ARES CAPITAL CORP
Form 497
January 30, 2012

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Filed pursuant to Rule 497
Registration No. 333-174716

PROSPECTUS SUPPLEMENT
(To prospectus dated October 28, 2011)

$125,000,000

7.00% Senior Notes due 2022

We are offering $125,000,000 in aggregate principal amount of 7.00% senior notes due 2022, which we refer to as the Notes. The Notes will mature on February 15, 2022. We will pay interest on the Notes on February 15, May 15, August 15, and November 15 of each year, beginning May 15, 2012. We may redeem the Notes in whole or in part at any time or from time to time on or after February 15, 2015, at the redemption price discussed under the caption "Specific Terms of the Notes and the Offering Optional redemption" in this prospectus supplement. The Notes will be issued in minimum denominations of $25 and integral multiples of $25 in excess thereof.

The Notes will be our direct senior unsecured obligations and rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by Ares Capital Corporation.

We intend to list the Notes on The New York Stock Exchange and we expect trading in the Notes on The New York Stock Exchange to begin within 30 days of the original issue date. The Notes are expected to trade "flat." This means that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not included in the trading price. Currently, there is no public market for the Notes.

Ares Capital Corporation is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. We have elected to be regulated as a business development company under the Investment Company Act of 1940 and the rules and regulations promulgated thereunder. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, we also make equity investments.

We are externally managed by Ares Capital Management LLC, a wholly owned subsidiary of Ares Management LLC, a global alternative asset manager and a Securities and Exchange Commission ("SEC") registered investment adviser with approximately $46 billion of total committed capital under management as of December 31, 2011. Ares Operations LLC, a wholly owned subsidiary of Ares Management LLC, provides the administrative services necessary for us to operate.

Investing in the Notes involves risks that are described in the "Risk Factors" section beginning on page S-13 of this prospectus supplement and page 27 of the accompanying prospectus.

This prospectus supplement and the accompanying prospectus concisely provide important information about us that you should know before investing in the Notes. Please read this prospectus supplement and the accompanying prospectus before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information with the SEC. This information is available free of charge by calling us collect at (310) 201-4200 or on our website at *www.arescapitalcorp.com*. The SEC also maintains a website at *www.sec.gov* that contains this information. The information on the websites referred to herein is not incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Per Note	Total
Public offering price	100.00%	$ 125,000,000
Underwriting discount (sales load)	3.00%	$ 3,750,000

Proceeds, before expenses, to Ares Capital Corporation(1)	97.00%	$ 121,250,000

(1) Before deducting expenses payable by us related to this offering, estimated at $1,100,000.

The public offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from February 2, 2012 and must be paid by the purchaser if the Notes are delivered after February 2, 2012.

The underwriters may also purchase up to an additional $18,750,000 total aggregate principal amount of Notes offered hereby, to cover overallotments, if any, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price will be $143,750,000, the total underwriting discount (sales load) paid by us will be $4,312,500, and total proceeds, before expenses, will be $139,437,500.

THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the Notes in book-entry form only through The Depository Trust Company will be made on or about February 2, 2012.

Joint Book-Running Managers

BofA Merrill Lynch

Morgan Stanley

UBS Investment Bank

Wells Fargo Securities

Co-Managers

Stifel Nicolaus Weisel

RBC Capital Markets

BB&T Capital Markets

Deutsche Bank Securities

Janney Montgomery Scott

The date of this prospectus supplement is January 26, 2012.

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You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front cover of this prospectus supplement or such prospectus, as applicable. Our business, financial condition, results of operations and prospects may have changed since that date.

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SPECIFIC TERMS OF THE NOTES AND THE OFFERING

This prospectus supplement sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. This section outlines the specific legal and financial terms of the Notes. You should read this section together with the more general description of the Notes in the accompanying prospectus under the heading "Description of Our Debt Securities" before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying prospectus or in the indenture governing the Notes.

Issuer	Ares Capital Corporation
Title of the securities	7.00% Senior Notes due 2022
Initial aggregate principal amount being offered	$125,000,000
Overallotment option	The underwriters may also purchase from us up to an additional $18,750,000 aggregate principal amount of Notes to cover overallotments, if any, within 30 days of the date of this prospectus supplement.
Initial public offering price	100% of the aggregate principal amount
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the Paying Agent, Registrar and Transfer Agent for the Notes or at such other office in New York City as we may designate.
Type of Note	Fixed rate note
Listing	We intend to list the Notes on The New York Stock Exchange within 30 days of the original issue date.
Interest rate	7.00% per year
Day count basis	360-day year of twelve 30-day months
Original issue date	February 2, 2012
Stated maturity date	February 15, 2022
Date interest starts accruing	February 2, 2012
Interest payment dates	Every February 15, May 15, August 15, and November 15, commencing May 15, 2012. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
Interest periods	The initial interest period will be the period from and including February 2, 2012, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

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Regular record dates for interest	Every February 1, May 1, August 1, and November 1, commencing May 1, 2012
Specified currency	U.S. Dollars
Place of payment	New York City
Ranking of Notes	The Notes will be our direct unsecured obligations and will rank:
	pari passu with our other outstanding and future senior unsecured indebtedness, including without limitation, the $230.0 million principal amount of our 6.875% senior notes due on April 15, 2047 (the "2047 Notes"), $575.0 million principal amount of our convertible senior unsecured notes that mature on February 1, 2016 (the "February 2016 Convertible Notes"), $230.0 million principal amount of our convertible senior unsecured notes that mature on June 1, 2016 (the "June 2016 Convertible Notes" and, together with the February 2016 Convertible Notes, the "Convertible Notes") and $200.0 million principal amount of our 7.75% senior notes that mature on October 15, 2040 (the "2040 Notes") outstanding, in each case, as of December 31, 2011;
	senior to any of our future indebtedness that expressly provides it is subordinated to the Notes;
	effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including without limitation, approximately $395.0 million of borrowings under our $810 million revolving credit facility (the "Revolving Credit Facility"), to the extent of the value of the assets securing such facility outstanding as of December 31, 2011;
	structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles or similar facilities, including approximately $463.0 million of borrowings under the $500 million revolving funding facility of our wholly owned subsidiary, Ares Capital CP Funding LLC ("Ares Capital CP") (the "Revolving Funding Facility") and $77.5 million under our debt securitization (the "Debt Securitization") outstanding, in each case, as of December 31, 2011; and
	structurally subordinated to any future indebtedness under the new $200 million revolving funding facility of our wholly owned subsidiary, Ares Capital JB Funding LLC ("ACJB LLC") (the "SMBC Funding Facility"). See "The Company Recent Developments."

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Denominations	We will issue the Notes in denominations of $25 and integral multiples of $25 in excess thereof.
Business day	Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City are authorized or required by law or executive order to close.
Optional redemption	The Notes may be redeemed in whole or in part at any time or from time to time at our option on or after February 15, 2015, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of $25 per Note plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to the date fixed for redemption.
	You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes.
	Any exercise of our option to redeem the Notes will be done in compliance with the Investment Company Act of 1940, as amended, and the rules, regulations and interpretations promulgated thereunder (collectively, the "Investment Company Act"), to the extent applicable.
	If we redeem only some of the Notes, the Trustee will determine the method for selection of the particular Notes to be redeemed, in accordance with the Investment Company Act to the extent applicable. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.
Sinking fund	The Notes will not be subject to any sinking fund.
Repayment at option of Holders	Holders will not have the option to have the Notes repaid prior to the stated maturity date.
Defeasance	The Notes are subject to defeasance by us.
Covenant defeasance	The Notes are subject to covenant defeasance by us.
Form of Notes	The Notes will be represented by global securities that will be deposited and registered in the name of The Depository Trust Company ("DTC") or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations that are participants in DTC.

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Trustee, Paying Agent, Registrar and Transfer Agent	U.S. Bank National Association
Other covenants	In addition to the covenants described in the prospectus attached to this prospectus supplement, the following covenants shall apply to the Notes:
	We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act or any successor provisions.
	If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934 to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the Trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles.
Modifications to events of default	The following event of default, as described in the prospectus attached to this prospectus supplement:
	We do not pay the principal of, or any premium on, a debt security of the series on its due date, and do not cure this default within 5 days.
	with respect to the Notes has been revised to read as follows:
	We do not pay the principal of, or any premium on, any Note on its due date.
Global Clearance and Settlement Procedures	Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the Company, the Trustee or the Paying Agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus supplement and the accompanying prospectus constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus supplement involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies', future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the impact of changes in laws or regulations (including interpretation thereof) governing our operations or the operations of our portfolio companies;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- our ability to successfully integrate our business with the business of Allied Capital Corporation, including rotating out of certain investments acquired in connection therewith;
- our ability to recover unrealized losses;
- our ability to successfully invest any capital raised in this offering;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital;
- our contractual arrangements and relationships with third parties;
- Middle East turmoil and the potential for rising energy prices and its impact on the industries in which we invest;
- the general economy (including inflation and the U.S. budget deficit) and its impact on the industries in which we invest;
- the uncertainty surrounding the strength of the U.S. economic recovery;

- United States and European sovereign debt issues;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- our ability to successfully integrate any acquisitions;
- the adequacy of our cash resources and working capital;
- the timing, form and amount of any dividend distributions;
- the timing of cash flows, if any, from the operations of our portfolio companies; and
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments.

We use words such as "anticipates," "believes," "expects," "intends," "will," "should," "may" and similar expressions to identify forward-looking statements, although not all forward-looking statements include these words. Our actual results and condition could differ materially from those

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implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" elsewhere in this prospectus supplement or the accompanying prospectus and the other information included in this prospectus supplement or the accompanying prospectus.

The forward-looking statements included in this prospectus supplement and the accompanying prospectus have been based on information available to us as of their respective dates, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

The forward-looking statements in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

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THE COMPANY

This summary highlights some of the information contained elsewhere in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under "Risk Factors" in this prospectus supplement and in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus. Except where the context suggests otherwise, the terms "we," "us," "our," "the Company" and "Ares Capital" refer to Ares Capital Corporation and its consolidated subsidiaries; "Ares Capital Management" and "the investment adviser" refer to Ares Capital Management LLC; "Ares Operations" refers to Ares Operations LLC; and "Ares" and "Ares Management" refer to Ares Management LLC and its affiliated companies (other than portfolio companies of its affiliated funds).

As described in more detail below, we consummated the acquisition (the "Allied Acquisition") of Allied Capital Corporation ("Allied Capital") on April 1, 2010. Other than as set forth in the pro forma financial information or otherwise specifically set forth herein or the accompanying prospectus, financial information presented herein and in the accompanying prospectus for and as of periods ended on or prior to March 31, 2010 does not include any information in respect of Allied Capital. In addition, other than as set forth in the pro forma financial information or otherwise specifically set forth herein or the accompanying prospectus, financial information for the year ended December 31, 2010, including, without limitation, with respect to the Company's consolidated statements of operations, stockholders' equity and cash flows, only includes results attributable to Allied Capital for the period beginning on April 1, 2010.

Ares Capital

Ares Capital, a Maryland corporation, is a specialty finance company that is a closed-end, non-diversified management investment company. We have elected to be regulated as a business development company, or a "BDC," under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder, or the "Investment Company Act." We were founded on April 16, 2004, were initially funded on June 23, 2004 and completed our initial public offering on October 8, 2004. We are one of the largest BDCs with approximately $15 billion of total committed capital under management as of December 31, 2011, including available debt capacity (subject to leverage and borrowing base restrictions), vehicles directly or indirectly managed or co-managed by us or one of our wholly owned subsidiaries and vehicles managed or sub-managed by our wholly owned portfolio company, Ivy Hill Asset Management, L.P. ("IHAM").

We are externally managed by our investment adviser, Ares Capital Management, a wholly owned subsidiary of Ares Management, a global alternative asset manager and a SEC registered investment adviser with approximately $46 billion of total committed capital under management as of December 31, 2011. Ares Operations, our administrator, a wholly owned subsidiary of Ares Management, provides the administrative services necessary for us to operate.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. However, we may from time to time invest in larger companies. In this prospectus supplement, we generally use the term "middle-market" to refer to companies with annual EBITDA between $10 million and $250 million. As used herein, EBITDA means net income before net interest expense, income tax expense, depreciation and amortization.

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

then-existing stockholders, thereby resulting in our then-existing stockholders owning approximately 69% of the combined company and the then-existing Allied Capital stockholders owning approximately 31% of the combined company.

We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. First and second lien senior loans generally are senior debt instruments that rank ahead of subordinated debt of a given portfolio company. Mezzanine debt is subordinated to senior loans and is generally unsecured. Our investments have generally ranged between $20 million and $250 million each, although the investment sizes may be more or less than this range. Our investment sizes are expected to grow with our capital availability.

To a lesser extent, we also make preferred and/or common equity investments, which have generally been non-control equity investments of less than $20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments. Also, as a result of the Allied Acquisition, Allied Capital's equity investments, which included equity investments larger than those we have historically made and controlled portfolio company equity investments, became part of our portfolio. We intend to actively seek opportunities over time to dispose of certain of the assets that were acquired in the Allied Acquisition, particularly non-yielding equity investments and controlled portfolio company investments, as well as lower or non-yielding debt investments and investments that may not be core to our investment strategy, and generally rotate them into higher-yielding first and second lien senior loans and mezzanine debt investments. However, there can be no assurance that this strategy will be successful. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity" for further information on the rotation of investments acquired as part of the Allied Acquisition.

The proportion of these types of investments will change over time given our views on, among other things, the economic and credit environment we are operating in. In connection with our investing activities, we may make commitments with respect to indebtedness or securities of a potential portfolio company substantially in excess of our final investment. In such situations, while we may initially agree to fund up to a certain dollar amount of an investment, we may subsequently syndicate a portion of such amount to third parties, such that we are left with a smaller investment than what was reflected in our original commitment. In addition to originating investments, we may also acquire investments in the secondary market.

The first and second lien senior loans in which we invest generally have stated terms of three to 10 years and the mezzanine debt investments in which we invest generally have stated terms of up to 10 years, but the expected average life of such first and second lien loans and mezzanine debt is generally between three and seven years. However, we may invest in loans and securities with any maturity or duration. The instruments in which we invest typically are not initially rated by any rating agency, but we believe that if such instruments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's Ratings Services). We may invest without limit in debt or other securities of any rating, as well as debt or other securities that have not been rated by any nationally recognized statistical rating organization.

We believe that our investment adviser, Ares Capital Management, is able to leverage the current investment platform, resources and existing relationships with financial sponsors, financial institutions, hedge funds and other investment firms of Ares to provide us with attractive investment opportunities. In addition to deal flow, the Ares investment platform assists our investment adviser in analyzing, structuring and monitoring investments. Ares has been in existence for more than 13 years and its senior principals have an average of over 20 years experience investing in senior loans, high yield bonds, mezzanine debt and private equity securities. The Company has access to the Ares staff of

approximately 210 investment professionals and approximately 240 administrative professionals who provide assistance in accounting, finance, legal, compliance, operations, information technology and investor relations.

Since our initial public offering on October 8, 2004 through September 30, 2011, our realized gains have exceeded our realized losses by $155.6 million (excluding the one-time gain on the Allied Acquisition and gains/losses from the extinguishment of debt and other assets). For this same time period, we have exited 167 investments, resulting in an aggregate cash flow realized internal rate of return to us of approximately 16% (based on original cash invested of $4.3 billion and total proceeds from such exits of $5.3 billion). Approximately 77% of the exits resulted in an aggregate cash flow internal rate of return to us of 10% or greater. Internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of expenses related to investments as these expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of our debt investment or sale of an investment or through the determination that no further consideration was collectible and, thus, a loss may have been realized. These internal rate of return results are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

While our primary focus is to generate current income and capital appreciation through investments in first and second lien senior loans and mezzanine debt and, to a lesser extent, equity securities of eligible portfolio companies, we also may invest up to 30% of our portfolio in opportunistic investments in non-qualifying assets, as permitted by the Investment Company Act. See "Regulation" in the accompanying prospectus. Specifically, as part of this 30% basket, we may invest in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies outside of the United States, entities that are operating pursuant to certain exceptions to the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for in the Investment Company Act.

We and General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") also co-invest through an unconsolidated vehicle, the Senior Secured Loan Fund LLC, which operates using the name "Senior Secured Loan Program" (the "SSLP"). The SSLP was initially formed in December 2007 to co-invest in "stretch senior" and "unitranche" loans (loans that combine both senior and subordinated debt, generally in a first lien position) of middle-market companies and, as of September 30, 2011, had approximately $5.1 billion of available capital, approximately $3.7 billion in aggregate principal amount of which was funded as of September 30, 2011. At September 30, 2011, we had agreed to make available to the SSLP approximately $1.0 billion, of which approximately $174 million was unfunded. The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by both an affiliate of GE and the Company. See " Recent Developments" for information regarding an increase in the size of the SSLP subsequent to September 30, 2011.

We also manage an unconsolidated fund, AGILE Fund I, LLC (the "AGILE Fund"), which had approximately $62 million of total committed capital under management as of December 31, 2011.

In addition, our portfolio company, IHAM, manages 10 unconsolidated credit vehicles and sub-manages four other unconsolidated credit vehicles (these vehicles managed or sub-managed by IHAM are collectively referred to as the "IHAM Vehicles"), which are described in more detail under "Business Investments Managed Vehicles" in the accompanying prospectus. We have also made direct investments in securities of certain of these vehicles. As of December 31, 2011, IHAM had total committed capital under management of approximately $3.4 billion, which included approximately $0.3 billion invested by Ares Capital in IHAM or securities issued by the IHAM Vehicles.

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About Ares

Founded in 1997, Ares is a global alternative asset manager and SEC registered investment adviser with approximately $46 billion of total committed capital under management and approximately 450 employees as of December 31, 2011.

Ares specializes in originating and managing assets in both the leveraged finance and private equity markets. Ares' leveraged finance activities include the origination, acquisition and management of senior loans, high yield bonds, mezzanine debt and special situation investments. Ares' private equity activities focus on providing flexible, junior capital to middle-market companies. Ares has the ability to invest across a capital structure, from senior floating rate debt to common equity. This flexibility, combined with Ares' "buy and hold" philosophy, enables Ares to structure an investment to meet the specific needs of a company rather than the less flexible demands of the public markets.

Ares is comprised of the following groups:

Private Debt Group. The Ares Private Debt Group manages Ares Capital, Ares Credit Strategies Fund II, L.P., Ares Credit Strategies Fund III, L.P., Ares Mezzanine Partners, L.P., Ares' private debt middle-market financing business in Europe, Ares Capital Europe ("ACE"), as well as the Ares Commercial Real Estate group, which together had approximately $18.5 billion of total committed capital under management as of December 31, 2011, including capital which may be committed for investment both directly and through certain financial services portfolio companies of the Company. The Ares Private Debt Group focuses primarily on non-syndicated first and second lien senior loans and mezzanine debt, which in some cases may include an equity component. The Ares Private Debt Group also makes equity investments in private middle-market companies, usually in conjunction with a concurrent debt investment.

Capital Markets Group. The Ares Capital Markets Group had approximately $22.2 billion of total committed capital under management as of December 31, 2011 through a variety of funds and investment vehicles, focusing primarily on syndicated senior secured loans, high yield bonds, distressed debt, other liquid fixed income investments and other publicly traded debt securities.

Private Equity Group. The Ares Private Equity Group had approximately $5.6 billion of total committed capital under management as of December 31, 2011, primarily through Ares Corporate Opportunities Fund L.P., Ares Corporate Opportunities Fund II, L.P. and Ares Corporate Opportunities Fund III, L.P. (collectively referred to as "ACOF"). ACOF generally makes private equity investments in amounts substantially larger than the private equity investments anticipated to be made by Ares Capital. In particular, the Ares Private Equity Group generally focuses on control-oriented equity investments in under-capitalized companies or companies with capital structure issues.

Ares' senior principals have been working together as a group for many years and have an average of over 20 years of experience in leveraged finance, private equity, distressed debt, investment banking and capital markets. They are backed by a large team of highly disciplined professionals. Ares' rigorous investment approach is based upon an intensive, independent financial analysis, with a focus on preservation of capital, diversification and active portfolio management. These fundamentals underlie Ares' investment strategy and have resulted in large pension funds, banks, insurance companies, endowments and certain high net worth individuals investing in Ares' funds.

Ares Capital Management

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 70 U.S.-based investment professionals led by U.S.-based

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senior partners of the Ares Private Debt Group: Michael Arougheti, Eric Beckman, Kipp deVeer, Mitchell Goldstein and Michael Smith. Ares Capital Management leverages off of Ares' investment platform and benefits from the significant capital markets, trading and research expertise of Ares' investment professionals. Ares has approximately 210 investment professionals covering current investments in more than 1,100 companies across over 30 industries. Ares Capital Management's investment committee has eight members, including senior partners in the Ares Private Debt Group, senior partners in the Ares Private Equity Group and a senior adviser in the Ares Capital Markets Group.

Recent Developments

In October 2011, Ares Capital and Ares Capital CP Funding LLC ("Ares Capital CP"), a wholly owned subsidiary of Ares Capital, amended the Revolving Funding Facility (as defined herein) to, among other things, increase the commitment size from $400 million to $500 million.

In October 2011, the total available capital for the Senior Secured Loan Program was increased from $5.1 billion to $7.7 billion. In connection with this increase, GE and Ares Capital agreed to make available to the SSLP up to $6.2 billion and $1.5 billion, respectively.

From October 1, 2011 through December 31, 2011, we made new investment commitments of $853 million, of which $823 million were funded. Of these new commitments, 55% were in first lien senior secured debt, 30% were in investments in subordinated certificates of the SSLP, 9% were in second lien senior secured debt, 4% were in senior subordinated debt, and 2% were in equity securities. Of the $853 million of new investment commitments, 94% were floating rate, 4% were fixed rate, and 2% were non-interest bearing. The weighted average yield of debt and income producing securities funded during the period at amortized cost was 12.5%. We may seek to syndicate a portion of these new investment commitments to third parties, although there can be no assurance that we will be able to do so.

From October 1, 2011 through December 31, 2011, we exited $688 million of investment commitments. Of these investment commitments, 78% were in first lien senior secured debt, 7% were in second lien senior secured debt, 5% were in senior subordinated debt, 5% were in collateralized loan obligations, and 5% were in equity and other securities. Of the $688 million of exited investment commitments, 84% were floating rate investments, 7% were on non-accrual status, 5% were fixed rate investments, and 4% were non-interest bearing. The weighted average yield of debt and income producing securities exited or repaid during the period at amortized cost was 9.5%. On the $688 million of investment commitments exited from October 1, 2011 through December 31, 2011, we recognized total net realized losses of approximately $5 million. Included within the $688 million of investment commitments exited from October 1, 2011 through December 31, 2011 were $92 million of investment commitments acquired as part of the Allied Acquisition. We recognized net realized gains of approximately $2 million on the investments exited that were acquired as part of the Allied Acquisition.

In addition, as of December 31, 2011, we had an investment backlog and pipeline of $170 million and $215 million, respectively. We may syndicate a portion of these investments and commitments to third parties. The consummation of any of the investments in this backlog and pipeline depends upon, among other things: 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. We cannot assure you that we will make any of these investments or that we will syndicate any portion of such investments and commitments.

In January 2012, Ares Capital and Ares Capital CP amended the Revolving Funding Facility to, among other things, (i) extend the reinvestment period by one year to January 18, 2015, (ii) extend the

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maturity date by one year to January 18, 2017, and (iii) replace the pricing grid with an applicable spread over LIBOR of 2.50% and an applicable spread over "base rate" of 1.50%.

On January 20, 2012, we established, through our wholly owned subsidiary ACJB LLC, the SMBC Funding Facility by entering into a Loan and Servicing Agreement (the "SMBC Loan and Servicing Agreement") with ACJB LLC, as the borrower, and Sumitomo Mitsui Banking Corporation ("SMBC"), as the administrative agent, collateral agent and lender, pursuant to which SMBC has agreed to extend credit to ACJB LLC in an aggregate principal amount of up to $200 million at any one time outstanding. In connection with the SMBC Funding Facility, we entered into a Purchase and Sale Agreement with ACJB LLC, pursuant to which we may sell to ACJB LLC certain first lien loans we have originated or acquired, or will originate or acquire (the "SMBC Loans") from time to time.

The SMBC Funding Facility is a revolving funding facility with a reinvestment period ending January 20, 2015 and a final maturity date of January 20, 2020. The reinvestment period and final maturity are both subject to two one-year extensions by mutual agreement. Subject to certain exceptions, the interest charged on the SMBC Funding Facility is based on LIBOR plus 2.125% (with no floor) or a "base rate" (which is the greater of a prime rate and the federal funds rate plus 0.50%) plus 1.125% (with no floor). The SMBC Loan and Servicing Agreement includes usual and customary events of default for revolving funding facilities of this nature, including allowing SMBC, upon a default, to accelerate and foreclose on the SMBC Loans and to pursue the rights under the SMBC Loans directly with the obligors thereof.

On January 25, 2012, we completed a public equity offering (the "January 2012 Offering") through which we sold 16,422,000 shares of common stock (including 2,142,000 shares purchased pursuant to the exercise by the underwriters of their overallotment option). Total proceeds from the January 2012 Offering, net of the underwriting discount and estimated offering expenses payable by us, were approximately $252.5 million. We expect to use the net proceeds of the January 2012 Offering to repay outstanding indebtedness under the Revolving Credit Facility and/or the Revolving Funding Facility.

Our Corporate Information

Our administrative offices are located at 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, telephone number (310) 201-4200, and our executive offices are located at 245 Park Avenue, 44th Floor, New York, New York 10167, telephone number (212) 750-7300.

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RISK FACTORS

The Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.

The Notes will not be secured by any of our assets or any of the assets of our subsidiaries. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of December 31, 2011, we had $395.0 million outstanding under the Revolving Credit Facility. The Revolving Credit Facility is secured by substantially all of the assets in our portfolio (other than investments held by Ares Capital CP under the Revolving Funding Facility, ACJB LLC under the SMBC Funding Facility, those held as a part of the Debt Securitization and certain other investments) and the indebtedness thereunder is therefore effectively senior to the Notes to the extent of the value of such assets.

The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Notes are obligations exclusively of Ares Capital and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the Notes and the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. A significant portion of the indebtedness required to be consolidated on our balance sheet is held through subsidiary financing vehicles and secured by certain assets of such subsidiaries. For example, the secured indebtedness with respect to the Revolving Funding Facility, the SMBC Facility and the Debt Securitization are each held through our wholly owned subsidiaries, Ares Capital CP Funding LLC, ACJB LLC and ARCC Commercial Loan Trust 2006, respectively. The assets of such subsidiaries are not directly available to satisfy the claims of our creditors, including holders of the Notes. See "The Company Recent Developments" for more detail on the SMBC Funding Facility and "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources Debt Capital Activities" in this prospectus supplement for more detail on the Revolving Funding Facility and the Debt Securitization.

Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including trade creditors) and holders of preferred stock, if any, of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Notes will be structurally subordinated to all indebtedness and other liabilities (including trade payables) of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. As of December 31, 2011, we had $463.0 million outstanding under the Revolving Funding Facility and nothing outstanding under the SMBC Funding Facility. As of December 31, 2011, we also had outstanding $77.5 million under our Debt Securitization. All of such indebtedness would be structurally senior to the Notes. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Notes.

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The indenture under which the Notes will be issued will contain limited protection for holders of the Notes.

The indenture under which the Notes will be issued offers limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the Notes. In particular, the terms of the indenture and the Notes will not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act or any successor provisions;

- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes;

- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

- enter into transactions with affiliates;

- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;

- make investments; or

- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the indenture will not require us to offer to purchase the Notes in connection with a change of control or any other event.

Furthermore, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Certain of our current debt instruments include more protections for their holders than the indenture and the Notes. See in the accompanying prospectus "Risk Factors Risks Relating to Our Business In addition to regulatory requirements that restrict our ability to raise capital, the Facilities, the CLO Notes, the Unsecured Notes and the Convertible Notes contain various covenants that, if not complied with, could accelerate repayment under the Facilities, the CLO Notes, the Unsecured Notes and the Convertible Notes, thereby materially and adversely affecting our liquidity, financial condition and results of operations." In addition, other debt we issue or incur in the future could contain more

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protections for its holders than the indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the Notes.

An active trading market for the Notes may not develop, which could limit the market price of the Notes or your ability to sell them. If a rating agency assigns the Notes a non-investment grade rating, the Notes may be subject to greater price volatility than similar securities without such a rating. One rating agency has assigned the 2040 Notes a non-investment grade rating.

The Notes are a new issue of debt securities for which there currently is no trading market. We intend to list the Notes on The New York Stock Exchange within 30 days of the original issue date. Although we expect the Notes to be listed on The New York Stock Exchange, we cannot provide any assurances that an active trading market will develop for the Notes or that you will be able to sell your Notes. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, general economic conditions, our financial condition, performance and prospects and other factors. If a rating agency assigns the Notes a non-investment grade rating, the Notes may be subject to greater price volatility than securities of similar maturity without such a non-investment grade rating. One rating agency has assigned the 2040 Notes a non-investment grade rating. The underwriters have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The underwriters may discontinue any market-making in the Notes at any time at their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

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SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA OF ARES CAPITAL

The following selected financial and other data as of and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 are derived from our consolidated financial statements, which have been audited by KPMG LLP, an independent registered public accounting firm whose report thereon is included elsewhere in the accompanying prospectus. The selected financial and other data for the nine months ended September 30, 2011 and 2010 and other quarterly financial information are derived from our unaudited financial statements, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim periods. Interim results as of and for the nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. The data should be read in conjunction with our consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities," which are included elsewhere in this prospectus supplement or the accompanying prospectus.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA
As of and For the Nine Months Ended September 30, 2011 and 2010 and
As of and For the Years Ended December 31, 2010, 2009, 2008, 2007 and 2006
(dollar amounts in millions, except per share data and as otherwise indicated)

	As of and For the Nine Months Ended September 30, 2011	As of and For the Nine Months Ended September 30, 2010	As of and For the Year Ended December 31, 2010	As of and For the Year Ended December 31, 2009	As of and For the Year Ended December 31, 2008	As of and For the Year Ended December 31, 2007	As of and For the Year Ended December 31, 2006
Total Investment Income	$ 447.3	$ 326.2	$ 483.4	$ 245.3	$ 240.4	$ 188.9	$ 120.0
Total Expenses	252.8	173.4	262.2	111.3	113.2	94.8	58.4
Net Investment Income Before Income Taxes	194.5	152.8	221.2	134.0	127.2	94.1	61.6
Income Tax Expense (Benefit), Including Excise Tax	4.6	0.4	5.4	0.6	0.2	(0.8)	4.9
Net Investment Income	189.9	152.5	215.8	133.4	127.0	94.9	56.7
Net Realized and Unrealized Gains (Losses) on Investments, Foreign Currencies and Extinguishment of Debt and Other Assets	11.4	186.6	280.1	69.3	(266.5)	(4.1)	13.0
Gain on the acquisition of Allied Capital Corporation		$ 195.9	$ 195.9				
Net Increase (Decrease) in Stockholders' Equity Resulting from Operations	$ 201.3	$ 534.9	$ 691.8	$ 202.7	$ (139.5)	$ 90.8	$ 69.7
Per Share Data:							
Net Increase (Decrease) in Stockholder's Equity Resulting from Operations:							
Basic(1)	$ 0.98	$ 3.16	$ 3.91	$ 1.99	$ (1.56)	$ 1.34	$ 1.58
Diluted(1)	$ 0.98	$ 3.16	$ 3.91	$ 1.99	$ (1.56)	$ 1.34	$ 1.58
Cash Dividend Declared	$ 1.05	$ 1.05	$ 1.40	$ 1.47	$ 1.68	$ 1.66	$ 1.64
Net Asset Value	$ 15.13	$ 14.43	$ 14.92	$ 11.44	$ 11.27	$ 15.47	$ 15.17
Total Assets	$ 5,045.5	$ 4,432.2	$ 4,562.5	$ 2,313.5	$ 2,091.3	$ 1,829.4	$ 1,348.0
Total Debt (Carrying Value)	$ 1,800.2	$ 1,524.1	$ 1,378.5	$ 969.5	$ 908.8	$ 681.5	$ 482.0
Total Debt (Principal Value)	$ 1,899.6	$ 1,583.3	$ 1,435.1	$ 969.5	$ 908.8	$ 681.5	$ 482.0
Total Stockholders' Equity	$ 3,103.3	$ 2,778.5	$ 3,050.5	$ 1,257.9	$ 1,094.9	$ 1,124.6	$ 789.4
Other Data:							
Number of Portfolio Companies at Period End(2)	141	184	170	95	91	78	60
Principal Amount of Investments Purchased	$ 2,344.4	$ 1,089.5	$ 1,583.9	$ 575.0	$ 925.9	$ 1,251.3	$ 1,087.5
Principal Amount of Investments Acquired as part of the Allied Acquisition		$ 1,833.8	$ 1,833.8				
Principal Amount of Investments Sold and Repayments	$ 1,870.2	$ 1,163.5	$ 1,555.1	$ 515.2	$ 485.3	$ 718.7	$ 430.0
Total Return Based on Market Value(3)	7.1%	34.1%	43.6%	119.9%	(45.3)%	(14.8)%	29.1%
Total Return Based on Net Asset Value(4)	6.6%	24.1%	31.6%	17.8%	(11.2)%	9.0%	10.7%

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	As of and For the Nine Months Ended September 30, 2011	As of and For the Nine Months Ended September 30, 2010	As of and For the Year Ended December 31, 2010	As of and For the Year Ended December 31, 2009	As of and For the Year Ended December 31, 2008	As of and For the Year Ended December 31, 2007	As of and For the Year Ended December 31, 2006
Weighted Average Yield of Debt and Income Producing Equity Securities at Fair Value(5):	11.9%	12.9%	12.9%	12.7%	12.8%	11.7%	12.0%
Weighted Average Yield of Debt and Income Producing Equity Securities at Amortized Cost(5):	11.9%	13.1%	13.2%	12.1%	11.7%	11.6%	11.6%

(1) In accordance with Accounting Standards Codification ("ASC") 260-10 (previously Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings Per Share), the weighted average shares of common stock outstanding used in computing basic and diluted earnings per common share have been adjusted retroactively by a factor of 1.02% to recognize the bonus element associated with rights to acquire shares of common stock that we issued to stockholders of record as of March 24, 2008 in connection with a rights offering.

(2) Includes commitments to portfolio companies for which funding has yet to occur.

(3) Total return based on market value for the nine months ended September 30, 2011 equals the decrease of the ending market value at September 30, 2011 of $13.77 per share over the ending market value at December 31, 2010 of $16.48 per share plus the declared dividends of $1.05 per share for the nine months ended September 30, 2011. Total return based on market value for the year ended December 31, 2010 equals the increase of the ending market value at December 31, 2010 of $16.48 per share over the ending market value at December 31, 2009 of $12.45 per share plus the declared dividends of $1.40 per share for the year ended December 31, 2010. Total return based on market value for the year ended December 31, 2009 equals the increase of the ending market value at December 31, 2009 of $12.45 per share over the ending market value at December 31, 2008 of $6.33 per share plus the declared dividends of $1.47 per share for the year ended December 31, 2009. Total return based on market value for the year ended December 31, 2008 equals the decrease of the ending market value at December 31, 2008 of $6.33 per share from the ending market value at December 31, 2007 of $14.63 per share plus the declared dividends of $1.68 per share for the year ended December 31, 2008. Total return based on market value for the year ended December 31, 2007 equals the decrease of the ending market value at December 31, 2007 of $14.63 per share from the ending market value at December 31, 2006 of $19.11 per share plus the declared dividends of $1.66 per share for the year ended December 31, 2007. Total return based on market value for the year ended December 31, 2006 equals the increase of the ending market value at December 31, 2006 of $19.11 per share over the ending market value at December 31, 2005 of $16.07 per share plus the declared dividends of $1.64 per share for the year ended December 31, 2006. Total return based on market value is not annualized.

(4) Total return based on net asset value for the nine months ended September 30, 2011 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.05 per share for the nine months ended September 30, 2011, divided by the beginning asset value. Total return based on net asset value for the year ended December 31, 2010 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.40 per share for the year ended December 31, 2010, divided by the beginning net asset value. Total return based on net asset value for the year ended December 31, 2009 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.47 per share for the year ended December 31, 2009, divided by the beginning net asset value. Total return based on net asset value for the year ended December 31, 2008 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.68 per share for the year ended December 31, 2008, divided by the beginning net asset value. Total return based on net asset value for the year ended December 31, 2007 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.66 per share for the year ended December 31, 2007, divided by the beginning net asset value. Total return based on net asset value for the year ended December 31, 2006 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.64 per share for the year ended December 31, 2006, divided by the beginning net asset value. Total return based on net asset value is not annualized.

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

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SELECTED QUARTERLY DATA (Unaudited)
(dollar amounts in thousands, except per share data)

	2011		
	Q3	Q2	Q1
Total investment income	$ 167,365	$ 144,307	$ 135,691
Net investment income before net realized and unrealized gains (losses) and incentive compensation	$ 108,517	$ 85,509	$ 78,764
Incentive compensation	$ 10,159	$ 41,746	$ 30,941
Net investment income before net realized and unrealized gains (losses)	$ 98,358	$ 43,763	$ 47,823
Net realized and unrealized gains (losses)	$ (57,719)	$ (6,840)	$ 75,943
Net increase in stockholders' equity resulting from operations	$ 40,369	$ 36,923	$ 123,766
Basic and diluted earnings per common share	$ 0.20	$ 0.18	$ 0.61
Net asset value per share as of the end of the quarter	$ 15.13	$ 15.28	$ 15.45

	2010			
	Q4	Q3	Q2	Q1
Total investment income	$ 157,170	$ 138,126	$ 121,590	$ 66,510
Net investment income before net realized and unrealized gains (losses) and incentive compensation	$ 99,323	$ 89,025	$ 64,514	$ 39,849
Incentive compensation	$ 35,973	$ 17,805	$ 14,973	$ 8,144
Net investment income before net realized and unrealized gains (losses)	$ 63,350	$ 71,220	$ 49,541	$ 31,705
Net realized and unrealized gains (losses)	$ 93,538	$ 57,157	$ 280,613(1)	$ 44,710
Net increase in stockholders' equity resulting from operations	$ 156,888	$ 128,377	$ 330,154	$ 76,415
Basic and diluted earnings per common share	$ 0.79	$ 0.67	$ 1.73	$ 0.61
Net asset value per share as of the end of the quarter	$ 14.92	$ 14.43	$ 14.11	$ 11.78

(1) Includes gain on the Allied Acquisition of $195,876.

	2009			
	Q4	Q3	Q2	Q1
Total investment income	$ 69,264	$ 60,881	$ 59,111	$ 56,016
Net investment income before net realized and unrealized gains (losses) and incentive compensation	$ 47,920	$ 41,133	$ 39,935	$ 37,750
Incentive compensation	$ 9,568	$ 8,227	$ 7,987	$ 7,550
Net investment income before net realized and unrealized gains (losses)	$ 38,352	$ 32,906	$ 31,948	$ 30,200
Net realized and unrealized gains (losses)	$ 31,278	$ 30,370	$ 2,805	$ 4,834
Net increase (decrease) in stockholders' equity resulting from operations	$ 69,630	$ 63,276	$ 34,753	$ 35,034
Basic and diluted earnings per common share	$ 0.64	$ 0.62	$ 0.36	$ 0.36
Net asset value per share as of the end of the quarter	$ 11.44	$ 11.16	$ 11.21	$ 11.20

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	2008			
	Q4	**Q3**	**Q2**	**Q1**
Total investment income	$ 62,723	$ 62,067	$ 63,464	$ 52,207
Net investment income before net realized and unrealized gains (losses) and incentive compensation	$ 40,173	$ 41,025	$ 45,076	$ 32,466
Incentive compensation	$ 8,035	$ 8,205	$ 9,015	$ 6,493
Net investment income before net realized and unrealized gains (losses)	$ 32,138	$ 32,820	$ 36,061	$ 25,973
Net realized and unrealized gains (losses)	$ (142,638)	$ (74,213)	$ (32,789)	$ (16,807)
Net increase (decrease) in stockholders' equity resulting from operations	$ (110,500)	$ (41,393)	$ 3,272	$ 9,166
Basic and diluted earnings per common share	$ (1.14)	$ (0.43)	$ 0.04	$ 0.12
Net asset value per share as of the end of the quarter	$ 11.27	$ 12.83	$ 13.67	$ 15.17

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UNAUDITED SELECTED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

The following table sets forth the unaudited pro forma condensed consolidated statement of operations for Ares Capital and Allied Capital as a consolidated entity. The unaudited pro forma condensed consolidated operating data for the year ended December 31, 2010 is presented as if the Allied Acquisition had been completed on January 1, 2010. In the opinion of management, all adjustments necessary to reflect the effect of this transaction have been made. The Allied Acquisition was accounted for under the acquisition method of accounting as provided by ASC 805-10 (previously SFAS No. 141(R)), *Business Combinations* ("ASC 805-10").

The unaudited pro forma condensed consolidated statement of operations should be read together with the respective historical audited and unaudited consolidated financial statements of Allied Capital and Ares Capital, and the notes thereto, included elsewhere in this prospectus supplement or the accompanying prospectus. The unaudited pro forma condensed consolidated statement of operations is presented for comparative purposes only and does not necessarily indicate the future operating results of Ares Capital following the completion of the Allied Acquisition. The unaudited pro forma condensed consolidated statement of operations does not include adjustments to reflect any cost savings or other operational efficiencies that may be realized as a result of the Allied Acquisition or any future merger related restructuring or integration expenses.

The following should be read in connection with the section entitled "Unaudited Pro Forma Condensed Consolidated Statement of Operations" and other information included in this prospectus supplement and the accompanying prospectus.

See in this prospectus supplement "Management's Discussion and Analysis of Financial Condition and Results of Operations Overview Allied Acquisition" for a description of the terms of the Allied Acquisition and in the accompanying prospectus "Risk Factors Risks Relating to Our Business We may be unable to realize the benefits anticipated by the Allied Acquisition or it may take longer than anticipated to achieve such benefits" for a description of certain risks associated with the Allied Acquisition.

(dollar amounts in thousands, except per share data and as otherwise indicated)

	For the Year Ended December 31, 2010
Total Investment Income	$ 537,488
Total Expenses	291,912
Net Investment Income Before Income Taxes	245,576
Income Tax Expense	6,594
Net Investment Income	238,982
Net Realized and Unrealized Gains on Investments, Foreign Currencies, Acquisitions, Extinguishment of Debt and Sale of Other Assets	246,879
Net Increase in Stockholders' Equity Resulting from Operations	$ 485,861

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UNAUDITED PRO FORMA PER SHARE DATA

The following selected unaudited combined pro forma per share information for the year ended December 31, 2010 reflects the Allied Acquisition and related transactions as if they had occurred on January 1, 2010.

Such unaudited pro forma combined per share information is based on the historical financial statements of Ares Capital and Allied Capital and on publicly available information and certain assumptions and adjustments as discussed in the section entitled "Unaudited Selected Pro Forma Condensed Consolidated Statement of Operations." This unaudited pro forma combined per share information is provided for illustrative purposes only and is not necessarily indicative of what the operating results of Ares Capital or Allied Capital would have been had the Allied Acquisition and related transactions been completed at the beginning of the period indicated, nor are they necessarily indicative of any future operating results.

The following should be read in connection with the section entitled "Unaudited Selected Pro Forma Condensed Consolidated Statement of Operations" and other information included in this prospectus supplement and the accompanying prospectus.

See in this prospectus supplement "Management's Discussion and Analysis of Financial Condition and Results of Operations Overview Allied Acquisition" for a description of the terms of the Allied Acquisition and in the accompanying prospectus "Risk Factors Risks Relating to Our Business We may be unable to realize the benefits anticipated by the Allied Acquisition or it may take longer than anticipated to achieve such benefits" for a description of certain risks associated with the Allied Acquisition.

	For the Year Ended December 31, 2010			
	Ares Capital	Allied Capital	Pro forma Combined Ares Capital	Per Equivalent Allied Capital Share(1)
Net Increase (Decrease) in Stockholders' Equity Resulting from Operations:				
Basic	$ 3.91	$ (0.20)	$ 2.54	$ 0.83
Diluted	$ 3.91	$ (0.20)	$ 2.54	$ 0.83
Cash Dividends Declared(2)	$ 1.40	$ 0.20	$ 1.40	$ 0.46

(1) The Allied Capital equivalent pro forma per share amount is calculated by multiplying the pro forma combined share amounts by the common stock exchange ratio of 0.325.

(2) The cash dividends declared per share represent the actual dividends declared per share for the period presented. The pro forma combined dividends declared is the dividends per share as declared by Ares Capital.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of the $125.0 million aggregate principal amount of Notes in this offering will be approximately $120.2 million (or approximately $138.3 million if the underwriters fully exercise their overallotment option), in each case at a public offering price of 100% of par, after deducting the underwriting discount of $3.8 million (or approximately $4.3 million if the underwriters fully exercise their overallotment option) payable by us and estimated offering expenses of approximately $1.1 million payable by us.

We expect to use the net proceeds of this offering to repay outstanding indebtedness under the Revolving Credit Facility ($395.0 million outstanding as of December 31, 2011) and/or the Revolving Funding Facility ($463.0 million outstanding as of December 31, 2011).

Subject to certain exceptions, pricing under the Revolving Credit Facility is based on LIBOR plus an applicable spread of between 2.50% and 4.00% or on the "alternate base rate" plus an applicable spread of between 1.50% and 3.00%, in each case, based on a pricing grid depending upon our credit rating. As of December 31, 2011, the effective LIBOR spread under the Revolving Credit Facility was 3.00%. The Revolving Credit Facility matures on January 22, 2013. Subject to certain exceptions, the interest charged on the Revolving Funding Facility is based on LIBOR plus an applicable spread of 2.50% or on a "base rate" plus an applicable spread of 1.50%. The effective LIBOR spread under the Revolving Funding Facility as of the date of this prospectus supplement was 2.50%. The Revolving Funding Facility is scheduled to expire on January 18, 2017 (subject to a one-year extension option exercisable upon mutual consent).

Affiliates of certain of the underwriters are lenders under the Revolving Credit Facility and affiliates of Wells Fargo Securities, LLC are lenders under the Revolving Funding Facility. Accordingly, to the extent proceeds of this offering are used to repay outstanding indebtedness under the Revolving Credit Facility or the Revolving Funding Facility, affiliates of certain of the underwriters may receive more than 5% of the proceeds of this offering.

We intend to use any net proceeds from this offering that are not applied as described above for general corporate purposes, which include investing in portfolio companies in accordance with our investment objective.

Investing in portfolio companies could include investments in our investment backlog and pipeline that, as of December 31, 2011, were approximately $170 million and $215 million, respectively. Please note that the consummation of any of the investments in this backlog and pipeline depends upon, among other things: 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, and there can be no guarantee that we will consummate any of these investments or that we will syndicate any portion of such investments or commitments.

Our primary focus is to generate current income and capital appreciation through investments in first and second lien senior loans and mezzanine debt and, to a lesser extent, equity securities of eligible portfolio companies. In addition to such investments, we may invest up to 30% of our portfolio in opportunistic investments of non-qualifying assets, as permitted by the Investment Company Act. As part of this 30% basket, we may invest in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies outside of the United States, entities that are operating pursuant to certain exceptions to the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for in the Investment Company Act.

Pending such investments, we will invest a portion of the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality short-term investments. These securities

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may earn yields substantially lower than the income that we anticipate receiving once we are fully invested in accordance with our investment objective. As a result, we may not be able to achieve our investment objective and/or pay any dividends during this period or, if we are able to do so, such dividends may be substantially lower than the dividends that we expect to pay when our portfolio is fully invested. If we do not realize yields in excess of our expenses, we may incur operating losses. See "Regulation Temporary Investments" in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

CAPITALIZATION

The following table sets forth our actual capitalization at September 30, 2011. You should read this table together with "Use of Proceeds" and our most recent balance sheet included elsewhere in this prospectus supplement.

	As of September 30, 2011 (unaudited) (in thousands, except per share data and footnotes) Actual
Cash and cash equivalents	$ 103,146
Debt(1)	
Revolving Funding Facility	$ 383,000
Revolving Credit Facility	189,820
Debt Securitization	91,808
February 2016 Convertible Notes	539,394
June 2016 Convertible Notes	215,252
2040 Notes	200,000
2047 Notes	180,938
Total Debt	1,800,212
Stockholders' Equity(2)	
Common stock, par value $.001 per share, 400,000 common shares authorized, 205,130 issued and outstanding	205
Capital in excess of par value	3,271,595
Accumulated overdistributed net investment income	(36,245)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets	(84,010)
Net unrealized loss on investments and foreign currency transactions	(48,267)
Total stockholders' equity	3,103,278
Total capitalization	$ 4,903,490

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(1) The above table reflects the carrying value of indebtedness outstanding as of September 30, 2011. As of December 31, 2011, indebtedness under the Revolving Credit Facility and the Revolving Funding Facility was $395.0 million and $463.0 million, respectively. The above table does not include the SMBC Funding Facility, which was entered into in January 2012 and under which no amounts were outstanding as of the date of this prospectus supplement. The net proceeds from the sale of the Notes in this offering are expected to be used to pay down outstanding indebtedness under the Revolving Credit Facility and/or the Revolving Funding Facility. See "Use of Proceeds."

(2) The above table does not reflect approximately 16,422,000 common shares issued in connection with the January 2012 Offering for total proceeds, net of the underwriting discount and estimated offering expenses payable by us, of approximately $252.5 million.

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RATIOS OF EARNINGS TO FIXED CHARGES

For the nine months ended September 30, 2011 and the years ended December 31, 2010, 2009, 2008, 2007 and 2006, the ratios of earnings to fixed charges of the Company, computed as set forth below, were as follows:

	For the Nine Months Ended September 30, 2011	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006
Earnings to Fixed Charges(1)	3.3	9.8(2)	9.4(3)	(2.8)	3.4	5.0

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in stockholders' equity resulting from operations plus (or minus) income tax expense (benefit) including excise tax expense plus fixed charges. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.

(1) Earnings include net realized and unrealized gains or losses. Net realized and unrealized gains or losses can vary substantially from period to period.

Excluding the net unrealized gains or losses, the earnings to fixed charges ratio would be 4.1 for the nine months ended September 30, 2011, 6.9 for the year ended December 31, 2010, 5.7 for the year ended December 31, 2009, 4.7 for the year ended December 31, 2008, 3.7 for the year ended December 31, 2007 and 5.8 for the year ended December 31, 2006.

Excluding the net realized and unrealized gains or losses, the earnings to fixed charges ratio would be 3.2 for the nine months ended September 30, 2011, 3.8 for the year ended December 31, 2010, 6.5 for the year ended December 31, 2009, 4.5 for the year ended December 31, 2008, 3.6 for the year ended December 31, 2007 and 4.3 for the year ended December 31, 2006.

(2) Earnings for year ended December 31, 2010, include a one-time gain on the Allied Acquisition of $195.9 million, a net realized loss on the extinguishment of debt of $2.0 million and net realized gain on sale of other assets of $5.9 million.

(3) Earnings for the year ended December 31, 2009, include a net realized gain on the extinguishment of debt of $26.5 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with the Selected Condensed Consolidated Financial Data of Ares Capital and our financial statements and notes thereto appearing elsewhere in this prospectus supplement and the accompanying prospectus.

OVERVIEW

We are a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. We have elected to be regulated as a BDC under the Investment Company Act. We were founded on April 16, 2004, were initially funded on June 23, 2004 and on October 8, 2004 completed our initial public offering.

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

To a lesser extent, we also make preferred and/or common equity investments, which have generally been non-control equity investments, of less than $20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments. Also, as a result of the Allied Acquisition, Allied Capital's equity investments, which included equity investments larger than those we have historically made and controlled portfolio company equity investments, became part of our portfolio. We intend to actively seek opportunities over time to dispose of certain of the assets that were acquired in the Allied Acquisition, particularly non-yielding equity investments, as well as lower or non-yielding debt investments and investments that may not be core to our investment strategy, and generally rotate them into higher-yielding first and second lien senior loans and mezzanine debt investments. However, there can be no assurance that this strategy will be successful.

We are externally managed by Ares Capital Management, a wholly owned subsidiary of Ares Management, a global alternative asset manager and an SEC-registered investment adviser, pursuant to an investment advisory and management agreement. Ares Operations, a wholly owned subsidiary of Ares Management, provides the administrative services necessary for us to operate.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities and indebtedness of private U.S. companies and certain public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less.

The Company has elected to be treated as a RIC under Subchapter M of the Code, and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders generally at least 90% of our investment company taxable income, as defined by the Code, for each year. Pursuant to this election, we generally will not have to pay corporate level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

Allied Acquisition

On April 1, 2010, we consummated the Allied Acquisition in an all stock merger whereby each existing share of common stock of Allied Capital was exchanged for 0.325 shares of our common stock. The Allied Acquisition was valued at approximately $908 million as of April 1, 2010. In connection therewith, we issued approximately 58.5 million shares of our common stock to Allied Capital's then-existing stockholders, resulting in our then-existing stockholders owning approximately 69% of the

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combined company and the then-existing Allied Capital stockholders owning approximately 31% of the combined company.

Information presented herein as of the three and nine months ended September 30, 2011 and as of the three and nine months ended September 30, 2010 includes the results of operations and financial condition of the combined company following the Allied Acquisition unless otherwise indicated in the footnotes.

PORTFOLIO AND INVESTMENT ACTIVITY

The Company's investment activity for the three months ended September 30, 2011 and 2010 is presented below (information presented herein is at amortized cost unless otherwise indicated).

(dollar amounts in millions)	For the three months ended September 30, 2011	September 30, 2010
New investment commitments(1):		
New portfolio companies	$ 418.7	$ 39.5
Existing portfolio companies(2)	1,011.1	472.3
Total new investment commitments	1,429.8	511.8
Less:		
Investment commitments exited(3)	971.8	230.7
Net investment commitments	$ 458.0	$ 281.1
Principal amount of investments funded:		
Senior term debt	$ 933.1	$ 236.0
Senior subordinated debt		40.4
Subordinated Certificates of the Senior Secured Loan Fund LLC (the "SSLP")(4)	56.4	209.9
Equity and other	142.2	23.0
Total	$ 1,131.7	$ 509.3
Principal amount of investments sold or repaid excluding investments acquired as part of the Allied Acquisition:		
Senior term debt	$ 621.8	$ 74.7
Senior subordinated debt	123.4	56.5
Equity and other	69.7	0.1
Total	$ 814.9	$ 131.3
Principal amount of investments acquired as part of the Allied Acquisition sold or repaid:		
Senior term debt	$ 60.8	$ 90.5
Senior subordinated debt	35.3	5.0
Collateralized loan obligations		2.5
Equity and other	13.6	1.4
Total	$ 109.7	$ 99.4
Number of new investment commitments(5)	20	19
Average new investment commitment amount	$ 71.5	$ 26.9
Weighted average term for new investment commitments (in months)(7)	62	57
Percentage of new investment commitments at floating rates	96%	44%
Percentage of new investment commitments at fixed rates	4%	51%

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(dollar amounts in millions)	For the three months ended September 30, 2011	September 30, 2010
Weighted average yield of debt and income producing securities(6)(7):		
Funded during the period at fair value	9.9%	13.0%
Funded during the period at amortized cost	10.0%	13.1%
Exited or repaid during the period at fair value(8)	9.9%	13.2%
Exited or repaid during the period at amortized cost	9.9%	13.2%
Weighted average yield of debt and income producing securities acquired as part of the Allied Acquisition(6):		
Exited or repaid during the period at fair value	15.5%	13.3%
Exited or repaid during the period at amortized cost	13.1%	13.2%

(1) New investment commitments include new agreements to fund revolving credit facilities or delayed draw loans.

(2) Includes investment commitments to the SSLP of $56.4 million and $209.9 million for the three months ended September 30, 2011 and 2010, respectively.

(3) Investment commitments exited for the three months ended September 30, 2011 and 2010 include $105.3 million and $99.1 million, respectively, of investment commitments acquired in connection with the Allied Acquisition.

(4) See Notes 4 and 17 to our consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the SSLP.

(5) Number of new investment commitments represents each commitment to a particular portfolio company.

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

(7) Excludes investment commitments acquired as part of the Allied Acquisition on April 1, 2010.

(8) Represents fair value as of the most recent quarter end.

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As of September 30, 2011 and December 31, 2010, investments consisted of the following:

	As of			
	September 30, 2011		December 31, 2010	
(in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Senior term debt	$ 2,587.4	$ 2,547.1	$ 1,722.1	$ 1,695.5
Subordinated Certificates of the SSLP(1)	777.4	796.5	537.5	561.7
Senior subordinated debt	599.1	529.9	1,055.5	1,014.5
Collateralized loan obligations	92.5	90.7	219.3	261.2
Preferred equity securities	244.0	236.4	137.4	143.5
Other equity securities	480.8	534.5	579.2	607.7
Commercial real estate	22.2	20.1	41.0	33.9
Total	$ 4,803.4	$ 4,755.2	$ 4,292.0	$ 4,318.0

(1) The proceeds from these certificates were applied to co-investments with GE to fund first lien senior secured loans to 25 and 20 different borrowers as of September 30, 2011 and December 31, 2010, respectively.

The weighted average yields at fair value and amortized cost of the following portions of our portfolio as of September 30, 2011 and December 31, 2010 were as follows:

	As of			
	September 30, 2011		December 31, 2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt and income producing securities	11.9%	11.9%	13.2%	12.9%
Debt and income producing securities for investments acquired as part of the Allied Acquisition	15.1%	14.7%	15.2%	14.0%
Total portfolio	10.1%	10.2%	10.6%	10.5%
Senior term debt	10.3%	10.5%	10.6%	10.8%
First lien senior term debt	9.8%	9.9%	10.3%	10.2%
Second lien senior term debt	11.6%	11.9%	11.3%	12.1%
Subordinated Certificates of the SSLP(1)	16.0%	15.6%	16.5%	15.8%
Senior subordinated debt	11.1%	12.6%	13.1%	13.6%
Collateralized loan obligations	8.2%	8.4%	18.7%	15.7%
Income producing equity securities (excluding collateralized loan obligations)	10.7%	10.6%	7.7%	7.7%

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

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Below is certain information regarding changes in the investments acquired in the Allied Acquisition since April 1, 2010 through September 30, 2011:

	Investments at Fair Value as of						Net Change in Fair Value
	April 1, 2010			September 30, 2011			
(dollar amounts in millions)	$	% of Total Investments	Weighted Average Yield	$	% of Total Investments	Weighted Average Yield	$
Investments with yields less than 10%							
Debt with yields less than 10%	$ 128.3	7.0%	6.5%	$ 38.4	4.5%	5.0%	$ (89.9)
Debt on non-accrual status	335.6	18.3%	%	58.7	6.8%	%	(276.9)
Equity securities	270.8	14.8%	%	183.4	21.4%	0.4%	(87.4)
Commercial real estate and other	34.5	1.9%	3.3%	10.9	1.3%	%	(23.6)
Total	$ 769.2	42.0%	1.2%	$ 291.4	34.0%	0.9%	$ (477.8)
Investments with yields equal to or greater than 10%							
Debt with yields equal to or greater than 10%	$ 950.2	51.8%	14.3%	$ 567.2	66.0%	15.3%	$ (383.0)
Collateralized loan obligations	114.4	6.2%	18.9%		%	%	(114.4)
Total	$ 1,064.6	58.0%	14.8%	$ 567.2	66.0%	15.3%	$ (497.4)
Total	$ 1,833.8	100.0%	9.1%	$ 858.6	100.0%	10.4%	$ (975.2)

Since April 1, 2010 and through September 30, 2011, we have decreased the assets comprising the legacy Allied Capital portfolio by approximately $975 million, primarily as a result of exits and repayments, at cost, of approximately $1,128 million and net unrealized depreciation in the portfolio of approximately $42 million, net of other increases of approximately $195 million due to fundings of revolving and other commitments of $128 million, payment-in-kind ("PIK") interest and accretion of purchase discounts. From April 1, 2010 through September 30, 2011 we also recognized $124 million in net realized gains on the exits and repayments of investments acquired in the Allied Acquisition resulting in total proceeds received from exits and repayments of $1,252 million. Ares Capital intends to continue its strategy of rotating and repositioning a portion of the legacy Allied Capital portfolio, with a focus on reducing our holdings of lower and non-yielding investments, investments on non-accrual and investments that may not be core to our investment strategy. However, there can be no assurance that this strategy will be successful.

Our investment adviser employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our investment adviser grades the credit risk of all investments on a scale of 1 to 4 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to our initial cost basis in respect of such portfolio investment (i.e., at the time of acquisition), although it may also take into account under certain circumstances the performance of the portfolio company's business, the collateral coverage of the investment and other relevant factors. Under this system, investments with a grade of 4 involve the least amount of risk to our initial cost basis. The trends and risk factors for this investment since origination or acquisition are generally favorable, which may include the performance of the

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portfolio company or a potential exit. Investments graded 3 involve a level of risk to our initial cost basis that is similar to the risk to our initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup the cost of our investment are neutral to favorable. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3. Investments graded 2 indicate that the risk to our ability to recoup the cost of such investment has increased materially since origination or acquisition, including as a result of factors such as declining performance and non-compliance with debt covenants; however, payments are generally not more than 120 days past due. An investment grade of 1 indicates that the risk to our ability to recoup the cost of such investment has substantially increased since origination or acquisition, and the portfolio company likely has materially declining performance. For debt investments with an investment grade of 1, most or all of the debt covenants are out of compliance and payments are substantially delinquent. For investments graded 1, it is not anticipated that we will be repaid in an amount equal to our full initial cost basis. For investments graded 1 or 2, our investment adviser enhances its level of scrutiny over the monitoring of such portfolio company.

Each investment acquired in the Allied Acquisition was initially assessed a grade of 3 (i.e., the grade we generally assign a portfolio company at origination or acquisition) on April 1, 2010, the date of initial acquisition, reflecting the relative risk to our initial cost basis of such investments. Our investment adviser grades the investments in our portfolio at least each quarter and it is possible that the grade of certain of these portfolio investments may be reduced or increased over time.

Set forth below is the grade distribution of our portfolio companies as of September 30, 2011 and December 31, 2010:

	As of							
	September 30, 2011				December 31, 2010			
(dollar amounts in millions)	Fair Value	%	Number of Companies	%	Fair Value	%	Number of Companies	%
Grade 1	$ 28.3	0.6%	7	5.0%	$ 13.5	0.3%	10	5.9%
Grade 2	267.7	5.6%	13	9.2%	153.9	3.6%	12	7.1%
Grade 3	4,135.6	87.0%	116	82.3%	3,503.4	81.1%	127	74.7%
Grade 4	323.6	6.8%	5	3.5%	647.2	15.0%	21	12.3%
	$ 4,755.2	100.0%	141	100.0%	$ 4,318.0	100.0%	170	100.0%

As of September 30, 2011, the weighted average grade of the investments in our portfolio (excluding investments acquired in connection with the Allied Acquisition), the investments in our portfolio acquired in connection with the Allied Acquisition and the investments in our portfolio as a whole were 3.0, 2.8 and 3.0, respectively. As of December 31, 2010, the weighted average grade of the investments in our portfolio (excluding investments acquired in connection with the Allied Acquisition), the investments in our portfolio acquired in connection with the Allied Acquisition and the investments in our portfolio as a whole were each 3.1.

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Investments on non-accrual status as of September 30, 2011 and December 31, 2010, were as follows:

	As of			
	September 30, 2011		December 31, 2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Investments, excluding investments acquired in connection with the Allied Acquisition	1.4%	0.4%	2.3%	0.3%
Investments acquired in connection with the Allied Acquisition	2.6%	1.2%	1.5%	1.0%
	4.0%	1.6%	3.8%	1.3%

RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2011 and 2010

Operating results for the three and nine months ended September 30, 2011 and 2010 are as follows:

	For the three months ended		For the nine months ended	
(in millions)	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
Total investment income	$ 167.4	$ 138.1	$ 447.3	$ 326.2
Total expenses	68.4	67.1	252.8	173.4
Net investment income before income taxes	99.0	71.0	194.5	152.8
Income tax expense (benefit), including excise tax	0.7	(0.2)	4.6	0.4
Net investment income	98.3	71.2	189.9	152.4
Net realized gains from investments and foreign currencies	48.8	1.2	105.0	8.7
Net unrealized gains (losses) from investments	(106.5)	57.5	(74.3)	179.9
Gain from the acquisition of Allied Capital				195.9
Realized losses on extinguishment of debt		(1.6)	(19.3)	(2.0)
Net increase in stockholders' equity resulting from operations	$ 40.6	$ 128.3	$ 201.3	$ 534.9

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

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Investment Income

(in millions)	For the three months ended September 30, 2011	For the three months ended September 30, 2010	For the nine months ended September 30, 2011	For the nine months ended September 30, 2010
Interest	$ 121.5	$ 107.9	$ 343.4	$ 273.4
Capital structuring service fees	28.1	20.6	59.2	30.4
Dividend income	11.3	3.9	26.8	7.8
Management fees	4.2	4.4	12.2	10.1
Other income	2.3	1.3	5.7	4.5
Total investment income	$ 167.4	$ 138.1	$ 447.3	$ 326.2

The increase in interest income for the three months ended September 30, 2011 was primarily due to the increase in the size of the portfolio from an average of $4.0 billion at amortized cost for the three months ended September 30, 2010 to an average of $4.7 billion at amortized cost for the comparable period in 2011. The increase in capital structuring service fees for the three months ended September 30, 2011 compared to the same period in 2010 was primarily due to the increase in new investment commitments, which increased from $512 million for the three months ended September 30, 2010 to $1.4 billion for the comparable period in 2011. The increase in dividend income for the three months ended September 30, 2011 was due to an increase in dividend income from IHAM which was $4.8 million for the three months ended September 30, 2011 and $2.5 million for the comparable period in 2010, as well as an increase in dividends from certain portfolio companies. Total dividend income for the three months ended September 30, 2011 included $3.5 million of dividend income that were non-recurring in nature.

The increase in interest income for the nine months ended September 30, 2011 was primarily due to the increase in the size of the portfolio which increased from an average of $3.5 billion at amortized cost for the nine months ended September 30, 2010 to an average of $4.5 billion at amortized cost for the comparable period in 2011. The increase in capital structuring service fees for the nine months ended September 30, 2011 was primarily due to the increase in new investment commitments, which increased from $1.2 billion for the nine months ended September 30, 2010 to $2.8 billion for the comparable period in 2011. The increase in dividend income for the nine months ended September 30, 2011 was due to increase in dividend income from IHAM, which was $14.3 million for the nine months ended September 30, 2011, compared to $4.3 million for the comparable period in 2010, as well as an increase in dividends from certain portfolio companies. Total dividend income for the nine months ended September 30, 2011 included $7.9 million of dividends that were non-recurring in nature.

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Operating Expenses

(in millions)	For the three months ended September 30, 2011	September 30, 2010	For the nine months ended September 30, 2011	September 30, 2010
Interest and credit facility fees	$ 31.0	$ 22.8	$ 89.7	$ 54.5
Incentive management fees related to pre-incentive fee net investment income	21.7	17.8	54.6	40.9
Incentive management fees related to capital gains per GAAP	(11.5)		28.2	
Base management fees	18.3	15.4	52.5	35.6
Professional fees	3.7	3.2	11.0	9.2
Administrative fees	2.0	2.6	6.9	6.2
Professional fees and other costs related to the Allied Acquisition	1.1	1.5	2.0	17.8
Other general and administrative	2.1	3.8	7.9	9.2
Total operating expenses	$ 68.4	$ 67.1	$ 252.8	$ 173.4

Interest and credit facility fees for the three and nine months ended September 30, 2011 and 2010, were comprised of the following:

(in millions)	For the three months ended September 30, 2011	September 30, 2010	For the nine months ended September 30, 2011	September 30, 2010
Stated interest expense	$ 24.2	$ 16.7	$ 66.3	$ 38.7
Facility fees	0.9	1.0	5.2	3.5
Amortization of debt issuance costs	3.4	2.1	9.6	6.6
Accretion of discount related to the Allied Unsecured Notes	0.1	3.0	2.6	5.7
Accretion of original issue discount on the Convertible Notes	2.4		6.0	
Total interest and credit facility fees expense	$ 31.0	$ 22.8	$ 89.7	$ 54.5

Stated interest expense for the three and nine months ended September 30, 2011 increased from the comparable periods in 2010 due to the increase in our average principal debt outstanding for such periods and an increase in our weighted average stated interest rate. For the three months ended September 30, 2011, the average principal debt outstanding was $2.0 billion as compared to $1.4 billion for the comparable period in 2010, and the weighted averaged stated interest rate was 4.9% as compared to 4.8% for the comparable period in 2010. For the nine months ended September 30, 2011, the average principal debt outstanding was $1.7 billion as compared to $1.5 billion for the comparable period in 2010, and the weighted average stated interest rate was 5.3% as compared to 2.6% for the comparable period in 2010. Our weighted average stated interest rate of indebtedness for 2011 increased from the comparable periods in 2010 due to having higher amounts of unsecured indebtedness, with longer durations to maturity and higher stated interest rates, outstanding during the respective periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources, Debt Capital Activities" below.

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The increase in base management fees and incentive management fees related to pre-incentive fee net investment income for the three and nine months ended September 30, 2011 from the comparable periods in 2010 was primarily due to the increase in the size of the portfolio and in the case of incentive management fees, the related increase in pre-incentive fee net investment income. For the three months ended September 30, 2011, we recorded a reduction in accrued capital gains incentive fees in accordance with GAAP of $11.5 million due to a reduction in cumulative net realized and unrealized gains since June 30, 2011. For the nine months ended September 30, 2011, the capital gains incentive fee expense was $28.2 million bringing the total capital gains incentive fee accrual in accordance with GAAP to $43.8 million (included in management and incentive fees payable in the consolidated balance sheet) as of September 30, 2011. As a result of an amendment to the capital gains portion of the incentive fee under the investment advisory and management agreement (the "Capital Gains Amendment") that was adopted June 6, 2011, the nine months ended September 30, 2011 included an accrual of $26.0 million of capital gains incentive fees in accordance with GAAP as a result of the application of the Capital Gains Amendment with respect to the assets purchased in the Allied Acquisition. The accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future. For the three and nine months ended September 30, 2011 we did not incur a Capital Gains Fee under the investment advisory and management agreement and therefore there are no amounts currently due under the agreement. There was no capital gains incentive fee accrual in accordance with GAAP, nor a Capital Gains Fee recorded for the three and nine months ended September 30, 2010. See Note 3 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more information on the incentive and base management fees.

Professional fees include legal, accounting, valuation and other professional fees incurred related to the management of the Company. Administrative fees represent fees paid to Ares Operations for our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our executive officers and their respective staffs. The general increases in professional fees and administrative fees were primarily due to the increase in the size of the Company following the Allied Acquisition and the various associated costs of managing a larger portfolio. The decline in professional fees and other costs related to the Allied Acquisition primarily resulted from having substantially completed the integration of Allied Capital by December 31, 2010, and thus we incurred a lower level of expenses in 2011. Other general and administrative expenses include rent, insurance, depreciation, director's fees and other costs.

Income Tax Expense, Including Excise Tax

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

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Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such income, the Company accrues excise tax on estimated excess taxable income. For the three and nine months ended September 30, 2011, a net expense of $2.3 million and $4.1 million, respectively, was recorded for U.S. federal excise tax. For the three and nine months ended September 30, 2010, the Company recorded no amounts for U.S. federal excise tax.

Certain of our wholly owned subsidiaries are subject to U.S. federal and state income taxes. For the three and nine months ended September 30, 2011, we recorded a tax (benefit) expense of $(1.6) million and $0.5 million, respectively, for these subsidiaries, and for the three and nine months ended September 30, 2010, we recorded a tax (benefit) expense of $(0.2) million and $0.4 million, respectively, for these subsidiaries.

Net Realized Gains/Losses

During the three months ended September 30, 2011, the Company had $973.7 million of sales, repayments or exits of investments resulting in $48.8 million of net realized gains. These sales, repayments or exits included $98.3 million of investments sold to IHAM or certain funds managed by IHAM (see Note 13 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on IHAM and its managed funds). Net realized gains on investments were comprised of $96.0 million of gross realized gains and $47.2 million of gross realized losses. The $48.8 million of net realized gains included approximately $16.2 million in net realized losses from investments acquired as part of the Allied Acquisition (see Note 15 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011). The realized gains and losses on investments during the three months ended September 30, 2011 consisted of the following:

Portfolio Company (in millions)		**Net Realized Gains (Losses)**
Reflexite Corporation	$	40.9
DSI Renal, Inc.		27.5
Industrial Container Services, LLC		19.9
Knightsbridge CLO 2007-1 Ltd.		3.7
INC Research, Inc.		2.0
Sigma International Group, Inc.		(4.3)
Wastequip, Inc.		(10.2)
Primis Marketing Group, Inc		(14.1)
Cook Inlet Alternative Risk, LLC		(16.5)
Other		(0.1)
Total	$	48.8

Additionally, during the three months ended September 30, 2010, the Company had $231.8 million of sales and repayments resulting in $1.2 million of net realized gains. Net realized gains on investments were comprised of $3.6 million of gross realized gains and $2.4 million of gross realized losses. Of the $1.2 million of net realized gains, approximately $1.0 million were from investments

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acquired as part of the Allied Acquisition. The realized gains and losses on investments for the three months ended September 30, 2010 consisted of the following:

Portfolio Company (in millions)		**Net Realized Gains (Losses)**
Component Hardware Group, Inc.	$	1.9
Promo Works, LLC		1.4
Distant Lands Trading Co.		(1.8)
Other		(0.3)
Total	$	1.2

During the nine months ended September 30, 2011, the Company had $1,976.4 million of sales, repayments or exits of investments resulting in $105.0 million of net realized gains. These sales, repayments or exits included $178.8 million of investments sold to IHAM or certain funds managed by IHAM. Net realized gains on investments were comprised of $225.1 million of gross realized gains and $120.1 million of gross realized losses. The $105.0 million of net realized gains included approximately $93.0 million in net realized gains from investments acquired as part of the Allied Acquisition. The realized gains and losses on investments during the nine months ended September 30, 2011 consisted of the following:

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Portfolio Company (in millions)	Net Realized Gains (Losses)
Reflexite Corporation	$ 40.9
DSI Renal, Inc.	27.5
Callidus Debt Partners CLO Fund VI, Ltd.	23.9
Industrial Container Services, LLC	19.9
Dryden XVIII Leveraged Loan 2007 Limited	19.3
Callidus MAPS CLO Fund I LLC	15.0
Callidus Debt Partners CLO Fund VII, Ltd.	10.8
Callidus MAPS CLO Fund II, Ltd.	8.2
Callidus Debt Partners CLO Fund IV, Ltd.	8.0
Callidus Debt Partners CLO Fund V, Ltd.	5.7
Border Foods, Inc.	5.2
Callidus Debt Partners CLO Fund III, Ltd.	4.4
BB&T Capital Partners/Windsor Mezzanine Fund, LLC	3.9
Knightsbridge CLO 2007-1 Ltd.	3.7
Direct Buy Holdings, Inc.	2.8
Network Hardware Resale, Inc.	2.8
Univita Health Inc.	2.1
INC Research, Inc.	2.0
Pangaea CLO 2007-1 Ltd.	2.0
Van Ness Hotel, Inc.	(2.3)
Carador PLC	(3.0)
Trivergance Capital Partners, LP	(3.8)
Sigma International Group, Inc.	(4.3)
AWTP, LLC	(7.6)
Universal Trailer Corporation	(7.9)
Coverall North America, Inc.	(8.4)
Summit Business Media, LLC	(10.1)
Wastequip, Inc.	(10.2)
Primis Marketing Group, Inc.	(14.1)
Cook Inlet Alternative Risk, LLC	(16.5)
MPBP Holdings, Inc.	(27.7)
Other	12.8
Total	$ 105.0

Also during the nine months ended September 30, 2011, in connection with the redemptions of the remaining balances of the 6.000% Notes due on April, 2012 (the "2012 Notes") and the 6.625% Notes due on July 15, 2011 (the "2011 Notes"), the Company recognized a loss on the extinguishment of debt of $19.3 million.

During the nine months ended September 30, 2010, the Company recognized a gain on the acquisition of Allied Capital of $195.9 million. Additionally, during the nine months ended September 30, 2010, the Company had $1.2 billion of sales and repayments resulting in $8.7 million of net realized gains. The $8.7 million of net realized gains included approximately $1.6 million in net realized gains from investments acquired as part of the Allied Acquisition. These sales and repayments included $94.5 million of loans sold to certain funds managed by IHAM (see Note 13 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on IHAM and its managed funds). Net realized gains on investments were comprised of

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$26.2 million of gross realized gains and $17.5 million of gross realized losses. The realized gains and losses on investments for the nine months ended September 30, 2010 consisted of the following:

Portfolio Company (in millions)		Net Realized Gains (Losses)
DSI Renal, Inc.	$	3.9
Instituto de Banca y Comercio, Inc.		3.6
Best Brands Corp.		2.4
Component Hardware Group, Inc.		1.9
The Kenan Advantage Group, Inc.		1.8
Capella Healthcare, Inc.		1.6
Promo Works, LLC		1.4
Daily Candy, Inc.		1.3
Magnacare Holdings, Inc.		1.2
Wyle Laboratories, Inc.		1.2
Savers, Inc.		1.0
Arrow Group Industries		(1.2)
Distant Lands Trading Co.		(1.8)
Planet Organic Health Corp.		(1.8)
3091779 Nova Scotia, Inc.		(3.2)
Growing Family, Inc.		(7.6)
Other		3.0
Total	$	8.7

Net Unrealized Gains/Losses

We value our portfolio investments quarterly and any changes in value are recorded as unrealized gains or losses. See "Portfolio Valuation" below. Net unrealized gains and losses during the three and nine months ended September 30, 2011 and 2010 for the Company's portfolio were comprised of the following:

	For the three months ended				For the nine months ended			
(in millions)		September 30, 2011		September 30, 2010		September 30, 2011		September 30, 2010
Unrealized appreciation	$	25.5	$	115.6	$	114.7	$	298.6
Unrealized depreciation		(92.7)		(59.4)		(193.3)		(119.2)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)		(39.3)		1.3		4.3		0.5
Total net unrealized gains (losses)	$	(106.5)	$	57.5	$	(74.3)	$	179.9

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

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Included in net unrealized gains and losses above were net unrealized gains and losses for the investments acquired as part of the Allied Acquisition as follows:

(in millions)	For the three months ended September 30, 2011	For the three months ended September 30, 2010	For the nine months ended September 30, 2011	For the nine months ended September 30, 2010
Unrealized appreciation	$ 6.3	$ 59.3	$ 24.6	$ 132.4
Unrealized depreciation	(38.5)	(41.5)	(98.4)	(68.3)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	12.4	1.3	(50.7)	1.3
Total net unrealized gains (losses)	$ (19.8)	$ 19.1	$ (124.5)	$ 65.4

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

The changes in unrealized appreciation and depreciation during the three months ended September 30, 2011 consisted of the following:

Portfolio Company (in millions)	Net unrealized appreciation (depreciation)
Ivy Hill Asset Management, L.P.	$ 9.4
Penn Detroit Diesel Allison, LLC	2.3
CT Technologies Intermediate Holdings, Inc.	(2.5)
MWD Acquisition Sub, Inc.	(2.5)
Infilaw Holding, LLC	(2.6)
Direct Buy Holdings, Inc.	(2.7)
Stag-Parkway, Inc.	(2.9)
CitiPostal Inc.	(3.0)
Allbridge Financial, LLC	(3.5)
Orion Foods, LLC	(3.7)
ADF Restaurant Group, LLC	(4.0)
Industrial Container Services, LLC	(4.4)
Reed Group, Ltd.	(7.1)
eInstruction Corporation	(7.2)
AP Global Holdings, Inc.	(8.4)
Prommis Solutions, LLC	(10.4)
Other	(14.0)
Total	$ (67.2)

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The changes in unrealized appreciation and depreciation during the three months ended September 30, 2010 consisted of the following:

Portfolio Company (in millions)	Net unrealized appreciation (depreciation)	
Senior Secured Loan Fund LLC(1)	$	12.8
Air Medical Group Holdings LLC		10.3
Stag-Parkway, Inc.		9.6
Orion Foods, LLC		6.0
DSI Renal, Inc.		5.2
Reflexite Corporation		4.5
Ivy Hill Asset Management, L.P.		4.0
American Broadband Holding Company		4.0
Things Remembered, Inc.		3.2
National Print Group, Inc.		3.1
Bumble Bee Foods, LLC		2.7
Canon Communications LLC		2.4
Insight Pharmaceuticals Corporation		2.4
CT Technologies Intermediate Holdings, Inc.		2.3
Callidus Capital Corporation		2.1
Pillar Processing, LLC		(2.1)
ADF Restaurant Group, LLC		(2.3)
Making Memories Wholesale, Inc.		(2.3)
Aquila Binks Forest Development, LLC		(2.4)
Ciena Capital LLC		(3.3)
Campus Management Corp.		(4.2)
Reed Group, Ltd.		(5.2)
BenefitMall Holdings, Inc.		(8.0)
Coverall North America, Inc.		(8.7)
Other		20.1
Total	$	56.2

(1) See Notes 4 and 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011.

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The changes in unrealized appreciation and depreciation during the nine months ended September 30, 2011 consisted of the following:

Portfolio Company (in millions)	Net unrealized appreciation (depreciation)
Ivy Hill Asset Management, L.P.	$ 41.2
American Broadband Holding Company	5.4
Insight Pharmaceuticals Corporation	4.4
Growing Family, Inc.	4.4
Penn Detroit Diesel Allison, LLC	4.0
Savers, Inc.	4.0
Firstlight Financial Corporation	3.6
BenefitMall Holdings, Inc.	3.4
Knightsbridge CLO 2008-1 Ltd.	3.3
Huddle House, Inc.	3.1
AWTP, LLC	2.9
Waste Pro USA, Inc.	2.8
Bushnell Inc.	2.5
DSI Renal, Inc.	2.4
Diversified Collections Services, Inc.	2.2
Vistar Corporation	2.1
R3 Education, Inc.	(2.2)
MWD Acquisition Sub, Inc.	(2.3)
ADF Restaurant Group, LLC	(2.4)
Passport Health Communications, Inc.	(2.4)
Infilaw Holding, LLC	(2.6)
Instituto de Banca y Comercio, Inc.	(2.6)
Pillar Processing, LLC	(3.0)
Callidus Capital Corporation	(3.4)
The Step2 Company, LLC	(4.2)
VSS-Tranzact Holdings, LLC	(4.4)
Industrial Container Services, LLC	(4.4)
Senior Secured Loan Fund LLC(1)	(5.1)
Making Memories Wholesale, Inc.	(5.9)
Reed Group, Ltd.	(6.5)
AP Global Holdings, Inc.	(8.4)
Orion Foods, LLC	(9.0)
CitiPostal Inc.	(9.7)
eInstruction Corporation	(15.4)
Ciena Capital LLC	(16.7)
Direct Buy Holdings, Inc.	(26.2)
Prommis Solutions, LLC	(33.3)
Other	(0.2)
Total	$ (78.6)

(1) See Notes 4 and 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011.

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The changes in unrealized appreciation and depreciation during the nine months ended September 30, 2010 consisted of the following:

Portfolio Company (in millions)	Net unrealized appreciation (depreciation)
Senior Secured Loan Fund LLC(1)	$ 25.0
R3 Education, Inc.	15.7
Air Medical Group Holdings LLC	15.1
Stag-Parkway, Inc.	14.1
Ivy Hill Asset Management, L.P.	12.5
DSI Renal, Inc.	11.6
Things Remembered, Inc.	10.1
S.B. Restaurant Company	7.1
Orion Foods, LLC	6.8
Callidus Debt Partners CDO Fund VI, Ltd.	6.4
Component Hardware Group, Inc.	5.5
Woodstream Corporation	5.4
American Broadband Holding Company	4.9
Industrial Container Services, LLC	4.9
Canon Communications LLC	4.8
Callidus Debt Partners CDO Fund VII, Ltd.	4.7
Callidus MAPS CLO Fund II, Ltd.	4.7
Reflexite Corporation	4.5
Bumble Bee Foods, LLC	4.4
Callidus MAPS CLO Fund I LLC	4.1
Tradesmen International, Inc.	4.0
Vantage Oncology, Inc	3.7
Vistar Corporation	3.7
Instituto de Banca y Comercio, Inc.	3.7
Dryden XVIII Leveraged Loan 2007 Limited	3.6
Network Hardware Resale, Inc.	3.4
National Print Group, Inc.	3.2
OTG Management, Inc.	3.1
Callidus Debt Partners Equity Interest, Ltd.	3.1
CT Technologies Intermediate Holdings, Inc.	3.0
Callidus Debt Partners CDO Fund IV, Ltd.	2.9
Waste Pro USA, Inc.	2.7
Callidus Debt Partners CDO Fund V, Ltd.	2.4
NPH, Inc	2.3
BB&T Capital Partners / Windsor Mezzanine Fund, LLC	2.3
Promo Works, LLC	2.3
eInstruction Corporation	2.2
Web Services Company, LLC	2.2
Community Education Centers, Inc.	2.1
Callidus Debt Partners CDO Fund III, Ltd.	2.1
Carador PLC	2.1
Border Foods, Inc.	(2.4)
Crescent Hotels & Resorts, LLC	(2.6)
Making Memories Wholesale, Inc.	(2.6)
The Step2 Company, LLC	(2.8)

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Portfolio Company (in millions)		Net unrealized appreciation (depreciation)
Trivergance Capital Partners, LP		(2.9)
Huddle House, Inc.		(3.4)
Knightsbridge CLO 2007-1 Ltd.		(3.6)
Knightsbridge CLO 2008-1 Ltd.		(3.7)
BenefitMall Holdings, Inc.		(3.8)
ADF Restaurant Group, LLC		(4.4)
Reed Group, Ltd.		(5.1)
Ciena Capital LLC		(5.1)
Aquila Binks Forest Development, LLC		(5.2)
MPBP Holdings, Inc.		(5.2)
Coverall North America, Inc.		(7.3)
FirstLight Financial Corporation		(7.4)
Other		14.5
Total	$	179.4

(1) See Notes 4 and 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Since the Company's inception, the Company's liquidity and capital resources have been generated primarily from the net proceeds of public offerings of common stock, advances from the Revolving Funding Facility and the Revolving Credit Facility, net proceeds from the issuance of secured and unsecured notes as well as cash flows from operations. As part of the Allied Acquisition, the Company assumed all outstanding debt obligations of Allied Capital, including the Allied Unsecured Notes (as defined below).

As of September 30, 2011, the Company had $103.1 million in cash and cash equivalents and $1.8 billion in total indebtedness outstanding at carrying value ($1.9 billion at principal amount). Subject to leverage and borrowing base restrictions, the Company had approximately $593.4 million available for additional borrowings under the Revolving Funding Facility and the Revolving Credit Facility as of September 30, 2011.

We may from time to time seek to retire or repurchase our common stock through cash purchases, as well as retire, cancel or purchase our outstanding indebtedness through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions (including under the Investment Company Act) and other factors. The amounts involved may be material.

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Equity Issuances

There were no sales of our equity securities during the nine months ended September 30, 2011.

The following table summarizes the total number of shares issued and proceeds we received in an underwritten public offering of the Company's common stock, net of underwriter and offering costs for the nine months ended September 30, 2010 (see "The Company Recent Developments" and Note 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more information regarding sales of equity securities by the Company):

(in millions, except per share data)	Shares of common stock issued	Offering price per share	Proceeds net of underwriter and offering costs
February 2010 public offering	23.0	$ 12.75	$ 277.2
Total for the nine months ended September 30, 2010	23.0		$ 277.2

Part of the proceeds from the above public offering were used to repay outstanding indebtedness. The remaining unused portions of the proceeds were used to fund investments in portfolio companies in accordance with our investment objective and strategies and market conditions.

As of September 30, 2011, the Company's total market capitalization was $2.8 billion compared to $3.4 billion as of December 31, 2010.

Debt Capital Activities

Our debt obligations consisted of the following as of September 30, 2011 and December 31, 2010:

	As of			
	September 30, 2011		December 31, 2010	
(in millions)	Carrying Value(1)	Total Available(2)	Carrying Value	Total Available(2)
Revolving Funding Facility	$ 383.0	$ 400.0	$ 242.0	$ 400.0
Revolving Credit Facility	189.8	810.0(3)	146.0	810.0(3)
Debt Securitization	91.8	91.8	155.3	183.2
2011 Notes (principal amount outstanding of $0 and $300.6, respectively)			296.3(4)	300.6
2012 Notes (principal amount outstanding of $0 and $161.2, respectively)			158.1(4)	161.2
February 2016 Convertible Notes (principal amount outstanding of $575.0)	539.4(5)	575.0		
June 2016 Convertible Notes (principal amount outstanding of $230.0)	215.3(5)	230.0		
2040 Notes (principal amount outstanding of $200.0)	200.0	200.0	200.0	200.0
2047 Notes (principal amount outstanding of $230.0)	180.9(4)	230.0	180.8(4)	230.0
	$ 1,800.2(6)	$ 2,536.8	$ 1,378.5(6)	$ 2,285.0

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(1) Except for the Allied Unsecured Notes and the Convertible Notes (as defined below), all carrying values are the same as the principal amounts outstanding.

(2) Subject to borrowing base and leverage restrictions. Represents the total aggregate amount available under such instrument.

(3) Includes an "accordion" feature that allows us, under certain circumstances, to increase the size of the facility to a maximum of $1,050.0 million.

(4) Represents the aggregate principal amount outstanding of the applicable series of notes less the unaccreted discount recorded as a part of the Allied Acquisition. The total unaccreted discount on the Allied Unsecured Notes was $49.1 million and $56.6 million at September 30, 2011 and December 31, 2010, respectively.

(5) Represents the aggregate principal amount outstanding of the Convertible Notes less the unaccreted discount initially recorded upon issuance of the Convertible Notes. The total unaccreted discount for the February 2016 Convertible Notes and the June 2016 Convertible Notes was $35.6 million and $14.7 million, respectively, at September 30, 2011.

(6) Total principal amount of debt outstanding totaled $1,899.6 million and $1,435.1 million at September 30, 2011 and December 31, 2010, respectively.

The weighted average stated interest rate and weighted average maturity, both on principal value, of all our principal indebtedness outstanding as of September 30, 2011 were 5.0% and 10.6 years, respectively. The weighted average interest rate and weighted average maturity of all our outstanding borrowings as of December 31, 2010 were 5.2% and 11.8 years, respectively.

The ratio of total principal amount of indebtedness outstanding to stockholders' equity as of September 30, 2011 was 0.61:1.00 compared to 0.47:1.00 as of December 31, 2010.

The ratio of total carrying value of indebtedness outstanding to stockholders' equity as of September 30, 2011 was 0.58:1.00 compared to 0.45:1.00 as of December 31, 2010.

In accordance with the Investment Company Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the Investment Company Act, is at least 200% after such borrowing. As of September 30, 2011, our asset coverage was 272%. See "The Company Recent Developments" and Note 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more information regarding the debt capital activities of the Company.

Revolving Funding Facility

In October 2004, we formed Ares Capital CP, a wholly owned subsidiary of the Company, through which we established a revolving securitized facility (as amended, the "Revolving Funding Facility"). The Revolving Funding Facility allows Ares Capital CP to borrow up to $400 million (see "The Company Recent Developments" as well as Note 17 to our consolidated financial statements for the three and nine months ended September 30, 2011 for more information regarding the Revolving Funding Facility). In connection with the January 22, 2010 amendment, we entered into an Amended and Restated Purchase and Sale Agreement with Ares Capital CP Funding Holdings LLC, our wholly owned subsidiary ("CP Holdings"), pursuant to which we may sell to CP Holdings certain loans that we have originated or acquired (the "Loans") from time to time, which CP Holdings will subsequently sell to Ares Capital CP, which is a wholly owned subsidiary of CP Holdings. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The January 22, 2010 amendment to the Revolving Funding Facility, among other things, extended the maturity date of the facility to January 22, 2013.

On January 18, 2011, we and Ares Capital CP amended the Revolving Funding Facility to, among other things, provide for a three year reinvestment period until January 18, 2014 (with two one-year extension options, subject to our and our lenders' consent) and extend the stated maturity date to January 18, 2016 (with two one-year extension options, subject to our and our lenders' consent).

Subject to certain exceptions, the interest charged on the Revolving Funding Facility is based on LIBOR plus an applicable spread of between 2.25% and 3.75% or on a "base rate" (which is the higher of a prime rate, or the federal funds rate plus 0.50%) plus an applicable spread of between 1.25% to 2.75%, in each case based on a pricing grid depending upon our credit rating. Additionally, we are required to pay a commitment fee of between 0.50% and 2.00% depending on the usage level on any unused portion of the Revolving Funding Facility. As of September 30, 2011, the effective LIBOR spread under the Revolving Funding Facility was 2.75%. See "The Company Recent Developments" for more information regarding the Revolving Funding Facility.

As of September 30, 2011, there was $383.0 million outstanding under the Revolving Funding Facility and the Company and Ares Capital CP were in material compliance with the terms of the Revolving Funding Facility. See Note 5 and Note 17 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Revolving Funding Facility.

Revolving Credit Facility

In December 2005, we entered into a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), under which, as amended, the lenders agreed to extend credit to the Company. The Revolving Credit Facility matures on January 22, 2013 and has commitments totaling $810 million. The Revolving Credit Facility also includes an "accordion" feature that allows the Company under certain circumstances, to increase the size of the facility to a maximum of $1,050.0 million. As of September 30, 2011, there was $189.8 million outstanding under the Revolving Credit Facility and the Company was in material compliance with the terms of the Revolving Credit Facility. As of September 30, 2011, subject to borrowing base availability, there was $576.4 million available for borrowing (net of standby letters of credits issued).

Subject to certain exceptions, pricing under the Revolving Credit Facility is based on LIBOR plus an applicable spread of between 2.50% and 4.00% or on the "alternate base rate" plus an applicable spread of between 1.50% and 3.00%, in each case, based on a pricing grid depending upon our credit rating. As of September 30, 2011, the effective LIBOR spread under the Revolving Credit Facility was 3.00%.

See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Revolving Credit Facility.

Debt Securitization

In July 2006, through ARCC Commercial Loan Trust 2006, a vehicle serviced by our wholly owned subsidiary ARCC CLO 2006 LLC, we completed a $400 million debt securitization (the "Debt Securitization") and issued approximately $314 million aggregate principal amount of asset-backed notes (the "CLO Notes") to third parties that were secured by a pool of middle-market loans purchased or originated by the Company. We initially retained approximately $86 million of aggregate principal amount of certain "BBB" and non-rated securities in the Debt Securitization and have subsequently repurchased $34.8 million of the CLO Notes, bringing our total holdings of CLO Notes to $120.8 million (the "Retained Notes"). During the three months ended September 30, 2011, we repaid $46.5 million of the CLO Notes. At September 30, 2011, $91.8 million was outstanding under the CLO Notes (excluding the Retained Notes), which are included in the September 30, 2011 consolidated balance sheet. As of September 30, 2011, the Company was in material compliance with the terms of the Debt Securitization.

The CLO Notes provided for a reinvestment period which ended on June 17, 2011, has a stated maturity of December 20, 2019 and has a blended pricing of LIBOR plus 0.43% as of

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September 30, 2011. See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Debt Securitization.

Unsecured Notes

Allied Unsecured Notes

As part of the Allied Acquisition, the Company assumed all outstanding debt obligations of Allied Capital, including Allied Capital's unsecured notes, which consisted of the 2011 Notes, the 2012 Notes and 6.875% Notes due on April 15, 2047 (the "2047 Notes" and, together with the 2011 Notes and the 2012 Notes, the "Allied Unsecured Notes"). On March 16, 2011 we redeemed the remaining balance of the 2011 Notes for a total redemption price (including a redemption premium) of $306.8 million, in accordance with the terms of the indenture governing the 2011 Notes, which resulted in a loss on the extinguishment of debt of $8.9 million. On April 27, 2011, we redeemed the remaining balance of the 2012 Notes for a total redemption price (including a redemption premium) of $169.3 million, in accordance with the terms of the indenture governing the 2012 Notes, which resulted in a loss on the extinguishment of debt of $10.5 million.

As of September 30, 2011, there was $230.0 million principal amount outstanding of the 2047 Notes which bear interest at a rate of 6.875% and mature on April 15, 2047. The 2047 Notes require payment of interest quarterly, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time or from time to time on or after April 15, 2012, at a par redemption price of $25 per security plus accrued and unpaid interest and upon the occurrence of certain tax events as stipulated in the notes.

2040 Notes

On October 21, 2010, we issued $200 million in aggregate principal amount of senior unsecured notes that mature on October 15, 2040 (the "2040 Notes") that may be redeemed in whole or in part at our option at any time or from time to time on or after October 15, 2015 at a par redemption price of $25 per security plus accrued and unpaid interest. The principal amount of the 2040 Notes will be payable at maturity. The 2040 Notes bear interest at a rate of 7.75% per year payable quarterly.

As of September 30, 2011 the Company was in material compliance with the terms of the 2047 Notes and the 2040 Notes.

See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Allied Unsecured Notes and the 2040 Notes.

Convertible Notes

(in millions)	**Carrying value as of September 30, 2011(1)**	
February 2016 Convertible Notes (principal amount of $575.0)	$	539.4
June 2016 Convertible Notes (principal amount of $230.0)	$	215.3
Total	$	754.7

(1) Represents the aggregate principal amount outstanding of the Convertible Notes less the unaccreted discount initially recorded upon issuance of the Convertible Notes.

February 2016 Convertible Notes. In January 2011, we issued $575 million of unsecured convertible senior notes that mature on February 1, 2016 (the "February 2016 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. We do not have the right to

redeem the February 2016 Convertible Notes prior to maturity. The February 2016 Convertible Notes bear interest at a rate of 5.75% per year, payable semi-annually. In certain circumstances, the February 2016 Convertible Notes will be convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, at an initial conversion rate of 52.2766 shares of common stock per $1,000 principal amount of the February 2016 Convertible Notes, which was equivalent to an initial conversion price of approximately $19.13 per share of our common stock, subject to customary anti-dilution adjustments. The initial conversion price was approximately 17.5% above the $16.28 per share closing price of our common stock on January 19, 2011.

Prior to the close of business on the business day immediately preceding August 15, 2015, holders may convert their February 2016 Convertible Notes only under certain circumstances set forth in the indenture governing the terms of the February 2016 Convertible Notes (the "February 2016 Indenture"). On or after August 15, 2015 until the close of business on the scheduled trading day immediately preceding February 1, 2016, holders may convert their February 2016 Convertible Notes at any time. Upon conversion, we will pay or deliver, as the case may be, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock, subject to the requirements of the February 2016 Indenture.

June 2016 Convertible Notes. In March 2011, we issued $230 million of unsecured convertible senior notes that mature on June 1, 2016 (the "June 2016 Convertible Notes" and, together with the February 2016 Convertible Notes, the "Convertible Notes"), unless previously converted or repurchased in accordance with their terms. We do not have the right to redeem the June 2016 Convertible Notes prior to maturity. The June 2016 Convertible Notes bear interest at a rate of 5.125% per year, payable semi-annually. In certain circumstances, the June 2016 Convertible Notes will be convertible into cash, shares of Ares Capital's common stock or a combination of cash and shares of our common stock, at our election, at an initial conversion rate of 52.5348 shares of common stock per $1,000 principal amount of the June 2016 Convertible Notes, which was equivalent to an initial conversion price of approximately $19.04 per share of our common stock, subject to customary anti-dilution adjustments. The initial conversion price was approximately 17.5% above the $16.20 per share closing price of our common stock on March 22, 2011.

Prior to the close of business on the business day immediately preceding December 15, 2015, holders may convert their June 2016 Convertible Notes only under certain circumstances set forth in the indenture governing the terms of the June 2016 Convertible Notes (the "June 2016 Indenture"). On or after December 15, 2015 until the close of business on the scheduled trading day immediately preceding June 1, 2016, holders may convert their June 2016 Convertible Notes at any time. Upon conversion, we will pay or deliver, as the case may be, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock, subject to the requirements of the June 2016 Indenture.

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

As of September 30, 2011, the Company was in material compliance with the terms of the indentures governing the Convertible Notes. See Note 5 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011 for more detail on the Convertible Notes.

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PORTFOLIO VALUATION

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment without regard to the unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized. Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, we look at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (i.e., substantially all of our investments) are valued at fair value as determined in good faith by our board of directors, based on, among other things, the input of our investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period, and under a valuation policy and a consistently applied valuation process. The valuation process is conducted at the end of each fiscal quarter, and a minimum of 50% of our portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, our independent accountants review our valuation process as part of their overall integrated audit.

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

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

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the gains or losses reflected in the valuations currently assigned. See the factors set forth in "Risk Factors" included in the accompanying prospectus, including the risk factor entitled "Risk Factors Risks Relating to our Investments Recent unprecedented declines in market prices and liquidity in the corporate debt markets resulted in significant net unrealized depreciation of our portfolio in the recent past, reducing our net asset value, and such conditions may occur again in the future."

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

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

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

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

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

Effective January 1, 2008, the Company adopted Accounting Standards Codification ("ASC") 820-10 (previously Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements), which expands the application of fair value accounting for investments (see Note 8 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011). Investments acquired as part of the Allied Acquisition were accounted for in accordance with ASC 805-10 (previously SFAS No. 141(R), Business Combinations), which requires that all assets be recorded at fair value. As a result, the initial amortized cost basis and fair value for the acquired investments were the same at April 1, 2010 (see Note 15 to the Company's consolidated financial statements for the three and nine months ended September 30, 2011).

OFF BALANCE SHEET ARRANGEMENTS

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

As of September 30, 2011 and December 31, 2010, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments the funding of which is at (or substantially at) the Company's discretion:

(in millions)	**As of September 30, 2011**	**As of December 31, 2010**
Total revolving and delayed draw commitments	$ 713.7	$ 260.7
Less: funded commitments	(107.1)	(60.0)
Total unfunded commitments	606.6	200.7
Less: commitments substantially at discretion of the Company	(11.9)	(19.9)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(63.2)	(6.7)
Total net adjusted unfunded revolving and delayed draw commitments	$ 531.5	$ 174.1

Included within the total revolving and delayed draw commitments as of September 30, 2011 are commitments to issue up to $73.4 million in standby letters of credit through a financial intermediary on behalf of certain portfolio companies. Under these arrangements, if the standby letters

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of credit were to be issued, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. As of September 30, 2011, the Company had $41.5 million in standby letters of credit issued and outstanding on behalf of the portfolio companies, of which no amounts were recorded as a liability on our balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company. Of these letters of credit, $0.2 million expire in December 2011, $0.2 million expire in January 2012, $0.1 million expire in February 2012, $0.8 million expire in April 2012, $0.6 million expire in July 2012, $12.5 million expire in August 2012 and $27.1 million expire in September 2012.

As of September 30, 2011 and December 31, 2010, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships:

(in millions)	As of September 30, 2011	As of December 31, 2010
Total private equity commitments	$ 181.3	$ 537.6
Less: funded private equity commitments	(68.3)	(104.3)
Total unfunded private equity commitments	113.0	433.3
Less: private equity commitments substantially at discretion of the Company	(103.7)	(400.4)
Total net adjusted unfunded private equity commitments	$ 9.3	$ 32.9

In the ordinary course of business, Allied Capital had issued guarantees on behalf of certain portfolio companies. Under these arrangements, payments would be required to be made to third parties if the portfolio companies were to default on their related payment. As part of the Allied Acquisition, the Company assumed such outstanding guarantees or similar obligations. As a result, as of each of September 30, 2011 and December 31, 2010, the Company had outstanding guarantees or similar obligations totaling $0.8 million.

Further in the ordinary course of business, we may sell certain of our investments to third party purchasers. In particular, since the Allied Acquisition we have sold and currently continue to seek opportunities to sell certain of Allied Capital's equity investments larger than those we have historically made and controlled portfolio company equity investments. In connection with these sales (as well as certain other sales) we have, and may continue to do so in the future, agreed to indemnify such purchasers for future liabilities arising from the investments and the related sale transaction. Such indemnification provisions may give rise to future liabilities.

As of September 30, 2011, one of the Company's portfolio companies, Ciena Capital LLC ("Ciena"), had one non-recourse securitization Small Business Administration ("SBA") loan warehouse facility, which has reached its maturity date but remains outstanding. Ciena is working with the providers of the SBA loan warehouse facility with regard to the repayment of that facility. Allied Capital had previously issued a performance guaranty (which Ares Capital succeeded to as a result of the Allied Acquisition) whereby Ares Capital must indemnify the warehouse providers for any damages, losses, liabilities and related costs and expenses that they may incur as a result of Ciena's failure to perform any of its obligations as loan originator, loan seller or loan servicer under the warehouse facility. As of September 30, 2011, there are no known issues or claims with respect to this performance guaranty.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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Interest Rate Risk

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

As of September 30, 2011, approximately 21% of the investments at fair value in our portfolio were at fixed rates, approximately 65% were at variable rates, 12% were non-interest earning and 2% were on non-accrual status. Additionally, for the investments at variable rates, 66% of the investments contained interest rate floors (representing 43% of total investments at fair value). The Revolving Credit Facility, the Revolving Funding Facility and the Debt Securitization all bear interest at variable rates with no interest rate floors, while the 2047 Notes, the 2040 Notes and the Convertible Notes bear interest at fixed rates.

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

While hedging activities may mitigate our exposure to adverse fluctuations in interest rates, certain hedging transactions that we may enter into in the future, such as interest rate swap agreements, may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio investments.

Based on our September 30, 2011 balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

Basis Point Change (in millions)	**Interest Income**	**Interest Expense**	**Net Income**
Up 300 basis points	$ 47.3	$ 19.9	$ 27.4
Up 200 basis points	$ 26.6	$ 13.3	$ 13.3
Up 100 basis points	$ 8.0	$ 6.6	$ 1.4
Down 100 basis points	$ (0.8)	$ (1.7)	$ 0.9
Down 200 basis points	$ (0.9)	$ (1.7)	$ 0.8
Down 300 basis points	$ (0.9)	$ (1.7)	$ 0.8

Based on our December 31, 2010 balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

Basis Point Change (in millions)	**Interest Income**	**Interest Expense**	**Net Income**
Up 300 basis points	$ 26.2	$ 16.3	$ 9.9
Up 200 basis points	$ 14.8	$ 10.9	$ 3.9
Up 100 basis points	$ 5.5	$ 5.4	$ 0.1
Down 100 basis points	$ (1.5)	$ (1.6)	$ 0.1
Down 200 basis points	$ (1.9)	$ (1.6)	$ (0.3)
Down 300 basis points	$ (2.3)	$ (1.6)	$ (0.7)

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UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a general summary of the material United States federal income tax considerations (and, in the case of a non-U.S. holder (as defined below), the material United States federal estate tax consequences) applicable to an investment in the Notes. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, and administrative and judicial interpretations, each as of the date of this prospectus supplement and all of which are subject to change, potentially with retroactive effect. You should consult your own tax advisor with respect to tax considerations that pertain to your purchase of our Notes.

This discussion deals only with Notes held as capital assets within the meaning of Section 1221 of the Code and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, controlled foreign corporations, passive foreign investment companies and regulated investment companies (and shareholders of such corporations), dealers in securities or currencies, traders in securities, former citizens of the United States, persons holding the Notes as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, entities that are tax-exempt for United States federal income tax purposes, retirement plans, individual retirement accounts, tax-deferred accounts, persons subject to the alternative minimum tax, pass-through entities (including partnerships and entities and arrangements classified as partnerships for United States federal income tax purposes) and beneficial owners of pass-through entities, or persons whose functional currency is not the U.S. dollar. It also does not deal with beneficial owners of the Notes other than original purchasers of the Notes who acquire the Notes in this offering for a price equal to their original issue price (*i.e.*, the first price at which a substantial amount of the notes is sold other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). If you are considering purchasing the Notes, you should consult your own tax advisor concerning the application of the United States federal tax laws to you in light of your particular situation, as well as any consequences to you of purchasing, owning and disposing of the Notes under the laws of any other taxing jurisdiction.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of a Note that is, for United States federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation or other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) a trust (a) subject to the control of one or more United States persons and the primary supervision of a court in the United States, or (b) that has a valid election (under applicable Treasury Regulations) to be treated as a United States person, or (iv) an estate the income of which is subject to United States federal income taxation regardless of its source. The term "non-U.S. holder" means a beneficial owner of a Note that is neither a U.S. holder nor a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes). An individual may, subject to exceptions, be deemed to be a resident alien, as opposed to a non-resident alien, by, among other ways, being present in the United States (i) on at least 31 days in the calendar year, and (ii) for an aggregate of at least 183 days during a three-year period ending in the current calendar year, counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year. Resident aliens are subject to United States federal income tax as if they were United States citizens.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds any Notes, the United States federal income tax treatment of a partner of the partnership generally will depend upon the status of the partner, the activities of the partnership

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and certain determinations made at the partner level. Partners of partnerships holding Notes should consult their own tax advisors.

Taxation of Note Holders

Under present law, we are of the opinion that the Notes will constitute indebtedness of us for United States federal income tax purposes, which the below discussion assumes. We intend to treat all payments made with respect to the Notes consistent with this characterization.

Payments or accruals of interest on a Note generally will be taxable to a U.S. holder as ordinary interest income at the time they are received (actually or constructively) or accrued, in accordance with the U.S. holder's regular method of tax accounting.

Upon the sale, exchange, redemption or retirement of a Note, a U.S. holder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or retirement (excluding amounts representing accrued and unpaid interest, which are treated as ordinary income) and the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note generally will equal the U.S. holder's initial investment in the Note. Capital gain or loss generally will be long-term capital gain or loss if the Note was held for more than one year. Long-term capital gains recognized by individuals and certain other non-corporate U.S. holders generally are eligible for reduced rates of taxation. The distinction between capital gain or loss and ordinary income or loss is also important in other contexts; for example, for purposes of the limitations on a U.S. holder's ability to offset capital losses against ordinary income.

Newly enacted legislation may require certain noncorporate U.S. holders to pay a 3.8% Medicare tax on, among other things, interest on and capital gains from the sale, exchange, redemption or retirement of the Notes. This legislation would apply for taxable years beginning after December 31, 2012. U.S. holders should consult their own tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Notes.

Taxation of Non-U.S. Holders. A non-U.S. holder generally will not be subject to United States federal income or withholding taxes on payments of principal or interest on a Note provided that (i) income on the Note is not effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States, (ii) the non-U.S. holder is not a controlled foreign corporation related to the Company through stock ownership, (iii) in the case of interest income, the recipient is not a bank receiving interest described in Section 881(c)(3)(A) of the Code, (iv) the non-U.S. holder does not own (actually or constructively) 10% or more of the total combined voting power of all classes of stock of the Company, and (v) the non-U.S. holder provides a statement on an Internal Revenue Service (IRS) Form W-8BEN (or other applicable form) signed under penalties of perjury that includes its name and address and certifies that it is not a United States person in compliance with applicable requirements, or satisfies documentary evidence requirements for establishing that it is a non-U.S. holder.

A non-U.S. holder that is not exempt from tax under these rules generally will be subject to United States federal income tax withholding on payments of interest on the Notes at a rate of 30% unless (i) the income is effectively connected with the conduct of a United States trade or business, in which case the interest will be subject to United States federal income tax on a net income basis as applicable to U.S. holders generally (unless an applicable income tax treaty provides otherwise), or (ii) an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

In the case of a non-U.S. holder that is a corporation and that receives income that is effectively connected with the conduct of a United States trade or business, such income may also be subject to a branch profits tax (which is generally imposed on a non-U.S. corporation on the actual or deemed repatriation from the United States of earnings and profits attributable to a United States

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trade or business) at a 30% rate. The branch profits tax may not apply (or may apply at a reduced rate) if the non-U.S. holder is a qualified resident of a country with which the United States has an income tax treaty.

To claim the benefit of an income tax treaty or to claim exemption from withholding because income is effectively connected with a United States trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. These forms may be required to be periodically updated. Also, a non-U.S. holder who is claiming the benefits of a treaty may be required to obtain a United States taxpayer identification number and to provide certain documentary evidence issued by foreign governmental authorities to prove residence in the foreign country.

Generally, a non-U.S. holder will not be subject to United States federal income or withholding taxes on any amount that constitutes capital gain upon the sale, exchange, redemption or retirement of a Note, provided the gain is not effectively connected with the conduct of a trade or business in the United States by the non-U.S. holder (and, if required by an applicable income tax treaty, is not attributable to a United States "permanent establishment" maintained by the non-U.S. holder). Certain other exceptions may be applicable, and a non-U.S. holder should consult its tax advisor in this regard.

A Note that is held by an individual who, at the time of death, is not a citizen or resident of the United States (as specially defined for United States federal estate tax purposes) generally will not be subject to the United States federal estate tax, unless, at the time of death, (i) such individual directly or indirectly, actually or constructively, owns ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and the Treasury Regulations thereunder or (ii) such individual's interest in the Notes is effectively connected with the individual's conduct of a United States trade or business.

Information Reporting and Backup Withholding. A U.S. holder (other than an "exempt recipient," including a corporation and certain other persons who, when required, demonstrate their exempt status) may be subject to backup withholding at a rate of 28% (which rate currently is scheduled to increase to 31% for taxable years beginning on or after January 1, 2013) on, and to information reporting requirements with respect to, payments of principal or interest on, and proceeds from the sale, exchange, redemption or retirement of, the Notes. In general, if a non-corporate U.S. holder subject to information reporting fails to furnish a correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements, backup withholding at the applicable rate may apply. Non-U.S. holders generally are exempt from information reporting and backup withholding, provided, if necessary, that they demonstrate their qualification for exemption.

You should consult your tax advisor regarding the qualification for an exemption from backup withholding and information reporting and the procedures for obtaining such an exemption, if applicable. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner generally would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is timely furnished to the IRS.

You should consult your own tax advisor with respect to the particular tax consequences to you of an investment in the Notes, including the possible effect of any pending legislation or proposed regulations.

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UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, UBS Securities LLC and Wells Fargo Securities, LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in a purchase agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the aggregate principal amount of Notes set forth opposite its name below.

Underwriter	Principal Amount
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$ 27,265,625
Morgan Stanley & Co. LLC	27,265,625
UBS Securities LLC	27,265,625
Wells Fargo Securities, LLC	27,265,625
Stifel, Nicolaus & Company, Incorporated	3,125,000
RBC Capital Markets, LLC	2,500,000
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	2,500,000
Deutsche Bank Securities Inc.	2,500,000
Janney Montgomery Scott LLC	2,500,000
D.A. Davidson & Co.	312,500
HRC Investment Services Inc.	312,500
Keefe, Bruyette & Woods, Inc.	312,500
Mesirow Financial, Inc.	312,500
Morgan Keegan & Company, Inc.	312,500
Robert W. Baird & Co. Incorporated	312,500
Wedbush Morgan Securities Inc.	312,500
William Blair & Company, L.L.C.	312,500
Ziegler Capital Markets Group	312,500
Total	$ 125,000,000

Subject to the terms and conditions set forth in the purchase agreement, the underwriters have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

We expect that delivery of the Notes will be made against payment therefor on or about February 2, 2012, which will be the fifth business day following the date of the pricing of the Notes (such settlement being herein referred to as "T+5"). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers

who wish to trade the Notes prior to the date of delivery hereunder will be required, by virtue of the fact that the Notes initially will settle in T+5 business days, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement.

Commissions and Discounts

An underwriting discount of 3.00% per Note will be paid by us. This underwriting discount will also apply to any Notes purchased pursuant to the overallotment option.

The following table shows the total underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Note	Without Option	With Option
Public offering price	100.00%	$ 125,000,000	$ 143,750,000
Underwriting discount	3.00%	$ 3,750,000	$ 4,312,500
Proceeds, before expenses, to us	97.00%	$ 121,250,000	$ 139,437,500

The underwriters propose to offer some of the Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the Notes to certain other Financial Industry Regulatory Authority (FINRA) members at the public offering price less a concession not in excess of 1.50% of the aggregate principal amount of the Notes. The underwriters may allow, and the dealers may reallow, a discount not in excess of 1.20% of the aggregate principal amount of the Notes. After the initial offering of the Notes to the public, the public offering price and such concessions may be changed. No such change shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus supplement.

The expenses of the offering, not including the underwriting discount, are estimated at $1,100,000 and are payable by us.

Overallotment Option

We have granted an option to the underwriters to purchase up to an additional $18,750,000 aggregate principal amount of the Notes offered hereby at the public offering price within 30 days from the date of this prospectus supplement solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional Notes proportionate to that underwriter's initial principal amount reflected in the above table.

No Sales of Similar Securities

Subject to certain exceptions, we have agreed not to directly or indirectly, offer, pledge, sell, contract to sell, grant any option for the sale of, or otherwise transfer or dispose of any debt securities issued or guaranteed by the Company or any securities convertible into or exercisable or exchangeable for debt securities issued or guaranteed by the Company or file any registration statement under the Securities Act with respect to any of the foregoing for a period of 90 days after the date of this prospectus supplement without first obtaining the written consent of the Representatives, other than certain private sales of debt securities to a limited number of institutional investors. This consent may be given at any time without public notice.

Listing

The Notes are a new issue of securities with no established trading market. We intend to list the Notes on The New York Stock Exchange. We expect trading in the Notes on The New York Stock

Exchange to begin within 30 days after the original issue date. Currently there is no public market for the Notes.

We have been advised by the underwriters that they presently intend to make a market in the Notes after completion of the offering as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the Notes and any such market-making may be discontinued at any time in the sole discretion of the underwriters without any notice. Accordingly, no assurance can be given as to the liquidity of, or development of a public trading market for, the Notes. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

Price Stabilization, Short Positions

In connection with the offering, the underwriters may purchase and sell Notes in the open market. These transactions may include overallotment, covering transactions and stabilizing transactions. Overallotment involves sales of securities in excess of the aggregate principal amount of securities to be purchased by the underwriters in the offering, which creates a short position for the underwriters. Covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of securities made for the purpose of preventing or retarding a decline in the market price of the securities while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased Notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Any of these activities may cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be affected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time without any notice relating thereto.

Electronic Offer, Sale and Distribution of Notes

The underwriters may make prospectuses available in electronic (PDF) format. A prospectus in electronic (PDF) format may be made available on a web site maintained by the underwriters, and the underwriters may distribute such prospectuses electronically. The underwriters may allocate a limited principal amount of the Notes for sale to their online brokerage customers.

Other Relationships

The underwriters and their affiliates have provided in the past and may provide from time to time in the future in the ordinary course of their business certain commercial banking, financial advisory, investment banking and other services to Ares and its affiliates and managed funds and Ares Capital or our portfolio companies for which they have received or will be entitled to receive separate fees. In particular, the underwriters or their affiliates may execute transactions with Ares Capital or on behalf of Ares Capital, Ares or any of our or their portfolio companies, affiliates and/or managed funds. In addition, the underwriters or their affiliates may act as arrangers, underwriters or placement agents for companies whose securities are sold to or whose loans are syndicated to Ares, Ares Capital or Ares Capital Management and their affiliates and managed funds.

Affiliates of certain of the underwriters are limited partners of private investment funds affiliated with our investment adviser, Ares Capital Management.

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The underwriters or their affiliates may also trade in our securities, securities of our portfolio companies or other financial instruments related thereto for their own accounts or for the account of others and may extend loans or financing directly or through derivative transactions to Ares, Ares Capital, Ares Capital Management or any of our portfolio companies.

We may purchase securities of third parties from the underwriters or their affiliates after the offering. However, we have not entered into any agreement or arrangement regarding the acquisition of any such securities, and we may not purchase any such securities. We would only purchase any such securities if among other things we identified securities that satisfied our investment needs and completed our due diligence review of such securities.

After the date of this prospectus supplement, the underwriters and their affiliates may from time to time obtain information regarding specific portfolio companies or us that may not be available to the general public. Any such information is obtained by the underwriters and their affiliates in the ordinary course of its business and not in connection with the offering of the Notes. In addition, after the offering period for the sale of the Notes, the underwriters or their affiliates may develop analyses or opinions related to Ares, Ares Capital or our portfolio companies and buy or sell interests in one or more of our portfolio companies on behalf of their proprietary or client accounts and may engage in competitive activities. There is no obligation on behalf of these parties to disclose their respective analyses, opinions or purchase and sale activities regarding any portfolio company or regarding Ares Capital to our noteholders or any other persons.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters and their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Affiliates of certain of the underwriters serve as agents and/or lenders under our credit facilities or other debt instruments (including the Revolving Credit Facility and the Revolving Funding Facility) and are also lenders to private investment funds managed by Ivy Hill Asset Management L.P., our portfolio company. Certain of the underwriters and their affiliates were underwriters in connection with our initial public offering and our subsequent common stock offerings, debt offerings, convertible notes offerings and rights offering, for which they received fees.

Frank E. O'Bryan, one of our independent directors, is a stockholder of the publicly traded parent company of one of the underwriters of this offering. As a result, Mr. O'Bryan may be considered an "interested person" of the Company during the pendency of this offering under relevant rules of the Investment Company Act.

The principal business address of Merrill Lynch, Pierce Fenner & Smith Incorporated is One Bryant Park, New York, NY 10036. The principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, NY 10036. The principal business address of UBS Securities LLC is 677 Washington Boulevard, Stamford, Connecticut 06901. The principal business address of Wells Fargo Securities, LLC is 301 S. College Street, Charlotte, NC 28288.

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Conflicts of Interest

Proceeds of this offering will be used to repay or repurchase outstanding indebtedness, including indebtedness under the Revolving Credit Facility or the Revolving Funding Facility, if any. Affiliates of certain of the underwriters are lenders under the Revolving Credit Facility and affiliates of Wells Fargo Securities, LLC are lenders under the Revolving Funding Facility. Accordingly, to the extent proceeds of this offering are used to repay outstanding indebtedness under the Revolving Credit Facility or the Revolving Funding Facility, affiliates of certain of the underwriters may receive more than 5% of the proceeds of this offering.

Other Jurisdictions

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the Notes offered by this prospectus supplement in any jurisdiction where action for that purpose is required. The Notes offered by this prospectus supplement may not be offered or sold, directly or indirectly, nor may this prospectus supplement or any other offering material or advertisements in connection with the offer and sale of any such Notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement comes are advised to inform themselves about and to observe any restriction relating to the offering and the distribution of this prospectus supplement. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy the Notes offered by this prospectus supplement and the accompanying prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by Proskauer Rose LLP, Los Angeles, California, Sutherland Asbill & Brennan LLP, Washington, D.C., and Venable LLP, Baltimore, Maryland. Proskauer Rose LLP has from time to time represented the underwriters, Ares and Ares Capital Management on unrelated matters. Certain legal matters in connection with the offering will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(in thousands, except per share data)

	As of	
	September 30, 2011 (unaudited)	**December 31, 2010**
ASSETS		
Investments at fair value		
Non-controlled/non-affiliate investments	$ 2,876,091	$ 2,482,642
Non-controlled affiliate company investments	316,751	380,396
Controlled affiliate company investments	1,562,311	1,454,952
Total investments at fair value (amortized cost of $4,803,420 and $4,291,955, respectively)	4,755,153	4,317,990
Cash and cash equivalents	103,146	100,752
Receivable for open trades	22,560	8,876
Interest receivable	82,663	72,548
Other assets	81,984	62,380
Total assets	$ 5,045,506	$ 4,562,546
LIABILITIES		
Debt	$ 1,800,212	$ 1,378,509
Management and incentive fees payable	83,843	52,397
Accounts payable and other liabilities	37,201	34,742
Interest and facility fees payable	20,972	21,763
Payable for open trades		24,602
Total liabilities	1,942,228	1,512,013
Commitments and contingencies (Note 7)		
STOCKHOLDERS' EQUITY		
Common stock, par value $.001 per share, 400,000 and 300,000 common shares authorized, respectively, 205,130 and 204,419 common shares issued and outstanding, respectively	205	204
Capital in excess of par value	3,271,595	3,205,326
Accumulated overdistributed net investment income	(36,245)	(11,336)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets	(84,010)	(169,696)
Net unrealized gain (loss) on investments and foreign currency transactions	(48,267)	26,035
Total stockholders' equity	3,103,278	3,050,533
Total liabilities and stockholders' equity	$ 5,045,506	$ 4,562,546
NET ASSETS PER SHARE	$ 15.13	$ 14.92

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands, except per share data)

	For the three months ended		For the nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INVESTMENT INCOME:				
From non-controlled/non-affiliate company investments:				
Interest from investments	$ 69,588	$ 66,319	$ 191,830	$ 177,285
Capital structuring service fees	20,006	8,122	38,412	15,258
Dividend income	4,886	1,381	7,094	3,299
Management fees	427	1,711	1,055	4,261
Interest from cash & cash equivalents	16	47	110	75
Other income	1,611	1,094	3,727	3,648
Total investment income from non-controlled/non-affiliate company investments	96,534	78,674	242,228	203,826
From non-controlled affiliate company investments:				
Interest from investments	7,909	13,607	26,800	33,602
Capital structuring service fees	730		730	
Dividend income	549	127	4,008	318
Management fees	63	75	439	363
Other income	233	63	871	485
Total investment income from non-controlled affiliate company investments	9,484	13,872	32,848	34,768
From controlled affiliate company investments:				
Interest from investments	44,032	27,908	124,732	62,545
Capital structuring service fees	7,314	12,489	20,020	15,146
Dividend income	5,907	2,415	15,708	4,211
Management fees	3,677	2,652	10,723	5,430
Other income	417	116	1,104	300
Total investment income from controlled affiliate company investments	61,347	45,580	172,287	87,632
Total investment income	167,365	138,126	447,363	326,226
EXPENSES:				
Interest and credit facility fees	30,971	22,755	89,739	54,453
Incentive management fees	10,159	17,805	82,846	40,922
Base management fees	18,317	15,436	52,461	35,574
Professional fees	3,683	3,233	10,929	9,191
Administrative fees	2,017	2,642	6,901	6,251
Professional fees and other costs related to the acquisition of Allied Capital Corporation	1,116	1,450	2,016	17,773
Other general and administrative	2,061	3,749	7,890	9,236
Total expenses	68,324	67,070	252,782	173,400
NET INVESTMENT INCOME BEFORE INCOME TAXES	99,041	71,056	194,581	152,826
Income tax expense (benefit), including excise tax	683	(164)	4,637	360
NET INVESTMENT INCOME	98,358	71,220	189,944	152,466
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCIES:				

Net realized gains (losses):				
Non-controlled/non-affiliate company investments	(28,731)	1,225	29,458	10,998
Non-controlled affiliate company investments	33,120	9	31,104	(3,725)
Controlled affiliate company investments	44,420	(6)	44,442	1,296
Foreign currency transactions				85
Net realized gains	48,809	1,228	105,004	8,654
Net unrealized gains (losses):				
Non-controlled/non-affiliate company investments	(22,672)	17,509	(43,244)	113,590
Non-controlled affiliate company investments	(34,454)	16,064	(37,214)	35,152
Controlled affiliate company investments	(49,402)	23,934	6,156	31,321
Foreign currency transactions				(152)
Net unrealized gains (losses)	(106,528)	57,507	(74,302)	179,911
Net realized and unrealized gains (losses) from investments and foreign currencies	(57,719)	58,735	30,702	188,565
GAIN ON THE ACQUISITION OF ALLIED CAPITAL CORPORATION				195,876
REALIZED LOSS ON EXTINGUISHMENT OF DEBT		(1,578)	(19,318)	(1,961)
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	$ 40,639	$ 128,377	$ 201,328	$ 534,946
BASIC AND DILUTED EARNINGS PER COMMON SHARE (Note 10)	$ 0.20	$ 0.67	$ 0.98	$ 3.16
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (Note 10)	205,130	192,167	204,770	169,500

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of September 30, 2011
(dollar amounts in thousands)
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Investment Funds and Vehicles							
AGILE Fund I, LLC(7)(9)	Investment partnership	Member interest (0.50% interest)		4/1/2010	$ 245	$ 130	
CIC Flex, LP(9)	Investment partnership	Limited partnership units (0.94 unit)		9/7/2007	2,533	3,137	
Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	1,059	1,088	
Dynamic India Fund IV, LLC(9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	4,728	
Firstlight Financial Corporation(6)(9)	Investment company	Senior subordinated loan ($71,363 par due 12/2016)	1.00% PIK	12/31/2006	71,089	55,918(4)	
		Class A common stock (10,000 shares)		12/31/2006	10,000		
		Class B common stock (30,000 shares)		12/31/2006	30,000		
					111,089	55,918	
HCI Equity, LLC(7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	808	715	
Imperial Capital Private Opportunities, LP(9)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	6,643	5,120	
Ivy Hill Middle Market Credit Fund, Ltd.(7)(8)(9)	Investment company	Class B deferrable interest notes ($40,000 par due 11/2018)	6.25% (Libor + 6.00%/Q)	11/20/2007	40,000	37,600	
		Subordinated notes ($16 par due 11/2018)	15.00%	11/20/2007	15,515	16,000	
					55,515	53,600	
Knightsbridge CLO 2008-1 Ltd.(7)(8)(9)	Investment company	Class C notes ($14,400 par due 6/2018)	7.75% (Libor + 7.50%/Q)	3/24/2010	14,400	14,400	
		Class D notes ($9,000 par due 6/2018)	8.75% (Libor + 8.50%/Q)	3/24/2010	9,000	9,000	
		Class E notes ($14,850 par due 6/2018)	5.25% (Libor + 5.00%/Q)	3/24/2010	13,596	13,749	
					36,996	37,149	

Kodiak Funding, LP(9)	Investment partnership	Limited partnership interest (1.52% interest)		4/1/2010	877	823	
Novak Biddle Venture Partners III, L.P.(9)	Investment partnership	Limited partnership interest (2.47% interest)		4/1/2010	221	196	
Partnership Capital Growth Fund I, L.P.(9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	2,126	4,006	
Senior Secured Loan Fund LLC(7)(11)(17)	Co-investment vehicle	Subordinated certificates ($788,128 par due 12/2020)	8.29% (Libor + 8.00%/Q)	10/30/2009	777,406	796,513	
VSC Investors LLC(9)	Investment company	Membership interest (1.95% interest)		1/24/2008	1,139	1,139	
					1,001,479	964,262	31.07%
Healthcare-Services							
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	936	

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Company(1)	Business Description	Investment	Interest(5)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC(6)	Healthcare analysis services	Senior secured loan ($7,263 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,263	6,900(2)(16)	
		Senior secured loan ($7,661 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,661	7,278(3)(16)	
		Class A common stock (9,679 shares)		6/15/2007	4,000	9,337	
		Class C common stock (1,546 shares)		6/15/2007			