ARES CAPITAL CORP
Form DEF 14A
March 24, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

ARES CAPITAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Ares Capital Corporation

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

March 24, 2016

Dear Stockholder:

You are cordially invited to attend a Special Meeting of Stockholders (the "Special Meeting") of Ares Capital Corporation (the "Company") to be held on May 12, 2016 at 9:30 a.m., Los Angeles Time, at The Century Plaza Towers, 2029 Century Park East, Concourse Level, Conference Room B, Los Angeles, California 90067.

The attached Notice of Special Meeting and Proxy Statement describe the formal business to be transacted at the Special Meeting. At the meeting, you will be asked to approve a proposal to authorize the Company, with the approval of its board of directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to certain limitations set forth herein (including, without limitation, that the number of shares issued does not exceed 25% of its then outstanding common stock).

Your vote is important regardless of the number of shares you own. We urge you to 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 currently plan to attend the Special Meeting. This will not prevent you from voting in person but will assure that your vote is counted if you are unable to attend the meeting.

You will also receive separate proxy materials for the Annual Meeting of Stockholders, which will be held at the same place and on the same date stated above, but not at the same time. Please be certain to sign, date and return each proxy card that you receive from us.

On behalf of your board of directors, thank you for your continued interest and support.

Sincerely,

Michael J Arougheti
Co-Chairman of the Board of Directors

Bennett Rosenthal
Co-Chairman of the Board of Directors

Ares Capital Corporation

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

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 12, 2016

To the Stockholders of Ares Capital Corporation:

Notice is hereby given that a Special Meeting of Stockholders (the "Special Meeting") of Ares Capital Corporation, a Maryland corporation (the "Company"), will be held on May 12, 2016 at 9:30 a.m., Los Angeles Time, at The Century Plaza Towers, 2029 Century Park East, Concourse Level, Conference Room B, Los Angeles, California 90067 for the following purpose:

1. To consider and vote upon a proposal to authorize the Company, with the approval of its board of directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to certain limitations set forth herein (including, without limitation, that the number of shares issued does not exceed 25% of its then outstanding common stock).

Only the holders of record of shares of the Company's common stock (NASDAQ: ARCC) at the close of business on March 4, 2016 will be entitled to receive notice of and vote at the meeting.

It is important that all stockholders participate in the affairs of the Company, regardless of the number of shares owned. Accordingly, the Company 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 your proxy at any time prior to the meeting, or to vote your shares personally on request if you attend the meeting. If there are not sufficient votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Special Meeting, the Special Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

By Order of the Board of Directors,

Joshua M. Bloomstein
Secretary

New York, New York
March 24, 2016

Ares Capital Corporation

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

PROXY STATEMENT
SPECIAL MEETING OF STOCKHOLDERS

The proxy card that accompanies this proxy statement is being solicited by the board of directors (the "Board") of Ares Capital Corporation, a Maryland corporation (the "Company," "we," "us" or "our"), for use at the Company's Special Meeting of Stockholders (the "Special Meeting") to be held on May 12, 2016 at 9:30 a.m., Los Angeles Time, at The Century Plaza Towers, 2029 Century Park East, Concourse Level, Conference Room B, Los Angeles, California 90067, or at any adjournment or postponement thereof. This proxy statement, the Notice of Special Meeting of Stockholders and the accompanying proxy card are first being released to the Company's stockholders on or about March 24, 2016.

We encourage you to vote your shares, either by voting in person at the Special Meeting or by granting a proxy (i.e., authorizing someone to vote your shares). If you properly authorize your proxy and the Company receives it in time for the Special Meeting, the persons named as proxies will vote the shares registered directly in your name in the manner that you specify. **If no specification is made, the votes entitled to be cast by such shares will be cast FOR the proposal to authorize the Company, with the approval of the Board, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to certain limitations set forth herein (including, without limitation, that the number of shares issued does not exceed 25% of its then outstanding common stock).**

Any stockholder "of record" (i.e., stockholders holding shares directly in their name) giving a valid proxy for the Special Meeting may revoke it before it is exercised by giving a later-dated properly executed proxy, by giving notice of revocation to the Company in writing before or at the Special Meeting or by attending the Special Meeting and voting in person. However, the mere presence of the stockholder at the Special Meeting does not revoke the proxy. If your shares are held for your account by a broker, bank or other institution or nominee, you may vote such shares at the Special Meeting only if you obtain proper written authority from your institution or nominee and present it at the meeting. If your shares are held for your account by a broker, bank or other institution or nominee, to revoke any voting instructions prior to the time the vote is taken at the Special Meeting, you must contact such broker, bank or other institution or nominee to determine how to revoke your vote in accordance with its policies a sufficient time in advance of the Special Meeting.

Unless revoked as stated above, the shares of common stock represented by valid proxies will be voted on all matters to be acted upon at the Special Meeting.

The record date for determination of stockholders entitled to vote at the Special Meeting is the close of business on March 4, 2016. As of March 4, 2016, there were 314,347,064 shares of the Company's common stock outstanding. Each share of common stock has one vote. If your shares are held for your account by a broker, bank or other institution or nominee, your institution or nominee will not vote your shares unless you provide instructions to your institution or nominee on how to vote your shares. You should instruct your institution or nominee how to vote your shares by following the voting instructions provided by your institution or nominee. The presence, in person or by proxy, of the holders of shares of common stock of the Company entitled to cast a majority of the votes entitled to be cast shall constitute a quorum for the purposes of the Special Meeting. If there are not sufficient votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Special Meeting, the chairman of the meeting may adjourn the Special Meeting in order to permit further solicitation of proxies by the Company.

Abstentions and broker non-votes will be deemed to be present for the purpose of determining a quorum for the Special Meeting. However, abstentions and broker non-votes are not counted as votes cast. A "broker non-vote" with respect to a matter occurs when a broker, bank or other institution or nominee holding shares on behalf of a beneficial owner has not received voting instructions from the beneficial owner on a particular proposal and does not have, or chooses not to exercise, discretionary authority to vote the shares on such proposals. Notwithstanding the foregoing, the Company does not expect many, if any, broker non-votes at the Special Meeting because there are no routine proposals to be voted on at the Special Meeting.

You may vote "For" or "Against," or abstain from voting on, Proposal 1 (to authorize the Company, with the approval of the Board, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to certain limitations set forth herein (including, without limitation, that the number of shares issued does not exceed 25% of its then outstanding common stock)). The affirmative vote of holders of at least a "majority," as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"), of (1) the outstanding shares of the Company's common stock and (2) the outstanding shares of the Company's common stock held by persons that are not affiliated persons of the Company, is required to approve Proposal 1. Under the Investment Company Act, the vote of holders of a "majority" means the vote of the holders of the lesser of (a) 67% or more of the outstanding shares of the Company's common stock present or represented by proxy at the Special Meeting if the holders of more than 50% of the shares of the Company's common stock are present or represented by proxy or (b) more than 50% of the outstanding shares of the Company's common stock. Abstentions and broker non-votes, if any, will have the effect of a vote "Against" Proposal 1.

The Company will bear the cost of solicitation of proxies in the form accompanying this statement. Proxies will be solicited by mail or by requesting brokers and other custodians, nominees and fiduciaries to forward proxy soliciting material to the beneficial owners of shares of common stock held of record by such brokers, custodians, nominees and fiduciaries, each of whom the Company will reimburse for its expenses in so doing. In addition to the use of mail, directors, officers and regular employees of Ares Capital Management LLC, the Company's investment adviser ("Ares Capital Management" or the "investment adviser"), or Ares Operations LLC, the Company's administrator ("Ares Operations" or the "administrator"), without special compensation therefor, may solicit proxies personally or by telephone, electronic mail, facsimile or other electronic means from stockholders. The address of each of Ares Capital Management and Ares Operations is 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

The Company has engaged the services of D.F. King & Co., Inc. ("D.F. King") for the purpose of assisting in the solicitation of proxies at an anticipated cost of approximately $7,500, plus reimbursement of certain expenses and fees for additional services requested. Please note that D.F. King may solicit stockholder proxies by telephone on behalf of the Company. They will not attempt to influence how you vote your shares, but only ask that you take the time to authorize your proxy. You may also be asked if you would like to authorize your proxy over the telephone and to have your voting instructions transmitted to the Company's proxy tabulation firm.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of March 4, 2016 (unless otherwise noted), the number of shares of the Company's common stock beneficially owned by each of its current directors and named executive officers, all directors, executive officers and certain other officers as a group and certain beneficial owners, according to information furnished to the Company by such persons or publicly available filings.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the "Commission") and includes voting or investment power with respect to the securities. Ownership information for those persons who beneficially own 5% or more of the outstanding shares of the Company's common stock is based upon Schedule 13D, Schedule 13G or other filings by such persons with the Commission and other information obtained from such persons. To the Company's knowledge, as of March 4, 2016, there were no persons that owned 5% or more of the outstanding shares of the Company's common stock. Except as otherwise noted below, each person named in the following table has sole voting and investment power with respect to all shares of the Company's common stock that he or she beneficially owns.

The address for Messrs. Arougheti, deVeer, Goldstein, Rosen and Smith and Ms. Roll is c/o Ares Capital Corporation, 245 Park Avenue, 44th Floor, New York, New York 10167. The address for each of the other directors, executive officers and certain other officers is c/o Ares Capital Corporation, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
Directors and Named Executive Officers:		
Interested Directors		
Michael J Arougheti	786,876	*
R. Kipp deVeer	135,000(2)	*
Robert L. Rosen	36,850	*
Bennett Rosenthal	255,138(3)	*
Independent Directors		
Steve Bartlett	5,200(4)	*
Ann Torre Bates	13,275(5)	*
Steven B. McKeever	10,846	*
Frank E. O'Bryan	12,400(6)	*
Eric B. Siegel	34,164(7)	*
Nominee for Director		
Daniel G. Kelly, Jr.	None	*
Named Executive Officers Who Are Not Directors		
Mitchell Goldstein	182,740(8)	*
Michael L. Smith	151,012	*
Penni F. Roll	70,452(9)	*
All Directors, Executive Officers and Certain Other Officers as a Group (19 persons)	1,783,333(10)	*

* Represents less than 1%.

(1) Based on 314,347,064 shares of common stock outstanding as of March 4, 2016.

(2) The shares of the Company's common stock held by Mr. deVeer have been pledged as security in connection with a line of credit with a third party financial institution unaffiliated with the Company.

(3) Consists of 255,138 shares of common stock indirectly beneficially owned by Mr. Rosenthal through BAR Holdings, LLC of which Mr. Rosenthal is the manager.

(4) The shares of the Company's common stock held by Mr. Bartlett have been pledged as security in connection with a line of credit with a third party financial institution unaffiliated with the Company.

(5) Consists of (i) 11,000 shares of common stock owned directly; and (ii) 2,275 shares of common stock indirectly beneficially owned by Ms. Bates through her spouse.

(6) Consists of (i) 400 shares of common stock owned directly; and (ii) 12,000 shares of common stock indirectly beneficially owned by Mr. O'Bryan through a family trust of which Mr. O'Bryan is the trustee and beneficiary.

(7) Consists of (i) 24,916 shares of common stock owned directly; (ii) 8,166 shares of common stock indirectly beneficially owned by Mr. Siegel through his spouse; and (iii) 1,082 shares of common stock indirectly beneficially owned by Mr. Siegel as a custodian for the accounts of his children. Mr. Siegel has shared voting and investment authority with respect to shares held by his spouse.

(8) 127,010 shares of the Company's common stock held by Mr. Goldstein have been pledged as security in connection with margin trading accounts.

(9) Consists of (i) 8,147 shares of common stock owned directly; and (ii) 62,305 shares of common stock indirectly beneficially owned by Ms. Roll through a trust for the benefit of Ms. Roll, her spouse and her children.

(10) Includes shares owned by officers of the Company that are not "Named Executive Officers," as defined in Item 402 of Regulation S-K, as promulgated under the Securities Act of 1933 ("Regulation S-K").

PROPOSAL 1: AUTHORIZATION OF THE COMPANY TO SELL OR OTHERWISE ISSUE SHARES OF ITS COMMON STOCK AT A PRICE BELOW ITS THEN CURRENT NET ASSET VALUE PER SHARE SUBJECT TO THE CONDITIONS SET FORTH IN THIS PROPOSAL

The Company is a closed-end investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act. As a BDC, the Company is generally prohibited from issuing its common stock at a price below the then current net asset value per share ("NAV") unless it meets certain conditions, including obtaining stockholder approval.

As a result, the Company is seeking the approval of its common stockholders so that it may, in one or more public or private offerings of its common stock, sell or otherwise issue shares of its common stock, not exceeding 25% of its then outstanding common stock, at a price below NAV, subject to the conditions set forth in this proposal. If approved, the authorization would be effective for securities issued during a twelve-month period expiring on the anniversary of the date of this Special Meeting. The Company has sought and received stockholder approval for similar proposals for each of the last seven years.

The Board, including a majority of the directors who have no financial interest in this proposal and a majority of the independent directors, has approved this proposal as in the best interests of the Company and its stockholders and recommends it to the stockholders for their approval. For these purposes, directors will not be deemed to have a financial interest solely by reason of their ownership of the Company's common stock. The Board believes that having the flexibility for the Company to sell its common stock below NAV in certain instances is in the Company's best interests and the best interests of its stockholders. This would, among other things, provide access to the capital markets to pursue attractive investment opportunities during periods of volatility and improve capital resources to enable the Company to compete more effectively for high quality investment opportunities (which may include acquisitions of other companies or investment portfolios) and to add financial flexibility to comply with regulatory requirements and debt facility covenants, including the approximate 1:1 debt to equity ratio. Upon obtaining the requisite stockholder approval, the Company will comply with the conditions described below in connection with any offering undertaken pursuant to this proposal. See below for a discussion of the risks of dilution.

Background and Reasons to Offer Common Stock Below NAV

Market Conditions Have Created, and May in the Future Create, Attractive Investment and Acquisition Opportunities

From time to time, capital markets may experience periods of disruption and instability. For example, between 2008 and 2009, the global capital markets were unstable as evidenced by periodic disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U.S. federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. As a result of the disruption and volatility in the credit markets during this time, the Company saw a reduction in capital available to certain specialty finance companies and other capital providers, causing a reduction in competition. These conditions also coincided with lower stock prices for BDCs, with BDCs trading below NAV. The Company believes that favorable investment opportunities to invest at attractive risk-adjusted returns, including opportunities to make acquisitions of other companies or investment portfolios at attractive values, may be created during these periods of disruption and volatility. For example, the Company completed its acquisition of Allied Capital Corporation during a period of disruption and volatility, which was accretive to the Company as described in further detail below.

While market conditions have largely recovered from the events of 2008 and 2009, there have been continuing periods of volatility, some lasting longer than others. For example, in the latter half of 2015 and continuing through the date of this proxy statement, economic uncertainty and market volatility in China and geopolitical unrest in the Middle East, combined with continued volatility of oil prices, among other factors, have caused disruption in the capital markets in the United States, including the markets in which the Company participates. BDCs as an industry have been trading below NAV as a result of such stock market volatility. In particular, shares of the Company's common stock have been trading below the last applicable reported NAV since June 4, 2015. There can be no assurance that these adverse market conditions will not continue or worsen in the future. If adverse market conditions continue or increase in severity and duration, the Company and other companies in the financial services sector may not have access to sufficient debt and equity capital in order to take advantage of attractive investment opportunities, including opportunities to make acquisitions of other companies or investment portfolios, that are created during these periods. In addition, the debt capital that will be available, if any, may be at a higher cost and on less favorable terms and conditions in the future. Stockholder approval of the proposal to sell shares of the Company's common stock below NAV, subject to the conditions set forth in this proposal, would provide the Company with the flexibility to invest in such attractive investment opportunities, which typically need to be made expeditiously.

Greater Investment Opportunities Due to Larger Capital Resources

The additional capital raised through an offering of the Company's common stock may help the Company generate additional deal flow. With more capital to make investments, the Company could be a more meaningful capital provider and such additional capital would allow it to compete more effectively for high quality investment opportunities. Such investment opportunities may be funded with proceeds of an offering of shares of the Company's common stock.

Status as a BDC and RIC and Maintaining a Favorable Debt to Equity Ratio

As a BDC and a regulated investment company ("RIC") for tax purposes, the Company is dependent on its ability to raise capital through the issuance of its common stock. RICs generally must distribute substantially all of their earnings to stockholders as dividends in order to achieve pass-through tax treatment, which prevents the Company from retaining any meaningful amount of earnings to support operations, which may include making new investments (including investments into existing portfolio companies). Further, BDCs must meet a debt to equity ratio of less than approximately 1:1 in order to incur debt or issue senior securities, which requires the Company to finance its investments with at least as much equity as debt and senior securities in the aggregate. In addition, certain of the Company's debt facilities also require that it maintain a debt to equity ratio of less than approximately 1:1. Therefore, to continue to build the Company's investment portfolio, the Company endeavors to maintain consistent access to capital through the public and private debt markets and the public equity markets enabling it to take advantage of investment opportunities as they arise.

Exceeding the approximate 1:1 debt to equity ratio could have severe negative consequences for a BDC, including the inability to pay dividends, breach of debt covenants and failure to qualify for tax treatment as a RIC. Although the Company does not currently expect that it will exceed this approximate 1:1 debt to equity ratio, the markets it operates in and the general economy may be volatile and uncertain. Even though the underlying performance of a particular portfolio company may not indicate an impairment or its inability to repay all principal and interest in full, volatility in the capital markets may negatively impact the valuations of investments and create unrealized losses on certain investments. Any such write-downs in value, as well as unrealized losses based on the underlying performance of the Company's portfolio companies, if any, will negatively impact stockholders' equity and the resulting debt to equity ratio. Issuing additional equity would allow the Company to realign its debt to equity ratio and avoid these negative consequences. In addition to meeting legal requirements applicable to BDCs, having a more favorable debt to equity ratio would also generally strengthen the Company's balance sheet and give it more flexibility to fully execute its business strategy.

ARCC's History of Raising Equity Capital While Having Stockholder Approval to Issue Shares of Common Stock Under NAV

Although the Company has been granted stockholder approval to issue shares of its common stock under NAV for each of the last seven years, and despite the Company trading below NAV for periods during such time frame, including periods over the last year, it has only used such flexibility one time. In 2009, during a period of significant credit market volatility when credit spreads increased materially, the Company, acting pursuant to prior stockholder approval, prudently issued shares of its common stock at a price below NAV and invested the proceeds from such issuance at attractive returns to stockholders. These proceeds were also used to create liquidity and financial flexibility in an uncertain time of extreme volatility. While such issuance was at a price below NAV, it resulted in less than a 2.5% dilution in the aggregate net asset value of the Company. Additionally, the Company believes that this financial flexibility was a key component of the Company's ability to opportunistically acquire Allied Capital Corporation, which transaction was agreed to on October 26, 2009 and closed on April 1, 2010 (the "Allied Acquisition"). The Company's NAV increased during the one-year period following the date of the Company's most recently determined NAV prior to such issuance, increasing from $11.21 (as of June 30, 2009) to $14.11 (as of June 30, 2010). The increase in the Company's NAV from June 30, 2009 to June 30, 2010 includes a $1.11 per share increase related to the gain on the Allied Acquisition. Furthermore, for the one-year period following the date of such issuance, the Company's total stockholder return outperformed that of every other BDC with a market capitalization of greater than $500 million. Therefore, periods of market volatility and dislocation have created, and may create again, favorable opportunities for the Company to make investments at attractive risk-adjusted returns, including opportunities that may increase NAV over the longer term, even if financed with the issuance of common stock below NAV. All offerings of common stock since the below NAV issuance in 2009 have been at prices above NAV.

Summary

The Board believes that having the flexibility to issue common stock below NAV in certain instances is in the best interests of the Company and its stockholders. This would, among other things, provide access to capital markets to pursue attractive investment and acquisition opportunities during periods of volatility, improve capital resources to enable the Company to compete more effectively for high quality investment opportunities and add financial flexibility to comply with regulatory requirements and debt facility covenants, including the approximate 1:1 debt to equity ratio. It could also minimize the likelihood that the Company would be required to sell assets that the Company would not otherwise sell, which sales could occur at times and at prices that are disadvantageous to the Company.

While the Company has no immediate plans to issue any shares of its common stock below NAV, it is seeking stockholder approval now in order to provide flexibility if it desires in the future to issue shares of its common stock below NAV, which typically must be undertaken quickly. The final terms of any such sale will be determined by the Board at the time of issuance and the shares of common stock will not include preemptive rights. Also, because the Company has no immediate plans to issue any shares of its common stock below NAV, it is not possible to describe the transaction or transactions in which such shares of common stock would be issued. Instead, any transaction in which the Company issues such shares of common stock, including the nature and amount of consideration that would be received by the Company at the time of issuance and the use of any such consideration, will be reviewed and approved by the Board at the time of issuance. If this proposal is approved, no further authorization from the stockholders will be solicited prior to any such issuance in accordance with the terms of this proposal. If approved, the authorization would be effective for securities issued during a twelve-month period expiring on the anniversary of the date of this Special Meeting.

Trading History

The following table sets forth, for each fiscal quarter during the last three fiscal years and the first quarter of the current fiscal year, the NAV of the Company's common stock, the range of high and low closing sales prices of its common stock as reported on The NASDAQ Global Select Market and the closing sales price as a premium (discount) to NAV. On March 22, 2016, the last reported closing sales price of the Company's common stock on The NASDAQ Global Select Market was $14.35 per share, which represented a discount of approximately 12.8% to the NAV reported by the Company as of December 31, 2015.

	NAV(1)	Price Range High	Price Range Low	High Sales Price Premium (Discount) to NAV(2)	Low Sales Price Premium (Discount) to NAV(2)
Year ended December 31, 2013					
First Quarter	$ 15.98	$ 18.54	$ 17.66	16.0%	10.5%
Second Quarter	$ 16.21	$ 18.27	$ 16.42	12.7%	1.3%
Third Quarter	$ 16.35	$ 18.12	$ 17.03	10.8%	4.2%
Fourth Quarter	$ 16.46	$ 18.38	$ 17.06	11.7%	3.6%
Year ended December 31, 2014					
First Quarter	$ 16.42	$ 18.51	$ 17.36	12.7%	5.7%
Second Quarter	$ 16.52	$ 17.86	$ 16.50	8.1%	(0.1)%
Third Quarter	$ 16.71	$ 17.80	$ 16.12	6.5%	(3.5)%
Fourth Quarter	$ 16.82	$ 16.45	$ 14.66	(2.2)%	(12.8)%
Year ending December 31, 2015					
First Quarter	$ 16.71	$ 17.60	$ 15.55	5.3%	(6.9)%
Second Quarter	$ 16.80	$ 17.30	$ 16.01	3.0%	(4.7)%
Third Quarter	$ 16.79	$ 16.58	$ 14.06	(1.3)%	(16.3)%
Fourth Quarter	$ 16.46	$ 15.87	$ 13.97	(3.6)%	(15.1)%
Year ending December 31, 2016					
First Quarter (through March 22, 2016)	*	$ 14.59	$ 12.54	*	*

(1) NAV is determined as of the last day in the relevant quarter and therefore may not reflect NAV on the date of the high and low closing sales prices. The NAVs shown are based on outstanding shares at the end of the relevant quarter.

(2) Calculated as the respective high or low closing sales price less NAV, divided by NAV (in each case as of the applicable quarter).

* NAV has not yet been calculated for this period. NAV for the first quarter of 2016 will be available with the filing of the Company's Quarterly Report on Form 10-Q for such quarter, which will be filed on or before May 11, 2016.

The Company's common stock has historically traded at prices both above and below its NAV. It is not possible to predict whether its common stock will trade at, above or below NAV in the future.

Examples of Dilutive Effect of the Issuance of Shares Below NAV

The following three headings and accompanying tables explain and provide hypothetical examples on the impact of a public offering of the Company's common stock at a price less than NAV on three different types of investors:

- existing stockholders who do not purchase any shares in the offering;

existing stockholders who purchase a relatively small amount of shares in the offering or a relatively large amount of shares in the offering; and

new investors who become stockholders by purchasing shares in the offering.

A placement of common stock at a price less than NAV to a third party in a private placement would have an impact substantially similar to the impact on existing stockholders who do not purchase any shares in the public offering described below.

Impact on Existing Stockholders Who Do Not Participate in the Offering

The Company's existing stockholders who do not participate in an offering below NAV or who do not buy additional shares in the secondary market at the same or lower price as the Company obtains in the offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate dilution in the net asset value of the shares of common stock they hold. These stockholders will also experience a disproportionately greater decrease in their participation in the Company's earnings and assets and their voting power than the increase the Company will experience in its assets, potential earning power and voting interests due to such offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV. This decrease could be more pronounced as the size of the offering and level of discounts increases. Further, if current stockholders do not purchase any shares to maintain their percentage interest, regardless of whether such offering is above or below NAV, their voting power will be diluted.

The following chart illustrates the level of NAV dilution that would be experienced by a nonparticipating stockholder in three different hypothetical offerings of different sizes and levels of discount from NAV. It is not possible to predict the level of market price decline that may occur. These examples are provided for illustrative purposes only.

The examples assume that the issuer has 30 million shares outstanding, $600 million in total assets and $150 million in total liabilities. The current net asset value and NAV are thus $450 million and $15.00. The chart illustrates the dilutive effect on Stockholder A of (a) an offering of 1.5 million shares of common stock (5% of the outstanding shares) at $14.25 per share after offering expenses and commissions (a 5% discount from NAV), (b) an offering of 3 million shares of common stock (10% of the outstanding shares) at $13.50 per share after offering expenses and commissions (a 10% discount from NAV), (c) an offering of 6 million shares of common stock (20% of the outstanding shares) at $12.00 per share after offering expenses and commissions (a 20% discount from NAV) and (d) an offering of 7.5 million shares of common stock (25% of the outstanding shares) at $11.25 per share after offering expenses and commissions (a 25% discount from NAV). The prospectus pursuant to which any discounted offering is made will include a chart based on the actual number of shares of common stock in such offering and the actual discount to the most recently determined NAV. It is not possible to predict the level of market price decline that may occur.

		Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 20% Offering at 20% Discount		Example 4 25% Offering at 25% Discount	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
Offering Price									
Price per Share to Public		$ 15.00		$ 14.21		$ 12.63		$ 11.84	
Net Proceeds per Share to Issuer		$ 14.25		$ 13.50		$ 12.00		$ 11.25	
Decrease to Net Asset Value									
Total Shares Outstanding	30,000,000	31,500,000	5.00%	33,000,000	10.00%	36,000,000	20.00%	37,500,000	25.00%
Net Asset Value per Share	$ 15.00	$ 14.96	(0.24)%	$ 14.86	(0.91)%	$ 14.50	(3.33)%	$ 14.25	