

ARES CAPITAL CORP  
 Form 497  
 March 30, 2007

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Filed pursuant to Rule 497  
 Registration No. 333-140620

**PROSPECTUS SUPPLEMENT**  
 (To Prospectus dated March 26, 2007)

## 13,500,000 Shares

### Common Stock

Ares Capital Corporation is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland that is regulated as a business development company under the Investment Company Act of 1940. We were founded in April 2004 and completed our initial public offering on October 8, 2004. 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 may include an equity component, and, to a lesser extent, in equity investments, in private middle market companies.

We are managed by Ares Capital Management LLC, an affiliate of Ares Management LLC, an independent Los Angeles based firm that currently manages investment funds that have approximately \$12.0 billion of committed capital. Ares Technical Administration, LLC provides the administrative services necessary for us to operate.

Our common stock is quoted on The NASDAQ Global Select Market under the symbol "ARCC." On March 29, 2007, the last reported sales price of our common stock on The NASDAQ Global Select Market was \$17.97 per share.

**Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 16 of the accompanying prospectus.**

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 <http://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](http://www.sec.gov) that contains such information.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$17.97	\$242,595,000
Underwriting discount (sales load)	\$.7188	\$9,703,800
Proceeds, before expenses, to Ares Capital Corporation(1)	\$17.2512	\$232,891,200

(1)

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Before deducting expenses payable by us related to this offering, estimated at \$503,125.

The underwriters may also purchase up to an additional 2,025,000 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallocments. If the underwriters exercise this option in full, the total public offering price will be \$278,984,250, the total underwriting discount (sales load) paid by us will be \$11,159,370, and total proceeds, before expenses, will be \$267,824,880.

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 April 4, 2007.

**Merrill Lynch & Co.**

**Citigroup**

**Bear, Stearns & Co. Inc.**

**JPMorgan**

**Wachovia Securities**

**BMO Capital Markets**

The date of this prospectus supplement is March 29, 2007.

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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.

### Prospectus Supplement TABLE OF CONTENTS

	<b>Page</b>
Forward-Looking Statements	S-1
The Company	S-2
Fees and Expenses	S-5
Recent Developments	S-8
Use of Proceeds	S-9
Price Range of Common Stock and Distributions	S-10
Capitalization	S-12
Underwriting	S-13
Legal Matters	S-16

### Prospectus TABLE OF CONTENTS

	<b>Page</b>
Prospectus Summary	1
The Company	1
Offerings	8
Fees and Expenses	10
Selected Financial and Other Data	13
Risk Factors	16
Forward-Looking Statements	33
Use of Proceeds	34
Price Range of Common Stock and Distributions	35
Management's Discussion and Analysis of Financial Conditions and Results of Operations	38
Senior Securities	52
Business	53
Portfolio Companies	66
Management	71
Certain Relationships	89
Control Persons and Principal Stockholders	90
Determination of Net Asset Value	92
Dividend Reinvestment Plan	93
Material U.S. Federal Income Tax Considerations	94
Description of our Capital Stock	102
Description of our Preferred Stock	109
Description of our Warrants	110
Description of our Debt Securities	112
Regulation	124
Custodian, Transfer and Dividend Paying Agent and Registrar	129
Brokerage Allocation and Other Practices	129
Plan of Distribution	130
Legal Matters	131
Independent Registered Public Accountants	131
Available Information	131
Financial Statements	F-1



**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 impact of investments that we expect to make;
- 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;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies; and
- the ability of Ares Capital Management to locate suitable investments for us and to monitor and administer our investments.

We use words such as "anticipates," "believes," "expects," "intends" 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 Sections 27A(b)(2)(B) and (D) of the Securities Act of 1933 (the "Securities Act") and Sections 21E(b)(2)(B) and (D) 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" or "Investment Adviser" refers to Ares Capital Management LLC; "Ares Administration" refers to Ares Technical Administration, LLC; and "Ares" refers to Ares Partners Management Company LLC and its affiliated companies, including Ares Management LLC.*

### Ares Capital

Ares Capital is a specialty finance company that is a closed-end, non-diversified management investment company, regulated as a business development company, or a "BDC," under the Investment Company Act of 1940, or the "1940 Act." We were founded in April 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 primarily invest in U.S. middle market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive.

We primarily invest in first and second lien senior loans and long-term mezzanine debt. 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. In some cases, we may also receive warrants or options in connection with our debt instruments. Our investments have generally ranged between \$10 million and \$50 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 in private middle market companies. These investments have generally been less than \$10 million each but may grow with our capital availability and are usually made in conjunction with loans we make to these companies. 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. In this prospectus, we generally use the term "middle market" to refer to companies with annual EBITDA between \$5 million and \$50 million. EBITDA represents net income before net interest expense, income tax expense, depreciation and amortization.

The first and second lien senior loans generally have stated terms of three to ten years and the mezzanine debt investments generally have stated terms of up to ten years, but the expected average life of such first and second lien loans and mezzanine debt is generally between three and seven years. However, there is no limit on the maturity or duration of any security in our portfolio. 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 initially 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' senior principals have worked together for many years and have substantial experience in investing in senior loans, high yield bonds, mezzanine debt and private equity. The Company has access to the Ares staff of approximately 66 investment professionals and to the 50 administrative professionals employed by Ares who provide assistance in accounting, legal, compliance 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 private companies, we also may invest up to 30% of the portfolio in opportunistic investments. Such investments may include investments in high-yield bonds, debt and equity securities in collateralized debt obligation vehicles and distressed debt or equity securities of public companies. We expect that these public companies generally will have debt that is non-investment grade. As part of this 30% of the portfolio, we may also invest in debt of middle market companies located outside of the United States, which investments are not anticipated to be in excess of 10% of the portfolio at the time such investments are made.

#### **About Ares**

Ares is an independent firm with approximately \$12.0 billion of total committed capital and over 150 employees. Ares was founded in 1997 by a group of highly experienced investment professionals.

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 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 secured floating rate debt to common equity.

Ares is comprised of the following groups:

**Capital Markets Group.** The Ares Capital Markets Group currently manages a variety of funds and investment vehicles that have approximately \$7.4 billion of committed capital, focusing primarily on syndicated senior secured loans, high yield bonds, distressed debt, other liquid fixed income investments and other publicly traded debt securities.

**Private Debt Group.** The Ares Private Debt Group manages the assets of Ares Capital. The Private Debt Group focuses primarily on non-syndicated first and second lien senior loans and mezzanine debt.

**Private Equity Group.** The Ares Private Equity Group manages the Ares Corporate Opportunities Fund L.P. and the Ares Corporate Opportunities Fund II, L.P. (collectively referred to as "ACOF"), which together have approximately \$2.8 billion of total committed capital. ACOF generally makes private equity investments in companies in amounts substantially larger than the private equity investments anticipated to be made by Ares Capital. 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

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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 19 investment professionals, including our President, Michael J. Arougheti, which team is augmented by Ares' additional investment professionals, primarily its 31 member Capital Markets Group. Ares Capital Management's investment committee has five members, including Mr. Arougheti and four founding members of Ares. In addition, Ares Capital Management leverages off of Ares' entire investment platform and benefits from the Ares investment professionals' significant capital markets, trading and research expertise developed through Ares industry analysts. Ares funds have made investments in over 1,100 companies in over 30 different industries and currently hold over 450 investments in over 30 different industries.

### **Our Corporate Information**

Our administrative offices are located at 1999 Avenue of the Stars, Suite 1900, Los Angeles, California, 90067, telephone number (310) 201-4200, and our executive offices are located at 280 Park Avenue, 22<sup>nd</sup> Floor, Building East, New York, New York 10017, telephone number (212) 750-7300.

S-4

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## 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 contains a reference to fees or expenses paid by "you," "us" or "Ares Capital," or that "we" will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in Ares Capital.

<b>Stockholder transaction expenses (as a percentage of offering price):</b>	
Sales load paid by us	4.00%(1)
Offering expenses borne by us	0.21%(2)
Dividend reinvestment plan expenses	None(3)
<b>Total stockholder transaction expenses paid by us</b>	<b>4.21%</b>
<b>Estimated annual expenses (as a percentage of consolidated net assets attributable to common stock)(4):</b>	
Management fees	1.98%(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)	1.91%(6)
Interest payments on borrowed funds	1.82%(7)
Other expenses	0.66%(8)
<b>Total annual expenses (estimated)</b>	<b>6.37%(9)</b>

- (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 \$503,125 and based on the 13,500,000 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 asset value at December 31, 2006 plus the anticipated net proceeds from this offering.
- (5) Our management fee is 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. The 1.98% reflected on the table is calculated on our net assets (rather than our total assets). See "Management Investment Advisory and Management Agreement."
- (6) This item represents our incentive fees based on actual amounts earned on our pre-incentive fee net income for the year ended December 31, 2006 and based on the actual realized capital gains as of December 31, 2006, computed net of realized capital losses and unrealized capital depreciation. We expect to invest all of the net proceeds from securities registered under the registration statement of which this prospectus is a part pursuant to a particular prospectus supplement within three months of the date of the offering pursuant to such prospectus supplement 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 offerings pursuant to this prospectus. Since our inception, the average quarterly incentive fee payable to our investment adviser has been approximately 0.58% of our weighted net assets (2.30% on an annualized basis). For more detailed information about incentive fees previously incurred by us, please see Note 3 to our consolidated



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financial statements as of December 31, 2006.

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) 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."

(7)

"Interest payments on borrowed funds" represents our annualized interest expenses based on actual interest and credit facility expense incurred for the quarter ended December 31, 2006. During the year ended December 31, 2006, the average borrowings were \$262.4 million and cash paid for interest expense was \$14.4 million. We had outstanding borrowings of \$482.0 million at December 31, 2006. The 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 We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us." We expect to use a portion of the net proceeds of this offering to repay outstanding indebtedness under our Revolving Credit Facility (\$210 million outstanding as of March 23, 2007). We expect to invest the remainder of the net proceeds from this offering within 90 days.

(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 other expenses for the year ended December 31, 2006. See "Management Administration Agreement." 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)

"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

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assets less indebtedness), 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 4.83% 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.

	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return(1)	\$ 86	\$ 174	\$ 263	\$ 488

(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, \$95; 3 years, \$202; 5 years, \$308; and 10 years, \$572. 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) 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, 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" 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.**

**RECENT DEVELOPMENTS**

Including \$226.2 million of additional investments made and \$88.0 million of repayments or redemptions since December 31, 2006, our investment portfolio totaled \$1.4 billion as of March 23, 2007 (assuming that all investments since December 31, 2006 are valued at cost). Of this total, 66% of these investments were in senior secured debt (43% in first lien and 23% in second lien assets), 23% were in senior subordinated debt, 10% were in equity securities and 1% were in senior notes. As of March 23, 2007, the weighted average yield of income producing debt and equity securities was 11.67% and 52% of our assets were in floating rate debt securities. As of March 23, 2007, we also had outstanding commitments to fund an aggregate of approximately \$232.5 million of additional investments. We expect to syndicate a portion of these commitments to third parties. In addition, as of March 23, 2007, we have a pipeline of approximately \$109.0 million. The consummation of any of the investments in this backlog and pipeline depends upon, among other things, one or more of the following: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment, the execution and delivery of satisfactory documentation and the receipt of any necessary consents. We cannot assure you that we will make any of these investments.

On March 8, 2007, we declared a quarterly dividend of \$0.41 per share to stockholders of record as of the close of business on March 19, 2007. The shares sold in this offering will not be entitled to receive the \$0.41 dividend, which is payable on March 30, 2007.

### USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of 13,500,000 shares of our common stock in this offering will be approximately \$232,388,075 (or approximately \$267,321,755 if the underwriters fully exercise their overallotment option), in each case assuming a public offering price of \$17.97 per share, after deducting the underwriting discounts and commissions of \$9,703,800 (or approximately \$11,159,370 if the underwriters fully exercise their overallotment option) payable by us and estimated offering expenses of approximately \$503,125 payable by us.

We expect to use approximately \$210.0 million of the net proceeds of this offering to repay outstanding indebtedness under our Revolving Credit Facility. We expect such repayment will occur within 5 business days after the closing of this offering. The interest charged on the indebtedness incurred under the Revolving Credit Facility is based on LIBOR (one, two, three or six month) plus 1.00%, generally. As of March 23, 2007, the one, two, three and six month LIBOR were 5.32%, 5.34%, 5.35% and 5.32%, respectively. The Revolving Credit Facility expires on December 28, 2010. We intend to use the remainder of the net proceeds within 90 days to fund investments in portfolio companies in accordance with our investment objective and the strategies described in the accompanying prospectus and for general corporate purposes. However, it could take a longer time to invest substantially all of the net proceeds, depending on the availability of appropriate investment opportunities and market conditions.

We intend to invest primarily in first and second lien senior loans and mezzanine debt of middle market companies, each of which may include an equity component, and, to a lesser extent, in equity securities in such companies. In addition to such investments, we may invest up to 30% of the portfolio in opportunistic investments, including high-yield bonds, debt and equity securities in collateralized debt obligation vehicles, distressed debt or equity securities of public companies. As part of this 30%, we may also invest in debt of middle market companies located outside of the United States, which investments are not anticipated to be in excess of 10% of the portfolio. 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" 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 quoted on The NASDAQ Global Select Market under the symbol "ARCC." We completed our initial public offering in October 2004 at the price of \$15.00 per share. Prior to such date there was no public market for our common stock. Our common stock continues to trade in excess of net asset value. There can be no assurance, however, that our shares will continue to trade at a premium to our net asset value.

The following table sets forth the net asset value of our common stock, the range of high and low closing prices of our common stock as reported on The NASDAQ Global Select Market and the dividends declared by us for each fiscal quarter since our initial public offering. The stock quotations are interdealer quotations and do not include markups, markdowns or commissions and may not necessarily represent actual transactions.

	NAV(1)	Price Range		Premium/ Discount of High Sales Price to NAV	Premium/ Discount of Low Sales Price to NAV	Cash Dividend Per Share(2)
		High	Low			
<b>Fiscal 2004</b>						
Fourth quarter	\$ 14.43	\$ 19.75	\$ 15.00	136.9%	104.1%	\$ 0.30
<b>Fiscal 2005</b>						
First quarter	\$ 14.96	\$ 18.74	\$ 15.57	125.3%	104.0%	\$ 0.30
Second quarter	\$ 14.97	\$ 18.14	\$ 15.96	121.2%	106.6%	\$ 0.32
Third quarter	\$ 15.08	\$ 19.25	\$ 16.18	127.7%	107.3%	\$ 0.34
Fourth quarter	\$ 15.03	\$ 16.73	\$ 15.08	111.3%	100.3%	\$ 0.34
<b>Fiscal 2006</b>						
First quarter	\$ 15.03	\$ 17.97	\$ 16.23	119.6%	108.0%	\$ 0.36
Second quarter	\$ 15.10	\$ 17.50	\$ 16.36	115.9%	108.3%	\$ 0.38
Third quarter	\$ 15.06	\$ 17.51	\$ 15.67	116.3%	104.1%	\$ 0.40
Fourth quarter	\$ 15.17	\$ 19.31	\$ 17.39	127.3%	114.6%	\$ 0.50(3)
<b>Fiscal 2007</b>						
First quarter (through March 29, 2007)	*	\$ 20.46	\$ 17.82	*	*	\$ 0.41

(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 each period.

(2) Represents the dividend declared in the specified quarter.

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

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

On March 29, 2007, the last reported sales price of our common stock on The NASDAQ Global Select Market was \$17.97 per share.

We currently intend to distribute quarterly dividends to our stockholders. Our quarterly dividends, if any, will be determined by our board of directors. Because of our limited operating history, these are the only dividends to date that we have declared on our common stock.





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The following table summarizes our dividends declared to date:

<u>Date Declared</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount</u>
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
Total declared for 2007			\$ 0.41

To maintain our RIC status, we must 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. 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 (1) 98% of our ordinary income for the calendar year, (2) 98% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year and (3) 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 liability for the year ended December 31, 2006 was approximately \$570,000.

We cannot assure you that we will achieve results that will permit the payment of any cash distributions and, if we incur indebtedness or issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a 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."

## CAPITALIZATION

The following table sets forth (1) our actual capitalization at December 31, 2006 and (2) our capitalization as adjusted to reflect the effects of the sale of our common stock in this offering (assuming no exercise of the underwriters' overallotment option) at an assumed public offering price of \$17.97 per share, after deducting the underwriting discounts and commissions and offering expenses payable by us. You should read this table together with "Use of Proceeds" and our balance sheet included in the accompanying prospectus.

	As of December 31, 2006	
	Actual	As Adjusted
Cash and cash equivalents(1)	\$ 91,538,878	\$ 113,926,953
<b>Debt</b>		
Credit facilities(2)	\$ 482,000,000	272,000,000
<b>Stockholders' Equity</b>		
Common stock, par value \$.001 per share, 100,000,000 common shares authorized, 52,036,527 and 65,536,527 common shares issued and outstanding, respectively(3)	\$ 52,037	\$ 65,537
Capital in excess of par value	785,192,573	1,017,567,148
Accumulated undistributed net investment income	7,038,469	7,038,469
Accumulated net realized gain on sale of investments	7,086,529	7,086,529
Net unrealized (depreciation) appreciation on investments	(9,936,204)	(9,936,204)
Total stockholders' equity	\$ 789,433,404	\$ 1,021,821,479
Total capitalization	\$ 1,271,433,404	\$ 1,293,821,479

- (1) The above table reflects cash outstanding as of December 31, 2006. However as of March 23, 2007, the Company had \$37.7 million in cash and cash equivalents.
- (2) The above table reflects indebtedness outstanding as of December 31, 2006. However, as of March 23, 2007, our total outstanding indebtedness was approximately \$578.0 million. Net proceeds from the sale of our common stock in this offering are expected to be used to pay down outstanding indebtedness under the Revolving Credit Facility.
- (3) The above table reflects common shares issued and outstanding as of December 31, 2006. However, as of March 23, 2007, our total common shares issued and outstanding was 53,828,105. The increase in common shares issued and outstanding reflects (i) 409,500 common shares issued on January 8, 2007 in connection with the underwriter's exercise in full of its overallotment option granted in connection with the December 2006 equity offering and (ii) 1,382,078 common shares issued on February 9, 2007 in connection with the February 2007 equity offering.

## UNDERWRITING

We intend to offer the shares through the underwriters named below. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Bear, Stearns & Co. Inc., J.P. Morgan Securities Inc., Wachovia Capital Markets, LLC and BMO Capital Markets Corp. are acting as representatives of the underwriters. Subject to the terms and conditions described in a purchase agreement among us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the number of shares listed opposite their names below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,387,500
Citigroup Global Markets Inc.	4,387,500
Bear, Stearns & Co. Inc.	1,350,000
J.P. Morgan Securities Inc.	1,350,000
Wachovia Capital Markets, LLC	1,350,000
BMO Capital Markets Corp.	675,000
Total	13,500,000

The underwriters have agreed that they must purchase all of the shares sold under the purchase agreement if they purchase any of them. However, the underwriters are not required to take or pay for the shares covered by the underwriters' overallotment option described below. 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 shares, 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.

### Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of \$.43 per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$.10 per share to other dealers. After the public offering, the public offering price, concession and discount may be changed.

The following table shows the per share and total underwriting discounts and commissions we will pay to the underwriters assuming both no exercise and full exercise of the underwriters' overallotment option to purchase up to an additional 2,025,000 shares.

	Per Share	Without Option	With Option
Public offering price	\$ 17.97	\$ 242,595,000	\$ 278,984,250
Underwriting discount	\$ .7188	\$ 9,703,800	\$ 11,159,370
Proceeds, before expenses, to the Company	\$ 17.2512	\$ 232,891,200	\$ 267,824,880

S-13

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We estimate that the total expenses of the offering payable by us, not including underwriting discounts and commissions, will be approximately \$503,125.

### Over-allotment Option

We have granted an option to the underwriters to purchase up to 2,025,000 additional shares at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any over-allotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

### No Sales of Similar Securities

We, our executive officers and directors and Ares Capital Management have agreed, with exceptions, not to sell or transfer any common stock for 90 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc. Specifically, we and these other individuals and entities have agreed not to directly or indirectly:

offer, pledge, sell or contract to sell any common stock,

sell any option or contract to purchase any common stock,

purchase any option or contract to sell any common stock,

grant any option, right or warrant for the sale of any common stock,

lend or otherwise dispose of or transfer any common stock,

request or demand that we file a registration statement related to the common stock, or

enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lockup provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

### Quotation on the NASDAQ Global Select Market

Our common stock is quoted on The NASDAQ Global Select Market under the symbol "ARCC."

### Price Stabilization and Short Positions

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

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If the underwriters create a short position in the common stock in connection with the offering, i.e., if they sell more shares than are listed on the cover of this prospectus supplement, the representatives may reduce that short position by purchasing shares in the open market. The representatives may also elect to reduce any short position by exercising all or part of the over-allotment

S-14

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option described above. Purchases of the common stock to stabilize its price or to reduce a short position may cause the price of the common stock to be higher than it might be in the absence of such purchases.

Neither we nor any of the underwriters make any representation or prediction as to the magnitude of any effect that the transaction described above may have on the price of the common stock. In addition, neither we nor any of the representatives make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

### **Electronic Delivery**

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 any of the underwriters, and the underwriters may distribute such prospectuses electronically. The underwriters intend to allocate a limited number of shares for sale to their online brokerage customers.

### **Other Relationships**

Certain of the underwriters and their affiliates have provided in the past to Ares 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, Ares Capital or our portfolio companies for which they 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 portfolio companies. In addition, the underwriters or their respective 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.

Affiliates of certain of the underwriters are limited partners in various Ares private investment funds. Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated are limited partners of Ares Corporate Opportunities Fund, L.P.

The underwriters or their respective 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 the portfolio companies.

We may purchase securities of third parties from some of the underwriters or their respective 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 these underwriters and their respective affiliates in the ordinary course of their business and not in connection with the offering of the common stock. In addition, after the offering period for the sale of our common stock, 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 stockholders.

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Merrill Lynch, Pierce, Fenner & Smith Incorporated was an underwriter of our October 2004 initial public offering and our March 2005, October 2005, July 2006, December 2006 and February 2007 common stock offerings, for which it received customary fees. Wachovia Capital Markets, LLC was an underwriter of our October 2004 initial public offering and our March 2005, October 2005 and July 2006 common stock offerings, for which it received customary fees. J.P. Morgan Securities Inc. was an underwriter of our October 2005 and July 2006 common stock offerings, for which it received customary fees. Citigroup Global Markets Inc. was an underwriter of our July 2006 common stock offering, for which it received customary fees. Wachovia Capital Markets, LLC is the administrative agent and a lender under the CP Funding Facility. JPMorgan Chase Bank, N.A. is the administrative agent and a lender under the Revolving Credit Facility. Merrill Lynch Capital Corporation and Wachovia Bank, National Association are syndication agents and lenders under the Revolving Credit Facility. Wachovia Securities was the initial purchaser in connection with the issuance by ARCC Commercial Loan Trust 2006 of \$400 million of its floating rate notes, for which it received customary fees. An affiliate of BMO Capital Markets Corp. is a lender under the Revolving Credit Facility.

Affiliates of the underwriters will receive part of the proceeds of the offering by reason of the repayment of amounts outstanding under the Revolving Credit Facility. Because more than 10% of the net proceeds of the offering may be paid to members or affiliates of members of the NASD participating in the offering, the offering will be conducted in accordance with NASD Conduct Rule 2710(h).

The principal business address of Merrill Lynch is 4 World Financial Center, New York, New York 10080. The principal business address of Bear, Stearns & Co. Inc. is 383 Madison Avenue, New York, New York 10179. The principal business address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, New York 10013. The principal business address of J.P. Morgan Securities Inc. is 277 Park Avenue, New York, New York 10172. The principal business address of Wachovia Capital Markets, LLC is One Wachovia Center, 301 South College Street, Charlotte, North Carolina 28288. The principal business address of BMO Capital Markets Corp. is 3 Times Square, New York, New York 10036.

### LEGAL MATTERS

Certain legal matters rega