

ARES CAPITAL CORP
Form 10-Q
August 05, 2010
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2010

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period to

Commission File No. 000-50697

ARES CAPITAL CORPORATION

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(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

33-1089684
(I.R.S. Employer
Identification Number)

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

(Address of principal executive office) (Zip Code)

(212) 750-7300

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 5, 2010
Common stock, \$0.001 par value	192,167,337

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(dollar amounts in thousands, except per share data)

	June 30, 2010 (unaudited)	As of	December 31, 2009
ASSETS			
Investments at fair value (amortized cost of \$3,875,476 and \$2,376,384, respectively)			
Non-controlled/non-affiliate company investments	\$ 2,190,520	\$	1,568,423
Non-controlled affiliate company investments	592,438		276,351
Controlled affiliate company investments	1,011,062		327,040
Total investments at fair value	3,794,020		2,171,814
Cash and cash equivalents	138,778		99,227
Interest receivable	78,690		28,019
Other assets	62,214		14,455
Total assets	\$ 4,073,702	\$	2,313,515
LIABILITIES			
Debt	\$ 1,244,938	\$	969,465
Management and incentive fees payable	26,655		66,495
Accounts payable and accrued expenses	71,882		16,533
Interest and facility fees payable	18,899		2,645
Payable for open trades			489
Dividend payable	55		
Total liabilities	1,362,429		1,055,627
Commitments and contingencies (Note 6)			
STOCKHOLDERS EQUITY			
Common stock, par value \$.001 per share, 300,000,000 common shares authorized, 192,167,337 and 109,944,674 common shares issued and outstanding, respectively	192		110
Capital in excess of par value	2,650,799		1,490,458
Accumulated undistributed (overdistributed) net investment income	(29,218)		3,143
Accumulated net realized gain (loss) on investments, foreign currency transactions, extinguishment of debt and acquisitions	171,804		(31,115)
Net unrealized loss on investments and foreign currency transactions	(82,304)		(204,708)
Total stockholders equity	2,711,273		1,257,888
Total liabilities and stockholders equity	\$ 4,073,702	\$	2,313,515
NET ASSETS PER SHARE	\$ 14.11	\$	11.44

See accompanying notes to consolidated financial statements.

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(dollar amounts in thousands, except per share data)

	For the three months ended		For the six months ended	
	June 30, 2010 (unaudited)	June 30, 2009 (unaudited)	June 30, 2010 (unaudited)	June 30, 2009 (unaudited)
INVESTMENT INCOME:				
From non-controlled/non-affiliate company investments:				
Interest from investments	\$ 64,891	\$ 45,307	\$ 110,966	\$ 89,138
Capital structuring service fees	5,786	603	7,136	1,653
Management fees	2,347		2,675	
Dividend income	1,918	617	1,918	1,043
Interest from cash & cash equivalents	17	57	28	210
Other income	1,759	1,748		