ARES CAPITAL CORP
Form 497
August 13, 2009

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Subject to Completion
Preliminary Prospectus Supplement dated August 13, 2009

Filed pursuant to Rule 497
Registration No. 333-158211

PROSPECTUS SUPPLEMENT
(To Prospectus dated June 26, 2009)

8,000,000 Shares

Common Stock

We are offering for sale 8,000,000 shares of our common stock. These shares are being offered at a discount from our most recently determined net asset value per share of $11.21 pursuant to the authority granted by our common stockholders at the annual meeting of stockholders held on May 4, 2009. Our current authority to offer shares at a price below net asset value per share ends on the earlier of May 4, 2010 and the date of our 2010 annual stockholders meeting. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. See "Risk Factors" beginning on page 20 of the accompanying prospectus and "Sales of Common Stock Below Net Asset Value" on page S-33 of this prospectus supplement and on page 135 of the accompanying prospectus.

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. 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, an affiliate of Ares Management LLC, an SEC registered investment adviser and alternative asset investment management firm that as of June 30, 2009 managed investment funds with approximately $29 billion of committed capital. Ares Operations LLC, an affiliate of Ares Management LLC, provides the administrative services necessary for us to operate.

Our common stock is traded on The NASDAQ Global Select Market under the symbol "ARCC." On August 12, 2009, the last reported sales price of our common stock on The NASDAQ Global Select Market was $9.77 per share. The net asset value per share of our common stock at June 30, 2009 (the last date prior to the date of this prospectus supplement on which we determined net asset value) was $11.21.

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 20 of the accompanying prospectus, including the risk of leverage.

This prospectus supplement and the accompanying prospectus concisely provide important information you should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before you invest and

keep it for future reference. Our Internet address is *www.arescapitalcorp.com*. We make available free of charge on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission or the "SEC." The SEC also maintains a website at *www.sec.gov* that contains such information.

	Per Share	Total
Public offering price	$	$
Underwriting discount (sales load)	$	$
Proceeds, before expenses, to Ares Capital Corporation(1)	$	$

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

The underwriters may also purchase up to an additional 1,200,000 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallotments. If the underwriters exercise this option in full, the total public offering price will be $, the total underwriting discount (sales load) paid by us will be $, and total proceeds, before expenses, will be $.

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

The shares will be ready for delivery on or about , 2009.

Joint Bookrunners

J.P. Morgan **Wells Fargo Securities** **Citi** **UBS Investment Bank**

Co-Managers

SunTrust Robinson Humphrey
BMO Capital Markets
Stifel Nicolaus

The date of this prospectus supplement is , 2009.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We 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 making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing 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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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 involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the return or impact of investments that we expect to make;
- 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 valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- our ability to recover unrealized losses;
- our ability to access alternative debt markets and additional capital;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our 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. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in this prospectus supplement or the accompanying prospectus.

We have based the forward-looking statements included in this prospectus supplement on information available to us on the date of this prospectus supplement, 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.

You should understand that under Section 27A(b)(2)(B) of the Securities Act of 1933 (the "Securities Act") and Section 21E(b)(2)(B) of the Exchange Act, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with this offering.

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" 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 subsidiaries; "Ares Capital Management" or "investment adviser" refers to Ares Capital Management LLC; "Ares Administration" refers to Ares Operations LLC; and "Ares" refers to Ares Partners Management Company LLC and its affiliated companies, including Ares Management LLC.

Ares Capital

Ares Capital Corporation, 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, 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. Ares Capital's 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, we generally use the term "middle market" to refer to companies with annual EBITDA (earnings before interest, taxes, depreciation and amortization) of between $10 million and $250 million.

We invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component like warrants. First and second lien senior loans generally are senior debt instruments that rank ahead of subordinated debt of a given portfolio company. These loans also have the benefit of security interests on the assets of the portfolio company, which may rank ahead of or be junior to other security interests. Mezzanine debt is subordinated to senior loans and is generally unsecured. Our debt investments have ranged between $10 million and $100 million each, although the investment sizes may be more or less than the targeted range and are expected to grow with our capital availability. We also, to a lesser extent, make equity investments. Our equity investments have generally been less than $20 million each but may grow with our capital availability and are usually made in conjunction with loans we make to these portfolio companies.

The proportion of these 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 syndicate a portion of such amount to third parties prior to closing such investment, such that we make a smaller investment than what was reflected in our original commitment.

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

We believe that our investment adviser, Ares Capital Management, is able to leverage Ares' current investment platform, resources and existing relationships with financial sponsors, financial institutions, hedge funds and other investment firms to provide us with attractive investments. 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 11 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 100 investment professionals and to the approximately 150 administrative professionals employed by Ares who provide assistance in accounting, legal, compliance, operations, technology and investor relations.

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 of non-eligible portfolio companies. Specifically, as part of this 30% basket, we may invest in debt of middle market companies located outside of the United States, in investment funds that are operating pursuant to certain exceptions to the Investment Company Act, in advisers to similar investment funds and in debt and equity of public companies that do not meet the definition of eligible portfolio companies because their market capitalization of publicly traded equity securities exceeds the levels provided for in the Investment Company Act. We expect that these public companies generally will have debt that may be non-investment grade. From time to time we may also invest in high yield bonds, which, depending on the issuer, may or may not be included in the 30% basket.

In addition to making investments in the Ares Capital portfolio, our portfolio company, Ivy Hill Asset Management L.P. ("IHAM"), manages two unconsolidated senior debt funds, Ivy Hill Middle Market Credit Fund, Ltd. ("Ivy Hill I") and Ivy Hill Middle Market Credit Fund II, Ltd. ("Ivy Hill II" and, together with Ivy Hill I, the "Ivy Hill Funds") and serves as the sub-adviser/sub-manager for four others: Firstlight Funding I, Ltd., Colts 2005-1 Ltd., Colts 2005-2 Ltd. and Colts 2007-1 Ltd. As of June 30, 2009, IHAM had total committed capital under management of over $2.0 billion.

About Ares

Founded in 1997, Ares is an SEC registered investment adviser and alternative asset investment management firm with approximately $29 billion of total committed capital and over 250 employees as of June 30, 2009.

Ares specializes in originating and managing assets in both the leveraged finance and private equity markets. Ares' leveraged finance activities include the 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 the assets of Ares Capital and Ares' private debt middle market financing activities in Europe, Ares Capital Europe. The 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 Private Debt Group also makes equity investments in private middle market companies, usually in conjunction with loans.

Capital Markets Group. The Ares Capital Markets Group manages a variety of funds and investment vehicles that managed approximately $17.6 billion of committed capital as of June 30, 2009, 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 manages 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"), which together managed approximately $6.1 billion of committed capital as of June 30, 2009. ACOF generally makes private equity investments in companies substantially larger than the private equity investments anticipated to be made by the Company. The 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 high net worth individuals investing in Ares' funds.

Ares Capital Management

Ares Capital Management, our investment adviser, is served by a dedicated origination and transaction development team of approximately 30 investment professionals led by the partners of Ares Capital Management, Michael Arougheti, Eric Beckman, Kipp deVeer, Mitchell Goldstein and Michael Smith. Ares Capital Management leverages off of Ares' entire investment platform and benefits from the significant capital markets, trading and research expertise of all of Ares' investment professionals. Ares funds currently hold over 600 investments in over 30 different industries and have made investments in over 1,600 companies since inception. Ares Capital Management's investment committee has nine members, including Senior Partners of Ares.

Recent Developments

On July 21, 2009, we entered into an agreement with Wachovia Bank, National Association ("Wachovia") to establish a new revolving facility (the "Wachovia Revolving Facility" or the "CP Funding II Facility") whereby Wachovia agreed to extend credit to us in an aggregate principal amount not exceeding $200 million at any one time outstanding. The Wachovia Revolving Facility is scheduled to expire on July 21, 2012 (plus two one-year extension options, subject to mutual consent) and the interest charged on the Wachovia Revolving Facility is based on LIBOR plus 4.00%. We are required to pay a commitment fee on any unused portion of the Wachovia Revolving Facility of between 0.50% and 2.50% depending on the usage level and we paid Wachovia a structuring fee of 1.5% of the total facility amount, or $3.0 million.

As of August 5, 2009, we had made one equity investment of $0.1 million since June 30, 2009. As of August 5, 2009, we exited $12.7 million of investments since June 30, 2009. Of these investments, 21% were senior secured debt and 79% were senior subordinated debt. The weighted average yield at amortized cost on these investments was 15.5%, and 96% of the investments were at a fixed rate.

On August 6, 2009, we declared a quarterly dividend of $0.35 per share to stockholders of record as of the close of business on September 15, 2009, payable on September 30, 2009.

As previously announced, at the end of June, we commenced a private offering to a limited number of "accredited investors" within the meaning of Regulation D of the Securities Act of up to $250 million of interests in a private debt fund. The private debt fund would have invested principally in newly originated and secondary senior secured debt and was expected to purchase a warrant from us at fair value to purchase up to 20% of our common stock at an exercise price equal to the greater of the net asset value per share and the trading price of our common stock on the day before the warrant was issued. We have currently abandoned this potential private placement and ceased all offering activity in connection with it as of August 10, 2009. As such, any offers to buy or sell securities in the potential private placement were rejected or withdrawn or otherwise not accepted by us. This prospectus supplement and the accompanying base prospectus supersede any offering materials used in the abandoned private placement.

Finally, we believe that the dislocation in the credit markets has created compelling risk adjusted returns in both the primary and secondary markets. Further, the current dislocation and illiquidity in the credit markets has also increased the likelihood of further consolidation in our industry. To that end, over the past 12-18 months we have evaluated (and expect to continue to evaluate in the future) a number of potential strategic acquisition opportunities, including acquisitions of:

- asset portfolios;
- contracts to manage collateralized loan obligation, or CLO, vehicles and other investment vehicles; and
- other private and public finance companies or asset managers.

For example, in June 2009 our portfolio company IHAM completed the acquisition of contracts to sub-manage approximately $770 million of middle market loan assets in three CLO vehicles managed by affiliates of Wells Fargo & Company. IHAM also acquired certain equity interests in these three CLOs.

We have been and continue to be currently engaged in discussions with counterparties in respect of various potential strategic acquisition and investment transactions, including potential acquisitions of other finance companies. Some of these transactions could be material to our business and, if consummated, could be difficult to integrate, result in increased leverage or dilution and/or subject us to unexpected liabilities. However, none of these discussions has progressed to the point where the consummation of any such transaction could be deemed to be probable or reasonably certain as of the date of this prospectus supplement. Consummation of any such transaction will be subject to completion of due diligence, finalization of key business and financial terms (including price) and negotiation of final definitive documentation as well as a number of other factors and conditions including, without limitation, the approval of our board of directors (after having determined that such transaction is in the best interest of our stockholders), any required third party consents and, in certain cases, the approval of our stockholders. We cannot predict how quickly the terms of any such transaction could be finalized, if at all. Accordingly, there can be no assurance that definitive documentation for any such transaction would be executed or even if executed, that any such transaction will be consummated. In connection with evaluating potential strategic acquisition and investment transactions, we have, and may in the future, incur significant expenses for the evaluation and due diligence investigation of these potential transactions.

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 280 Park Avenue, 22nd Floor, Building East, New York, New York 10017, telephone number (212) 750-7300.

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement or accompanying prospectus contains a reference to fees or expenses paid by "you," "us," "the Company" or "Ares Capital," or that "we" will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in Ares Capital.

Stockholder transaction expenses (as a percentage of offering price):	
Sales load paid by us	4.50%(1)
Offering expenses borne by us	0.38%(2)
Dividend reinvestment plan expenses	None (3)
Total stockholder transaction expenses paid by us	4.88%
Estimated annual expenses (as a percentage of consolidated net assets attributable to common stock)(4):	
Management fees	2.64%(5)
Incentive fees payable under investment advisory and management agreement (20% of realized capital gains and 20% of pre-incentive fee net investment income, subject to certain limitations)	2.70%(6)
Interest payments on borrowed funds	2.24%(7)
Other expenses	1.64%(8)
Acquired fund fees and expenses	0.03%(9)
Total annual expenses (estimated)	9.25%(10)

(1) The underwriting discounts and commissions with respect to the shares sold in this offering, which is a one-time fee, is the only sales load paid in connection with this offering.

(2) Amount reflects estimated offering expenses of approximately $0.3 million and based on the 8,000,000 shares offered in this offering.

(3) The expenses of the dividend reinvestment plan are included in "other expenses."

(4) "Consolidated net assets attributable to common stock" equals net assets at June 30, 2009 plus the anticipated net proceeds from this offering.

(5) Our management fee is currently 1.5% of our total assets other than cash and cash equivalents (which includes assets purchased with borrowed amounts). For the purposes of this table, we have assumed that we maintain no cash or cash equivalents and that the management fee will remain at 1.5% as set forth in our current investment advisory and management agreement. We may from time to time decide it is appropriate to change the terms of the agreement. Under the Investment Company Act, any material change to our investment advisory and management agreement must be submitted to stockholders for approval. The 2.64% reflected on the table is calculated on our net assets (rather than our total assets). See "Management Investment Advisory and Management Agreement" in the accompanying prospectus.

(6) This item represents our investment adviser's incentive fees based on annualizing actual amounts earned on our pre-incentive fee net income for the six months ended June 30, 2009 and assumes that the incentive fees earned at the end of the 2009 calendar year will be based on the actual realized capital gains as of June 30, 2009, computed net of realized capital losses and unrealized capital depreciation. It also assumes that this fee will remain constant although it is based on our performance and will not be paid unless we achieve certain goals. We expect to invest or otherwise

utilize all of the net proceeds from this offering within three months of the date of this offering and may have capital gains and interest income that could result in the payment of an incentive fee to our investment adviser in the first year after completion of this offering. Since our inception, the average quarterly incentive fee payable to our investment adviser has been approximately 0.58% of our weighted net assets (2.33% on an annualized basis). For more detailed information about incentive fees previously incurred by us, please see Note 3 to our consolidated financial statements for the period ended June 30, 2009.

The incentive fee consists of two parts:

The first, payable quarterly in arrears, equals 20% of our pre-incentive fee net investment income (including interest that is accrued but not yet received in cash), subject to a 2.00% quarterly (8% annualized) hurdle rate and a "catch-up" provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, our investment adviser receives no incentive fee until our net investment income equals the hurdle rate of 2.00% but then receives, as a "catch-up," 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.50%. The effect of this provision is that, if pre-incentive fee net investment income exceeds 2.50% in any calendar quarter, our investment adviser will receive 20% of our pre-incentive fee net investment income as if a hurdle rate did not apply.

The second part, payable annually in arrears for each calendar year ending on or after December 31, 2004, equals 20% of our realized capital gains on a cumulative basis from inception through the end of the year, if any, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees.

We will defer cash payment of any incentive fee otherwise earned by our investment adviser if, during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) is less than 8.0% of our net assets at the beginning of such period. These calculations will be adjusted for any share issuances or repurchases.

See "Management Investment Advisory and Management Agreement" in the accompanying prospectus.

(7)

"Interest payments on borrowed funds" represents an estimate of our annualized interest expenses based on actual interest and credit facility expense incurred for the six months ended June 30, 2009. During the six months ended June 30, 2009, our average borrowings were $882.7 million and cash paid for interest expense was $12.1 million. We had outstanding borrowings of $879.3 million at June 30, 2009. This item is based on our assumption that our borrowings and interest costs after an offering will remain similar to those prior to such offering. The amount of leverage that we employ at any particular time will depend on, among other things, our investment adviser's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. See "Risk Factors Risks Relating to our Business We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us" in the accompanying prospectus.

(8)

Includes our overhead expenses, including payments under the administration agreement based on our allocable portion of overhead and other expenses incurred by Ares Administration in performing its obligations under the administration agreement. Such expenses are based on annualized "Other expenses" for the six months ended June 30, 2009. See "Management

Administration Agreement" in the accompanying prospectus. The holders of shares of our common stock (and not the holders of our debt securities or preferred stock, if any) indirectly bear the cost associated with our annual expenses.

(9) The Company's stockholders indirectly bear the expenses of underlying investment companies in which the Company invests. This amount includes the fees and expenses of investment companies in which the Company is invested in as of June 30, 2009. Certain of these investment companies are subject to management fees, which generally range from 1% to 2.5% of total net assets, or incentive fees, which generally range between 15% to 25% to net profits. When applicable, fees and expenses are based on historic fees and expenses for the investment companies and for those investment companies with little or no operating history, fees and expenses are based on expected fees and expenses stated in the investment companies' offering memorandum, private placement memorandum or other similar communication without giving effect to any performance. Future fees and expenses for these investment companies may be substantially higher or lower because certain fees and expenses are based on the performance of the investment companies, which may fluctuate over time. The amount of the Company's average net assets used in calculating this percentage was based on average monthly net assets of $1.1 billion for the six months ended June 30, 2009.

(10) "Total annual expenses" as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the "Total annual expenses" percentage be calculated as a percentage of net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period), rather than the total assets, including assets that have been funded with borrowed monies. If the "Total annual expenses" percentage were calculated instead as a percentage of consolidated total assets, our "Total annual expenses" would be 5.26% of consolidated total assets.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage, that none of our assets are cash or cash equivalents, and that our annual operating expenses would remain at the levels set forth in the table above. Transaction expenses are not included in the following example. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return(1)	$ 67	$ 198	$ 324	$ 622

(1) The above illustration assumes that we will not realize any capital gains computed net of all realized capital losses and unrealized capital depreciation. The expenses you would pay, based on a $1,000 investment and assuming a 5% annual return resulting entirely from net realized capital gains (and therefore subject to the capital gain incentive fee), and otherwise making the same assumptions in the example above, would be: 1 year, $77; 3 years, $226; 5 years, $369; and 10 years, $698. However, cash payment of the capital incentive fee would be deferred if during the most recent four full calendar quarter period ending on or prior to the date the payment set forth in the example is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) was less than 8.0% of our net assets at the beginning of such period (as adjusted for any share issuances or repurchases).

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the investment advisory and management agreement, which, assuming a 5% annual return, would either not be payable or have an insignificant impact on the expense amounts shown above, is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our board of directors authorizes and we declare a cash dividend, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" in the accompanying prospectus. for additional information regarding our dividend reinvestment plan.

This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.

SELECTED FINANCIAL AND OTHER DATA

The following selected financial and other data for the years ended December 31, 2008, 2007, 2006 and 2005, and for the period from June 23, 2004 (inception) through December 31, 2004 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 six months ended June 30, 2009 and other quarterly financial information is 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 six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. 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 the accompanying prospectus.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA
As of and For the Six Months Ended June 30, 2009 and 2008, As of and For the Years Ended December 31, 2008, 2007, 2006 and 2005 and As of and For the Period June 23, 2004 (inception) Through December 31, 2004
(dollar amounts in thousands, except per share data and as otherwise indicated)

	As of and For the Six Months Ended June 30, 2009	As of and For the Six Months Ended June 30, 2008	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	As of and For the Year Ended December 31, 2005	As of and For the Period June 23, 2004 (inception) Through December 31, 2004
Total Investment Income	$ 115,127	$ 115,671	$ 240,461	$ 188,873	$ 120,021	$ 41,850	$ 4,381
Net Realized and Unrealized Gains (Losses) on Investments, Foreign Currencies and Extinguishment of Debt	7,639	(49,596)	(266,447)	(4,117)	13,064	14,727	475
Total Expenses	52,870	53,821	113,221	94,751	58,458	14,569	1,666
Income Tax Expense (Benefit), Including Excise Tax	109	(184)	248	(826)	4,931	158	
Net Increase (Decrease) in Stockholders' Equity Resulting from Operations	$ 69,787	$ 12,438	$ (139,455)	$ 90,832	$ 69,695	$ 41,851	$ 3,190
Per Share Data:							
Net Increase (Decrease) in Stockholder's Equity Resulting from Operations:							
Basic(1):	$ 0.72	$ 0.15	$ (1.56)	$ 1.34	$ 1.58	$ 1.75	$ 0.28
Diluted(1):	$ 0.72	$ 0.15	$ (1.56)	$ 1.34	$ 1.58	$ 1.75	$ 0.28
Cash Dividend Declared:	$ 0.77	$ 0.84	$ 1.68	$ 1.66	$ 1.64	$ 1.30	$ 0.30
Total Assets	$ 2,047,055	$ 2,201,056	$ 2,091,333	$ 1,829,405	$ 1,347,991	$ 613,645	$ 220,456
Total Debt	$ 879,255	$ 847,734	$ 908,786	$ 681,528	$ 482,000	$ 18,000	$ 55,500
Total Stockholders' Equity	$ 1,088,722	$ 1,328,548	$ 1,094,879	$ 1,124,550	$ 789,433	$ 569,612	$ 159,708
Other Data:							
Number of Portfolio Companies at Period End(2)	94	87	91	78	60	38	20
Principal Amount of Investments Purchased(3)	$ 154,281	$ 814,721	$ 925,945	$ 1,251,300	$ 1,087,507	$ 504,299	$ 234,102
Principal Amount of Investments Sold and Repayments(4)	$ 165,967	$ 226,182	$ 485,270	$ 718,695	$ 430,021	$ 108,415	$ 52,272
Total Return Based on Market Value(5)	39.65%	(25.36)%	(45.25)%	(14.76)%	29.12%	(10.60)%	31.53%
Total Return Based on Net Asset Value(6)	6.37%	0.98%	(11.17)%	8.98%	10.73%	12.04%	(1.80)%
Weighted Average Yield of Debt and Income Producing Equity Securities at Fair Value(7):	12.60%	11.28%	12.79%	11.68%	11.95%	11.25%	12.36%
Weighted Average Yield of Debt and Income Producing Equity Securities at Amortized Cost(7):	11.68%	11.03%	11.73%	11.64%	11.63%	11.40%	12.25%

(1) In accordance with Statement of Financial Accounting Standards 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)

The information presented for the period June 23, 2004 (inception) through December 31, 2004 includes $140.8 million of the assets purchased from Royal Bank of Canada and excludes $9.7 million of publicly traded fixed income securities.

(4)

The information presented for the period June 23, 2004 (inception) through December 31, 2004 excludes $9.7 million of publicly traded fixed income securities.

(5)

Total return based on market value for the six months ended June 30, 2009 equals the decrease of the ending market value at June 30, 2009 of $8.06 per share over the ending market value at December 31, 2008 of $6.33 per share, plus the declared dividends of $0.35 per share for the six months ended June 30, 2009, divided by the market value at December 31, 2008. Total return based on market value for the six months ended June 30, 2008 equals the decrease of the ending market value at June 30, 2008 of $10.08 per share over the ending market value at December 31, 2007 of $14.63 per share, plus the declared dividends of $0.84 per share for the six months ended June 30, 2008, divided by the market value at December 31, 2007. 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 over 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 over 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 for the year ended December 31, 2005 equals the decrease of the ending market value at December 31, 2005 of $16.07 per share over the ending market value at December 31, 2004 of $19.43 per share plus the declared dividends of $1.30 per share for the year ended December 31, 2005. Total return based on market value for the period June 23, 2004 (inception) through December 31, 2004 equals the increase of the ending market value at December 31, 2004 of $19.43 per share over the offering price of $15.00 per share plus the declared dividend of $0.30 per share (includes return of capital of $0.01 per share) for holders of record on December 27, 2004, divided by the offering price. Total return based on market value is not annualized. The Company's shares fluctuate in value. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

(6)

Total return based on net asset value for the six months ended June 30, 2009 equals the change in net asset value during the period plus the declared dividends of $0.42 per share for the three months ended March 31, 2009 and $0.35 per share for the three months ended June 30, 2009, divided by the beginning net asset value during the period. Total return based on net asset value for the six months ended June 30, 2008 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $0.84 per share for the six months ended June 30, 2008, divided by the beginning net asset value during the period. 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 for the year ended December 31, 2005 equals the change in net asset value during the period (adjusted for share issuances) plus the declared dividends of $1.30 per share for the year ended December 31, 2005, divided by the beginning net asset value. Total return based on net asset value for the period June 23, 2004 (inception) through December 31, 2004 equals the change in net asset value during the period plus the declared dividend of $0.30 per share (includes return of capital of $0.01 per share) for holders of record on December 27, 2004, divided by the beginning net asset value. Total return based on net asset value is not annualized. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

(7)

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

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

	2009	
	Q2	Q1
Total Investment Income	$59,111	$56,016
Net investment income before net realized and unrealized gain (losses) and incentive compensation	$39,935	$37,750
Incentive compensation	$ 7,987	$ 7,550
Net investment income before net realized and unrealized gain (losses)	$31,948	$30,200
Net realized and unrealized gains (losses)	$ 2,805	$ 4,834
Net increase (decrease) in stockholders' equity resulting from operations	$34,753	$35,034
Basic and diluted earnings per common share	$ 0.36	$ 0.36
Net asset value per share as of the end of the quarter	$ 11.21	$ 11.20

	2008			
	Q4	Q3	Q2	Q1
Total Investment Income	$ 62,723	$ 62,067	$ 63,464	$ 52,207
Net investment income before net realized and unrealized gain (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 gain (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	$ 0.13
Net asset value per share as of the end of the quarter	$ 11.27	$ 12.83	$ 13.67	$ 15.17

	2007			
	Q4	Q3	Q2	Q1
Total Investment Income	$ 53,828	$47,931	$47,399	$39,715
Net investment income before net realized and unrealized gain (losses) and incentive compensation	$ 33,677	$29,875	$31,220	$23,699
Incentive compensation	$ 6,573	$ 5,966	$ 6,229	$ 4,755
Net investment income before net realized and unrealized gain (losses)	$ 27,104	$23,909	$24,991	$18,944
Net realized and unrealized gains (losses)	$(16,353)	$ (984)	$ 8,576	$ 4,645
Net increase (decrease) in stockholders' equity resulting from operations	$ 10,752	$22,924	$33,567	$23,589
Basic and diluted earnings per common share	$ 0.15	$ 0.32	$ 0.48	$ 0.44
Net asset value per share as of the end of the quarter	$ 15.47	$ 15.74	$ 15.84	$ 15.34

USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of 8,000,000 shares of our common stock in this offering will be approximately $74.3 million (or approximately $85.5 million if the underwriters fully exercise their overallotment option), in each case assuming a public offering price of $9.29 per share, after deducting the underwriting discounts and commissions of $3.5 million (or approximately $4.0 million if the underwriters fully exercise their overallotment option) payable by us and estimated offering expenses of approximately $0.3 million payable by us. The amount of net proceeds may be more or less than the amount described in this prospectus supplement depending on the public offering price of the common stock and the actual number of shares of common stock we sell in the offering, both of which will be determined at pricing.

We expect to use substantially all of the net proceeds of this offering for general corporate purposes, including to repay outstanding revolving indebtedness under the JPM Revolving Facility ($376.1 million outstanding as of August 11, 2009) and to fund investments in accordance with our investment objective and the strategies described in the accompanying prospectus. We expect investments made with these proceeds, if any, to occur within 90 days of our receipt of the net proceeds from this offering. As we've noted, we believe that as of the date of this prospectus, the severe dislocation in the credit markets has resulted in reduced competition, a widening of interest spreads, increased fees and generally more conservative capital structures and deal terms. After we repay outstanding revolving indebtedness under the JPM Revolving Facility, we intend to use the increased borrowings available under the JPM Revolving Facility to fund additional investments to take advantage of these opportunities. The interest charged on the indebtedness incurred under the JPM Revolving Facility is based on LIBOR (one, two, three or six month) plus 1.00%, generally. As of August 11, 2009, the one, two, three and six month LIBOR were 0.27%, 0.32%, 0.45% and 0.89%, respectively. The JPM Revolving Facility expires on December 28, 2010.

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-eligible portfolio companies. As part of this 30%, we may invest in debt of middle market companies located outside of the United States. 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 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 and the market price of our shares may decline. 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.

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on The NASDAQ Global Select Market under the symbol "ARCC." Our common stock has historically traded at prices both above and below its net asset value. It is not possible to predict whether the common stock offered hereby will trade at, above, or below net asset value. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus Our shares of common stock currently trade at a discount from net asset value and may continue to do so in the future, which limits our ability to raise additional equity capital" in the accompanying prospectus.

The following table sets forth the net asset value per share of our common stock, the range of high and low closing sales prices of our common stock as reported on The NASDAQ Global Select Market, the closing sales price as a percentage of net asset value and the dividends or distributions declared by us for each fiscal quarter since our initial public offering. On August 12, 2009, the last reported closing sales price of our common stock on The NASDAQ Global Select Market was $9.77 per share, which represented a discount of approximately 13% to the net asset value per share reported by us as of June 30, 2009.

	Net Asset Value(1)	Price Range High	Price Range Low	High Sales Price to Net Asset Value(2)	Low Sales Price to Net Asset Value(2)	Cash Dividend/ Distribution Per Share(3)
Year ended December 31, 2007						
First Quarter	$ 15.34	$20.46	$17.82	133.4%	116.2%	$ 0.41
Second Quarter	$ 15.84	$18.84	$16.85	118.9%	106.4%	$ 0.41
Third Quarter	$ 15.74	$17.53	$14.92	111.4%	94.8%	$ 0.42
Fourth Quarter	$ 15.47	$17.47	$14.40	112.9%	93.1%	$ 0.42
Year ended December 31, 2008						
First Quarter	$ 15.17	$14.39	$12.14	94.9%	80.0%	$ 0.42
Second Quarter	$ 13.67	$12.98	$10.08	95.0%	73.7%	$ 0.42
Third Quarter	$ 12.83	$12.60	$ 9.30	98.2%	72.5%	$ 0.42
Fourth Quarter	$ 11.27	$10.15	$ 3.77	90.1%	33.5%	$ 0.42
Year ending December 31, 2009						
First Quarter	$ 11.20	$ 7.39	$ 3.21	66.0%	28.7%	$ 0.42
Second Quarter	$ 11.21	$ 8.31	$ 4.53	74.1%	40.4%	$ 0.35
Third Quarter (through August 12, 2009)	$ *	$ 9.89	$ 7.04	*%	*%	$ 0.35

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low closing sales prices. The net asset values shown are based on outstanding shares at the end of the relevant quarter.

(2) Calculated as the respective high or low closing sales price divided by net asset value.

(3) Represents the dividend or distribution declared in the relevant quarter.

(4) Includes an additional cash dividend of $0.10 per share.

*Net asset value has not yet been calculated for this period.

We currently intend to distribute quarterly dividends or distributions to our stockholders. Our quarterly dividends or distributions, if any, will be determined by our board of directors.

The following table summarizes our dividends and distributions declared to date:

Date Declared	Record Date	Payment Date	Amount
December 16, 2004	December 27, 2004	January 26, 2005	$ 0.30
Total declared for 2004			$ 0.30
February 23, 2005	March 7, 2005	April 15, 2005	$ 0.30
June 20, 2005	June 30, 2005	July 15, 2005	$ 0.32
September 6, 2005	September 16, 2005	September 30, 2005	$ 0.34
December 12, 2005	December 22, 2005	January 16, 2006	$ 0.34
Total declared for 2005			$ 1.30
February 28, 2006	March 24, 2006	April 14, 2006	$ 0.36
May 8, 2006	June 15, 2006	June 30, 2006	$ 0.38
August 9, 2006	September 15, 2006	September 29, 2006	$ 0.40
November 8, 2006	December 15, 2006	December 29, 2006	$ 0.40
November 8, 2006	December 15, 2006	December 29, 2006	$ 0.10
Total declared for 2006			$ 1.64
March 8, 2007	March 19, 2007	March 30, 2007	$ 0.41
May 10, 2007	June 15, 2007	June 29, 2007	$ 0.41
August 9, 2007	September 14, 2007	September 28, 2007	$ 0.42
November 8, 2007	December 14, 2007	December 31, 2007	$ 0.42
Total declared for 2007			$ 1.66
February 28, 2008	March 17, 2008	March 31, 2008	$ 0.42
May 8, 2008	June 16, 2008	June 30, 2008	$ 0.42
August 7, 2008	September 15, 2008	September 30, 2008	$ 0.42
November 6, 2008	December 15, 2008	January 2, 2009	$ 0.42
Total declared for 2008			$ 1.68
March 2, 2009	March 16, 2009	March 31, 2009	$ 0.42
May 7, 2009	June 15, 2009	June 30, 2009	$ 0.35
August 6, 2009	September 15, 2009	September 30, 2009	$ 0.35
Total declared for 2009			$ 1.12

To maintain our RIC status, we must timely distribute an amount equal to at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, reduced by deductible expenses, out of the assets legally available for distribution for each year. To avoid certain excise taxes imposed on RICs, we are generally required to distribute during each calendar year an amount at least equal to the sum of (i) 98% of our ordinary income for the calendar year, plus (ii) 98% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year plus (iii) any ordinary income and net capital gains for preceding years that were not distributed during such years. If this requirement is not met, we will be required to pay a nondeductible excise tax equal to 4% of the amount by which 98% of the current year's taxable income exceeds the distribution for the year. The taxable income on which an excise tax is paid is generally carried forward and distributed to stockholders in the next tax year. 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 distributions into the next tax year and pay a 4% excise tax on such income, as required. Our excise tax benefit for the six months ended June 30, 2009 was approximately $0.1 million and $0.1 million for the year ended December 31, 2008. We cannot assure you that we will achieve results that will permit the payment of any cash distributions.

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend, then stockholders' cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash dividends. See "Dividend Reinvestment Plan" in the accompanying prospectus.

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 Financial and Other Data 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 and 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 make equity investments.

We are externally managed by Ares Capital Management, an affiliate of Ares Management LLC, an independent international investment management firm, pursuant to an investment advisory and management agreement (the "Advisory Agreement"). Ares Operations LLC, an affiliate of Ares Management LLC, 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, 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 regulated investment company, or a RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") and operates in a manner so as to qualify for the tax treatment applicable to RICs. 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 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.

PORTFOLIO AND INVESTMENT ACTIVITY

(in millions, except number of new investment commitments, terms and percentages)

	Three months ended June 30, 2009	Three months ended June 30, 2008
New investment commitments(1):		
New portfolio companies	$ 8.6	$ 243.2
Existing portfolio companies	34.5	99.1
Total new investment commitments	43.1	342.3
Less:		
Investment commitments exited	81.4	43.4
Net investment commitments	$ (38.3)	$ 298.9
Principal amount of investments purchased:		
Senior term debt	$ 63.0	$ 92.8