

ARES CAPITAL CORP
Form 10-Q
May 10, 2007

**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 March 31, 2007
- 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

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 May 9, 2007
Common stock, \$0.001 par value	69,486,220

ARES CAPITAL CORPORATION

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PART I FINANCIAL INFORMATION**Item 1. Financial Statements.****ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	As of March 31, 2007 (unaudited)	December 31, 2006
ASSETS		
Investments at fair value (amortized cost of \$1,439,399,109 and \$1,245,758,040, respectively)		
Non-control/non-affiliate investments	\$ 1,186,483,547	\$ 991,529,464
Non-control affiliated company investments	247,264,574	244,292,372
Total investments at fair value	1,433,748,121	1,235,821,836
Cash and cash equivalents	54,333,411	91,538,878
Receivable for open trades	1,222,285	1,026,053
Interest receivable	14,105,571	10,121,104
Other assets	8,870,325	9,483,083
Total assets	\$ 1,512,279,713	\$ 1,347,990,954
LIABILITIES		
Debt	\$ 670,000,000	\$ 482,000,000
Payable for open trades		60,000,000
Accounts payable and accrued expenses	1,863,910	2,027,948
Management and incentive fees payable	9,844,161	12,485,016
Interest and facility fees payable	2,809,253	2,044,586
Total liabilities	684,517,324	558,557,550
Commitments and contingencies (Note 6)		
STOCKHOLDERS EQUITY		
Common stock, par value \$.001 per share, 100,000,000 common shares authorized, 53,961,220 and 52,036,527 common shares issued and outstanding, respectively	53,961	52,037
Capital in excess of par value	822,000,330	785,192,573
Accumulated undistributed net investment income	3,913,272	7,038,469
Accumulated net realized gains on sale of investments	7,445,814	7,086,529
Net unrealized depreciation on investments	(5,650,988)	(9,936,204)
Total stockholders equity	827,762,389	789,433,404
Total liabilities and stockholders equity	\$ 1,512,279,713	\$ 1,347,990,954
NET ASSETS PER SHARE	\$ 15.34	\$ 15.17

See accompanying notes to consolidated financial statements.

ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

	For the Three Months Ended March 31, 2007 (unaudited)	For the Three Months Ended March 31, 2006 (unaudited)
INVESTMENT INCOME:		
From non-control/non-affiliate investments:		
Interest from investments	\$ 29,976,327	\$ 15,051,133
Capital structuring service fees	4,284,547	1,746,205
Interest from cash & cash equivalents	820,833	231,229
Dividend income	375,000	
Other income	152,152	42,543
Total investment income from non-control/non-affiliate investments	35,608,859	17,071,110
From non-control affiliated company investments:		
Interest from investments	3,840,254	2,476,932
Capital structuring service fees	37,500	583,810
Other income	228,410	59,453
Total investment income from non-control affiliated company investments	4,106,164	3,120,195
Total investment income	39,715,023	20,191,305
EXPENSES:		
Interest and credit facility fees	8,549,315	1,729,620
Base management fees	5,089,497	2,543,659
Incentive management fees	4,754,664	2,922,884
Professional fees	965,813	471,451
Insurance	264,818	188,101
Administrative	210,357	177,537
Depreciation	101,177	
Directors fees	64,750	63,250
Interest to the Investment Adviser		25,879
Other	760,140	168,509
Total expenses	20,760,531	8,290,890
NET INVESTMENT INCOME BEFORE INCOME TAXES	18,954,492	11,900,415
Income tax expense, including excise tax	10,166	208,880
NET INVESTMENT INCOME	18,944,326	11,691,535
REALIZED AND UNREALIZED NET GAINS ON INVESTMENTS:		
Net realized gains (losses):		
Net realized gains (losses) from non-control/non-affiliate investment transactions	269,285	563,603
Net realized gains (losses) from non-control affiliated company investment transactions	90,000	47,283
Net realized gains (losses) from investment transactions	359,285	610,886
Net unrealized gains (losses):		
Net unrealized gains (losses) from non-control/non-affiliate investment transactions	(2,092,412) 3,985,530
Net unrealized gains (losses) from non-control affiliated company investment transactions	6,377,628	(2,444,918
Net unrealized gains (losses) from investment transactions	4,285,216	1,540,612
Net realized and unrealized gains (losses) from investment transactions	4,644,501	2,151,498
NET INCREASE IN STOCKHOLDERS EQUITY RESULTING FROM OPERATIONS	\$ 23,588,827	\$ 13,843,033

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BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 4)	\$ 0.44	\$ 0.36
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING (see Note 4)	53,178,927	37,988,700

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

As of March 31, 2007

Company {1}	Industry	Investment	Interest {17}	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Healthcare - Services								
American Renal Associates, Inc.	Dialysis provider	Senior secured loan (\$2,688,524 par due 12/2010)	9.12% (Libor+ 3.75%/Q)	12/14/05	\$ 2,688,524	\$ 2,688,524	\$ 1.00	{3}
		Senior secured loan (\$196,721 par due 12/2010)	10.50% (Base Rate + 2.25%/D)	12/14/05	196,721	196,721	\$ 1.00	{3}
		Senior secured loan (\$5,788,525 par due 12/2011)	9.62% (Libor + 4.25%/Q)	12/14/05	5,788,525	5,788,525	\$ 1.00	{3}
		Senior secured loan (\$54,098 par due 12/2011)	11.00% (Base Rate + 2.75%/D)	12/14/05	54,098	54,098	\$ 1.00	{3}
		Senior secured loan (\$393,741 par due 12/2011)	12.37% (Libor + 7.00%/S)	12/14/05	393,741	393,741	\$ 1.00	
		Senior secured loan (\$261,997 par due 12/2011)	12.37 (Libor + 7.00%/S)	12/14/05	261,997	261,997	\$ 1.00	{3}
		Senior secured loan (\$3,937,406 par due 12/2011)	12.36% (Libor + 7.00% /Q)	12/14/05	3,937,406	3,937,406	\$ 1.00	
		Senior secured loan (\$2,619,971 par due 12/2011)	12.36% (Libor + 7.00% /Q)	12/14/05	2,619,971	2,619,971	\$ 1.00	{3}
Capella Healthcare, Inc.	Acute care hospital operator	Junior secured loan (\$1,000,000 par due 11/2013)	13.25% (Base Rate + 5.00%/D)	12/1/05	1,000,000	1,000,000	\$ 1.00	
		Junior secured loan (\$30,000,000 par due 11/2013)	13.25% (Base Rate + 5.00%/D)	12/1/05	30,000,000	30,000,000	\$ 1.00	{2}
DSI Renal, Inc.	Dialysis provider	Senior subordinated note (\$55,215,573 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/06	55,215,573	55,215,573	\$ 1.00	{4}
		Senior subordinated note (\$11,105,376 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/06	11,105,376	11,105,376	\$ 1.00	{3}{4}
		Senior secured revolving loan (\$4,000,000 par due 3/2013)	8.38% (Libor + 3.00%/Q)	4/4/06	4,000,000	4,000,000	\$ 1.00	
		Senior secured revolving loan (\$960,000 par due 3/2013)	8.38% (Libor + 3.00%/Q)	4/4/06	960,000	960,000	\$ 1.00	
		Senior secured revolving loan (\$1,600,000 par due 3/2013)	8.38% (Libor + 3.00%/Q)	4/4/06	1,600,000	1,600,000	\$ 1.00	
				4/4/06	2,096,000	2,096,000	\$ 1.00	

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Senior secured revolving loan (\$2,096,000 par due 3/2013)	10.75% (Base Rate + 2.50%/D)
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MPBP Holdings, Inc., Cohr Holdings, Inc. and MPBP Acquisition Co., Inc.	Healthcare equipment services	Junior secured loan (\$20,000,000 par due 1/2014)	11.61% (Libor + 6.25%/Q)	1/31/07	20,000,000	20,000,000	\$	1.00	
		Junior secured loan (\$12,000,000 par due 1/2014)	11.61% (Libor + 6.25%/Q)	1/31/07	12,000,000	12,000,000	\$	1.00	{3}
		Common stock (50,000 shares)		1/31/07	5,000,000	5,000,000	\$	100.00	{5}
OnCURE Medical Corp.	Radiation oncology care provider	Senior subordinated note (\$25,758,837 par due 8/2013)	11.00% cash, 1.50% PIK	8/18/06	25,758,837	25,758,837	\$	1.00	{4}
		Senior secured loan (\$3,259,375 par due 8/2011)	8.82% (Libor + 3.50%/S)	8/23/06	3,259,375	3,259,375	\$	1.00	
		Senior secured loan (\$696,690 par due 8/2008)	8.82% (Libor + 3.50%/S)	8/23/06	696,690	696,690	\$	1.00	
		Common stock (857,143 shares)		8/18/06	3,000,000	3,000,000	\$	3.50	{5}
The Parker Group, Inc. {19}	Diversified healthcare services	Senior secured loan (\$27,750,000 par due 3/2012)	13.75% (Base Rate + 5.50%/D)	3/1/07	27,750,000	27,750,000	\$	1.00	
Triad Laboratory Alliance, LLC	Laboratory services	Senior subordinated note (\$14,894,195 par due 12/2012)	12.00% cash, 1.75% PIK	12/21/05	14,894,195	14,894,195	\$	1.00	{4}
		Senior secured loan (\$6,912,500 par due 12/2011)	8.60% (Libor + 3.25%/Q)	12/21/05	6,912,500	6,912,500	\$	1.00	
		Senior secured loan (\$2,962,500 par due 12/2011)	8.60% (Libor + 3.25%/Q)	12/21/05	2,962,500	2,962,500	\$	1.00	{3}
					244,152,029	244,152,029		29.50	%
Retail									
Apogee Retail, LLC	For-profit thrift retailer	Senior secured loan (\$65,835,000 par due 3/2012)	10.58% (Libor + 5.25%/S)	3/27/07	65,835,000	65,835,000	\$	1.00	
		Senior secured loan (\$165,000 par due 3/2012)	10.60% (Libor + 5.25%/Q)	3/27/07	165,000	165,000	\$	1.00	
Savers, Inc and SAI Acquisition Corporation	For-profit thrift retailer	Senior subordinated note (\$28,411,563 par due 8/2014)	10.00% cash, 2.00% PIK	8/8/06	28,411,563	28,411,563	\$	1.00	{2}{4}
		Common stock (1,170,182 shares)		8/8/06	4,500,000	4,500,000	\$	3.85	{5}
Things Remembered, Inc. and TRM Holdings Corporation	Personalized gifts retailer	Senior secured loan (\$4,776,000 par due 9/2012)	10.07% (Libor + 4.75%/M)	9/28/06	4,776,000	4,776,000	\$	1.00	{3}

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Senior secured loan (\$14,000,000 par due 9/2012)	11.32% (Libor + 6.00%/M)	9/28/06	14,000,000	14,000,000	\$	1.00	
Senior secured loan (\$14,000,000 par due 9/2012)	11.32% (Libor + 6.00%/M)	9/28/06	14,000,000	14,000,000	\$	1.00	{2}
Senior secured loan (\$7,200,000 par due 9/2012)	11.32% (Libor + 6.00%/M)	9/28/06	7,200,000	7,200,000	\$	1.00	{3}
Preferred stock (80 shares)		9/28/06	1,800,000	1,800,000	\$	22,500.00	{5}
Common stock (800 shares)		9/28/06	200,000	200,000	\$	250.00	{5}
			140,887,563	140,887,563			17.03 %

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Education							
Instituto de Banca y Comercio, Inc. and National College of Business and Technology Company, Inc.	Private school operator	Senior secured revolving loan (\$1,500,000 par due 3/2014)	8.32% (Libor + 3.00%/M)	3/15/07	1,500,000	1,500,000	1.00
		Senior secured loan (\$64,000,000 par due 3/2014)	10.35% (Libor + 5.00%/Q)	3/15/07	64,000,000	64,000,000	1.00
Equinox SMU Partners LLC and SMU Acquisition Corp. {9} {15} {20}	Medical school operator	Senior secured revolving loan (\$6,550,000 par due 12/2010)	13.25% (Base Rate + 5.00%/D)	1/26/06	6,550,000	6,550,000	\$ 1.00
		Senior secured revolving loan (\$1,032,342 par due 12/2010)	11.36% (Libor + 6.00%/Q)	1/26/06	1,032,342	1,032,342	\$ 1.00
		Senior secured loan (\$4,524,354 par due 12/2010)	11.35% (Libor + 6.00%/Q)	1/26/06	4,524,354	4,524,354	\$ 1.00
		Senior secured loan (\$4,625,646 par due 12/2010)	11.35% (Libor + 6.00%/Q)	1/26/06	4,625,646	4,625,646	\$ 1.00 {3}
		Senior secured loan (\$250,000 par due 12/2010)	11.35% (Libor + 6.00%/Q)	1/26/06	250,000	250,000	\$ 1.00
		Senior secured loan (\$250,000 par due 12/2010)	11.35% (Libor + 6.00%/Q)	1/26/06	250,000	250,000	\$ 1.00 {3}
		Limited liability company membership interest (17.39% interest)		1/25/06	4,000,000	4,000,000	{5}
ELC Acquisition Corporation	Developer, manufacturer and retailer of educational products	Senior secured loan (\$3,085,714 par due 11/2012)	9.13% (Libor + 3.75%/S)	11/30/06	3,085,714	3,085,714	\$ 1.00
		Junior secured loan (\$8,333,333 par due 11/2013)	12.35% (Libor + 7.00%/Q)	11/30/06	8,333,333	8,333,333	\$ 1.00 {3}
Lakeland Finance, LLC	Private school operator	Senior secured note (\$18,000,000 par due 12/2012)	11.50%	12/13/05	18,000,000	18,000,000	\$ 1.00
		Senior secured note (\$15,000,000 par due 12/2012)	11.50%	12/13/05	15,000,000	15,000,000	\$ 1.00 {2}
					131,151,389	131,151,389	15.85 %

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Printing, Publishing and Media								
Canon Communications LLC	Print publications services	Junior secured loan (\$7,525,000 par due 11/2011)	12.07% (Libor + 6.75%/M)	5/25/05	7,525,000	7,525,000	\$ 1.00	
		Junior secured loan (\$4,250,000 par due 11/2011)	12.07% (Libor + 6.75%/M)	5/25/05	4,250,000	4,250,000	\$ 1.00	{2}
		Junior secured loan (\$12,000,000 par due 11/2011)	12.07% (Libor + 6.75%/M)	5/25/05	12,000,000	12,000,000	\$ 1.00	{3}
Daily Candy, Inc. {11}{20}	Internet publication provider	Senior secured loan (\$12,422,111 par due 5/2009)	10.36% (Libor + 5.00%/S)	5/25/06	12,889,397	12,422,111	\$ 1.00	
		Senior secured loan (\$11,577,889 par due 5/2009)	10.36% (Libor + 5.00%/S)	5/25/06	12,013,418	11,577,889	\$ 1.00	{3}
		Senior secured loan (\$258,794 par due 5/2009)	10.35% (Libor + 5.00%/Q)	5/25/06	268,529	258,794	\$ 1.00	
		Senior secured loan (\$241,206 par due 5/2009)	10.35% (Libor + 5.00%/Q)	5/25/06	250,280	241,206	\$ 1.00	{3}
		Senior secured loan (\$64,698 par due 5/2009)	12.25% (Base Rate + 4.00%/D)	5/25/06	67,132	64,698	\$ 1.00	
		Senior secured loan (\$60,302 par due 5/2009)	12.25% (Base Rate + 4.00%/D)	5/25/06	62,570	60,302	\$ 1.00	{3}
		Common stock (1,250,000 shares)		5/25/06	2,375,000	4,085,000	\$ 3.27	{5}
		Warrants to purchase 1,381,578 shares		5/25/06	2,624,998	4,514,997	\$ 3.27	{5}
National Print Group, Inc.	Printing management services	Senior secured revolving loan (\$531,499 par due 3/2012)	10.75% (Base Rate + 2.50%/D)	3/2/06	531,499	531,499	\$ 1.00	
		Senior secured revolving loan (\$798,913 par due 3/2012)	8.82% (Libor + 3.50%/M)	3/2/06	798,913	798,913	\$ 1.00	
		Senior secured loan (\$5,295,652 par due 3/2012)	8.85% (Libor + 3.50%/Q)	3/2/06	5,295,652	5,295,652	\$ 1.00	{3}
		Senior secured loan (\$273,913 par due 3/2012)	10.75% (Base Rate + 2.50%/D)	3/2/06	273,913	273,913	\$ 1.00	{3}
		Senior secured loan (\$5,295,652 par due 3/2012)	8.86% (Libor + 3.50%/Q)	3/2/06	5,295,652	5,295,652	\$ 1.00	{3}
		Senior secured loan (\$2,319,368 par due 8/2012)	12.35% (Libor + 7.00%/B)	3/2/06	2,319,368	2,319,368	\$ 1.00	
		Senior secured loan (\$419,763 par due 8/2012)	12.35% (Libor + 7.00%/B)	3/2/06	419,763	419,763	\$ 1.00	{3}

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		Senior secured loan (\$1,932,806 par due 8/2012)	12.36% (Libor + 7.00%/Q)	3/2/06	1,932,806	1,932,806	\$ 1.00	
		Senior secured loan (\$349,802 par due 8/2012)	12.36% (Libor + 7.00%/Q)	3/2/06	349,802	349,802	\$ 1.00	{3}
		Preferred stock (9,344 shares)		3/2/06	2,000,000	2,000,000	\$ 214.04	{5}
The Teaching Company, LLC and The Teaching Company Holdings, Inc. {18}	Education publications provider	Senior secured loan (\$28,000,000 par due 9/2012)	10.50%	9/29/06	28,000,000	28,000,000	\$ 1.00	
		Senior secured loan (\$12,000,000 par due 9/2012)	10.50%	9/29/06	12,000,000	12,000,000	\$ 1.00	{3}
		Preferred stock (29,969 shares)		9/29/06	2,996,921	2,996,921	\$ 100.00	{5}
		Common stock (15,393 shares)		9/29/06	3,079	3,079	\$ 0.20	{5}
					116,543,692	119,217,365		14.41 %

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Services - Other							
American Residential Services, LLC	Plumbing, heating and air-conditioning services	Senior subordinated note (\$8,833,181 par due 9/2013)	12.00% Cash, 3.00% PIK	11/9/06	8,833,181	8,833,181	\$ 1.00{2}
Diversified Collection Services, Inc.	Collections services	Senior secured loan (\$5,242,025 par due 2/2011)	9.57% (Libor + 4.25%/M)	2/2/05	5,242,025	4,560,561	\$ 0.87{3}
		Senior secured loan (\$1,742,026 par due 8/2011)	11.32% (Libor + 6.00%/M)	2/2/05	1,742,026	1,358,781	\$ 0.78{2}
		Senior secured loan (\$6,757,974 par due 8/2011)	11.32% (Libor + 6.00%/M)	2/2/05	6,757,974	5,271,219	\$ 0.78{3}
		Preferred stock (14,927 shares)		5/18/06	169,123		\$ {5}
		Common stock (114,004 shares)		2/2/05	295,270		\$ {5}
GCA Services Group, Inc.	Custodial services	Senior secured loan (\$8,000,000 par due 12/2011)	12.00%	12/15/06	8,000,000	8,000,000	\$ 1.00
		Senior secured loan (\$30,000,000 par due 12/2011)	12.00%	12/15/06	30,000,000	30,000,000	\$ 1.00{2}
		Senior secured loan (\$12,000,000 par due 12/2011)	12.00%	12/15/06	12,000,000	12,000,000	\$ 1.00{3}
Growing Family, Inc. and GFH Holdings, LLC	Photography services	Senior secured loan (\$11,937,500 par due 8/2011)	8.36% (Libor + 3.00%/Q)	3/16/07	11,937,500	11,937,500	\$ 1.00
		Senior secured loan (\$3,591,000 par due 8/2011)	12.36% (Libor + 7.00%/Q)	3/16/07	3,591,000	3,591,000	\$ 1.00
		Common stock (552,430 shares)		3/15/07	872,286	872,286	\$ 1.58{5}
NPA Acquisition, LLC	Powersport vehicle auction operator	Senior secured loan (\$4,533,333 par due 8/2012)	8.56% (Libor + 3.25%/S)	8/28/06	4,533,333	4,533,333	\$ 1.00
		Senior secured loan (\$333,333 par due 8/2012)	8.57% (Libor + 3.25%/M)	8/28/06	333,333	333,333	\$ 1.00
		Senior secured loan (\$91,667 par due 8/2012)	10.25% (Base Rate + 2.00%/D)	8/28/06	91,667	91,667	\$ 1.00
		Junior secured loan (\$2,000,000 par due 2/2013)	12.08% (Libor + 6.75%/Q)	8/23/06	2,000,000	2,000,000	\$ 1.00
		Junior secured loan (\$12,000,000 par due 2/2013)	12.08% (Libor + 6.75%/Q)	8/23/06	12,000,000	12,000,000	\$ 1.00{3}
		Common units (1,709 shares)		8/23/06	1,000,000	1,000,000	\$ 585.14{5}
					109,398,718	106,382,861	12.86 %

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Manufacturing							
Arrow Group Industries, Inc.	Residential and outdoor shed manufacturer	Senior secured loan (\$6,000,000 par due 4/2010)	10.35% (Libor + 5.00%/Q)	3/28/05	6,037,770	6,000,000	\$ 1.00{3}
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	Senior secured loan (\$10,344,019 par due 5/2011)	9.60% (Libor + 4.25%/B)	5/22/06	10,344,019	10,344,019	\$ 1.00{3}
		Senior secured loan (\$52,632 par due 5/2011)	10.00% (Base Rate + 1.75%/D)	5/22/06	52,632	52,632	\$ 1.00{3}
		Senior secured loan (\$3,728,092 par due 5/2011)	11.35% (Libor + 6.00%/M)	5/22/06	3,728,092	3,728,092	\$ 1.00
		Senior secured loan (\$1,522,742 par due 5/2011)	11.35% (Libor + 6.00%/M)	5/22/06	1,522,742	1,522,742	\$ 1.00{3}
		Senior secured loan (\$4,321,657 par due 5/2011)	13.00% cash, 3.00% PIK	5/22/06	4,321,657	4,321,657	\$ 1.00{4}
Saw Mill PCG Partners LLC	Precision components manufacturer	Common units (1,000 shares)		2/2/07	1,000,000	1,000,000	1,000.00{5}
Qualitor, Inc.	Automotive aftermarket components supplier	Senior secured loan (\$1,955,000 par due 12/2011)	9.60% (Libor + 4.25%/Q)	12/29/04	1,955,000	1,955,000	\$ 1.00{3}
		Junior secured loan (\$5,000,000 par due 6/2012)	12.60% (Libor + 7.25%/Q)	12/29/04	5,000,000	5,000,000	\$ 1.00{3}
Professional Paint, Inc.	Paint manufacturer	Junior secured loan (\$4,500,000 par due 5/2013)	11.13% (Libor + 5.75%/S)	5/25/06	4,500,000	4,500,000	\$ 1.00
		Junior secured loan (\$12,000,000 par due 5/2013)	11.13% (Libor + 5.75%/S)	5/25/06	12,000,000	12,000,000	\$ 1.00{3}
Reflexite Corporation {10} {20}	Developer and manufacturer of high visibility reflective products	Senior subordinated loan (\$7,692,581 par due 12/2011)	11.00% cash, 3.00% PIK	12/30/04	7,692,581	7,923,052	\$ 1.03{2}{4}
		Common Stock (1,729,627 shares)		3/28/06	25,682,891	26,530,057	\$ 15.34{5}
Universal Trailer Corporation {6} {20}	Livestock and specialty trailer manufacturer	Common stock (50,000 shares)		10/8/04	6,424,645	5,500,000	\$ 110.00{5}
		Warrants to purchase 22,208 shares		10/8/04	1,505,776	2,442,880	\$ 110.00{5}
Varel Holdings, Inc.	Drill bit manufacturer	Common stock (30,451 shares)		5/18/05	3,045	1,011,569	\$ 33.22{5}

91,770,850	93,831,700	11.34 %
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Consumer Products - Non-Durable							
AWTP, LLC	Water treatment services	Junior secured loan (\$1,600,000 par due 12/2012)	12.85% (Libor + 7.50%/Q)	12/21/05	1,600,000	1,600,000	\$ 1.00
		Junior secured loan (\$12,000,000 par due 12/2012)	12.85% (Libor + 7.50%/Q)	12/21/05	12,000,000	12,000,000	\$ 1.00{3}
Badanco Enterprises, Inc.	Luggage manufacturer	Senior secured revolving loan (\$550,337 par due 1/2012)	11.50% (Base Rate + 3.25%/D)	1/24/07	550,337	550,337	\$ 1.00
		Senior secured revolving loan (\$500,000 par due 1/2012)	9.82% (Libor + 4.50%/M)	1/24/07	500,000	500,000	\$ 1.00
		Senior secured loan (\$312,500 par due 1/2012)	11.50% (Base Rate + 3.25%/D)	1/24/07	312,500	312,500	\$ 1.00{3}
		Senior secured loan (\$5,937,500 par due 1/2012)	9.86% (Libor + 4.50%/Q)	1/24/07	5,937,500	5,937,500	\$ 1.00{3}
		Senior secured loan (\$5,625,000 par due 1/2012)	9.86% (Libor + 4.50%/Q)	1/24/07	5,625,000	5,625,000	\$ 1.00{3}
Innovative Brands, LLC	Consumer products and personal care manufacturer	Senior Secured Loan (\$12,967,500 par due 9/2011)	11.13 %	10/12/06	12,967,500	12,967,500	\$ 1.00
		Senior Secured Loan (\$11,970,000 par due 9/2011)	11.13 %	10/12/06	11,970,000	11,970,000	\$ 1.00{3}
Making Memories Wholesale, Inc. {7} {20}	Scrapbooking branded products manufacturer	Senior secured loan (\$7,600,000 par due 3/2011)	9.88% (Libor + 4.50%/Q)	5/5/05	7,600,000	7,600,000	\$ 1.00{3}
		Senior subordinated loan (\$10,255,347 par due 5/2012)	12.50% cash, 2.00% PIK	5/5/05	10,255,347	10,255,347	\$ 1.00{2}{4}
		Preferred stock (3,759 shares)		5/5/05	3,758,800	1,320,000	\$ 351.16{5}
Shoes for Crews, LLC	Safety footwear and slip-related mats	Senior secured loan (\$1,248,680 par due 7/2010)	8.61% (Libor + 3.25%/S)	10/8/04	1,256,027	1,256,027	\$ 1.01{3}
		Senior secured revolving loan (\$3,333,333 par due 7/2010)	10.25% (Base Rate + 2.00%/D)	6/16/06	3,333,333	3,333,333	\$ 1.00
UCG Paper Crafts, Inc.	Scrapbooking materials manufacturer	Senior secured loan (\$1,980,000 par due 2/2013)	8.57% (Libor + 3.25%/M)	2/23/06	1,980,000	1,980,000	\$ 1.00{3}
		Junior secured loan (\$9,877,557 par due 2/2013)	12.82% (Libor + 7.50%/M)	2/23/06	9,877,557	9,877,557	\$ 1.00{3}

89,523,901	87,085,101	10.52 %
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Containers-Packaging								
Captive Plastics, Inc.	Plastics container manufacturer	Junior secured loan (\$15,500,000 par due 2/2012)	12.61% (Libor + 7.25%/Q)	12/19/05	15,500,000	15,500,000	\$ 1.00	
		Junior secured loan (\$12,000,000 par due 2/2012)	12.61% (Libor + 7.25%/Q)	12/19/05	12,000,000	12,000,000	\$ 1.00	{3}
Industrial Container Services, LLC {8} {20}	Industrial container manufacturer, reconditioner and servicer	Senior secured loan (\$15,426,242 par due 9/2011)	11.34% (Libor + 6.00%/S)	9/30/05	15,426,242	15,426,242	\$ 1.00	
		Senior secured loan (\$994,937 par due 9/2011)	11.34% (Libor + 6.00%/S)	6/21/06	994,937	994,937	\$ 1.00	{2}
		Senior secured loan (\$11,879,093 par due 9/2011)	11.34% (Libor + 6.00%/S)	6/21/06	11,879,093	11,879,093	\$ 1.00	{3}
		Senior secured loan (\$39,253 par due 9/2011)	11.35% (Libor + 6.00%/Q)	6/21/06	39,253	39,253	\$ 1.00	
		Senior secured loan (\$2,532 par due 9/2011)	11.35% (Libor + 6.00%/Q)	6/21/06	2,532	2,532	\$ 1.00	{2}
		Senior secured loan (\$30,227 par due 9/2011)	11.35% (Libor + 6.00%/Q)	6/21/06	30,227	30,227	\$ 1.00	{3}
		Senior secured loan (\$9,900,000 par due 9/2011)	11.34% (Libor + 6.00%/S)	9/30/05	9,900,000	9,900,000	\$ 1.00	
		Senior secured loan (\$25,000 par due 9/2011)	11.35% (Libor + 6.00%/Q)	9/30/05	25,000	25,000	\$ 1.00	
		Senior secured revolving loan (\$536,957 par due 9/2011)	11.25% (Base Rate + 3.00%/D)	9/30/05	536,957	536,957	\$ 1.00	
		Senior secured revolving loan (\$908,696 par due 9/2011)	9.82% (Libor + 4.50%/M)	9/30/05	908,696	908,696	\$ 1.00	
		Senior secured revolving loan (\$2,065,217 par due 9/2011)	9.82% (Libor + 4.50%/M)	9/30/05	2,065,217	2,065,217	\$ 1.00	
		Senior secured revolving loan (\$1,445,652 par due 9/2011)	9.82% (Libor + 4.50%/M)	9/30/05	1,445,652	1,445,652	\$ 1.00	
		Common stock (1,800,000 shares)		9/29/05	1,800,000	3,499,992	\$ 1.94	{5}
LabelCorp Holdings, Inc.	Consumer product labels manufacturer	Senior subordinated notes (\$9,390,913 par due 9/2012)	12.00% cash, 3.00% PIK	3/16/06	9,390,913	9,578,731	\$ 1.02	{4}
					81,944,719	83,832,529		10.13 %

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Restaurants										
ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan (\$1,000,000 par due 11/2013)	10.25% (Base Rate + 2.00%/D)	11/27/06	1,000,000	1,000,000	\$	1.00		
		Senior secured revolving loan (\$1,236,726 par due 11/2013)	8.37% (Libor + 3.00%/S)	11/27/06	1,236,726	1,236,726	\$	1.00		
		Senior secured loan (\$55,150 par due 11/2013)	14.75% (Base Rate + 6.50%/D)	11/27/06	55,150	55,150	\$	1.00		
		Senior secured loan (\$2,500 par due 11/2012)	14.75% (Base Rate + 6.50%/D)	11/27/06	2,500	2,500	\$	1.00	{2}	
		Senior secured loan (\$29,850 par due 11/2012)	14.75% (Base Rate + 6.50%/D)	11/27/06	29,850	29,850	\$	1.00	{3}	
		Senior secured loan (\$21,949,700 par due 11/2012)	12.87% (Libor + 7.50%/S)	11/27/06	21,949,700	21,949,700	\$	1.00		
		Senior secured loan (\$995,000 par due 11/2012)	12.87% (Libor + 7.50%/S)	11/27/06	995,000	995,000	\$	1.00	{2}	
		Senior secured loan (\$11,880,300 par due 11/2012)	12.87% (Libor + 7.50%/S)	11/27/06	11,880,300	11,880,300	\$	1.00	{3}	
		Warrants to purchase 9,500,000 units		6/1/06	9,488,200	9,500,000	\$	1.00	{5}	
Encanto Restaurants, Inc. {15}	Restaurant owner and operator	Junior secured loan (\$13,000,000 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/06	13,000,000	13,000,000	\$	1.00	{4}	
		Junior secured loan (\$12,000,000 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/06	12,000,000	12,000,000	\$	1.00	{3}{4}	
					71,637,426	71,649,226				8.66 %

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Financial									
Abingdon Investments Limited{13}{15}{16}{20}	Investment company	Ordinary shares (948,500 shares)		12/15/06	9,032,978	9,485,000	\$	10.00	{5}
Firstlight Financial Corporation {14}{16}{20}	Investment company	Senior subordinated loan (\$36,848,449 par due 12/2016)	10.00% PIK	12/31/06	36,848,449	36,848,449	\$	1.00	{4}
		Common stock (6,000 shares)		12/31/06	6,000,000	6,000,000	\$	1,000.00	{5}
		Common stock (18,000 shares)		12/31/06	18,000,000	18,000,000	\$	1,000.00	{5}
Partnership Capital Growth Fund I, L.P. {16}	Investment partnership	Limited partnership interest (25% interest)		6/16/06	225,260	225,260			{5}
					70,106,687	70,558,709		8.53	%
Business Services									
Investor Group Services, LLC	Financial services	Senior secured loan (\$1,500,000 par due 6/2011)	12.00 %	6/22/06	1,500,000	1,500,000	\$	1.00	{3}
		Senior secured revolving loan (\$100,000 par due 6/2011)	10.86% (Libor + 5.50%/Q)	6/22/06	100,000	100,000	\$	1.00	
		Senior secured revolving loan (\$150,000 par due 6/2011)	12.75% (Base Rate + 4.50%/D)	6/22/06	150,000	150,000	\$	1.00	
		Limited liability company membership interest (10.00% interest)		6/22/06					{5}
Miller Heiman, Inc.	Sales consulting services	Senior secured loan (\$3,014,458 par due 6/2010)	8.57% (Libor + 3.25%/M)	6/20/05	3,014,458	3,014,458	\$	1.00	{3}
		Senior secured loan (\$4,007,394 par due 6/2012)	9.10% (Libor + 3.75%/Q)	6/20/05	4,007,394	4,007,394	\$	1.00	{3}
MR Processing Holding Corp.	Bankruptcy and foreclosure processing services	Senior subordinated note (\$28,303,747 par due 2/2014)	11.50% Cash, 2.00% PIK	2/8/07	28,303,747	28,303,747	\$	1.00	{2}{4}
		Preferred stock (30,000 shares)		4/11/06	3,000,000	3,000,000	\$	100.00	{5}
Primis Marketing Group, Inc. and Primis Holdings, LLC {12}{20}	Database marketing services	Senior subordinated note (\$10,148,652 par due 2/2013)	11.00% Cash, 2.50% PIK	8/24/06	10,148,652	10,148,652	\$	1.00	{2}{4}
		Preferred units (4,000 shares)		8/24/06	3,600,000	3,600,000	\$	900.00	{5}
				8/24/06	400,000	400,000	\$	0.10	{5}

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		Common units (4,000,000 shares)						
Summit Business Media, LLC	Business media consulting services	Junior secured loan (\$10,000,000 par due 11/2013)	12.32% (Libor + 7.00%/M)	12/18/06	10,000,000	10,000,000	\$ 1.00	{3}
					64,224,251	64,224,251	7.76 %	

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Environmental Services								
Mactec, Inc.	Engineering and environmental services	Common stock (5,572 shares)		11/3/04	115,775		\$ 20.78	{5}
Waste Pro USA, Inc.	Waste management services	Senior subordinated loan (\$25,000,000 par due 11/2013)	11.50 %	11/9/06	25,000,000	25,000,000	\$ 1.00	{2}
		Preferred stock (15,000 shares)	10.00% PIK	11/9/06	15,000,000	15,000,000	\$ 1,000.00	{4}
		Warrants to purchase 882,671 shares		11/9/06		899,999	\$ 1.02	{5}
Wastequip, Inc.	Waste management equipment manufacturer	Senior subordinated loan (\$12,500,000 par due 2/2015)	12.00 %	2/5/07	12,500,000	12,500,000	\$ 1.00	
		Common stock (13,889 shares)		2/2/07	1,388,889	1,388,889	\$ 100.00	{5}
					53,888,889	54,904,663		6.63 %
Beverage, Food and Tobacco								
Best Brands Corporation	Baked goods manufacturer	Junior secured loan (\$38,740,397 par due 6/2013)	11.82% (Libor + 6.50%/M)	12/14/06	38,740,397	38,740,397	\$ 1.00	
Charter Baking Company, Inc.	Baked goods manufacturer	Preferred stock (6,258 shares)		9/1/06	2,500,000	2,500,000	\$ 399.49	{5}
Farley s & Sathers Candy Company, Inc.	Branded candy manufacturer	Junior secured loan (\$10,000,000 par due 3/2011)	11.36% (Libor + 6.00%/S)	3/23/06	10,000,000	10,000,000	\$ 1.00	{3}
					51,240,397	51,240,397		6.19 %
Computers and Electronics								
RedPrairie Corporation	Software manufacturer	Junior secured loan (\$6,500,000 par due 1/2013)	11.86% (Libor + 6.50%/B)	7/13/06	6,500,000	6,500,000	\$ 1.00	
		Junior secured loan (\$12,000,000 par due 1/2013)	11.86% (Libor + 6.50%/B)	7/13/06	12,000,000	12,000,000	\$ 1.00	{3}
X-rite, Incorporated	Artwork software manufacturer	Junior secured loan (\$10,000,000 par due 7/2013)	10.35% (Libor + 5.00%/Q)	7/6/06	10,000,000	10,000,000	\$ 1.00	{3}
					28,500,000	28,500,000		3.44 %
Aerospace & Defense								
ILC Industries, Inc.	Industrial products provider	Junior secured loan (\$12,000,000 par due 8/2012)	11.50 %	6/27/06	12,000,000	12,000,000	\$ 1.00	{3}

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		Junior secured loan (\$3,000,000 par due 8/2012)	11.50 %	6/27/06	3,000,000	3,000,000	\$	1.00	
Thermal Solutions LLC and TSI Group, Inc.	Thermal management and electronics packaging manufacturer	Senior secured loan (\$3,217,500 par due 3/2012)	9.60% (Libor + 4.25%/Q)	3/28/05	3,217,500	3,217,500	\$	1.00	{3}
		Senior secured loan (\$1,565,789 par due 3/2011)	9.10% (Libor + 3.75%/Q)	3/28/05	1,565,789	1,565,789	\$	1.00	{3}
		Senior subordinated notes (\$3,147,865 par due 9/2012)	11.50% cash, 2.75% PIK	3/28/05	3,160,900	3,147,865	\$	1.00	{2}{4}
		Senior subordinated notes (\$2,564,680 par due 3/2013)	11.50% cash, 2.50% PIK	3/21/06	2,564,680	2,564,680	\$	1.00	{2}{4}
		Preferred stock (53,900 shares)		3/28/05	539,000	539,000	\$	10.00	{5}
		Common stock (1,100,000 shares)		3/28/05	11,000	11,000	\$	0.01	{5}
					26,058,869	26,045,834			3.15 %

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Broadcasting and Cable								
Patriot Media & Communications CNJ, LLC	Cable services	Junior secured loan (\$5,000,000 par due 10/2013)	10.36% (Libor + 5.00%/Q)	10/6/05	5,000,000	5,000,000	\$ 1.00	{3}
Pappas Telecasting Incorporated	Television broadcasting	Senior secured loan (\$8,055,967 par due 2/2010)	14.73% (Libor + 4.48% cash, 5.00% PIK/Q)	3/1/06	8,055,967	8,055,967	\$ 1.00	{4}
		Senior secured loan (\$11,590,010 par due 2/2010)	14.73% (Libor + 4.48% cash, 5.00% PIK/Q)	3/1/06	11,590,010	11,590,010	\$ 1.00	{3}{4}
		Senior secured loan (\$491,581 par due 2/2010)	14.73% (Libor + 4.48% cash, 5.00% PIK/Q)	3/1/06	491,581	491,581	\$ 1.00	{4}
		Senior secured loan (\$707,231 par due 2/2010)	14.73% (Libor + 4.48% cash, 5.00% PIK/Q)	3/1/06	707,231	707,231	\$ 1.00	{3}{4}
					25,844,789	25,844,789		3.12 %
Cargo Transport								
The Kenan Advantage Group, Inc.	Fuel transportation provider	Senior subordinated notes (\$9,274,764 par due 12/2013)	9.50% cash, 3.50% PIK	12/15/05	9,274,764	9,274,764	\$ 1.00	{2}{4}
		Senior secured loan (\$2,468,763 par due 12/2011)	8.36% (Libor + 3.00%/Q)	12/15/05	2,468,763	2,468,763	\$ 1.00	{3}
		Preferred stock (10,984 shares)		12/15/05	1,098,400	1,098,400	\$ 100.00	{5}
		Common stock (30,575 shares)		12/15/05	30,575	30,575	\$ 1.00	{5}
					12,872,502	12,872,502		1.56 %
Farming and Agriculture								
The GSI Group, Inc.	Agricultural equipment manufacturer	Senior notes (\$10,000,000 par due 5/2013)	12.00 %	5/11/05	10,000,000	10,000,000	\$ 1.00	
		Common stock (7,500 shares)		5/12/05	750,000	750,000	\$ 100.00	{5}
					10,750,000	10,750,000		1.30 %
Housing - Building Materials								
HB&G Building Products	Synthetic and wood product manufacturer	Senior subordinated loan (\$8,706,732 par due 3/2011)	13.00% cash, 2.00% PIK	10/8/04	8,698,145	8,706,732	\$ 1.00	{2}{4}
		Common stock (2,743 shares)		10/8/04	752,888	752,888	\$ 274.48	{5}
		Warrants to purchase (4,464 shares)		10/8/04	652,503	652,503	\$ 146.17	{5}
					10,103,536	10,112,123		1.22 %

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Consumer Products - Durable								
Berklime/-Benchcraft Holdings LLC	Furniture manufacturer and distributor	Junior secured loan (\$5,050,899 par due 5/2012)	15.25% (Base Rate + 5.00%, 2.00%PIK/D)	11/3/04	5,000,000	505,090	\$ 0.10	{4}{5}
		Preferred units (2,536 units)		10/8/04	1,046,343		\$	{5}
		Warrants to purchase 483,020 units		10/8/04	2,752,559		\$	{5}
Total					8,798,902	505,090		0.06 %
					\$ 1,439,399,109	\$ 1,433,748,121		

{1} We do not "Control" any of our portfolio companies, as defined in the Investment Company Act of 1940. In general, under the 1940 Act, we would "Control" a portfolio company if we owned 25% or more of its voting securities. All of our portfolio company investments are subject to legal restriction on sales which as of March 31, 2007 represented 173% of the Company's net assets.

{2} Pledged as collateral for the CP Funding Facility and unless otherwise noted, all other investments are pledged as collateral for the Revolving Credit Facility (see Note 7 to the consolidated financial statements).

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{3} Pledged as collateral for the ARCC CLO and unless otherwise noted, all other investments are pledged as collateral for the Revolving Credit Facility (see Note 7 to the consolidated financial statements).

{4} Has a payment-in-kind interest feature (see Note 2 to the consolidated financial statements).

{5} Non-income producing at March 31, 2007.

{6} For the three months ended March 31, 2007, for this portfolio company there was no activity for the period.

{7} For the three months ended March 31, 2007, for this portfolio company there were total redemptions of \$158,333 (cost), interest income of \$561,407 and other income of \$421.

{8} For the three months ended March 31, 2007, for this portfolio company there were total purchases of \$2,726,087, redemptions of \$3,236,141 (cost), interest income of \$857,090, other income of \$34,663 and net unrealized appreciation of \$1,699,992.

{9} For the three months ended March 31, 2007, for this portfolio company there were total purchases of \$9,500,000, redemptions of \$10,025,000 (cost), interest income of \$406,649 and other income of \$5,826.

{10} For the three months ended March 31, 2007, there were total redemptions of \$3,000,000, interest income of \$352,927, net realized gains of \$90,000 and net unrealized appreciation of \$1,077,637.

{11} For the three months ended March 31, 2007, there were total redemptions of \$250,000 (cost), interest income of \$641,002 and net unrealized appreciation of \$3,599,999.

{12} For the three months ended March 31, 2007, there was total interest income of \$182,822.

{13} For the three months ended March 31, 2007, for this portfolio company there was no activity for the period.

{14} For the three months ended March 31, 2007, there were total interest income of \$838,356, structuring fees of \$37,500 and other income of \$187,500.

{15} Non-U.S. company or principal place of business outside the U.S.

{16} Non-registered investment company.

{17} A majority of the variable rate loans to our portfolio companies bear interest at a rate that may be determined by reference to either Libor or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, we have provided the current interest rate in effect at March 31, 2007.

{18} In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.50% on \$23,747,778 aggregate principal amount of the portfolio company's senior term debt previously syndicated by us.

{19} In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 3.75% on \$12,000,000 aggregate principal amount of the portfolio company's senior term debt previously syndicated by us.

{20} Under the 1940 Act, we are required to deem this non-controlled and non-related portfolio company an "affiliated company," because we own more than 5% of the portfolio company's outstanding voting securities.

ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2006

Company {1}	Industry	Investment	Interest {17}	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Healthcare - Services								
American Renal Associates, Inc.	Dialysis provider	Senior secured loan (\$2,688,524 par due 12/2010)	9.37% (Libor+ 4.00%/S)	12/14/05	\$ 2,688,524	\$ 2,688,524	\$ 1.00	{3}
		Senior secured loan (\$377,049 par due 12/2010)	10.75% (Base Rate + 2.50%/D)	12/14/05	377,049	377,049	\$ 1.00	{3}
		Senior secured loan (\$5,803,279 par due 12/2011)	9.87% (Libor + 4.50%/S)	12/14/05	5,803,279	5,803,279	\$ 1.00	{3}
		Senior secured loan (\$54,098 par due 12/2011)	11.25% (Base Rate + 3.00%/D)	12/14/05	54,098	54,098	\$ 1.00	{3}
		Senior secured loan (\$393,741 par due 12/2011)	12.37% (Libor + 7.00%/S)	12/14/05	393,741	393,741	\$ 1.00	
		Senior secured loan (\$261,997 par due 12/2011)	12.37 (Libor + 7.00%/S)	12/14/05	261,997	261,997	\$ 1.00	{3}
		Senior secured loan (\$3,937,406 par due 12/2011)	12.37% (Libor + 7.00%/Q)	12/14/05	3,937,406	3,937,406	\$ 1.00	
		Senior secured loan (\$2,619,971 par due 12/2011)	12.37% (Libor + 7.00%/Q)	12/14/05	2,619,971	2,619,971	\$ 1.00	{3}
Capella Healthcare, Inc.	Acute care hospital operator	Junior secured loan (\$31,000,000 par due 11/2013)	11.36% (Libor + 6.00%/Q)	12/1/05	31,000,000	31,000,000	\$ 1.00	
DSI Renal, Inc.	Dialysis provider	Senior subordinated note (\$60,940,868 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/06	60,940,868	60,940,868	\$ 1.00	{4}
		Senior subordinated note (\$5,050,125 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/06	5,050,125	5,050,125	\$ 1.00	{4}{3}
		Senior secured revolving loan (\$4,000,000 par due 3/2013)	8.38% (Libor + 3.00%/Q)	4/4/06	4,000,000	4,000,000	\$ 1.00	
		Senior secured revolving loan (\$960,000 par due 3/2013)	8.38% (Libor + 3.00%/Q)	4/4/06	960,000	960,000	\$ 1.00	
		Senior secured revolving loan (\$1,600,000 par due 3/2013)	8.38% (Libor + 3.00%/Q)	4/4/06	1,600,000	1,600,000	\$ 1.00	
		Senior secured revolving loan (\$1,600,000 par due 3/2013)	8.38% (Libor + 3.00%/Q)	4/4/06	1,600,000	1,600,000	\$ 1.00	
		Senior secured revolving loan (\$2,096,000 par due 3/2013)	10.75% (Base Rate + 2.50%/D)	4/4/06	2,096,000	2,096,000	\$ 1.00	

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OnCURE Medical Corp.	Radiation oncology care provider	Senior subordinated note (\$23,318,089 par due 8/2013)	11.00% cash, 1.50% PIK	8/18/06	23,318,089	23,318,089	\$ 1.00	{4}
		Senior secured loan (\$3,403,750 par due 8/2011)	8.94% (Libor + 3.50%/S)	8/23/06	3,403,750	3,403,750	\$ 1.00	
		Common stock (857,143 shares)		8/18/06	3,000,000	3,000,000	\$ 3.50	{5}
Triad Laboratory Alliance, LLC	Laboratory services	Senior subordinated note (\$14,829,356 par due 12/2012)	12.00% cash, 1.75% PIK	12/21/05	14,829,356	14,829,355	\$ 1.00	{4}
		Senior secured loan (\$6,930,000 par due 12/2011)	8.61% (Libor + 3.25%/Q)	12/21/05	6,930,000	6,930,000	\$ 1.00	
		Senior secured loan (\$2,970,000 par due 12/2011)	8.61% (Libor + 3.25%/Q)	12/21/05	2,970,000	2,970,000	\$ 1.00	{3}
					177,834,253	177,834,252		22.53 %
Printing, Publishing and Media								
Canon Communications LLC	Print publications services	Junior secured loan (\$7,525,000 par due 11/2011)	12.10% (Libor + 6.75%/M)	5/25/05	7,525,000	7,525,000	\$ 1.00	
		Junior secured loan (\$4,250,000 par due 11/2011)	12.10% (Libor + 6.75%/M)	5/25/05	4,250,000	4,250,000	\$ 1.00	{2}
		Junior secured loan (\$12,000,000 par due 11/2011)	12.10% (Libor + 6.75%/M)	5/25/05	12,000,000	12,000,000	\$ 1.00	{3}
Daily Candy, Inc. {11} {19}	Internet publication provider	Senior secured loan (\$12,422,111 par due 5/2009)	10.36% (Libor + 5.00%/S)	5/25/06	12,744,556	12,422,111	\$ 1.00	
		Senior secured loan (\$11,577,889 par due 5/2009)	10.36% (Libor + 5.00%/S)	5/25/06	11,878,414	11,577,889	\$ 1.00	{3}
		Senior secured loan (\$388,191 par due 5/2009)	10.36% (Libor + 5.00%/Q)	5/25/06	398,267	388,191	\$ 1.00	
		Senior secured loan (\$361,809 par due 5/2009)	10.36% (Libor + 5.00%/Q)	5/25/06	371,200	361,809	\$ 1.00	{3}
		Senior secured loan (\$64,698 par due 5/2009)	12.25% (Base Rate + 4.00%/D)	5/25/06	66,378	64,698	\$ 1.00	
		Senior secured loan (\$60,302 par due 5/2009)	12.25% (Base Rate + 4.00%/D)	5/25/06	61,867	60,302	\$ 1.00	{3}
		Common stock (1,250,000 shares)		5/25/06	2,375,000	2,375,000	\$ 1.90	{5}
		Warrants to purchase 1,381,578 shares		5/25/06	2,624,998	2,624,998	\$ 1.90	{5}

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National Print Group, Inc.	Printing management services	Senior secured revolving loan (\$2,336,173 par due 3/2012)	10.75% (Base Rate + 2.50%/D)	3/2/06	2,336,173	2,336,173	\$ 1.00	
		Senior secured loan (\$5,295,652 par due 3/2012)	8.86% (Libor + 3.50%/Q)	3/2/06	5,295,652	5,295,652	\$ 1.00	{3}
		Senior secured loan (\$273,913 par due 3/2012)	10.75% (Base Rate + 2.50%/D)	3/2/06	273,913	273,913	\$ 1.00	{3}
		Senior secured loan (\$5,295,652 par due 3/2012)	8.85% (Libor + 3.50%/B)	3/2/06	5,295,652	5,295,652	\$ 1.00	{3}
		Senior secured loan (\$2,319,368 par due 8/2012)	12.37% (Libor + 7.00%/Q)	3/2/06	2,319,368	2,319,368	\$ 1.00	
		Senior secured loan (\$419,763 par due 8/2012)	12.37% (Libor + 7.00%/Q)	3/2/06	419,763	419,763	\$ 1.00	{3}
		Senior secured loan (\$1,932,806 par due 8/2012)	12.38% (Libor + 7.00%/Q)	3/2/06	1,932,806	1,932,806	\$ 1.00	
		Senior secured loan (\$349,802 par due 8/2012)	12.38% (Libor + 7.00%/Q)	3/2/06	349,802	349,802	\$ 1.00	{3}
		Preferred stock (9,344 shares)		3/2/06	2,000,000	2,000,000	\$ 214.04	{5}
The Teaching Company, LLC and The Teaching Company Holdings, Inc. {18}	Education publications provider	Senior secured loan (\$28,000,000 par due 9/2012)	10.50 %	9/29/06	28,000,000	28,000,000	\$ 1.00	
		Senior secured loan (\$12,000,000 par due 9/2012)	10.50 %	9/29/06	12,000,000	12,000,000	\$ 1.00	{3}
		Preferred stock (29,969 shares)		9/29/06	2,996,921	2,996,921	\$ 100.00	{5}
		Common stock (15,393 shares)		9/29/06	3,079	3,079	\$ 1.00	{5}
					117,518,809	116,873,127		14.80 %
Manufacturing								
Arrow Group Industries, Inc.	Residential and outdoor shed manufacturer	Senior secured loan (\$6,000,000 par due 4/2010)	10.36% (Libor + 5.00%/Q)	3/28/05	6,038,283	6,000,000	\$ 1.00	{3}
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	Senior secured loan (\$10,421,053 par due 5/2011)	9.60% (Libor + 4.25%/B)	5/22/06	10,421,053	10,421,053	\$ 1.00	{3}
		Senior secured loan (\$3,736,842 par due 5/2011)	11.35% (Libor + 6.00%/M)	5/22/06	3,736,842	3,736,842	\$ 1.00	
		Senior secured loan (\$1,526,316 par due 5/2011)	11.35% (Libor + 6.00%/M)	5/22/06	1,526,316	1,526,316	\$ 1.00	{3}
		Senior secured loan (\$4,210,526 par due 5/2011)	13.00 %	5/22/06	4,210,526	4,210,526	\$ 1.00	
Qualitor, Inc.	Automotive aftermarket components supplier	Senior secured loan (\$1,960,000 par due 12/2011)	9.61% (Libor + 4.25%/Q)	12/29/04	1,960,000	1,960,000	\$ 1.00	{3}
		Junior secured loan (\$5,000,000 par due 6/2012)	12.61% (Libor + 7.25%/Q)	12/29/04	5,000,000	5,000,000	\$ 1.00	{3}
Professional Paint, Inc.	Paint manufacturer	Junior secured loan (\$4,500,000 par due 5/2013)	11.13% (Libor + 5.75%/S)	5/25/06	4,500,000	4,500,000	\$ 1.00	
		Junior secured loan (\$12,000,000 par due 5/2013)	11.13% (Libor + 5.75%/S)	5/25/06	12,000,000	12,000,000	\$ 1.00	{3}

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Reflexite Corporation {10} {19}	Developer and manufacturer of high visibility reflective products	Senior subordinated loan (\$10,616,954 par due 12/2011)	11.00% cash, 12/30/04 3.00% PIK	12/30/04	10,616,954	10,616,954	\$	1.00	{2}{4}
		Common Stock (1,729,627 shares)		3/28/06	25,682,891	25,682,891	\$	14.85	{5}

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Universal Trailer Corporation {6} {19}	Livestock and specialty trailer manufacturer	Common stock (50,000 shares)	10/8/04	6,424,645	5,500,000	\$	110.00	{5}
		Warrants to purchase 22,208 shares	10/8/04	1,505,776	2,442,880	\$	110.00	{5}
Varel Holdings, Inc.	Drill bit manufacturer	Common stock (30,451 shares)	5/18/05	3,045	1,011,569	\$	33.22	{5}