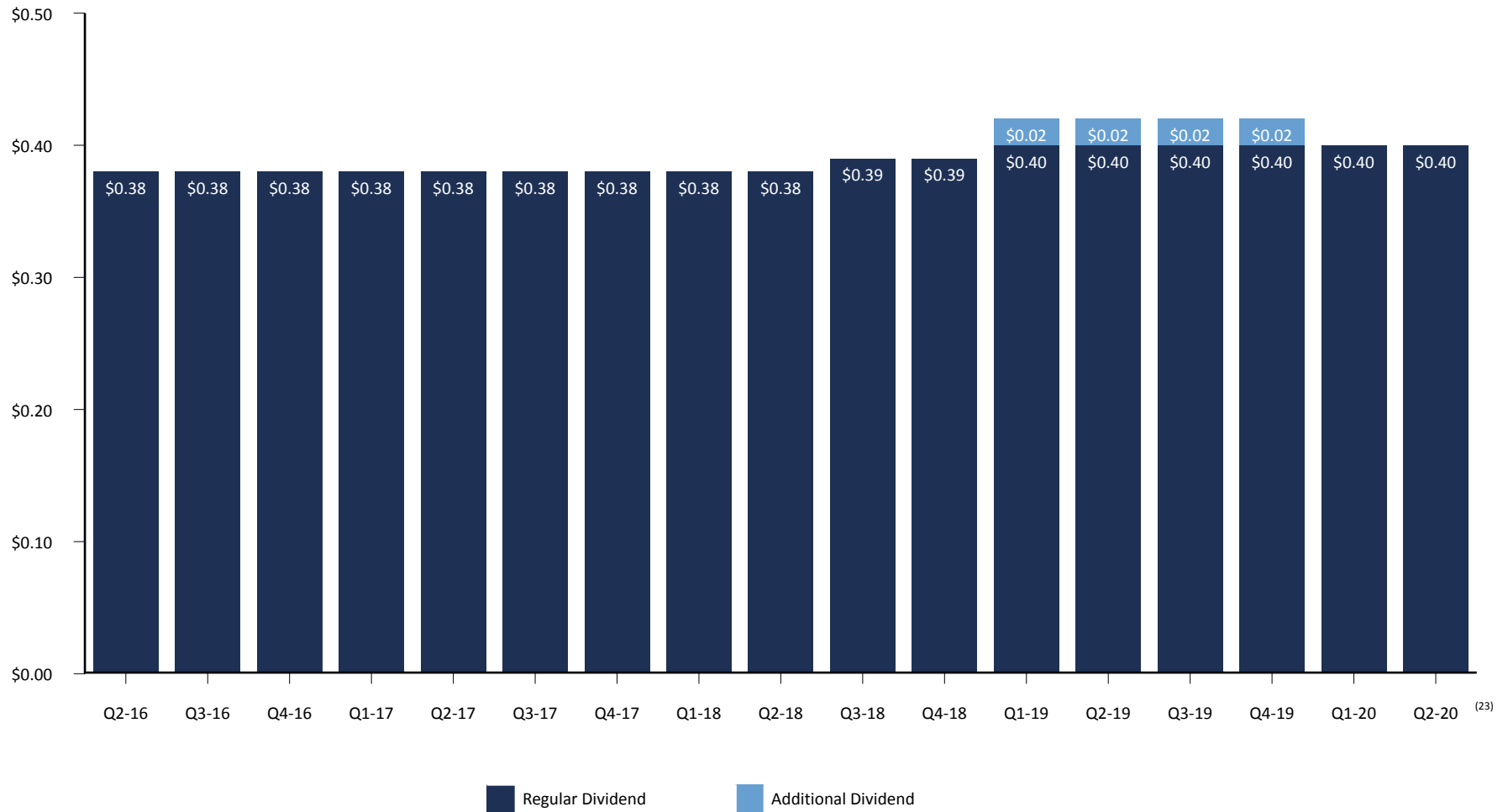
■ Convertible Unsecured Notes

■ Other Unsecured Notes

■ Secured Revolving Facilities

* Represents the total aggregate principal amount outstanding due on the stated maturity date.

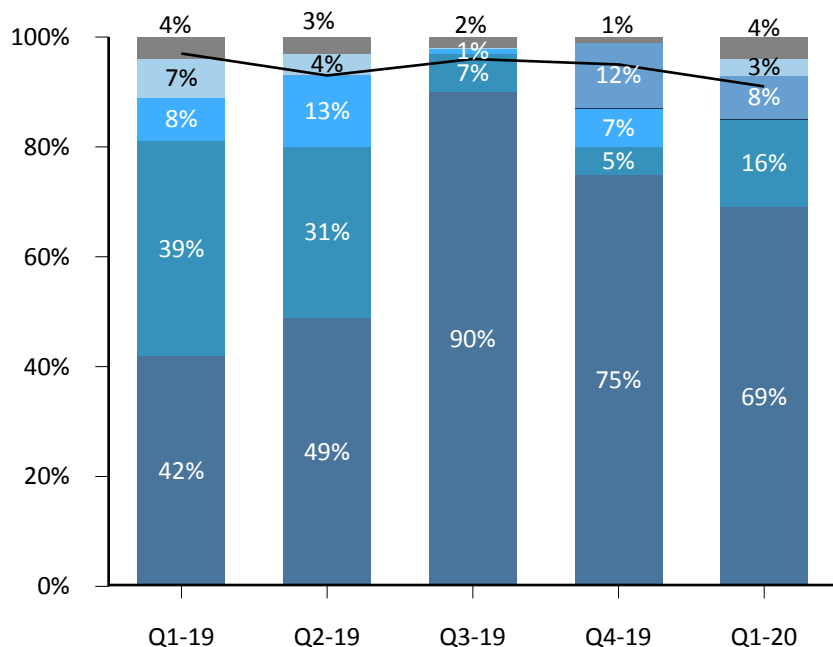
Quarterly Dividends



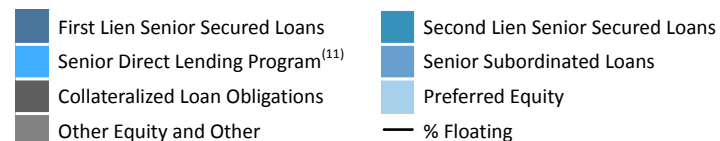
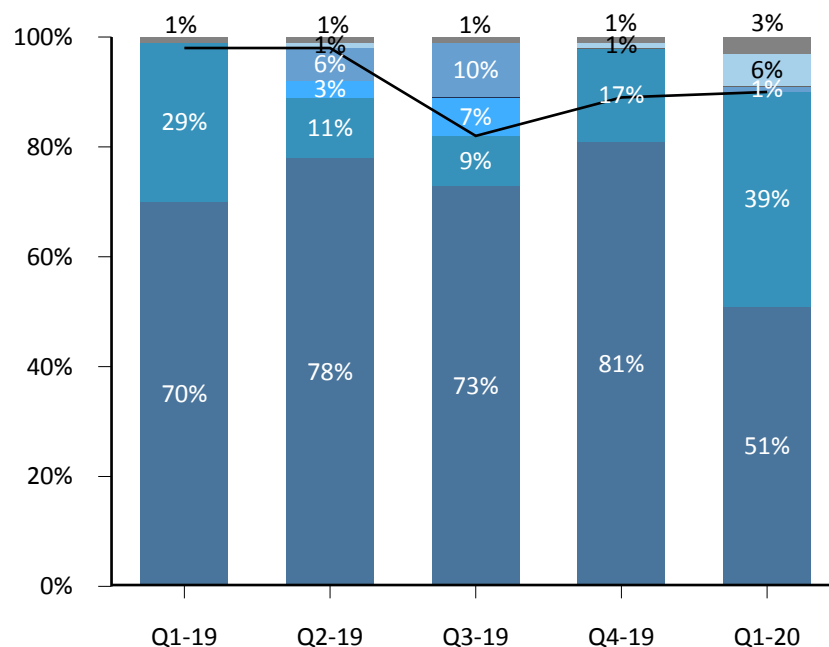
➤ ARCC estimates that it will carry forward excess taxable income of approximately \$408 million⁽²⁴⁾ or \$0.96 per share from 2019 for distribution to stockholders in 2020.

Portfolio Activity

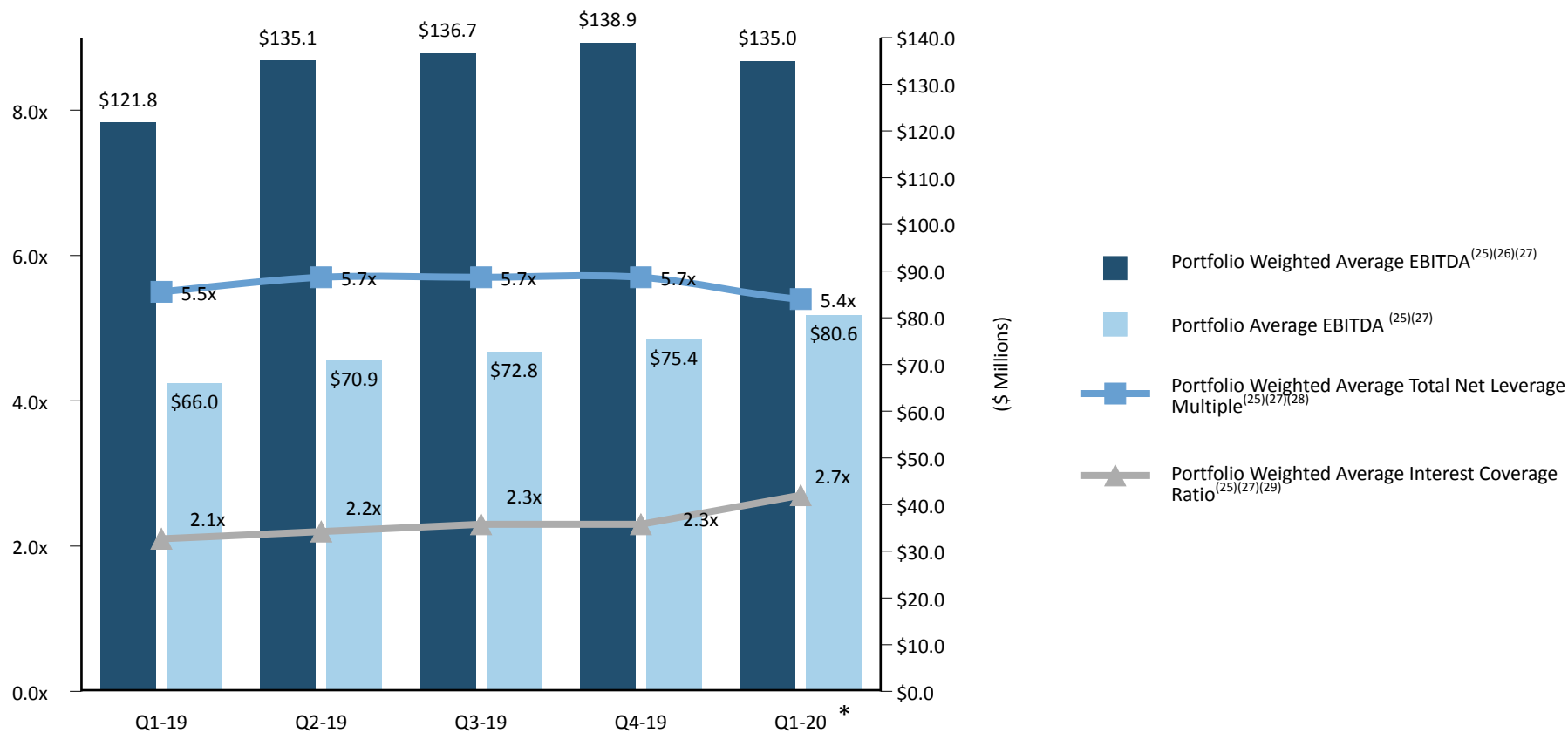
Gross Commitments by Asset Class



Exits of Commitments by Asset Class



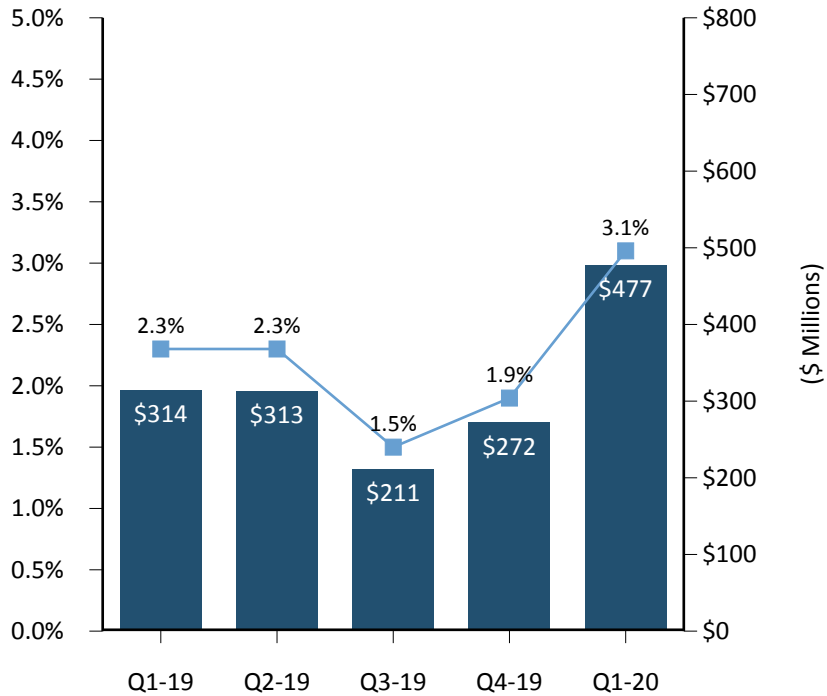
Portfolio Company EBITDA and Credit Statistics



* For the portfolio companies included in the portfolio weighted average EBITDA data above (subject to additional exclusions described in the following sentence), the weighted average EBITDA growth rate as of Q1-20 was approximately 5% on a comparable basis for the most recently reported LTM period versus prior year LTM period. In addition to those portfolio companies excluded as noted, this calculation excludes 15 companies where prior year comparable data was not available.⁽³⁰⁾

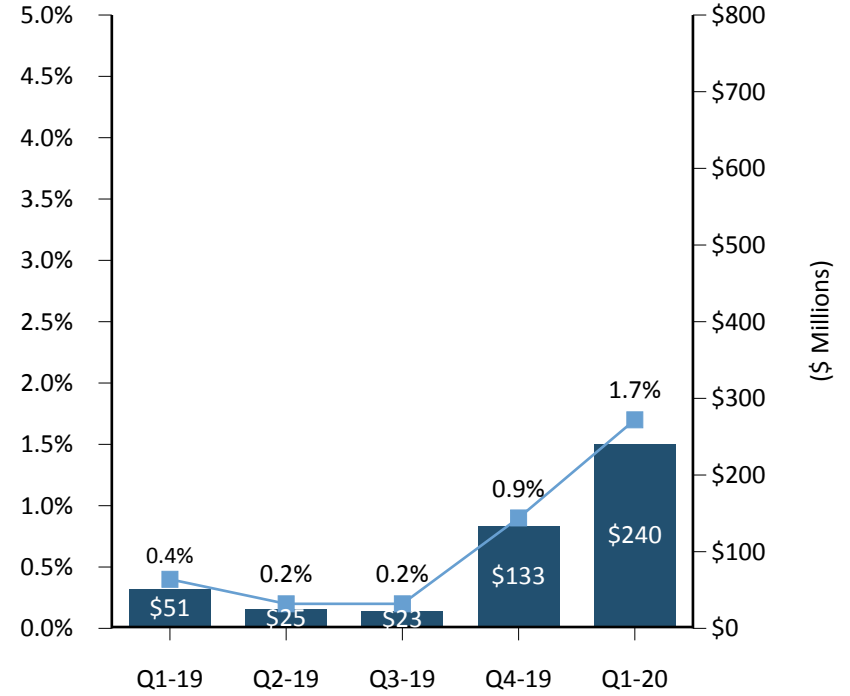
Loans on Non-Accrual Status

Amortized Cost



Investments on Non-Accrual Status

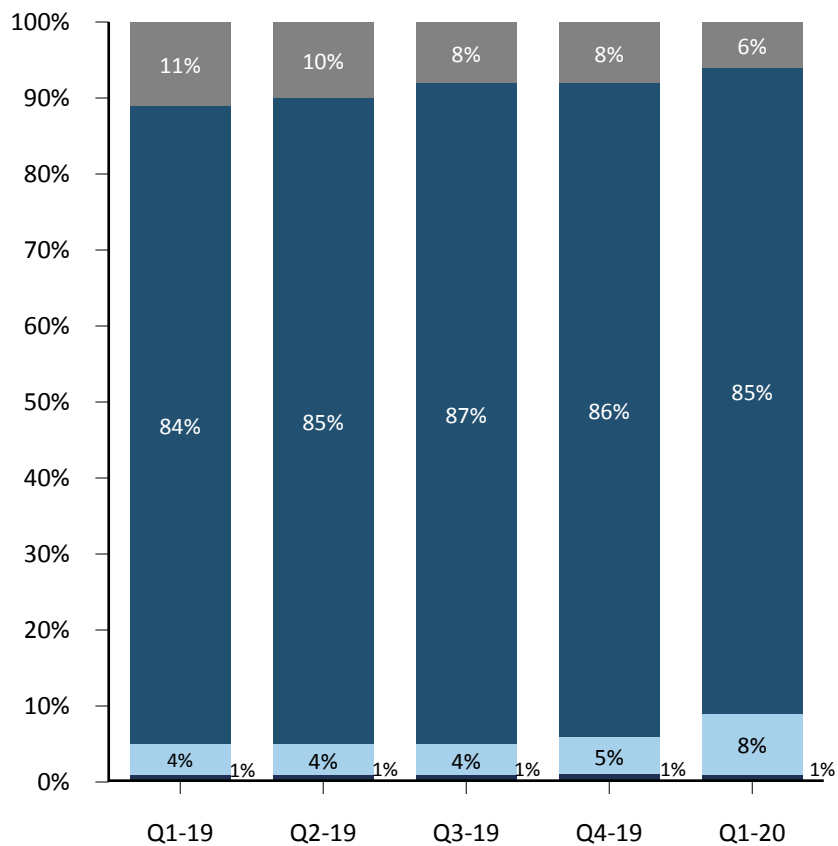
Fair Value



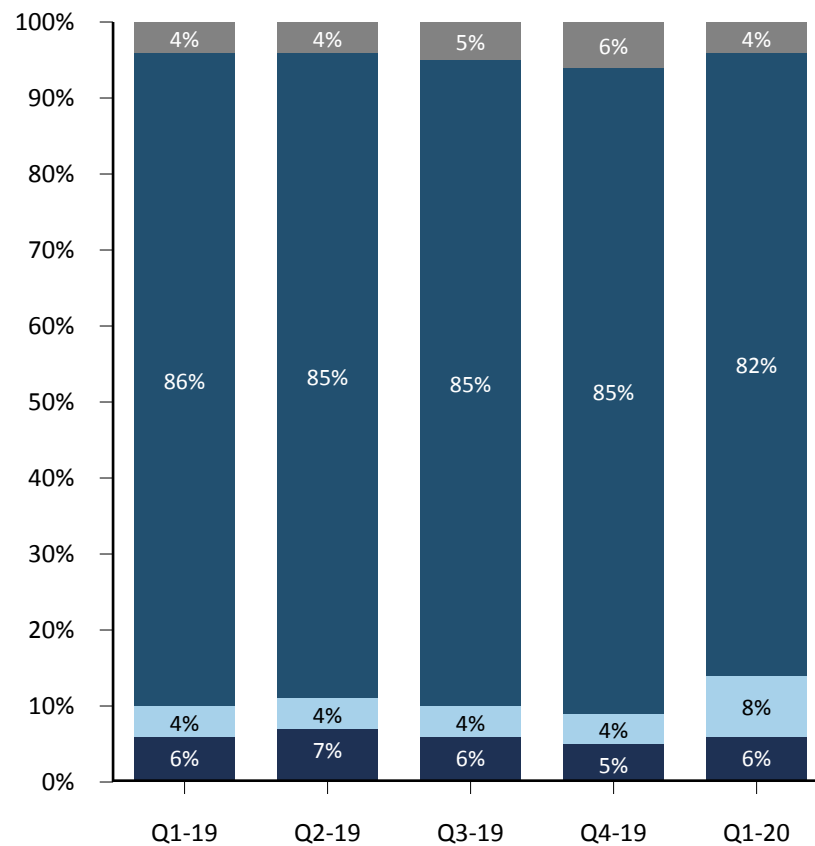
Percentage of Total Investment Portfolio

Portfolio By Grade⁽³¹⁾

% By Fair Value



% By Number of Companies



Grade 1
 Grade 2
 Grade 3
 Grade 4

Investment Activity from April 1, 2020 through April 29, 2020

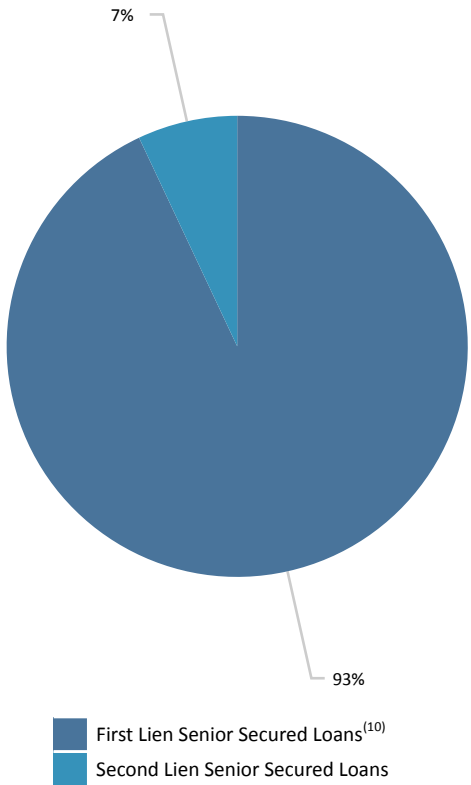
- Ares Capital made approximately \$169 million of new investment commitments
 - 67% were in first lien senior secured loans, 17% were in second lien senior secured loans and 16% were in preferred equity securities
 - 84% were floating rate and 16% were fixed rate
 - Weighted average yield of debt and other income producing securities funded at amortized cost of 14.7%

- Ares Capital exited approximately \$137 million of investment commitments
 - 73% were first lien senior secured loans, 25% were second lien senior secured loans, 1% were subordinated certificates of the SDLP and 1% were collateralized loan obligations
 - 100% were floating rate
 - Weighted average yield of debt and other income producing securities exited or repaid at amortized cost was 8.0%
 - Weighted average yield on total investments exited or repaid during the period at amortized cost was 8.0%
 - Total net realized losses of approximately \$1 million
 - Includes \$61 million of loans sold by Ares Capital to Ivy Hill Asset Management, L.P. ("IHAM") or certain vehicles managed by IHAM, resulting in net realized losses of approximately \$2 million

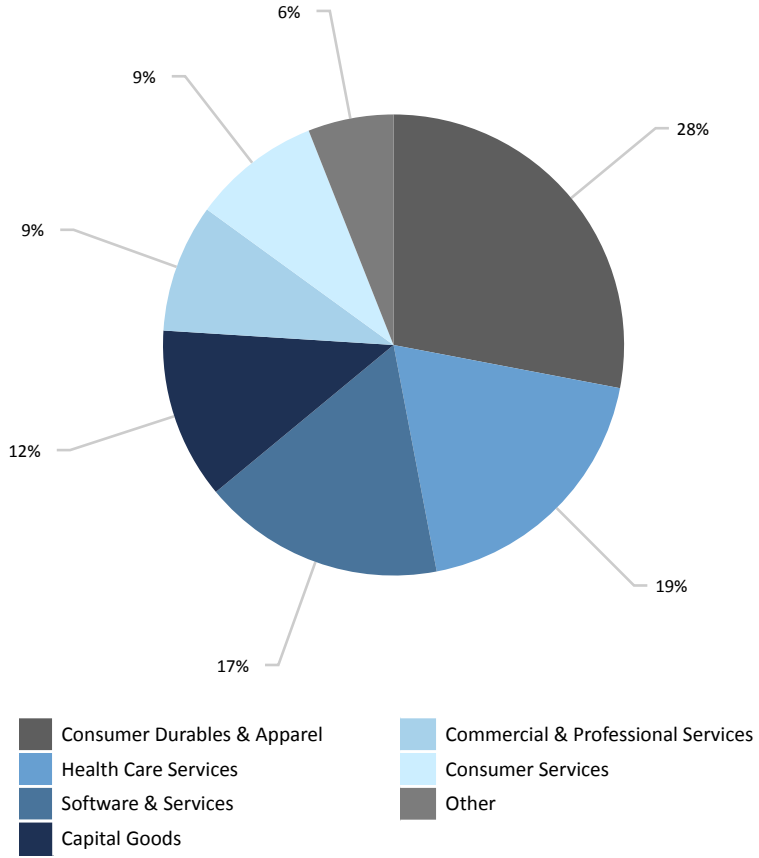
Backlog and Pipeline

- As of April 29, 2020, Ares Capital had a backlog and pipeline of approximately \$210 million and \$140 million, respectively⁽³²⁾
- The following is a breakdown of the backlog and pipeline by asset class and by industry

Asset Class



Industry



Corporate Data

Board of Directors

MICHAEL AROUGHETI
Co-Chairman and Executive Vice President of
Ares Capital Corporation
Co-Founder, Chief Executive Officer and
President of Ares

STEVE BARTLETT
Strategic Independent Consultant

ANN TORRE BATES
Former Executive Vice President, Chief Financial
Officer and Treasurer of NHP, Inc.

KIPP DEVEER
Director and Chief Executive Officer of Ares
Capital Corporation
Partner, Head of Credit Group

DANIEL KELLY, JR.
Former Partner of Davis Polk & Wardwell LLP

STEVEN MCKEEVER
Founder and Chief Executive Officer of Hidden
Beach Recordings

MICHAEL PARKS
Chief Executive Officer and President of
FlyawayHomes

ROBERT ROSEN
Strategic Adviser to Private Equity Group

BENNETT ROSENTHAL
Co-Chairman of Ares Capital Corporation
Co-Founder and Partner of Ares
Co-Chairman of Ares Private Equity Group

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

Investment Committee

MARK AFFOLTER
Partner of the Ares Credit Group

MICHAEL AROUGHETI
Co-Chairman and Executive Vice President of Ares
Capital Corporation
Co-Founder, Chief Executive Officer and Partner of
Ares

KIPP DEVEER
Chief Executive Officer of Ares Capital Corporation
Head and Partner of the Ares Credit Group

MITCHELL GOLDSTEIN
Co-President of Ares Capital Corporation
Partner and Co-Head of Ares Credit Group

JIM MILLER
Partner, Co-Head of U.S. Direct Lending

KORT SCHNABEL
Partner, Co-Head of U.S. Direct Lending

DAVID SCHWARTZ
Partner, Co-Head of U.S. Direct Lending

MICHAEL SMITH
Co-President of Ares Capital Corporation
Co-Head of Ares Credit Group

Corporate Officers

MICHAEL AROUGHETI
Co-Chairman and Executive Vice
President

JOSHUA BLOOMSTEIN
Vice President, General Counsel and
Secretary

KIPP DEVEER
Director and Chief Executive Officer

MITCHELL GOLDSTEIN
Co-President

MIRIAM KRIEGER
Vice President

SCOTT LEM
Chief Accounting Officer,
Vice President and Treasurer

LISA MORGAN
Chief Compliance Officer

PENNI ROLL
Chief Financial Officer

MICHAEL SMITH
Co-President

MICHAEL WEINER
Vice President

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www.arescapitalcorp.com

Reconciliations of Core EPS

The following are reconciliations of basic and diluted net income (loss) per share computed in accordance with GAAP to basic and diluted core earnings per share:

	For the Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
Basic and Diluted Core EPS ⁽¹⁾	\$ 0.41	\$ 0.45	\$ 0.48	\$ 0.49	\$ 0.48
Net realized and unrealized gains (losses)	(1.96)	0.04	(0.09)	(0.02)	0.03
Capital gains incentive fees attributable to net realized and unrealized gains and losses	0.13	(0.01)	0.02	—	(0.01)
Income tax expense related to net realized gains and losses	—	—	—	—	—
Basic and Diluted GAAP net income (loss) per share	<u>\$ (1.42)</u>	<u>\$ 0.48</u>	<u>\$ 0.41</u>	<u>\$ 0.47</u>	<u>\$ 0.50</u>

Endnotes

- 1) Basic and diluted Core EPS is a non-GAAP financial measure. Core EPS is the net per share increase (decrease) in stockholders' equity resulting from operations less net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses, and any income taxes related to such net realized gains and losses. Basic and diluted GAAP net income (loss) per share is the most directly comparable GAAP financial measure. Ares Capital believes that Core EPS provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Reconciliations of basic and diluted Core EPS to the most directly comparable GAAP financial measure are set forth on page 23 hereof.
- 2) Includes sales to Ivy Hill Asset Management, L.P. ("IHAM"), a wholly owned portfolio company of Ares Capital, or vehicles managed by IHAM. Q1-20, Q4-19, Q3-19, Q2-19 and Q1-19 include sales of loans to IHAM or vehicles managed by IHAM of \$32 million, \$265 million, \$109 million, \$464 million, and \$302 million, respectively.
- 3) The weighted average yield on debt and other income producing securities is computed as (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 or at fair value, as applicable.
- 4) The weighted average yield on the total investment portfolio is computed as (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 investments at amortized cost or at fair value, as applicable.
- 5) Computed as total principal debt outstanding less available cash divided by stockholders' equity. Available cash excludes restricted cash as well as cash held for dividends payable and for uses specifically designated for paying interest and expenses on certain debt.
- 6) Computed as (a) the annual stated interest expense on our debt obligations divided by (b) total debt obligations at principal amount outstanding. Stated interest expense on debt excludes facility and other fees and the amortization of original issue discount or premium, market discounts and debt issuance costs. In December 2017, Ares Capital entered into a three-year interest rate swap agreement to effectively fix the interest rate in connection with \$395 million of the term loan tranche of its Revolving Credit Facility. The stated interest rate for \$395 million of the term loan tranche of the Revolving Credit Facility used to calculate weighted average stated interest on debt reflects the fixed base interest rate of 2.064% plus the applicable spread of 1.75%, or an all-in rate of 3.814%.
- 7) Net interest and dividend margin represents the difference between interest and dividend income and interest and credit facility fees expense for the last twelve month period divided by average total investments at amortized cost during the same period.
- 8) Excludes realized and unrealized gains (losses) and incentive fees attributable to net realized and unrealized gains (losses).
- 9) Includes portfolio companies for which there are outstanding commitments, but for which no amounts were funded at the end of the period.
- 10) First lien senior secured loans include certain loans that Ares Capital classifies as "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position. As of March 31, 2020, the total amortized cost and fair value of loans that Ares Capital classified as "unitranche" loans were \$2,157 million and \$2,017 million, respectively.
- 11) Represents Ares Capital's portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans, including certain loans that the SDLP classifies as "unitranche" loans, to U.S. middle-market companies. As of March 31, 2020, the Senior Direct Lending Program LLC's (the "SDLP") loan portfolio totaled approximately \$3.9 billion in aggregate principal amount and had loans to 22 different borrowers. As of March 31, 2020, the SDLP's largest loan to a single borrower was \$347 million in aggregate principal amount and the five largest loans to borrowers totaled \$1.4 billion in aggregate principal amount. As of March 31, 2020, the total principal amount of loans in the SDLP portfolio that the SDLP classified as "unitranche" loans was \$3.6 billion. The portfolio companies in the SDLP are in industries similar to companies in Ares Capital's portfolio. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the year ended March 31, 2020 for information regarding the SDLP.

Endnotes (cont'd)

- 12) As of March 31, 2020, excluding Ares Capital's investment in the subordinated certificates of the SDLP, 79% of the floating rate investments at fair value contained interest rate floor features.
- 13) Represents gross commitments or fundings less commitments or investments exited, respectively.
- 14) In connection with the acquisition of American Capital, Ltd., Ares Capital Management LLC waived \$10 million of income based fees for each of the ten calendar quarters beginning with the second calendar quarter of 2017 and ending with the third calendar quarter of 2019.
- 15) Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the applicable stated maturity.
- 16) Subject to borrowing base and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.
- 17) Represents the aggregate principal amount of the notes outstanding adjusted for the unaccreted discount or premium initially recorded at the time of issuance.
- 18) Represents the aggregate principal amount of the notes outstanding less the unaccreted purchased discount initially recorded at the time of acquisition.
- 19) Effective stated rate as of March 31, 2020.
- 20) The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% 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 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 March 31, 2020, the interest rate in effect was LIBOR plus 1.75%. The Revolving Credit Facility consists of a \$734 million term loan tranche and a \$2,871 million revolving tranche. For \$693 million of the term loan tranche, the stated maturity date is March 30, 2025. For the remaining \$41 million of the term loan tranche, the stated maturity date is March 30, 2024. For \$2,747 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2024 and March 30, 2025, respectively. Subsequent to the end of this revolving period and prior to the stated maturity date of March 30, 2025, Ares Capital is required to repay outstanding principal amounts under both the term loan tranche and revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period. For the remaining \$124 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. In December 2017, Ares Capital entered into a three-year interest rate swap agreement to effectively fix the interest rate in connection with \$395 million of the term loan tranche of the Revolving Credit Facility. See endnote 6 for additional information on the interest rate swap agreement.
- 21) The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a "base rate" (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are January 31, 2023 and January 31, 2025, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 31, 2025, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP Funding LLC will be used to repay the aggregate principal amount outstanding.

Endnotes (cont'd)

- 22) 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 March 31, 2020, the interest rate in effect was LIBOR plus 1.75%. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 10, 2022 and September 10, 2024, respectively. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 10, 2024, any principal proceeds from sales and repayments of loan assets held by our consolidated subsidiary, Ares Capital JB Funding LLC, will be used to repay the aggregate principal amount outstanding.
- 23) Declared. The second quarter 2020 dividend of \$0.40 per share to be paid on June 30, 2020 to stockholders of record on June 15, 2020.
- 24) The amount of excess 2019 U.S. federal taxable income available for carry over into 2020 is only an estimate based on estimated 2019 U.S. federal taxable income. The calculation of estimated 2019 U.S. federal taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2019 U.S. federal taxable income will not be finally determined until Ares Capital's 2019 tax return is filed in 2020. Consequently, both 2019 U.S. federal taxable income and the amount of excess U.S. federal taxable income available for carry over into 2020 are subject to change. See Note 11 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2019 for more information.
- 25) The portfolio weighted average EBITDA and average EBITDA for the underlying borrowers includes information solely in respect of corporate investments in Ares Capital's portfolio and the weighted average total net leverage multiple and interest coverage ratio data includes information solely in respect of corporate portfolio companies in which Ares Capital has a debt investment (in each case, subject to the exclusions described in the following sentence). Excluded from the data above is information in respect of the following: (i) the SDLP (and the underlying borrowers in the SDLP), (ii) portfolio companies that do not report EBITDA, including IHAM, (iii) investment funds/vehicles, (iv) discrete projects in the project finance/power generation sector, (v) certain oil and gas companies, (vi) venture capital backed companies and (vii) commercial real estate finance companies. The portfolio weighted average EBITDA for the underlying borrowers in the SDLP was \$45.7 million, \$52.1 million, \$51.1 million, \$53.4 million and \$55.3 million as of 3/31/19, 6/30/19, 9/30/19, 12/31/19 and 3/31/20, respectively. The portfolio average EBITDA for the underlying borrowers in the SDLP was \$41.8 million, \$45.1 million, \$44.0 million, \$45.4 million and \$46.4 million as of 3/31/19, 6/30/19, 9/30/19, 12/31/19 and 3/31/20, respectively.
- 26) Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 27) EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 28) Portfolio weighted average total net leverage multiples represent Ares Capital's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. Portfolio weighted average total net leverage multiples for borrowers in the SDLP represent the SDLP's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. The weighted average total net leverage multiple for the underlying borrowers in the SDLP was 5.7x, 5.9x, 6.0x, 6.1x and 5.8x as of 3/31/19, 6/30/19, 9/30/19, 12/31/19 and 3/31/20, respectively. Weighted average total net leverage multiples are weighted based on the fair value of the portfolio company investments. Portfolio company credit statistics for Ares Capital and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 29) Portfolio weighted average interest coverage ratio represents the portfolio company's EBITDA as a multiple of interest and facility fees expense. The weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.0x, 2.0x, 2.1x, 2.1x and 2.2x as of 3/31/19, 6/30/19, 9/30/19, 12/31/19 and 3/31/20, respectively. Weighted average interest coverage ratios are weighted based on the fair value of the portfolio company investments. Portfolio company credit statistics for Ares Capital and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

Endnotes (cont'd)

- 30) The EBITDA growth rate for each included portfolio company is calculated as the percentage change for the most recently reported fiscal year to date comparable periods and is weighted based on the fair value of the portfolio company investments to calculate the portfolio weighted average EBITDA growth rate. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts used in the calculation are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 31) Based on our investment adviser's internal investment rating system scale from 1 to 4. Investments with a grade of 4 involve the least amount of risk to our initial cost basis and the trends and risk factors for these investments since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments with a grade of 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. Investments with a grade of 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. Investments with a grade of 1 indicate that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition and our investment adviser does not anticipate that we will recoup our initial cost basis and we may realize a substantial loss on our initial cost basis upon exit. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3.
- 32) 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 has 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 has 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, Ares Capital may sell all or a portion of these investments and certain of these investments may result in the repayment of existing investments. Ares Capital cannot assure you that we will make any of these investments or that we will sell all or any portion of these investments.