

ARES CAPITAL CORP  
Form PRE 14A  
January 28, 2009

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**ARES CAPITAL CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount Previously Paid:

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(3) Filing Party:

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## Ares Capital Corporation

280 Park Avenue, 22nd Floor  
Building East  
New York, NY 10017

[ ], 2009

Dear Stockholder:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders (the "Annual Meeting") of Ares Capital Corporation (the "Company") to be held on May 4, 2009 at [ ] a.m., Eastern Time, at [ ].

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the Annual Meeting. At the meeting, you will be asked to elect two directors of the Company, to ratify the selection of KPMG LLP as the Company's independent registered public accounting firm, to approve a proposal to authorize flexibility for the Company, with the approval of its board of directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to certain limitations set forth herein (including, without limitation, that the number of shares issued does not exceed [ ]% of our then outstanding common stock), to approve a proposal to authorize the Company to sell or otherwise issue securities to subscribe for or convertible into shares of its common stock subject to certain limitations set forth herein (including, without limitation, that the number of shares issuable does not exceed 25% of our then outstanding common stock and that the exercise or conversion price thereof is not, at the date of issuance, less than the greater of the market value per share and the net asset value per share of our common stock) and to consider and vote upon a stockholder proposal, if presented at the Annual Meeting, to request that the board of directors take the necessary steps to declassify the board of directors and require annual election of all the Company's directors.

Your vote is important regardless of the number of shares you own. We urge you to fill out, sign, date and mail the enclosed proxy card or authorize your proxy as soon as possible even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person but will assure that your vote is counted if you are unable to attend the meeting.

On behalf of your board of directors, thank you for your continued interest and support.

Sincerely,

Bennett Rosenthal  
*Chairman of the Board of Directors*

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## **Ares Capital Corporation**

**280 Park Avenue, 22nd Floor  
Building East  
New York, NY 10017**

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### **NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 4, 2009**

To the Stockholders of Ares Capital Corporation:

Notice is hereby given that the 2009 Annual Meeting of the Stockholders (the "Annual Meeting") of Ares Capital Corporation, a Maryland corporation (the "Company"), will be held on May 4, 2009 at [ ] a.m., Eastern Time, at [ ], for the following purposes:

1. To elect two directors to serve for a term of three years, and until their successors are duly elected and qualified;
2. To consider and vote upon the ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009;
3. To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of its board of directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to certain limitations set forth herein (including, without limitation, that the number of shares issued does not exceed [ ]% of our then outstanding common stock);
4. To consider and vote upon a proposal to authorize the Company to sell or otherwise issue securities to subscribe for or convertible into shares of its common stock subject to certain limitations set forth herein (including, without limitation, that the number of shares issuable does not exceed 25% of our then outstanding common stock and that the exercise or conversion price thereof is not, at the date of issuance, less than the greater of the market value per share and the net asset value per share of our common stock);
5. To consider and vote upon a stockholder proposal, if presented at the Annual Meeting, to request that the board of directors take the necessary steps to declassify the board of directors and require annual election of all the Company's directors; and
6. To consider and take action upon such other matters as may properly come before the meeting or any adjournment or postponement thereof.

Only the holders of record of shares of common stock of the Company at the close of business on March 2, 2009 will be entitled to receive notice of and vote at the meeting.

It is important that all stockholders participate in the affairs of the Company, regardless of the number of shares owned. Accordingly, the Company urges you to promptly fill out, sign, date and return the enclosed proxy card even if you plan to attend the meeting. Instructions are shown on the proxy card.

You have the option to revoke the proxy at any time prior to the meeting, or to vote your shares personally on request if you attend the meeting. If there are not sufficient votes for a quorum or to



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approve or ratify any of the foregoing proposals at the time of the Annual Meeting, the meeting may be adjourned in order to permit further solicitation of proxies by the Company.

By Order of the Board of Directors,

Merritt S. Hooper  
*Secretary*

New York, New York  
[                    ], 2009

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## Ares Capital Corporation

280 Park Avenue, 22nd Floor  
Building East  
New York, NY 10017

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### Proxy Statement

#### 2009 Annual Meeting of Stockholders

The proxy card that accompanies this statement is being solicited by the board of directors of Ares Capital Corporation, a Maryland corporation (the "Company," "we," "us" or "our"), for use at the 2009 Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 4, 2009 at [ ] a.m., Eastern Time, at [ ], or at any adjournment or postponement thereof. This proxy statement, the accompanying proxy card and the Company's Annual Report on Form 10-K, which includes audited financial statements for the year ended December 31, 2008, are first being sent to the Company's stockholders on or about [ ], 2009.

We encourage you to vote your shares, either by voting in person at the Annual Meeting or by granting a proxy (i.e., authorizing someone to vote your shares). If you properly sign and date the accompanying proxy card and the Company receives it in time for the Annual Meeting, the persons named as proxies will vote the shares registered directly in your name in the manner that you specify. **If no specification is made, the votes entitled to be cast by such shares will be cast FOR the election of the two director nominees, FOR the ratification of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009, FOR the proposal to authorize flexibility for the Company, with the approval of its board of directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to certain limitations set forth herein (including, without limitation, that the number of shares issued does not exceed [ ]% of our then outstanding common stock), FOR the proposal to authorize the Company to sell or otherwise issue securities to subscribe for or convertible into shares of its common stock subject to certain limitations set forth herein (including, without limitation, that the number of shares issuable does not exceed 25% of our then outstanding common stock and that the exercise or conversion price thereof is not, at the date of issuance, less than the greater of the market value per share and the net asset value per share of our common stock) and, if presented at the Annual Meeting, AGAINST the stockholder proposal to request that the board of directors take the necessary steps to declassify the board of directors and require annual election of all the Company's directors.**

Any stockholder "of record" (i.e., you hold shares directly in your name) giving a valid proxy for the Annual Meeting may revoke it before it is exercised by giving a later-dated properly executed proxy, by giving notice of revocation to the Company in writing before or at the Annual Meeting or by attending the Annual Meeting and voting in person. However, the mere presence at the Annual Meeting of the stockholder does not revoke the proxy. If your shares are held for your account by a broker, bank or other institution or nominee, you may vote such shares at the Annual Meeting only if you obtain proper written authority from your institution or nominee and present it at the meeting.

Unless revoked as stated above, the shares of common stock represented by valid proxies will be voted on all matters to be acted upon at the Annual Meeting. With respect to the election of directors, proxies cannot be voted for a greater number of persons than the number of nominees named.

The board of directors is not aware of any matter to be presented for action at the Annual Meeting other than the matters set forth herein. Should any other matter requiring a vote of

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stockholders arise, it is the intention of the persons named in the proxy to vote in accordance with their discretion on such matters. The stockholders of the Company have no dissenter's or appraisal rights in connection with any of the proposals described herein.

The record date for determination of stockholders entitled to vote at the Annual Meeting is the close of business on March 2, 2009. As of [ ], 2009, there were [ ] shares of the Company's common stock outstanding. Each share of common stock has one vote. The presence, in person or by proxy, of the holders of shares of stock of the Company entitled to cast a majority of the votes entitled to be cast shall constitute a quorum for the purposes of the Annual Meeting. If there are not sufficient votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Annual Meeting, the chairman of the meeting or the stockholders who are represented may adjourn the Annual Meeting in order to permit further solicitation of proxies by the Company. The persons named as proxies will vote those proxies for such adjournment, unless such proxies are marked to be voted against any proposal for which an adjournment is sought, to permit the further solicitation of proxies.

Abstentions and broker non-votes, where a broker proxy indicates that the nominee has not received instructions on a particular proposal and does not have discretionary authority to vote the shares on such proposal, will be deemed to be present for the purpose of determining a quorum for the Annual Meeting. However, abstentions and broker non-votes are not counted as votes cast. The affirmative vote of the holders of at least a majority of the total outstanding shares of the Company's common stock is required under the Company's Bylaws to approve Proposal 1 (to elect two directors to serve for a term of three years, and until their successors are duly elected and qualified). For purposes of the vote on Proposal 1, abstentions and broker non-votes will have the same effect as votes against this proposal.

The affirmative vote of at least a majority of all of the votes cast at a meeting at which a quorum is present is required for approval of Proposal 2 (to ratify the selection of KPMG LLP as the Company's independent registered public accounting firm), Proposal 4 (to authorize the Company to sell or otherwise issue securities to subscribe for or convertible into shares of its common stock subject to certain limitations set forth herein (including, without limitation, that the number of shares issuable does not exceed 25% of our then outstanding common stock and that the exercise or conversion price thereof is not, at the date of issuance, less than the greater of the market value per share and the net asset value per share of our common stock)) and, if presented at the Annual Meeting, Proposal 5 (to request that the board of directors take the necessary steps to declassify the board of directors and require annual election of all the Company's directors). For purposes of the vote on Proposals 2, 4 and 5, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. Abstentions and broker non-votes will also not have any effect on the result of any vote for adjournment.

With respect to Proposal 5, stockholders should be aware that this stockholder proposal is simply a request that the board of directors take the action stated in the proposal. Approval of Proposal 5 may not result in the requested action being taken by the board of directors and, therefore, its approval would not necessarily effectuate the declassification of the board of directors and annual election of all the Company's directors.

The affirmative vote of at least a "majority," as defined in the Investment Company Act of 1940 (the "Investment Company Act"), of (1) the outstanding shares of the Company and (2) the outstanding shares of the Company held by persons that are not affiliated persons of the Company, is required to approve Proposal 3 (to authorize flexibility for the Company, with the approval of its board of directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to certain limitations set forth herein (including, without limitation, that the number of shares issued does not exceed [ ]% of our then outstanding common



stock)). Under the Investment Company Act, the vote of holders of a "majority" means the vote of the holders of the lesser of (a) 67% or more of the outstanding shares of the Company's common stock present at the Annual Meeting or represented by proxy if the holders of more than 50% of the shares of the Company's common stock are present or represented by proxy and (b) more than 50% of the Company's outstanding shares of common stock. Absentions and broker non-votes will have the effect of a vote against this proposal.

We will bear the cost of solicitation of proxies in the form accompanying this statement. Proxies will be solicited by mail or by requesting brokers and other custodians, nominees and fiduciaries to forward proxy soliciting material to the beneficial owners of shares of common stock held of record by such brokers, custodians, nominees and fiduciaries, each of whom we will reimburse for its expenses in so doing. In addition to the use of mail, directors, officers and regular employees of the Company's investment adviser, without special compensation therefor, may solicit proxies personally, by telephone and by electronic mail from stockholders.

[The Company has engaged the services of Georgeson Inc. ("Georgeson") for the purpose of assisting in the solicitation of proxies (including broker search and delivery services) at a cost of approximately \$[ ] plus reimbursement of certain expenses and fees for additional services requested. Please note that Georgeson may solicit stockholder proxies by telephone on behalf of the Company. They will not attempt to influence how you vote your shares, but only ask that you take the time to cast a vote. You may also be asked if you would like to vote over the telephone and to have your vote transmitted to our proxy tabulation firm.]

#### **PROPOSAL 1: ELECTION OF DIRECTOR**

Under our charter (as amended, the "Charter") and bylaws (as amended, the "Bylaws" and, together with the Charter, our "Charter Documents"), our directors are divided into three classes. Directors are elected for a staggered term of three years each, with a term of office of only one of these three classes of directors expiring each year. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualified.

[The terms of Robert L. Rosen and Bennett Rosenthal, the Class II directors, will expire at the Annual Meeting, and they have been nominated by the nominating committee of the board of directors and by the board of directors, in accordance with our Bylaws, to stand for re-election at the Annual Meeting and to hold office until the annual meeting to be held in 2012 and until their successors are duly elected and qualified. Mr. Rosen and Mr. Rosenthal have agreed to serve as directors if elected and have consented to be named as nominees.] Our Charter Documents provide that directors shall be elected by the affirmative vote of the holders of at least a majority of the shares of stock outstanding and entitled to vote in such election. Therefore, the affirmative vote of at least a majority of the shares of common stock outstanding as of the close of business on the record date is required to elect [Mr. Rosen and Mr. Rosenthal] as directors of the Company for the term for which they have been nominated.

A stockholder can vote for or withhold his or her vote from such nominee. **In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy FOR the election of the nominees named herein. If either nominee should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person as is nominated by the nominating committee of the board of directors and by the board of directors as a replacement.** The board of directors has no reason to believe that either nominee will be unable or unwilling to serve.

**The board of directors unanimously recommends that you vote for the election of [Robert L. Rosen and Bennett Rosenthal] as directors of the Company for the term for which they have been nominated.**

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### Information about the Director Nominees, the Directors and the Executive Officers

The following information as of [ ], 2009 was furnished to the Company by each director nominee and each currently serving director and executive officer, and sets forth the name, age, principal occupation or employment of each such person, all positions and offices such director nominee, director or executive officer has held with the Company, and the period during which he has served as a director or executive officer of the Company. [Mr. Rosen and Mr. Rosenthal] have not been proposed for election, nor has any director or executive officer of the Company been selected as a director or executive officer of the Company, pursuant to any agreement or understanding with the Company or any other person. Ares Partners Management Company LLC and its affiliated companies, including Ares Management LLC, are collectively referred to as "Ares," unless the context otherwise requires.

| Name, Address and Age(1)  | Position(s)<br>Held with<br>Fund | Term of<br>Office<br>and<br>Length of<br>Time<br>Served              | Principal<br>Occupation(s) During<br>Past 5 Years   | Number<br>of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by<br>Director<br>or<br>Nominee<br>for<br>Director | Other<br>Directorships of<br>Public or<br>Registered<br>Investment<br>Companies Held<br>by Director or<br>Nominee for<br>Director |
|---|----------------------------------|--|---|--|---|
| <b>Nominees for Class II Interested Directors Term Expiring in 2012</b> |                                  |  |   |  |   |
| Robert L. Rosen, 62(2)  | Director                         | Class II<br>Director<br>since<br>2004;<br>term<br>expires in<br>2009 | Since August 2005, Mr. Rosen has served as managing partner of RLR Capital Partners and RLR Focus Fund, which invest principally in the securities of publicly traded North American companies. From February 2005 until August 2005, Mr. Rosen worked on the documentation and fund raising leading to the launch of RLR Capital Partners and RLR Focus Fund. Mr. Rosen served from July 2003 until February 2005 as co-Managing Partner of Dolphin Domestic Fund II, a diversified private investment partnership that invested primarily in publicly traded North American companies. From 1987 to the present, Mr. Rosen has been CEO of RLR Partners, LLC, a private investment firm with interests in financial services, healthcare, media and multi-industry companies. | None(3)  |   |
| Bennett Rosenthal, 45(4)  | Chairman<br>and<br>Director      | Class II<br>Director<br>since<br>2004;<br>term<br>expires in<br>2009 | Since 2004, Mr. Rosenthal has been Chairman of the Company's board of directors. He is a founding member of Ares and serves as a Senior Partner in the Ares Private Equity  | None(3)  | Hanger<br>Orthopedic<br>Group, Inc.   |

Group.

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| Name, Address and Age(1)     | Position(s)<br>Held with<br>Fund | Term of<br>Office<br>and<br>Length of<br>Time<br>Served               | Principal<br>Occupation(s) During<br>Past 5 Years  | Number<br>of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by<br>Director<br>or<br>Nominee<br>for<br>Director | Other<br>Directorships of<br>Public or<br>Registered<br>Investment<br>Companies Held<br>by Director or<br>Nominee for<br>Director |
|------------------------------|----------------------------------|---|--|--|---|
| <b>Independent Directors</b> |                                  |   |  |  |   |
| Douglas E. Coltharp, 47      | Director                         | Class I<br>Director<br>since<br>2004;<br>term<br>expires in<br>2011   | Since May 2007,<br>Mr. Coltharp has been a<br>partner at Arlington<br>Capital Advisors and<br>Arlington Investment<br>Partners,<br>Birmingham-based<br>financial advisory and<br>private equity<br>businesses. From<br>November 1996 to May<br>2007, he was the<br>Executive Vice President<br>and Chief Financial<br>Officer of Saks<br>Incorporated and its<br>predecessor organization<br>(NYSE "SKS"), a<br>publicly listed company<br>that operates department<br>stores. | None(3)  | Under<br>Armour, Inc.   |
| Frank E. O'Bryan, 75         | Director                         | Class III<br>Director<br>since<br>2005;<br>term<br>expires in<br>2010 | Since 2004, Mr. O'Bryan<br>has been retired.<br>Mr. O'Bryan served as<br>Chairman of the Board<br>of WMC Mortgage<br>Company from 1997 to<br>2003 and as<br>Vice-Chairman until<br>2004.   | None(3)  |   |
| Eric B. Siegel, 50           | Director                         | Class III<br>Director<br>since<br>2004;<br>term<br>expires in<br>2010 | Since 1995, Mr. Siegel<br>has been an independent<br>business consultant<br>providing advice through<br>a limited liability<br>company owned by<br>Mr. Siegel, principally<br>with respect to<br>acquisition strategy and<br>structuring, and the<br>subsequent management<br>of acquired entities.  | None(3)  | El Paso Electric<br>Company   |

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| Name, Address and Age(1)  | Position(s)<br>Held with<br>Fund   | Term of<br>Office and<br>Length of<br>Time<br>Served | Principal<br>Occupation(s) During<br>Past 5 Years   | Number<br>of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by<br>Director<br>or<br>Nominee<br>for<br>Director | Other Directorships<br>of Public or<br>Registered<br>Investment<br>Companies Held by<br>Director or Nominee<br>for Director |
|---------------------------|------------------------------------|--|---|--|---|
| <b>Executive Officers</b> |                                    |  |   |  |   |
| Michael J. Arougheti, 36  | President                          | Since May 2004; indefinite term                      | Since May 2004, Mr. Arougheti has served as President of the Company. He currently serves as a member of Ares. Mr. Arougheti is also a Partner in the Private Debt Group of Ares and, since 2004, has served on the Investment Committee of Ares Capital Management, the Company's investment adviser. From October 2001 until joining the Company in May 2004, Mr. Arougheti served as a Managing Partner of the Principal Finance Group of RBC Capital Partners and a member of its Mezzanine Investment Committee. |  |   |
| Richard S. Davis, 50      | Chief Financial Officer            | Since March 2007; indefinite term                    | Since March 2007, Mr. Davis has served as Chief Financial Officer of the Company. He joined Ares in June 2006 as Executive Vice President Finance and Co-Chief Operating Officer. Prior to that, Mr. Davis was with Arden Realty, Inc., a real estate investment trust, serving as its Executive Vice President, Chief Financial Officer from July 2000 through May 2006.   |  |   |
| Michael D. Weiner, 56     | Vice President and General Counsel | Since September 2006; indefinite term                | Since September 2006, Mr. Weiner has been Vice President and General Counsel of the Company and a member of Ares and has served as Chief Legal Officer of Ares. Prior to that, Mr. Weiner served as general counsel to Apollo Management L.P. and had been an officer of the corporate general partners of Apollo since 1992.   |  | Hughes Communications, Inc., SkyTerra Communications, Inc.  |

- (1) The business address of each director nominee and each director and executive officer is c/o Ares Capital Corporation, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

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- (2) In an abundance of caution, we treat Mr. Rosen as an "interested person" of the Company as defined in Section 2(a)(19) of the Investment Company Act because an affiliate of the Company owns limited partner interests in a fund controlled by Mr. Rosen.
- (3) Other than the Company.
- (4) Such director is an "interested person" of the Company as defined in Section 2(a)(19) of the Investment Company Act because he is on the investment committee of Ares Capital Management, the Company's investment adviser, and is a member of Ares Partners Management Company LLC, the parent of Ares Management LLC, the managing member of the investment adviser.

### Information about Independent Directors

**Douglas E. Coltharp**, 47, has served as a director of the Company since 2004. Since May 2007, Mr. Coltharp has been a partner at Arlington Capital Advisors and Arlington Investment Partners, Birmingham, AL-based financial advisory and private equity businesses. Prior to that, from November 1996 to May 2007, he was the Executive Vice President and Chief Financial Officer of Saks Incorporated and its predecessor organization (NYSE "SKS"). Prior to joining Saks Incorporated, Mr. Coltharp spent ten years in the Corporate Finance Department of NationsBank (now known as Bank of America), most recently as Senior Vice President and head of the Southeast Corporate Finance Group headquartered in Atlanta. Mr. Coltharp holds a B.S. in Finance and Economics from Lehigh University in Bethlehem, Pennsylvania and an M.B.A. from the Wharton School, University of Pennsylvania, in Philadelphia, Pennsylvania. Mr. Coltharp also serves on the boards of directors of Under Armour, Inc. (NYSE "UA").

**Frank E. O'Bryan**, 75, has served as a director of the Company since 2005. Mr. O'Bryan served as Chairman of the Board of WMC Mortgage Company from 1997 to 2003 and as a Vice Chairman until 2004, when the company was sold to General Electric Corporation. Mr. O'Bryan served as Vice Chairman of Shearson/American Express Mortgage Corp. (formerly Western Pacific Financial) and as a Director of Shearson American Express from 1981 to 1985 and prior to that served as a Director and senior executive of Shearson Hayden Stone from 1979 to 1981. Mr. O'Bryan has been a Director of The First American Corporation since 1994. Mr. O'Bryan is a past member of the boards of directors of Damon Corporation, Grubb & Ellis, Standard Pacific Corporation and Farmers & Merchants Bank.

**Eric B. Siegel**, 50, has served as a director of the Company since 2004. Since 1995, Mr. Siegel has been an independent business consultant providing advice through a limited liability company owned by Mr. Siegel, principally with respect to acquisition strategy and structuring, and the subsequent management of acquired entities. Mr. Siegel is currently a member of the Advisory Board of and consultant to the Milwaukee Brewers Baseball Club and a Director and Chairman of the Executive Committee of El Paso Electric Company, an NYSE publicly traded utility company. Mr. Siegel is also a past member of the boards of directors of a number of public companies, including Kerzner International Ltd. until it went private in 2006. Mr. Siegel rejoined the board of Kerzner International Ltd., currently a private company, in 2008. Mr. Siegel is a retired limited partner of Apollo Advisors, L.P. and Lion Advisors, L.P. Mr. Siegel is also a member of the Board of Trustees of the Marlborough School, a member of the board of directors of the Friends of the Los Angeles Free Clinic and a board member of Reprise Theatre Company, a non-profit theatre organization. Mr. Siegel holds his Bachelor of Arts degree *summa cum laude* and Phi Beta Kappa and law degree Order of the Coif from the University of California at Los Angeles.

### Information about Interested Directors

**Robert L. Rosen**, 62, has served as a director of the Company since 2004. Mr. Rosen is managing partner of RLR Capital Partners and RLR Focus Fund which invests principally in the securities of publicly traded North American companies. Mr. Rosen served from 2003 until 2005 as co-Managing Partner of Dolphin Domestic Fund II. In 1998, Mr. Rosen founded National Financial Partners

("NFP"), an independent distributor of financial services to high net worth individuals and small to medium-sized corporations. He served as NFP's CEO from 1998 to 2000 and as its Chairman until January 2002. From 1987 to the present, Mr. Rosen has been CEO of RLR Partners, LLC, a private investment firm with interests in financial services, healthcare, media and multi-industry companies. From 1989 to 1993, Mr. Rosen was Chairman and CEO of Damon Corporation, a leading healthcare and laboratory testing company that was ultimately sold to Quest Diagnostics. From 1983 to 1987, Mr. Rosen was Vice Chairman of Maxxam Group. Prior to that, Mr. Rosen spent twelve years at Shearson American Express in positions in research, investment banking and senior management, and for two years was Assistant to Sanford Weill, the then Chairman and CEO of Shearson. Mr. Rosen holds an MBA in finance from NYU's Stern School. Mr. Rosen also serves on the board of directors of Marietta Corporation. In an abundance of caution, we treat Mr. Rosen as an "interested person" of the Company as defined in Section 2(a)(19) of the Investment Company Act because an affiliate of the Company owns limited partner interests in a fund controlled by Mr. Rosen.

**Bennett Rosenthal**, 45, has served as Chairman of the Company's board of directors since 2004. Mr. Rosenthal is a founding member of Ares and is a Senior Partner in the Private Equity Group. Prior to joining Ares, Mr. Rosenthal was a Managing Director in the Global Leveraged Finance Group of Merrill Lynch and was responsible for originating, structuring and negotiating many leveraged loan and high yield financings. Mr. Rosenthal was also a senior member of Merrill Lynch's Leveraged Transaction Commitment Committee. Mr. Rosenthal is a member of the following boards of directors: AmeriQual Management, Inc., Aspen Dental Management, Inc., Douglas Dynamics, LLC, Hanger Orthopedic Group, Inc. and National Bedding Company LLC (Serta). Mr. Rosenthal graduated *summa cum laude* with a BS in Economics from the University of Pennsylvania's Wharton School of Business where he also received his MBA with distinction. Mr. Rosenthal is an "interested person" of the Company as defined in Section 2(a)(19) of the Investment Company Act because he is on the investment committee of Ares Capital Management, the Company's investment adviser, and is a member of Ares Partners Management Company LLC, the parent of Ares Management LLC, the managing member of the investment adviser.

#### Information about Executive Officers

**Michael J. Arougheti**, 36, is President of the Company and joined Ares in May 2004 and is a member of Ares. Mr. Arougheti is also a Partner in the Private Debt Group of Ares and serves on the Investment Committee of Ares Capital Management, the Company's investment adviser. From 2001 to 2004, Mr. Arougheti was employed by Royal Bank of Canada, where he was a Managing Partner of the Principal Finance Group of RBC Capital Partners and a member of the firm's Mezzanine Investment Committee. At RBC Capital Partners, Mr. Arougheti oversaw an investment team that originated, managed and monitored a diverse portfolio of middle market leveraged loans, senior and junior subordinated debt, preferred equity and common stock and warrants on behalf of RBC and other third-party institutional investors. Mr. Arougheti joined Royal Bank of Canada in October 2001 from Indosuez Capital, where he was a Principal, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. Mr. Arougheti sat on the firm's Investment Committee and was also active in the firm's private equity fund investment and fund of funds program. Prior to joining Indosuez in 1994, Mr. Arougheti worked at Kidder Peabody & Co., where he was a member of the firm's Mergers and Acquisitions Group advising clients in various industries, including natural resources, pharmaceuticals and consumer products. Mr. Arougheti has extensive experience in leveraged finance, including senior bank loans, mezzanine debt and private equity. He has worked on a range of transactions for companies in the consumer products, manufacturing, healthcare, retail and technology industries. Mr. Arougheti also serves on the boards of directors of Reflexite Corporation, Investor Group Services, HCPPro, Inc. and Riverspace Arts, a not-for-profit arts organization. Mr. Arougheti received a BA in Ethics, Politics and Economics, *cum laude*, from Yale University.



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**Richard S. Davis**, 50, is Chief Financial Officer of the Company and joined Ares in June 2006. From December 1997 to May 2006, Mr. Davis was with Arden Realty, Inc., a real estate investment trust and formerly the largest publicly traded office owner in Southern California, serving as its Executive Vice President, Chief Financial Officer from July 2000. From 1996 to 1997, Mr. Davis was with Catellus Development Corporation where he was responsible for accounting and finance for the asset management and development divisions. From 1985 to 1996, Mr. Davis served as a member of the audit staff of both KPMG LLP and Price Waterhouse LLP. Mr. Davis is a Certified Public Accountant in the states of California and Missouri and a member of the American Institute of CPAs. Mr. Davis received his Bachelor of Science Degree in Accounting from the University of Missouri at Kansas City.

**Michael D. Weiner**, 56, is Vice President and General Counsel of the Company and Co-Chief Operating Officer of Ares. Mr. Weiner joined Ares in September 2006 as its Chief Legal Officer and is a member of Ares. Previously, Mr. Weiner served as general counsel to Apollo Management L.P. and had been an officer of the corporate general partners of Apollo since 1992. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius specializing in corporate and alternative financing transactions, securities law and general partnership and corporate and regulatory matters. Mr. Weiner has served and continues to serve on the boards of directors of several corporations, including Hughes Communications, Inc. and SkyTerra Communications, Inc. Mr. Weiner also serves on the Board of Governors of the Cedars-Sinai Medical Center in Los Angeles. Mr. Weiner graduated with a BS in Business and Finance from the University of California at Berkeley and a JD from the University of Santa Clara.

### SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of [ ], 2009, the number of shares of the Company's common stock beneficially owned by each of its current directors and named executive officers, all directors and executive officers as a group and certain beneficial owners, according to information furnished to the Company by such persons.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the "Commission") and includes voting or investment power with respect to the securities. Ownership information for those persons who beneficially own 5% or more of our shares of common stock is based upon Schedule 13D, Schedule 13G or other filings by such persons with the Commission and other information obtained from such persons.

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The address for each of the directors and executive officers is c/o Ares Capital Corporation, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

| Name of Beneficial Owner                                    | Amount and<br>Nature of<br>Beneficial<br>Ownership | Percent<br>of<br>Class(1) |
|---|--|---------------------------|
| <i>Beneficial Owners of More Than 5%:</i>                   |  |                           |
| Non-Management Beneficial Owners                            |  |                           |
| FMR LLC(2)  | [8,603,165]  | [8.86]%                   |
| <i>Directors and Named Executive Officers:</i>              |  |                           |
| <b>Interested Directors</b>                                 |  |                           |
| Robert L. Rosen   | [7,500]  | [*]                       |
| Bennett Rosenthal   | [None](3)  | [ ]                       |
| <b>Independent Directors</b>                                |  |                           |
| Douglas E. Coltharp   | [4,500]  | [*]                       |
| Frank E. O'Bryan  | [2,400]  | [*]                       |
| Eric B. Siegel  | [21,200]   | [*]                       |
| <b>Named Executive Officers</b>                             |  |                           |
| Michael J. Arougheti  | [140,813](3)                                       | [*]                       |
| Richard S. Davis  | [57,093]   | [*]                       |
| Michael D. Weiner   | [6,766](3)   | [*]                       |
| All Directors and Executive Officers as a Group (8 persons) | [240,116](3)                                       | [*]                       |

\* Represents less than 1%.

(1) Based on [97,152,820] shares of common stock outstanding as of [ ], 2009.

(2) Fidelity Management & Research Company ("Fidelity"), a wholly owned subsidiary of FMR LLC, is the beneficial owner of [8,603,165] shares of our common stock as a result of acting as an investment adviser to various investment companies registered under Section 8 of the Investment Company Act. Edward C. Johnson III is Chairman of FMR LLC and members of his family are the predominant owners, directly or through trusts, of Series B shares of common stock of FMR LLC, representing 49% of the voting power of FMR LLC. As a result, members of the Johnson family may be deemed to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson III has the sole power to vote or direct the voting of the shares owned directly by the funds managed by Fidelity, which power resides with the funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the funds' Boards of Trustees. The address for each of FMR LLC, Fidelity and Edward C. Johnson III is 82 Devonshire Street, Boston, Massachusetts 02109.

(3) Ares Investments LLC, whose sole manager is Ares Partners Management Company LLC, owned [2,859,882] shares of our common stock as of [ ], 2009. Each of the members of Ares Partners Management Company LLC (which include Messrs. Rosenthal, Arougheti and Weiner or vehicles controlled by them) disclaims beneficial ownership of all shares of our common stock owned by Ares Investments LLC, except to the extent of any indirect pecuniary interest therein. The shares of the Company's common stock held by Ares Investments LLC have been pledged in the ordinary course to secure indebtedness under a credit facility under which it is a co-borrower with Ares Management LLC, an indirect subsidiary of Ares Partners Management Company LLC.

**DOLLAR RANGE OF SECURITIES BENEFICIALLY OWNED BY DIRECTORS**

The following table sets forth the dollar range of our equity securities beneficially owned by the director nominees and each of our other directors as of [ ], 2009. We are not part of a "family of investment companies," as the term is defined in the Investment Company Act.

| Name of Director                | Dollar Range of<br>Equity<br>Securities in the<br>Company(1)(2) |
|---------------------------------|---|
| <b>Independent Directors(3)</b> |   |
| Douglas E. Coltharp             | [\$10,001-\$50,000]   |
| Frank E. O'Bryan                | [\$10,001-\$50,000]   |
| Eric B. Siegel                  | [Over \$100,000]  |
| <b>Interested Directors</b>     |   |
| Robert L. Rosen                 | [\$10,001-\$50,000]   |
| Bennett Rosenthal               | [None]  |

- 
- (1) The dollar ranges are as follows: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000 or over \$100,000. The dollar range of our equity securities beneficially owned is calculated based on the closing sales price of our common stock as reported on The NASDAQ Global Select Market as of [ ], 2009.
- (2) Beneficial ownership determined in accordance with Rule 16a-1(a)(2) under the Securities Exchange Act of 1934 (the "Exchange Act").
- (3) As of [ ], 2009, to the best of the Company's knowledge, except as listed above, none of the independent directors, nor any of their immediate family members, had any interest in the Company, the Company's investment adviser or any person or entity directly or indirectly controlling, controlled by or under common control with the Company.

## SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Exchange Act, the Company's directors and executive officers, and any persons holding 10% or more of its common stock, are required to report their beneficial ownership and any changes therein to the Commission and the Company. Specific due dates for those reports have been established and the Company is required to report herein any failure to file such reports by those due dates. Based solely upon a review of Forms 3, 4 and 5 filed by such persons, the Company believes that each of its directors, executive officers and any persons holding 10% or more of its common stock complied with all Section 16(a) filing requirements applicable to them during the fiscal year ended December 31, 2008, with the exception of the purchase by Frank E. O'Bryan of 400 shares of the Company's common stock on December 3, 2008, which was reported to the Commission on December 22, 2008.

## CORPORATE GOVERNANCE

### Director Independence

[Our board of directors has a majority of directors who are independent under the listing standards of The NASDAQ Global Select Stock Market LLC. The NASDAQ Manual provides that a director of a business development company shall be considered to be independent if he or she is not an "interested person" of the Company, as defined in Section 2(a)(19) of the Investment Company Act. Section 2(a)(19) of the Investment Company Act defines an "interested person" to include, among other things, any person who has, or within the last two years had, a material business or professional relationship with the Company.]

Our board of directors has determined that the following directors are independent: Messrs. Coltharp, O'Bryan and Siegel. Based upon information requested from each director concerning his or her background, employment and affiliations, our board of directors has affirmatively determined that none of the independent directors has a material business or professional relationship with the Company, other than in his capacity as a member of our board of directors or any board committee.]

### Organization of the Board of Directors

Our board of directors has established an audit committee and a nominating committee. We do not have a compensation committee because our executive officers do not receive any direct compensation from us. During 2008, the board of directors held 11 formal meetings, the audit committee held 5 formal meetings and the nominating committee held 2 formal meetings. The Company encourages, but does not require, the directors to attend the Company's annual meeting of its stockholders. Three directors attended last year's annual meeting of stockholders in person and one director attended telephonically. All directors attended at least 75% of the aggregate number of meetings of the board of directors and of the respective committees on which they served.

### Audit Committee

[The members of the audit committee are Messrs. Coltharp, O'Bryan and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market corporate governance regulations. Mr. Coltharp serves as chairman of the audit committee. The board of directors has adopted a charter for the audit committee, which is available on the Company's website (<http://www.arescapitalcorp.com>).

The audit committee is responsible for recommending our independent accountants to our board of directors for approval and submission to our stockholders for ratification, reviewing with our independent accountants the plans and results of the audit engagement, approving professional services

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provided by our independent accountants, reviewing the independence of our independent accountants and reviewing the adequacy of our internal accounting controls.

The audit committee is also responsible for aiding our board of directors in fair value pricing debt and equity securities that are not publicly traded or for which current market values are not readily available. The audit committee also currently receives input from independent valuation firms that have been engaged at the direction of the board to value certain of our portfolio investments. Our board of directors has determined that Douglas E. Coltharp and Frank E. O'Bryan are each an "audit committee financial expert" within the meaning of the rules of the Commission.]

### **Nominating Committee**

[The members of the nominating committee are Messrs. Coltharp, O'Bryan and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market corporate governance regulations. Mr. Siegel serves as chairman of the nominating committee. Our board of directors has adopted a charter for the nominating committee, which is available on the Company's website (<http://www.arescapitalcorp.com>). The nominating committee is responsible for selecting, researching and nominating directors for election by our stockholders, selecting nominees to fill vacancies on the board or a committee of the board, developing and recommending to the board a set of corporate governance principles and overseeing the evaluation of the board and our management.

The nominating committee's policy is to identify potential nominees based on suggestions from the President of the Company, members of the nominating committee, other members of the board of directors, other executive officers and stockholders and by other means, and to evaluate such persons as a committee. In addition, from time to time, the board of directors may determine that it requires a director with a particular expertise or qualification and will actively recruit such a candidate.

Qualified candidates for membership on the board of directors will be considered without regard to race, color, creed, religion, national origin, age, gender, sexual orientation or disability. The nominating committee will review and evaluate each candidate's character, judgment, skills (including financial literacy), background, experience and other qualifications (without regard to whether a nominee has been recommended by the Company's stockholders), as well as the overall composition of the board of directors, and recommend to the board of directors for its approval the slate of directors to be nominated for election at the annual meeting of the Company's stockholders.

In considering possible candidates for election as a director, the nominating committee takes into account, in addition to such other factors as it shall deem relevant, the desirability of selecting directors who:

are of high character and integrity;

are accomplished in their respective fields, with superior credentials and recognition;

have relevant expertise and experience upon which to be able to offer advice and guidance to management;

have sufficient time available to devote to the affairs of the Company;

are able to work with the other members of the board of directors and contribute to the success of the Company;

can represent the long-term interests of the Company's stockholders as a whole; and

are selected such that the board of directors represents a range of backgrounds and experience.

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The nominating committee also considers all applicable legal and regulatory requirements that govern the composition of our board of directors.

The nominating committee may consider recommendations for nomination of directors from our stockholders. Nominations made by stockholders must be delivered to or mailed (setting forth the information required by our Bylaws) and received at our principal executive offices not earlier than 150 days nor fewer than 120 days in advance of the first anniversary of the date on which we first mailed our proxy materials for the previous year's annual meeting of stockholders; *provided, however*, that if the date of the annual meeting has changed by more than 30 days from the prior year, the nomination must be received not earlier than the 150th day prior to the date of such annual meeting nor later than the later of (1) the 120th day prior to the date of such annual meeting or (2) the 10th day following the day on which public announcement of such meeting date is first made.

In addition to information regarding the nominating stockholder as set forth in the Company's Bylaws, a stockholder's notice shall set forth as to each individual whom the stockholder proposes to nominate for election or reelection as a director:

the name, age, business address and residence address of such individual;

the class, series and number of any shares of stock of the Company that are beneficially owned by such individual;

the date such shares were acquired and the investment intent of such acquisition;

whether such stockholder believes any such individual is, or is not, an "interested person" of the Company, as defined in the Investment Company Act or is, or is not, "independent" as set forth in the requirements established by The NASDAQ Global Select Market or any other exchange or automated quotation service on which the Company's securities are listed, and information regarding such individual that is sufficient, in the discretion of the board of directors or any committee thereof or any authorized officer of the Company, to make either such determination; and

all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

All nominees properly submitted to the Company (or which the nominating committee otherwise elects to consider) will be evaluated and considered by the members of the nominating committee using the same criteria as nominees identified by the nominating committee itself.]

### **Compensation Committee**

We do not have a compensation committee because our executive officers do not receive any direct compensation from us.

### **Communications Between Stockholders and the Board of Directors**

The board of directors welcomes communications from the Company's stockholders. Stockholders may send communications to the board of directors, or to any particular director, to the following address: c/o Ares Capital Management LLC, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067. Stockholders should indicate clearly the director or directors to whom the communication is being sent so that each communication may be forwarded directly to the appropriate director(s).

**Code of Conduct**

The Company has adopted a code of conduct which applies to, among others, its officers, including its President and its Chief Financial Officer, as well as the members of the board of directors. The Company's code can be accessed via the Company's website (<http://www.arescapitalcorp.com>). The Company intends to disclose any amendments to or waivers of required provisions of the code on the Company's website.

**COMPENSATION DISCUSSION AND ANALYSIS**

Our executive officers do not receive any direct compensation from us. We do not currently have any employees and do not expect to have any employees. Services necessary for our business are provided by individuals who are employees of our investment adviser, Ares Capital Management LLC ("Ares Capital Management"), and our administrator, Ares Operations LLC ("Ares Administration"), pursuant to the terms of our investment advisory and management agreement and our administration agreement. Each of our executive officers is an employee of Ares Administration and/or Ares Capital Management. Our day-to-day investment operations are managed by our investment adviser. Most of the services necessary for the origination and administration of our investment portfolio are provided by investment professionals employed by Ares Capital Management. In addition, we reimburse Ares Administration for our allocable portion of expenses incurred by it in performing its obligations under the administration agreement, including our allocable portion of the cost of our officers and their respective staffs, and Ares Capital Management for certain expenses under the investment advisory and management agreement.

Under our investment advisory and management agreement, our investment adviser earned approximately \$[ ] million in fees for the year ended December 31, 2008. In addition, during 2008, we reimbursed Ares Administration \$[ ] in connection with our allocable portion of certain expenses under the administration agreement and our investment adviser \$[ ] in connection with the reimbursement of certain expenses under the investment advisory and management agreement.

Under a services agreement between our wholly owned subsidiary, Ivy Hill Asset Management, L.P. ("Ivy Hill"), and our investment adviser, Ivy Hill paid our investment adviser approximately \$[ ] for the year ended December 31, 2008 in connection with the reimbursement of certain expenses under the services agreement.

We have entered into indemnification agreements with each of our current directors and certain of our officers and with members of our investment adviser's investment committee and we intend to enter into indemnification agreements with each of our future directors, members of our investment adviser's investment committee and certain of our officers. The indemnification agreements attempt to provide these directors, officers and other persons the maximum indemnification permitted under Maryland law and the Investment Company Act. The agreements provide, among other things, for the advancement of expenses and indemnification for liabilities which such person may incur by reason of his or her status as a present or former director or officer or member of our investment adviser's investment committee in any action or proceeding arising out of the performance of such person's services as a present or former director or officer or member of our investment adviser's investment committee.

**DIRECTOR COMPENSATION TABLE**

The following table shows information regarding the compensation earned or paid to our directors, none of whom is an employee of the Company, for the fiscal year ended December 31, 2008. No compensation is paid by the Company to directors who are or are being treated as "interested

persons." No information has been provided with respect to executive officers of the Company since our executive officers do not receive any direct compensation from us.