

ARES CAPITAL CORP
 Form 497
 October 18, 2016

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**Filed Pursuant to Rule 497
 Registration No. 333-212604**

October 18, 2016

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Stockholder,

Ares Capital Corporation ("Ares Capital") and American Capital, Ltd. ("American Capital") have entered into an Agreement and Plan of Merger, dated as of May 23, 2016 (the "merger agreement"), providing for the acquisition of American Capital by Ares Capital through a series of mergers (the "mergers"). After the completion of the mergers, American Capital will be a wholly owned subsidiary of Ares Capital and American Capital's portfolio company, American Capital Asset Management, LLC, will have been acquired by Ares Capital's portfolio company, Ivy Hill Asset Management, L.P.

Upon the completion of the mergers, and subject to the terms and conditions of the merger agreement, American Capital stockholders will be entitled to receive the following merger consideration for each share of American Capital common stock owned:

Merger Consideration (per share of American Capital common stock)	Amount
Ares Capital common stock (dollar equivalent; based on the Ares Capital per share closing price at market close on May 20, 2016)	\$ 7.34
Cash from Ares Capital	\$ 6.41
Cash from Ares Capital Management LLC	\$ 1.20
Cash from the Mortgage Manager Sale	\$ 2.45
Total	\$ 17.40

In addition, American Capital stockholders may be entitled to additional consideration if Ares Capital declares dividends after certain dates but before the mergers are completed, as described in more detail in this document.

After the completion of the mergers, based on the number of shares of Ares Capital common stock issued and outstanding on the date hereof, Ares Capital stockholders and American Capital stockholders are expected to own approximately 74% and 26% of the combined company's outstanding common stock, respectively.

The market prices of both Ares Capital common stock and American Capital common stock will fluctuate before the completion of the mergers and the other transactions contemplated by the merger agreement (collectively, the "Transactions"), and the market value of the stock portion of the merger consideration will fluctuate with the market price of Ares Capital common stock. You should obtain current stock price quotations for Ares Capital and American Capital common stock. Ares Capital common stock trades on NASDAQ under the symbol "ARCC." American Capital common stock trades on NASDAQ under the symbol "ACAS."

Your vote is extremely important. At a special meeting of Ares Capital stockholders, Ares Capital stockholders will be asked to vote on BOTH (1) the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement at a price below its then

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current net asset value per share, if applicable AND (2) the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement in accordance with NASDAQ listing rule requirements. In order to complete the Transactions, Ares Capital stockholders are required to approve both proposals, as applicable. For more information about the required stockholder approval, see the sections entitled "The Special Meeting of Ares Capital," "Ares Capital Proposal #1: Issuance of Ares Capital Common Stock Pursuant to the Merger Agreement at a Price That is Below Its Then Current Net Asset Value Per Share, if Applicable" and "Ares Capital Proposal #2: Issuance of Ares Capital Common Stock Pursuant to the Merger Agreement in Accordance with NASDAQ Listing Rule Requirements" in this document.

Ares Capital urges you to promptly fill out, sign, date and mail the enclosed proxy card or authorize your proxy by telephone or through the Internet as soon as possible even if you plan to attend the Ares Capital special meeting. Instructions are shown on the proxy card. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished to you by such record holder. If you have any questions about the Transactions or need assistance voting your

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shares, please call D. F. King & Co., Inc., which is assisting Ares Capital with the solicitation of proxies, toll-free at 1-800-967-7635 or call collect at 1-212-269-5550.

After careful consideration, the board of directors, including the independent directors, of Ares Capital unanimously recommends that its stockholders vote:

"FOR" the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement at a price below its then current net asset value per share, if applicable;

"FOR" the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement in accordance with NASDAQ listing rule requirements; and

"FOR" the adjournment of the Ares Capital special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the Ares Capital special meeting to approve the foregoing proposals.

This document describes the American Capital annual meeting, the Ares Capital special meeting, the Transactions, the merger agreement, the other documents related to the Transactions and other related matters that an Ares Capital stockholder ought to know before voting on the proposals described herein and should be retained for future reference. Please carefully read this entire document, including "Questions and Answers about the American Capital Annual Meeting, the Ares Capital Special Meeting and the Transactions" beginning on page 3, "Risk Factors" beginning on page 58, "Description of the Transactions" beginning on page 130, "Description of the Merger Agreement" beginning on page 221, "Ares Capital Proposal #1: Issuance of Ares Capital Common Stock Pursuant to the Merger Agreement at a Price That is Below Its Then Current Net Asset Value Per Share, if Applicable" beginning on page 296 and "Ares Capital Proposal #2: Issuance of Ares Capital Common Stock Pursuant to the Merger Agreement in Accordance with NASDAQ Listing Rule Requirements" beginning on page 297, for a discussion of the Transactions, the risks relating to the Transactions, and other important information. You also can obtain information about Ares Capital and American Capital from documents that each has filed with the Securities and Exchange Commission. See "Where You Can Find More Information" for instructions on how to obtain such information.

Sincerely,

Michael J Arougheti
Co-Chairman of the Board of Directors

Bennett Rosenthal
Co-Chairman of the Board of Directors

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R. Kipp deVeer
Chief Executive Officer

The Securities and Exchange Commission has not approved or disapproved the Ares Capital common stock to be issued under this document or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this document is October 18, 2016 and it is first being mailed or otherwise delivered to Ares Capital's stockholders on or about October 18, 2016.

Ares Capital Corporation
245 Park Avenue, 44th Floor
New York, New York 10167
(212) 750-7300

In addition, if you have questions about the Transactions or this document, would like additional copies of this document or need to obtain proxy cards or other information related to the proxy solicitation, you may contact D.F. King & Co., Inc., Ares Capital's proxy solicitor, at the address and telephone number listed below. You will not be charged for any of these documents that you request.

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005
1-800-967-7635 (toll free) or 1-212-269-5550 (call collect)

Ares Capital Corporation

**245 Park Avenue, 44th Floor
New York, New York 10167**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON DECEMBER 15, 2016

To the Stockholders of Ares Capital Corporation:

Notice is hereby given that Ares Capital Corporation, a Maryland corporation, or "Ares Capital," will hold a Special Meeting of the Stockholders of Ares Capital, or the "Ares Capital special meeting," on December 15, 2016 at 3:00 p.m., New York time, at the Hyatt Regency Bethesda, 7400 Wisconsin Avenue, Bethesda, Maryland 20814 for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of the shares of Ares Capital common stock to be issued pursuant to the Agreement and Plan of Merger, as such agreement may be amended from time to time, or the "merger agreement," dated as of May 23, 2016, by and among Ares Capital, American Capital, Ltd., Orion Acquisition Sub, Inc., a wholly owned subsidiary of Ares Capital, Ivy Hill Asset Management, L.P., or "IHAM," a wholly owned portfolio company of Ares Capital, Ivy Hill Asset Management GP, LLC, in its capacity as general partner of IHAM, American Capital Asset Management, LLC, and solely for the limited purposes set forth therein, Ares Capital Management LLC, Ares Capital's investment adviser, at a price below its then current net asset value per share, if applicable;
2. To consider and vote upon a proposal to approve the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement, in accordance with NASDAQ listing rule requirements; and
3. To consider and vote upon a proposal to approve the adjournment of the Ares Capital special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the Ares Capital special meeting to approve the foregoing proposals.

Only the holders of record of shares of Ares Capital common stock at the close of business on October 17, 2016 will be entitled to receive notice of and vote at the Ares Capital special meeting.

It is important that all Ares Capital stockholders participate in the affairs of Ares Capital, regardless of the number of shares owned. Accordingly, Ares Capital urges you to promptly fill out, sign, date and mail the enclosed proxy card or authorize your proxy by telephone or through the Internet as soon as possible even if you plan to attend the meeting. Instructions are shown on the proxy card.

You have the option to revoke the proxy at any time prior to the meeting or to vote your shares in person if you attend the meeting and are the record owner of the shares.

The Ares Capital board of directors, including the independent directors, has unanimously approved the merger agreement, the transactions contemplated thereby, the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement at a price below its then current net asset value per share, if applicable and the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement in accordance with NASDAQ listing rule requirements and unanimously recommends that Ares Capital stockholders vote "FOR" the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement at a price below its then current net asset value per share, if applicable, "FOR" the issuance of the shares of

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Ares Capital common stock to be issued pursuant to the merger agreement in accordance with NASDAQ listing rule requirements and "FOR" the adjournment of the Ares Capital special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the Ares Capital special meeting to approve the foregoing proposals.

By Order of the Board of
Directors,

Joshua M. Bloomstein
Secretary

New York, New York
October 18, 2016

YOUR VOTE IS IMPORTANT!

ARES CAPITAL URGES YOU TO PROMPTLY FILL OUT, SIGN, DATE AND MAIL THE ENCLOSED PROXY CARD OR AUTHORIZE YOUR PROXY BY TELEPHONE OR THROUGH THE INTERNET AS SOON AS POSSIBLE EVEN IF YOU PLAN TO ATTEND THE ARES CAPITAL SPECIAL MEETING. INSTRUCTIONS ARE SHOWN ON THE PROXY CARD. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished to you by such record holder.

This document provides a description of the merger agreement, the transactions contemplated thereby, and the matters to be considered at the Ares Capital special meeting. Ares Capital urges you to read this document and its annexes carefully and in their entirety. If you have any questions concerning the merger agreement, the transactions contemplated thereby, or the matters to be considered at the Ares Capital special meeting or this document, would like additional copies of this document or need help voting your shares, please contact Ares Capital's proxy solicitor:

D. F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005
1-800-967-7635 (toll free)
1-212-269-5550 (call collect)

October 18, 2016

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Stockholder,

American Capital, Ltd. ("American Capital") and Ares Capital Corporation ("Ares Capital") have entered into an Agreement and Plan of Merger, dated as of May 23, 2016 (the "merger agreement"), providing for the acquisition of American Capital by Ares Capital through a series of mergers (the "mergers"). After the completion of the mergers, American Capital will be a wholly owned subsidiary of Ares Capital and American Capital's portfolio company, American Capital Asset Management, LLC, will have been acquired by Ares Capital's portfolio company, Ivy Hill Asset Management, L.P.

Upon the completion of the mergers, and subject to the terms and conditions of the merger agreement, American Capital stockholders will be entitled to receive the following merger consideration for each share of American Capital common stock owned:

Merger Consideration (per share of American Capital common stock)	Amount
Ares Capital common stock (dollar equivalent; based on the Ares Capital per share closing price at market close on May 20, 2016)	\$ 7.34
Cash from Ares Capital	\$ 6.41
Cash from Ares Capital Management LLC	\$ 1.20
Cash from the Mortgage Manager Sale	\$ 2.45
Total	\$ 17.40

In addition, American Capital stockholders may be entitled to additional consideration if Ares Capital declares dividends after certain dates but before the mergers are completed, as described in more detail in this document.

After the completion of the mergers, based on the number of shares of Ares Capital common stock issued and outstanding on the date hereof, Ares Capital stockholders and American Capital stockholders are expected to own approximately 74% and 26% of the combined company's outstanding common stock, respectively. American Capital and Ares Capital will treat the merger of a wholly owned subsidiary of Ares Capital with and into American Capital as a taxable acquisition of all of the American Capital common stock by Ares Capital for U.S. federal income tax purposes, and the merger consideration is generally expected to be taxable to American Capital U.S. stockholders. See "Material U.S. Federal Income Tax Consequences of the Merger" for more information on the tax consequences of the merger.

The market prices of both American Capital common stock and Ares Capital common stock will fluctuate before the completion of the mergers and the other transactions contemplated by the merger agreement (collectively, the "Transactions"), and the market value of the stock portion of the merger consideration will fluctuate with the market price of Ares Capital common stock. You should obtain current stock price quotations for American Capital and Ares Capital common stock. American Capital common stock trades on NASDAQ under the symbol "ACAS." Ares Capital common stock trades on NASDAQ under the symbol "ARCC."

Your vote is extremely important. At the annual meeting of American Capital stockholders, American Capital stockholders will be asked:

to adopt the merger agreement;

to approve, on an advisory, non-binding basis, the payment of an estimated \$62,330,277 in the aggregate, subject to the occurrence of certain conditions regarding change of control and termination, in golden parachute payments that will or may become payable to American Capital's named executive officers pursuant to their employment and other arrangements with

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American Capital and the merger agreement, in connection with the completion of the mergers and certain other transactions as contemplated therein;

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to approve any adjournments of the American Capital annual meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the meeting to adopt the merger agreement;

to elect ten directors to American Capital's board of directors, each to serve until the earlier of the expiration of a one-year term and the completion of the Transactions; and

to ratify the appointment of Ernst & Young LLP to serve as American Capital's independent public accountant for the year ending December 31, 2016.

In order to complete the Transactions, American Capital stockholders are required to approve the proposal to adopt the merger agreement. The merger agreement proposal requires that a majority of the outstanding shares of American Capital common stock entitled to vote on such proposal vote "for" the adoption of the merger agreement in order for such proposal to be approved. The advisory (non-binding) vote on compensation proposal, the adjournment proposal and the independent public accountant proposal each require that a majority of the votes cast by the holders of American Capital common stock present or represented and entitled to vote on such proposal at the American Capital annual meeting vote "for" such proposal in order for it to be approved. To be elected to American Capital's board of directors, each director nominee must receive a majority of the votes cast by the holders of American Capital common stock present or represented and entitled to vote at the American Capital annual meeting. In the context of the election of ten directors, this means that each of the ten director nominees will be required to receive more votes "for" than "against" in order to be elected.

American Capital urges you to promptly fill out, sign, date and mail the enclosed proxy card or authorize your proxy by telephone or through the Internet as soon as possible even if you plan to attend the American Capital annual meeting. Instructions are shown on the proxy card. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished to you by such record holder. If you have any questions about any of the matters to be voted on at the American Capital annual meeting or this document or need assistance voting your shares, please call Georgeson Inc., which is assisting American Capital with the solicitation of proxies, toll-free at 1-866-628-6079.

After careful consideration, the American Capital board of directors, including the independent directors, unanimously recommends that its stockholders vote:

"FOR" the adoption of the merger agreement;

"FOR" the approval, on an advisory, non-binding basis, of the payment of certain compensation that will or may become payable to American Capital's named executive officers pursuant to their employment and other arrangements with American Capital and the merger agreement, in connection with the completion of the mergers and certain other transactions as contemplated therein;

"FOR" the approval of any adjournments of the American Capital annual meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the meeting to adopt the merger agreement;

"FOR" the election of ten directors to American Capital's board of directors, each to serve until the earlier of the expiration of a one year term and the completion of the Transactions; and

"FOR" the ratification of the appointment of Ernst & Young LLP to serve as American Capital's independent public accountant for the year ending December 31, 2016.

This document describes the American Capital annual meeting, the Ares Capital special meeting, the Transactions, the merger agreement, the other documents related to the Transactions and other related matters that an American Capital stockholder ought to know before voting on the proposals described herein and should be retained for future reference. Please carefully read this entire document, including "Questions and Answers about the American Capital Annual Meeting, the Ares Capital Special Meeting and the Transactions" beginning on page 3, "Risk Factors" beginning on page 58, "Description of the Transactions" beginning on page 130, "Description of the Merger Agreement" beginning on page 221 and "American Capital Proposal #1: Adoption of the Merger Agreement" beginning on page 298, for a discussion of the Transactions, the risks relating to the Transactions, and other important information. You also can obtain information about American Capital and Ares Capital from documents that each has filed

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with the Securities and Exchange Commission. See "Where You Can Find More Information" for instructions on how to obtain such information.

Sincerely,

Malon Wilkus
Chairman and Chief Executive Officer

The Securities and Exchange Commission has not approved or disapproved the Ares Capital common stock to be issued under this document or the Transactions described in this document, or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this document is October 18, 2016 and it is first being mailed or otherwise delivered to American Capital's stockholders on or about October 18, 2016.

American Capital, Ltd.
2 Bethesda Metro Center, 14th Floor
Bethesda, Maryland 20814
(301) 951-5917

In addition, if you have any questions about any of the matters to be voted on at the American Capital annual meeting or this document, would like additional copies of this document or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Georgeson Inc., American Capital's proxy solicitor, at the address and telephone numbers listed below. You will not be charged for any of these documents that you request.

Georgeson Inc.
1290 Avenue of the Americas
New York, New York 10104
1-866-628-6079 (toll free) or 1-781-575-2137 (international)
acas@georgeson.com (email)

**AMERICAN CAPITAL, LTD.
NOTICE OF 2016 ANNUAL MEETING OF
STOCKHOLDERS TO BE HELD ON DECEMBER 15, 2016**

DATE AND TIME

Thursday, December 15, 2016 at 9:00 a.m., New York time

PLACE

Hyatt Regency Bethesda, 7400 Wisconsin Avenue, Bethesda, Maryland 20814

ITEMS OF BUSINESS

- 1) To adopt the Agreement and Plan of Merger, dated as of May 23, 2016, or the "merger agreement," by and among Ares Capital Corporation, Orion Acquisition Sub, Inc., or "Acquisition Sub," American Capital, Ltd., or "American Capital," American Capital Asset Management, LLC, or "ACAM," Ivy Hill Asset Management, L.P., or "IHAM," Ivy Hill Asset Management GP, LLC and, solely for purposes of certain provisions therein, Ares Capital Management LLC, which the merger agreement provides for the merger of Acquisition Sub with and into American Capital, which we refer to as the "merger," and the merger of ACAM with and into IHAM, which we refer to as the "ACAM merger" and together with the merger, the "mergers," and certain other transactions as contemplated therein.
- 2) To approve, on an advisory, non-binding basis, the payment of an estimated \$62,330,277 in the aggregate, subject to the occurrence of certain conditions regarding change of control and termination, in golden parachute payments that will or may become payable to American Capital's named executive officers pursuant to their employment and other arrangements with American Capital and the merger agreement, in connection with the completion of the mergers and certain other transactions as contemplated therein.
- 3) To approve any adjournments of the American Capital annual meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the meeting to adopt the merger agreement.
- 4) To elect ten directors to American Capital's board of directors, each to serve until the earlier of the expiration of a one-year term and the completion of the Transactions.
- 5) To ratify the appointment of Ernst & Young LLP to serve as American Capital's independent public accountant for the year ending December 31, 2016.
- 6) To transact such other business as may properly come before the American Capital annual meeting or any adjournments or postponements thereof.

In addition, there will be a presentation on the transactions contemplated by the merger agreement, including the mergers, and stockholders will have an opportunity to ask questions.

The foregoing items of business are more fully described in this document, and a copy of the merger agreement is attached as *Annex A* to this document. You are encouraged to read this document and the merger agreement, as well as the other exhibits to this document, in their entirety.

**BOARD OF DIRECTORS
RECOMMENDATIONS**

American Capital's board of directors, including the independent directors, unanimously recommends that American Capital stockholders vote:

"FOR" the adoption of the merger agreement.

"FOR" the approval, on an advisory, non-binding basis, of the payment of certain compensation that will or may become payable to American Capital's named executive officers pursuant to their employment and other arrangements with American Capital and the merger agreement, in connection with the completion of the mergers and certain other transactions as contemplated therein;

"FOR" the approval of any adjournments of the American Capital annual meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the meeting to adopt the merger agreement;

"FOR" the election of ten directors to American Capital's board of directors, each to serve until the earlier of the expiration of a one-year term and the completion of the Transactions; and

"FOR" the ratification of the appointment of Ernst & Young LLP to serve as American Capital's independent public accountant for the year ending December 31, 2016.

WHO CAN VOTE

You are entitled to notice of, and to vote at, the American Capital annual meeting and any adjournments or postponements of the meeting if you were a stockholder of record at the close of business on October 17, 2016.

VOTING

Your vote is important, and we urge you to vote. You may vote in person at the American Capital

annual meeting, by telephone, through the internet or by mailing your completed proxy card (or voting instruction form, if you hold your shares through a broker, bank or other nominee). See "The Annual Meeting of American Capital Voting of Proxies" for additional information regarding voting.

MEETING ADMISSION

If you wish to attend the American Capital annual meeting in person, we request that you register in advance with our Investor Relations department by following the instructions set forth in "The Annual Meeting of American Capital Date, Time and Place of the American Capital Annual Meeting."

DATE OF DISTRIBUTION

This notice, this document (which constitutes our annual report to stockholders) and the accompanying proxy card are first being sent to our stockholders on or about October 18, 2016.

By Order of the Board of Directors,

Samuel A. Flax
*Executive Vice President, General Counsel,
Chief Compliance Officer and Secretary*
October 18, 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
2016 ANNUAL MEETING OF AMERICAN CAPITAL STOCKHOLDERS TO BE HELD ON DECEMBER 15, 2016**

This document (which constitutes our annual report to stockholders) is available free of charge on the internet at www.ACAS.com/2016proxymaterials.

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ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form N-14 filed with the Securities and Exchange Commission, or the "SEC," by Ares Capital (File No. 333-212604), constitutes a prospectus of Ares Capital under Section 5 of the Securities Act of 1933, as amended, or the "Securities Act," with respect to the shares of Ares Capital common stock to be issued to American Capital's stockholders as required by the merger agreement.

This document also constitutes a joint proxy statement of Ares Capital and American Capital under Section 14(a) of the Securities Exchange Act of 1934, as amended, or the "Exchange Act." It also constitutes a notice of meeting with respect to the annual meeting of American Capital stockholders, at which American Capital stockholders will be asked to vote on a proposal to adopt the merger agreement, a proposal to approve an advisory (non-binding) resolution on executive compensation, a proposal to approve an adjournment of the American Capital annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the American Capital annual meeting to adopt the merger agreement, a proposal to elect directors and a proposal to ratify the appointment of Ernst & Young LLP as American Capital's independent public accountants for the year ending December 31, 2016. This document also constitutes a notice of meeting with respect to the special meeting of Ares Capital stockholders, at which Ares Capital stockholders will be asked to vote on (1) a proposal to approve the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement at a price below its then current net asset value per share, if applicable, (2) a proposal to approve the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement in accordance with NASDAQ listing requirements, and (3) a proposal to adjourn the Ares Capital special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the Ares Capital special meeting to approve the foregoing proposals. Information about these meetings and the Transactions is contained in this document.

You should rely only on the information contained in this document. No one has been authorized to provide you with information that is different from that contained in this document. This document is dated October 18, 2016. You should not assume that the information contained in this document is accurate as of any date other than that date. Neither the mailing of this document to Ares Capital stockholders or American Capital stockholders nor the issuance by Ares Capital of the shares of Ares Capital common stock to be issued pursuant to the merger agreement will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

Except where the context otherwise indicates, information contained in this document regarding Ares Capital has been provided by Ares Capital and information contained in this document regarding American Capital has been provided by American Capital.

When used in this document, unless otherwise indicated in this document or the context otherwise requires:

"ACAM" refers to American Capital Asset Management, LLC, a wholly owned portfolio company of American Capital;

"ACAM merger" refers to the merger of ACAM with and into IHAM, with IHAM being the surviving entity in such merger, pursuant to the merger agreement;

"ACMM" refers to American Capital Mortgage Management, LLC, which, prior to the Mortgage Manager Sale, was a wholly owned subsidiary of ACAM;

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"Acquisition Sub" refers to Orion Acquisition Sub, Inc., a wholly owned subsidiary of Ares Capital;

"AGNC" refers to American Capital Agency Corp.

"American Capital" refers to American Capital, Ltd. and, where applicable, its consolidated subsidiaries;

"Ares" or "Ares Management" refers to Ares Management, L.P. and its affiliated companies (other than portfolio companies of its affiliated funds);

"Ares Capital" refers to Ares Capital Corporation and, where applicable, its consolidated subsidiaries;

"Ares Capital Management" or "investment adviser" refers to Ares Capital's investment adviser, Ares Capital Management LLC;

"Ares Operations" refers to Ares Operations LLC;

"effective time" refers to the effective time of the mergers;

"IHAM" refers to Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital;

"IHAM GP" refers to Ivy Hill Asset Management GP, LLC, the general partner of IHAM;

"merger" refers to the merger of Acquisition Sub with and into American Capital, with American Capital being the surviving entity of such merger, pursuant to the merger agreement;

"mergers" refers to the merger and the ACAM merger, collectively;

"merger agreement" refers to the Agreement and Plan of Merger by and among Ares Capital, American Capital, Acquisition Sub, IHAM, IHAM GP, ACAM, and solely for the limited purposes set forth therein, Ares Capital Management, dated as of May 23, 2016, as such agreement may be amended from time to time;

"Mortgage Manager Sale" refers to the sale by ACAM of ACMM to AGNC, which was completed on July 1, 2016; and

"Transactions" refers to the mergers and the other transactions contemplated by the merger agreement.

QUESTIONS AND ANSWERS ABOUT THE AMERICAN CAPITAL ANNUAL MEETING, THE ARES CAPITAL SPECIAL MEETING AND THE TRANSACTIONS

The questions and answers below highlight only selected information from this document. They do not contain all of the information that may be important to you. You should carefully read this entire document to fully understand the merger agreement and the Transactions, and the voting procedures for the American Capital annual meeting and Ares Capital special meeting.

Q: Why am I receiving these materials?

A:

American Capital: American Capital is sending these materials to American Capital stockholders to help them decide how to vote their shares of American Capital common stock at the American Capital annual meeting.

At the American Capital annual meeting, American Capital stockholders will be asked to vote on (1) a proposal to adopt the merger agreement, (2) a proposal to approve, on an advisory, non-binding basis, the payment of an estimated \$62,330,277 in the aggregate, subject to the occurrence of certain conditions regarding change of control and termination, in golden parachute payments that will or may become payable to American Capital's named executive officers pursuant to their employment and other arrangements with American Capital and the merger agreement, in connection with the completion of the mergers and certain other transactions as contemplated therein, (3) a proposal to approve any adjournments of the American Capital annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the American Capital annual meeting to adopt the merger agreement, (4) a proposal to elect ten directors to American Capital's board of directors, each to serve until the earlier of the expiration of a one-year term and the completion of the Transactions, and (5) a proposal to ratify the appointment of Ernst & Young LLP to serve as American Capital's independent public accountant for the year ending December 31, 2016.

Information about this meeting and the Transactions is contained in this document.

The board of directors of American Capital has unanimously approved the Transactions as in the best interests of American Capital and its stockholders. Please see the section entitled "Description of the Transactions" for an important discussion of the Transactions.

This document summarizes the information regarding the matters to be voted upon at the annual meeting of American Capital. However, you do not need to attend the American Capital annual meeting to vote your shares. You may simply sign the enclosed WHITE proxy card and return it promptly in the postage-paid envelope provided or authorize your proxy by telephone or through the Internet. Instructions are shown on the proxy card. **It is very important that you vote your shares at the American Capital annual meeting. The Transactions cannot be completed unless American Capital stockholders adopt the merger agreement.**

If you hold some or all of your shares in a brokerage account, other than the proposal to ratify Ernst & Young, LLP as American Capital's accountants, your broker will not be permitted to vote your shares unless you provide them with instructions on how to vote your shares. For this reason, you should provide your broker with instructions on how to vote your shares or arrange to attend the American Capital annual meeting and vote your shares in person. American Capital stockholders are urged to authorize proxies by telephone or the Internet if their broker has provided them with the opportunity to do so. See your voting instruction form for details. If your broker holds your shares and you attend the American Capital annual meeting in person, please bring a letter from your broker identifying you as the beneficial owner of the shares.

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If you are an American Capital stockholder and do not provide your broker with instructions or vote at the American Capital annual meeting, it will have the same effect as a vote "against" adoption of the merger agreement.

Ares Capital: Ares Capital is sending these materials to Ares Capital stockholders to help them decide how to vote their shares of Ares Capital common stock at the Ares Capital special meeting.

At the Ares Capital special meeting, Ares Capital common stockholders will be asked to vote on (1) a proposal to approve the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement at a price below its then current net asset value per share, if applicable, (2) a proposal to approve the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement in accordance with NASDAQ listing rule requirements and (3) a proposal to adjourn the Ares Capital special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the Ares Capital special meeting to approve the foregoing proposals. Information about this meeting and the Transactions is contained in this document.

The board of directors of Ares Capital has unanimously approved the Transactions as in the best interests of Ares Capital and its stockholders. The board of directors of Ares Capital has also unanimously approved the issuance of shares of Ares Capital common stock to be issued pursuant to the merger agreement, including at a price below its then current net asset value per share, if applicable. Please see the section entitled "Description of the Transactions" for an important discussion of the Transactions.

This document summarizes the information regarding the matters to be voted upon at the special meeting of Ares Capital. However, you do not need to attend the Ares Capital special meeting to vote your shares. You may simply sign the enclosed WHITE proxy card and return it promptly in the postage-paid envelope provided or authorize your proxy by telephone or through the Internet. Instructions are shown on the proxy card. **It is very important that you vote your shares at the Ares Capital special meeting. The Transactions cannot be completed unless Ares Capital stockholders approve (1) the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement at a price below its then current net asset value per share, if applicable, AND (2) the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement in accordance with NASDAQ listing rule requirements. IN ORDER TO COMPLETE THE TRANSACTIONS, ARES CAPITAL STOCKHOLDERS ARE REQUIRED TO APPROVE BOTH PROPOSALS, AS APPLICABLE.**

If you hold some or all of your shares in a brokerage account, your broker will not be permitted to vote your shares unless you provide them with instructions on how to vote your shares. For this reason, you should provide your broker with instructions on how to vote your shares or arrange to attend the Ares Capital special meeting and vote your shares in person. Ares Capital stockholders are urged to authorize proxies by telephone or the Internet if their broker has provided them with the opportunity to do so. See your voting instruction form for details. If your broker holds your shares and you attend the Ares Capital special meeting in person, please bring a letter from your broker identifying you as the beneficial owner of the shares.

If you are an Ares Capital stockholder and do not provide your broker with instructions to vote your shares or you do not vote at the Ares Capital special meeting, it will have the same effect as a vote "against" both (1) the approval of the issuance of shares of Ares Capital common stock pursuant to the merger agreement at a price below its then current net asset value per share for purposes of the Investment Company Act of 1940, as amended, or the "Investment Company Act," if applicable, and (2) the approval of the issuance of shares of Ares Capital common stock pursuant to the merger agreement in accordance with NASDAQ listing rule requirements.

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Q: When and where are the stockholder meetings?

A:

American Capital: The American Capital annual meeting will take place on December 15, 2016 at 9:00 a.m., New York time, at the Hyatt Regency Bethesda, 7400 Wisconsin Avenue, Bethesda, Maryland 20814.

Ares Capital: The Ares Capital special meeting will take place on December 15, 2016 at 3:00 p.m., New York time, at the Hyatt Regency Bethesda, 7400 Wisconsin Avenue, Bethesda, Maryland 20814.

Q: What is happening at the stockholder meetings?

A:

American Capital: American Capital stockholders are being asked to consider and vote on the following matters at their annual meeting:

a proposal to adopt the merger agreement;

a proposal to approve, on an advisory, non-binding basis, the payment of an estimated \$62,330,277 in the aggregate, subject to the occurrence of certain conditions regarding change of control and termination, in golden parachute payments that will or may become payable to American Capital's named executive officers pursuant to their employment and other arrangements with American Capital and the merger agreement, in connection with the completion of the mergers and certain other transactions as contemplated therein;

a proposal to approve any adjournments of the American Capital annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the American Capital annual meeting to adopt the merger agreement;

a proposal to elect ten directors to American Capital's board of directors, each to serve until the earlier of the expiration of a one-year term and the completion of the Transactions; and

a proposal to ratify the appointment of Ernst & Young LLP to serve as American Capital's independent public accountant for the year ending December 31, 2016.

Ares Capital: Ares Capital stockholders are being asked to consider and vote on the following matters at their special meeting:

a proposal to approve the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement at a price below its then current net asset value per share, if applicable;

a proposal to approve the issuance of the shares of Ares Capital common stock to be issued pursuant to the merger agreement in accordance with NASDAQ listing rule requirements; and

a proposal to approve any adjournments of the Ares Capital special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the Ares Capital special meeting to approve the foregoing proposal.

Q: What will happen in the Transactions?

A:

Subject to the terms and conditions of the merger agreement, two mergers will occur: (1) Acquisition Sub will merge with and into American Capital, with American Capital remaining as the surviving entity in the merger as a wholly owned subsidiary of Ares Capital and (2) ACAM, a wholly owned portfolio company of American Capital, will merge with and into IHAM, a wholly owned

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portfolio company of Ares Capital, with IHAM remaining as the surviving entity in the ACAM merger as a wholly owned portfolio company of Ares Capital. Immediately following the mergers, American Capital will convert into a Delaware limited liability company and withdraw its

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election as a "business development company" (as defined in the Investment Company Act), or "BDC."

See " What will the combined company look like following the completion of the Transactions?" below for more information on the Transactions.

Q: What will American Capital stockholders receive in the Transactions?

A:

Upon the completion of the mergers, and subject to the terms and conditions of the merger agreement, each share of American Capital common stock issued and outstanding immediately prior to the effective time will be converted into the right to receive a combination of cash and Ares Capital common stock, which can be approximately summarized as follows:

Merger Consideration (per share of American Capital common stock)	Amount
Ares Capital common stock (dollar equivalent; based on the Ares Capital per share closing price at market close on May 20, 2016)	\$ 7.34
Cash from Ares Capital	\$ 6.41
Cash from Ares Capital Management	\$ 1.20
Cash from the Mortgage Manager Sale	\$ 2.45
Total	\$ 17.40

These elements are more specifically:

- (1) A fixed exchange ratio of 0.483 shares of Ares Capital common stock, or the "exchange ratio," subject to the payment of cash instead of fractional shares. Based on the closing price of Ares Capital common stock of \$15.19 on May 20, 2016, the last full trading day before the public announcement of the entry into the merger agreement, this is valued at \$7.34 per share of American Capital common stock. The value of Ares Capital common stock ultimately depends on the value of Ares Capital common stock at the effective time and will fluctuate until such time. See " Is the exchange ratio subject to any adjustment?" below for more information about the exchange ratio.
- (2) \$6.41 per share in cash from Ares Capital (collectively, with the consideration in clause (1) above, the "Ares Capital consideration").
- (3) \$1.20 per share in cash from Ares Capital Management, acting solely on its own behalf (the "Ares Capital Management consideration").
- (4) \$2.45 per share in cash, which amount represents the per share cash consideration paid to American Capital pursuant to the Mortgage Manager Sale (the "Mortgage Manager consideration").

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(5)

Additionally, depending on the effective time, each share of American Capital common stock issued and outstanding immediately prior to such effective time will be converted into the right to receive, if any,

(A)

if the closing occurs after the record date with respect to Ares Capital's dividend payable with respect to the fourth quarter of 2016, 37.5% of the exchange ratio times Ares Capital's dividend for such quarter, *plus*

(B)

if the closing occurs after the record date with respect to Ares Capital's dividend payable with respect to the first quarter of 2017, 75% of the exchange ratio times Ares Capital's dividend for such quarter, *plus*

(C)

if the closing occurs after the record date with respect to Ares Capital's dividend for any subsequent quarter beginning with the second quarter of 2017, 100% of the exchange ratio times Ares Capital's dividend for such quarter (the "make-up dividend amount").

See " What is the make-up dividend amount?" below for more information on the make-up dividend amount.

The Ares Capital consideration, the Ares Capital Management consideration, the Mortgage Manager consideration and the make-up dividend amount are collectively referred to as the "merger consideration" and will be paid in accordance with the procedures set forth in a letter of transmittal that will be provided to American Capital stockholders after the completion of the Transactions.

Based on the number of shares of American Capital common stock outstanding on the date of the merger agreement, this would result in approximately 110.8 million shares of Ares Capital common stock being exchanged for approximately 229.3 million outstanding shares of American Capital common stock, subject to the payment of cash instead of fractional shares. After the completion of the mergers, based on the number of shares of Ares Capital common stock issued and outstanding on the date hereof, Ares Capital stockholders and American Capital stockholders will own approximately 74% and 26% of the combined company's outstanding common stock, respectively.

Until the Transactions are completed, the value of the shares of Ares Capital common stock to be issued in the Transactions will continue to fluctuate but the number of shares to be issued to American Capital's stockholders will remain fixed.

The term "implied value" refers to the value of the Ares Capital common stock that American Capital stockholders would receive if the Transactions took place on a given day, based on the market price of Ares Capital common stock on such date. The implied value of Ares Capital common stock to be received in the Transactions will continue to fluctuate and, as a result, American Capital stockholders will not know the value of the Ares Capital common stock they will receive in the Transactions at the time they vote.

The following table presents the closing prices and most recently determined net asset values per share of Ares Capital common stock and American Capital common stock, as well as the implied value of American Capital common stock based on the value of the merger consideration, on the last full trading day before public announcement of the merger and the last full trading day prior to the date of this document.

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	Ares Capital Common Stock	American Capital Common Stock	Cash Consideration	Implied Value of One Share of American Capital Common Stock
Closing Price at May 20, 2016	\$ 15.19	\$ 15.62	\$ 10.06	\$ 17.40
Net Asset Value per Share at June 30, 2016	\$ 16.62	\$ 20.77	N/A	N/A
Closing Price at October 17, 2016	\$ 15.16	\$ 16.86	\$ 10.06	\$ 17.38

Q: Is the exchange ratio subject to any adjustment?

A: No, the exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the effective time.

However, if, after the date of the merger agreement and prior to the effective time, Ares Capital or American Capital undergoes certain extraordinary corporate events as set forth in the merger agreement (e.g., a reclassification, recapitalization, exchange, stock split or combination, exchange or readjustment of shares, or any stock dividend or stock distribution with a record date during such period), then the exchange ratio will be adjusted to provide American Capital stockholders the same economic effect as contemplated by the merger agreement.

Q: Who is responsible for paying the expenses relating to completing the Transactions, including the preparation of this document and the solicitation of proxies?

A: In general, American Capital and Ares Capital will each be responsible for its own expenses incurred in connection with the merger agreement and the completion of the Transactions, irrespective of whether the Transactions are completed. However, all filing and other fees in connection with any filing under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended, or the "HSR Act," will be borne by Ares Capital. Ares Capital will also be responsible for any transfer, stamp and documentary taxes and real property transfer and other similar taxes. See "Description of the Merger Agreement Expenses and Fees."

Q: What will happen to American Capital stock options and incentive awards at the effective time?

A: Immediately prior to the effective time, each vested and unvested American Capital option outstanding, other than options with an exercise price exceeding the aggregate value of the per share merger consideration, or "underwater options," will become vested and exercisable in full. To the extent such option is not exercised by the effective time, such option will be canceled and entitle the holder of such option to receive the option consideration pursuant to the calculation described in the section entitled "Description of the Merger Agreement Treatment of American Capital Options and Incentive Awards." All underwater options will be canceled and terminated at the effective time and no consideration will be paid in respect of any underwater options.

After the completion of the mergers, based on the number of shares of American Capital common stock issued and outstanding and the number of vested and unvested American Capital options in the money, in each case on the date hereof, and assuming the value of the merger consideration, either on the last full trading day before public announcement of the Transactions or on the last full trading day prior to the date of this document, is as set forth elsewhere in this document, holders of American Capital options are expected to receive approximately 6.4% or 5.8% of the total merger consideration, respectively.

Additionally, effective immediately prior to the effective time, each vested and unvested American Capital incentive award will become vested in full and the corresponding shares of American Capital common stock will be released pursuant to the terms of American Capital's performance

incentive plans. Each such share of American Capital common stock will thereafter be immediately converted into the right to receive the merger consideration, less applicable withholdings.

Holders of American Capital stock options and incentive awards should consult with their own tax advisors to determine the tax consequences of their election and any cash or stock received by them.

Q: Will I receive dividends after completion of the Transactions?

A:

Ares Capital currently intends to distribute quarterly dividends to its stockholders. For a history of the dividends and distributions paid by Ares Capital since January 1, 2014, see "Market Price, Dividend and Distribution Information." The amount and timing of past dividends and distributions are not a guarantee of any future dividends or distributions, or the amount thereof, the payment, timing and amount of which will be determined by Ares Capital's board of directors and depend on Ares Capital's cash requirements, its financial condition and earnings, contractual restrictions, legal and regulatory considerations and other factors. See "Ares Capital Dividend Reinvestment Plan" for additional information regarding Ares Capital's dividend reinvestment plan.

For a history of the dividends and distributions paid by American Capital since January 1, 2014, see "Market Price, Dividend and Distribution Information."

Additionally, each share of American Capital common stock will be entitled to receive the make-up dividend amount, if any. See "What is the make-up dividend amount?" below for more information on the make-up dividend amount.

No dividends or other distributions with respect to shares of Ares Capital common stock will be paid to any former American Capital stockholders who have not surrendered their shares to the exchange agent for shares of Ares Capital common stock until such shares are surrendered in accordance with such stockholders' letter of transmittal. Following the surrender of any such shares in accordance with such letter of transmittal, the record holders of such shares shall be entitled to receive, without interest, the amount of dividends or other distributions with a record date after the effective time payable with respect to shares of Ares Capital common stock exchangeable for such shares and not previously paid. Ares Capital has the right to withhold dividends or any other distributions on shares of Ares Capital common stock until the American Capital shares are surrendered to the exchange agent.

Q: What is the make-up dividend amount?

A:

Depending on the effective time, each share of American Capital common stock issued and outstanding immediately prior to such effective time will be entitled to receive a make-up dividend amount, which represents such additional consideration, if any, based on an exchange-adjusted percentage of Ares Capital's dividend payments. The make-up dividend amount would equal (a) if the closing occurs after the record date with respect to Ares Capital's dividend payable with respect to the fourth quarter of 2016, 37.5% of the exchange ratio times Ares Capital's dividend for such quarter, *plus* (b) if the closing occurs after the record date with respect to Ares Capital's dividend payable with respect to the first quarter of 2017, 75% of the exchange ratio times Ares Capital's dividend for such quarter, *plus* (c) if the closing occurs after the record date with respect to Ares Capital's dividend for any subsequent quarter beginning with the second quarter of 2017, 100% of the exchange ratio times Ares Capital's dividend for such quarter.

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As an example, if the record date, payment date and amount of Ares Capital's dividends declared and payable per share for the fourth quarter of 2016 and the first and second quarters of 2017 were as follows:

Dividend	Record Date	Payment Date	Amount
Fourth Quarter 2016	December 15, 2016	December 31, 2016	\$ 0.38
First Quarter 2017	March 15, 2017	March 31, 2017	\$ 0.38
Second Quarter 2017	June 15, 2017	June 30, 2017	\$ 0.38

then, the make-up dividend amount would equal the following amounts per share based on the following closing dates:

Closing Date	Calculation	Make-up Dividend Amount
December 20, 2016	$37.5\% \times \text{exchange ratio} \times \text{Fourth Quarter 2016 dividend}$	\$ 0.07
March 20, 2017	$(37.5\% \times \text{exchange ratio} \times \text{Fourth Quarter 2016 dividend}) + (75\% \times \text{exchange ratio} \times \text{First Quarter 2017 dividend})$	\$ 0.21
June 20, 2017	$(37.5\% \times \text{exchange ratio} \times \text{Fourth Quarter 2016 dividend}) + (75\% \times \text{exchange ratio} \times \text{First Quarter 2017 dividend}) + (100.0\% \times \text{exchange ratio} \times \text{Second Quarter 2017 dividend})$	\$ 0.39

The dividend amounts above are presented for illustrative purposes only. Ares Capital currently intends to distribute dividends or make distributions to its stockholders on a quarterly basis out of assets legally available for distribution. Ares Capital may also distribute additional dividends or make additional distributions to its stockholders from time to time. Ares Capital's quarterly and additional dividends or distributions, if any, will be determined by its board of directors and accordingly, there can be no assurance that Ares Capital will declare or distribute the dividends to its stockholders during the periods presented, if at all. See "Will I receive dividends after completion of the Transactions?" for more information.

Q: Are the mergers subject to any third party consents?

A:

Yes. Pursuant to the merger agreement, each of Ares Capital's and American Capital's obligations to complete the Transactions are subject to the prior receipt of consents required to be obtained from certain investment funds managed by ACAM and its subsidiaries representing at least 75% of the aggregate assets under management of all such funds as of March 31, 2016, as well as approvals and consents required to be obtained by other third parties, including regulatory authorities in the United Kingdom and Guernsey. Although American Capital and Ares Capital expect that all such approvals and consents will be obtained and remain in effect and all conditions related to such consents will be satisfied, there can be no assurance that such approvals or consents will be obtained. See "Description of the Transactions Other Third Party Consents Required for the Transactions."

Q: How will the combined company be managed following the completion of the Transactions?

A:

Unlike American Capital, Ares Capital is an externally managed closed-end fund. Upon the completion of the Transactions, the current directors and officers of Ares Capital are expected to continue in their current positions and Ares Capital's investment adviser, Ares Capital Management, will externally manage the combined company. Upon the completion of the Transactions, the current directors and officers of American Capital will not continue as directors or officers of the combined company.

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Q: How does Ares Capital's investment objective and strategy differ from American Capital's?

A:

The following table presents a comparison of Ares Capital's and American Capital's investment objectives and strategies:

	Ares Capital	American Capital
Primary Investment Objective	To generate current income and capital appreciation through investments in first and second lien senior secured loans and mezzanine debt and, to a lesser extent, equity securities of eligible portfolio companies	To increase net earnings and net asset value by investing in senior and mezzanine debt and equity securities of private companies and funds managed by ACAM with attractive current yields and/or potential for equity appreciation and realized gains and by growing fee earning assets under management
Investment Focus	First lien senior secured loans (including unitranche loans), second lien senior secured loans and mezzanine debt	Senior and mezzanine debt and equity in buyouts of sponsor-backed companies, first lien floating rate loans and second lien floating rate loans, and structured finance investments in non-investment grade securities
Investment Range	Generally between \$30 million and \$500 million in corporate borrowers, between \$10 million and \$200 million in project finance/power generation projects and between \$1 million and \$25 million in early stage and venture capital-backed companies	Up to \$600 million in a buyout transaction and generally between \$10 million to \$150 million in a sponsor finance transaction
Target Borrower	U.S. companies operating in a variety of industries with EBITDA of between \$10 million and \$250 million	U.S. companies operating in a variety of industries with EBITDA of between \$10 million and \$150 million
Equity Investments	Will make equity investments to a lesser extent; generally non-control positions less than \$20 million invested in conjunction with loans extended	Will make majority equity investments in buyout transactions and minority equity investments in sponsor finance transactions

Q: What will the combined company look like following the completion of the mergers?

A: Upon the completion of the mergers, American Capital will become a wholly owned subsidiary of Ares Capital and ACAM, a wholly owned portfolio company of American Capital, will merge with and into Ares Capital's portfolio company IHAM, with IHAM remaining as the surviving entity in such merger as a wholly owned portfolio company of Ares Capital.

Simplified Structure Before the Completion of the Mergers

Simplified Structure Following the Completion of the Mergers

*

Immediately following the mergers, American Capital will convert into a Delaware limited liability company and withdraw its election as a BDC.

If the Transactions are completed, the diversification of Ares Capital's investment portfolio is expected to increase by both issuer and industry, with Ares Capital's largest investment (its investment in subordinated certificates of an unconsolidated Delaware limited liability company, the Senior Secured Loan Fund LLC (d/b/a "the Senior Secured Loan Program") or the "SSLP") declining from approximately 21% of its total investment portfolio at fair value as of June 30, 2016 to approximately 16% of the combined company's total investment portfolio at fair value on a pro forma basis as of June 30, 2016. Pro forma for the Transactions, no other single portfolio company investment would represent greater than 5% of the combined company's total investment portfolio at fair value as of June 30, 2016.

The following table presents the asset mix of investments and number of portfolio companies for Ares Capital and American Capital as of June 30, 2016 and pro forma for the combined company as of June 30, 2016:

	Actual Ares Capital	Actual American Capital	Pro Forma Ares Capital Combined
First Lien Senior Secured Loans	29%	19%	26%
Second Lien Senior Secured Loans	31%	25%	31%
SSLP Subordinated Certificates	21%		16%
Senior Subordinated Debt	8%	10%	9%
Collateralized Loan Obligations (CLOs)	0%	9%	3%
Preferred Equity	4%	4%	4%
Other Equity	7%	33%	11%

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	Actual Ares Capital	Actual American Capital	Pro Forma Ares Capital Combined
Number of Portfolio Companies	214	122	331

The following table presents the industrial composition of Ares Capital's and American Capital's portfolios at fair value as of June 30, 2016 and the combined company's portfolio at fair value on a pro forma basis as of June 30, 2016:

Industry	Actual Ares Capital	Actual American Capital	Pro Forma Ares Capital Combined
Investment Funds and Vehicles	21.7%	12.1%	20.2%
Healthcare Services	12.5%	7.2%	11.4%
Other Services	10.0%	3.0%	7.8%
Consumer Products	8.0%	5.5%	7.7%
Business Services	6.7%	22.4%	11.9%
Power Generation	6.7%		5.0%
Manufacturing	5.3%	1.5%	4.4%
Financial Services	4.2%	27.1%	7.4%
Restaurants and Food Services	4.2%		3.1%
Education	3.5%	1.5%	3.1%
Oil and Gas	2.9%	1.6%	2.1%
Containers and Packaging	2.8%	2.0%	2.8%
Automotive Services	2.5%	2.2%	2.5%
Food and Beverage	2.5%	1.5%	2.3%
Commercial Real Estate Finance	1.1%	1.2%	1.2%
Other	5.4%	11.2%	7.1%
Total	100.0%	100.0%	100.0%

The following table presents Ares Capital's and American Capital's total assets, total liabilities and net asset value per share as of June 30, 2016 and the combined company's total assets, total liabilities and net asset value per share on a pro forma basis as of June 30, 2016:

(in billions, except per share data)	Actual Ares Capital	Actual American Capital	Pro Forma Ares Capital Combined
Total Assets	\$ 9.2	\$ 5.3	\$ 12.4
Total Liabilities	\$ 4.0	\$ 0.9	\$ 5.5
Net Asset Value per Share	\$ 16.62	\$ 20.77	\$ 16.24

The information presented in the tables above and the immediately preceding paragraphs is provided for illustrative purposes only and does not necessarily indicate what the future assets, liabilities, net asset value or asset mix of the combined company will be following the completion of the Transactions. This pro forma information does not include adjustments to reflect any cost savings or other operational efficiencies that may be realized as a result of the completion of the Transactions or any future restructuring or integration expenses related to the Transactions. Additionally, this pro forma information does not include any estimated net increase (decrease) in stockholders' equity resulting from operations or other asset sales and repayments that are not already reflected that may occur between June 30, 2016 and the completion of the Transactions. The foregoing information should be read in conjunction with the section entitled "Unaudited Pro Forma Condensed Consolidated Financial Statements" in this document.

Q: What is expected to happen to annual expenses following the completion of the Transactions?

A:

As is shown in more detail in "Comparative Fees and Expenses," and based on the assumptions described in that section, following the completion of the Transactions, annual expenses as a percentage of consolidated net assets attributable to common stock is estimated to (1) increase for Ares Capital stockholders from 10.22% on a stand-alone basis to 10.56% on a pro forma combined basis and (2) increase for American Capital stockholders from 7.60% on a stand-alone basis to 10.56% on a pro forma combined basis. Ares Capital expects that the combined company will achieve certain synergies and cost savings within 18 months following completion of the Transactions that are not reflected in the foregoing pro forma combined percentages and accordingly believes that estimated total pro forma combined company expenses will be lower than reflected in "Comparative Fees and Expenses" if such synergies and cost savings are achieved.

In connection with the Transactions, Ares Capital's investment adviser will waive, for each of the first ten calendar quarters beginning with the first full calendar quarter after the closing of the Transactions, the lesser of (1) \$10 million of income based fees and (2) the amount of income based fees for such quarter, in each case, to the extent earned and payable by Ares Capital in such quarter pursuant to and as calculated under Ares Capital's Amended and Restated Investment Advisory and Management Agreement with Ares Capital Management, referred to herein as Ares Capital's "investment advisory and management agreement." See "Description of the Transactions Transaction Support Fee Waiver Agreement."

Q: How are the fees payable to Ares Capital's investment adviser calculated?

A:

For providing investment advisory and management services to Ares Capital, Ares Capital's investment adviser receives fees from Ares Capital consisting of base management fees based on Ares Capital's total assets, as defined under the Investment Company Act (other than cash and cash equivalents, but including assets purchased with borrowed funds) ("base management fees"), fees based on Ares Capital's net investment income ("income based fees") and fees based on Ares Capital's net capital gains ("capital gains incentive fees").

Base Management Fee: The base management fee is calculated at an annual rate of 1.5% based on the average value of Ares Capital's total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) at the end of the two most recently completed calendar quarters. The base management fee is payable quarterly in arrears.

Income Based Fee: The income based fee is calculated and payable quarterly in arrears based on Ares Capital's net investment income excluding income based fees and capital gains incentive fees ("pre-incentive fee net investment income") for the quarter. Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that Ares Capital receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the administration agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the income based fee and capital gains incentive fee accrued under U.S. generally accepted accounting principles ("GAAP")). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with payment in kind ("PIK") interest, preferred stock with PIK dividends and zero coupon securities, accrued income that Ares Capital has not yet received in cash. Ares Capital's investment adviser is not under any obligation to reimburse Ares Capital for any part of the income based fees it received that were based on accrued interest that Ares Capital never actually received.

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Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses, unrealized capital appreciation, unrealized capital depreciation or income tax expense related to realized gains and losses. Because of the structure of the income based fee, it is possible that Ares Capital may pay such fees in a quarter where Ares Capital incurs a loss. For example, if Ares Capital receives pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, Ares Capital will pay the applicable income based fee even if Ares Capital has incurred a loss in that quarter due to realized and/or unrealized capital losses.

Pre-incentive fee net investment income, expressed as a rate of return on the value of Ares Capital's net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of 1.75% per quarter. If market credit spreads rise, Ares Capital may be able to invest in debt instruments that provide for a higher return, which may increase Ares Capital's pre-incentive fee net investment income and make it easier for Ares Capital's investment adviser to surpass the fixed hurdle rate and receive an income based fee based on such net investment income. To the extent Ares Capital has retained pre-incentive fee net investment income that has been used to calculate the income based fee, it is also included in the amount of Ares Capital's total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) used to calculate the 1.5% base management fee.

Ares Capital pays Ares Capital's investment adviser an income based fee with respect to Ares Capital's pre-incentive fee net investment income in each calendar quarter as follows:

no income based fee in any calendar quarter in which Ares Capital's pre-incentive fee net investment income does not exceed the hurdle rate;

100% of Ares Capital's 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 2.1875% in any calendar quarter. Ares Capital refers to this portion of Ares Capital's pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.1875%) as the "catch up" provision. The "catch up" is meant to provide Ares Capital's investment adviser with 20% of the pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeded 2.1875% in any calendar quarter; and

20% of the amount of Ares Capital's pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

The following is a graphical representation of the calculation of the income based fee:

Quarterly Income Based Fee Based on Net Investment Income

**Pre-incentive fee net investment income return
(expressed as a percentage of the value of net assets)**

**Percentage of pre-incentive fee net investment income
allocated to income based fee**

These calculations are adjusted for any share issuances or repurchases during the quarter.

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If the Transactions are completed, Ares Capital's investment adviser has agreed to waive, for each of the first ten calendar quarters beginning with the first full calendar quarter after the completion of the Transactions, the lesser of (1) \$10 million of the income based fees and (2) the amount of income based fees for such quarter, in each case, to the extent earned and payable by Ares Capital in such quarter pursuant to and as calculated under the investment advisory and management agreement. See "Description of the Transactions Transaction Support Fee Waiver Agreement."

Capital Gains Incentive Fee: The capital gains incentive fee is determined and payable in arrears as of the end of each calendar year (or, upon termination of Ares Capital's investment advisory and management agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (1) the sum of Ares Capital's cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (2) Ares Capital's cumulative aggregate realized capital gains, in each case calculated from October 8, 2004 (the date Ares Capital completed Ares Capital's initial public offering ("IPO")). Realized capital gains and losses include gains and losses on investments and foreign currencies, gains and losses on extinguishment of debt and other assets, as well as any income tax expense related to realized gains and losses. If such amount is positive at the end of such year, then the capital gains incentive fee for such year is equal to 20% of such amount, less the aggregate amount of capital gains incentive fees paid in all prior years. If such amount is negative, then there is no capital gains incentive fee for such year.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (1) the net sales price of each investment in Ares Capital's portfolio when sold and (2) the accreted or amortized cost basis of such investment.

The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (1) the net sales price of each investment in Ares Capital's portfolio when sold is less than (2) the accreted or amortized cost basis of such investment.

The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (1) the valuation of each investment in Ares Capital's portfolio as of the applicable capital gains incentive fee calculation date and (2) the accreted or