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PRIMEDIA INC
Form S-3/A
January 03, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 3, 2002

REGISTRATION NO. 333-72838

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PRIMEDIA INC.

(Exact name of Registrant as specified in its charter)

DELAWARE	2721	13-3647573
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

745 FIFTH AVENUE
NEW YORK, NEW YORK 10151
(212) 745-0100
(Address, including zip code, and telephone number, including area code, of
Registrant's principal executive offices)

BEVERLY C. CHELL, ESQ.
PRIMEDIA INC.
745 FIFTH AVENUE
NEW YORK, NEW YORK 10151
(212) 745-0100
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

COPY TO:
MARNI J. LERNER, ESQ.
SIMPSON THACHER & BARTLETT
425 LEXINGTON AVENUE
NEW YORK, NEW YORK 10017-3954
(212) 455-2000

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 Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. /X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

 CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)
PRIMEDIA Inc. Common Stock.....	6,243,944 shares	\$4.08 per share	\$27,127,000

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, as amended, and based on the average of the high and low prices of the common stock on the New York Stock Exchange on January 2, 2002.
- (2) \$60.44 was previously paid to the Securities and Exchange Commission, or the Commission, on November 21, 2001, in connection with the filing of Amendment No. 1 to the Registration Statement registering 122,095 shares of common stock at a price of \$1.98 per share, based on the average of the high and low prices of the common stock on November 16, 2001 and \$3,103.47 was previously paid to the Commission on November 6, 2001, in connection with the initial filing of the Registration Statement registering 6,115,200 shares of common stock at a price of \$2.03 per share, based on the average of the high and low prices of the common stock on October 30, 2001.

 THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL

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FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED JANUARY 3, 2002

PROSPECTUS

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

6,243,944 SHARES

PRIMEDIA INC.

COMMON STOCK

THE SHARES OF OUR COMMON STOCK OFFERED BY THE PROSPECTUS ARE BEING OFFERED ON BEHALF OF SELLING STOCKHOLDERS. OUR COMMON STOCK TRADES ON THE NEW YORK STOCK EXCHANGE UNDER THE SYMBOL "PRM." THE CLOSING SALE PRICE OF OUR COMMON STOCK ON THE NEW YORK STOCK EXCHANGE ON JANUARY 2, 2002 WAS \$4.01.

THE SELLING STOCKHOLDERS MAY OFFER FROM TIME TO TIME AN AGGREGATE OF UP TO 6,243,944 SHARES OF OUR COMMON STOCK. WE WILL NOT RECEIVE ANY PROCEEDS FROM THE SALE OF OUR COMMON STOCK. INVESTING IN OUR COMMON STOCK INVOLVES RISKS. YOU SHOULD CONSIDER CAREFULLY THE RISK FACTORS BEGINNING ON PAGE FOUR OF THIS PROSPECTUS BEFORE INVESTING IN OUR COMMON STOCK.

THE SELLING STOCKHOLDERS MAY OFFER THEIR SHARES THROUGH PUBLIC OR PRIVATE TRANSACTIONS, ON OR OFF THE NEW YORK STOCK EXCHANGE, AT PREVAILING MARKET PRICES OR AT PRIVATELY NEGOTIATED PRICES.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS , 2002.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY STATE WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THIS PROSPECTUS.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and file reports, proxy and information statements and other information with the Securities and Exchange Commission which we refer to as the "Commission" or the "SEC". Those reports, proxy and information statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington D.C. 20549 and at the Commission's Regional Offices located at Seven World Trade Center, 13th Floor, New York, New York 10048 and at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of those materials also can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington D.C. 20549, at prescribed rates. The Commission also maintains a web site at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file electronically with the Commission. In addition, reports, proxy statements and other information concerning us may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We incorporate by reference into this prospectus the following documents filed with the Commission:

- (a) our annual report on Form 10-K for the fiscal year ended December 31, 2000;
- (b) our quarterly reports on Form 10-Q for the quarters ended March 31,

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2001, June 30, 2001 and September 30, 2001;

- (c) our current reports on Form 8-K or Form 8-K/A dated March 1, 2001, July 6, 2001, July 26, 2001, August 1, 2001, August 16, 2001, August 24, 2001, August 31, 2001, October 12, 2001 and November 7, 2001;
- (d) the description of our common stock contained in our Registration Statement on Form 8-A dated October 10, 1995; and
- (e) About.com, Inc.'s consolidated financial statements and accompanying notes as of and for the year ended December 31, 2000 and our unaudited pro forma consolidated financial statements and accompanying notes giving effect to the About.com, Inc. merger included in our current report on Form 8-K/A dated April 26, 2001.

All documents that we file with the Commission under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus will be deemed to be incorporated by reference in this prospectus and to be a part of this prospectus from the date of the filing of those documents.

You may obtain copies of those documents from us, free of cost, by contacting us at the following address or telephone number:

Corporate Secretary
PRIMEDIA Inc.
745 Fifth Avenue
New York, New York 10151
(212) 745-0100

Information that we file later with the Commission that is incorporated by reference in this prospectus will automatically update and supersede information contained in this prospectus. You will be deemed to have notice of all information incorporated by reference in this prospectus as if that information was included in this prospectus.

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OUR COMPANY

Unless the context otherwise indicates, the term "we" or "PRIMEDIA" means the combined business operations of PRIMEDIA Inc. and its subsidiaries. You should carefully consider the risks included under the caption "Risk Factors." Market share data contained in this prospectus are based upon a product's share of advertising or circulation, depending on the product, as compared to its direct competition.

PRIMEDIA is the new tradition in media, combining traditional and new media. We are a targeted media company with leading positions in consumer and business-to-business markets. Our properties, which are delivered to over 200 million users, utilize the full media arsenal to deliver content via print (magazines and directories), video (digital broadband, satellite and cable), live events (trade and consumer shows) and the Internet. As of December 31, 2000, approximately 78% of our traditional media products ranked first or second in advertising pages, advertising revenue, circulation or other competitive metrics in their respective markets. We believe that in 2000 we sold the most advertising pages of any magazine publisher in the United States and ranked third in terms of revenue derived from sales of magazine copies at the newsstand in the United States. Our Internet businesses rank sixth in unique visitors in the United States as measured by MEDIA METRIX for September 2001.

For the year ended December 31, 2000, we had net sales of approximately \$1.7 billion and EBITDA of approximately \$256.7 million. For the nine months

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ended September 30, 2001, we had net sales of approximately \$1.3 billion and EBITDA of approximately \$113.8 million. For the year ended December 31, 2000, our net loss was approximately \$346.8 million, and for the nine months ended September 30, 2001, our net loss was approximately \$503.4 million.

OUR GROWTH STRATEGY

We believe that as technology has created a flood of information, it has shifted the role of the media from making information broadly available across all audiences to sifting out and qualifying information for the benefit of specific audiences. As a result, we have organized our business into two operating segments: consumer and business-to-business. Our consumer segment is the largest publisher of specialty magazines and apartment rental guides and one of the largest producers and distributors of special interest videos in the United States. Through the About.com, Inc. merger, we acquired a network of highly-targeted, topic-specific web sites and the leading producer of original content on the Internet. Our business-to-business segment is a leading publisher of business-to-business magazines, books, directories and databases, addressing the specialized information needs of professionals.

Our growth strategy is to deliver information over multiple traditional and new media platforms to highly specific niches in both the consumer and business-to-business markets, thereby attracting both dedicated users of information and the advertisers determined to reach them. We expect to derive our revenue principally from lead generation advertising as well as from subscriptions to our products and brand awareness advertising. Lead generation advertising is advertising focused on triggering a purchase decision by the reader or viewer. We believe lead generation advertising is less susceptible to general economic conditions than general brand awareness advertising.

RECENT DEVELOPMENTS

On November 28, 2001, as part of our plan to sell non-core assets and reduce debt, we sold Bacon's Information Inc. to Observer AB for \$90 million. We recognized a gain on sale of approximately \$50 million.

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The following chart summarizes the businesses of our two segments:

[LOGO]

We were incorporated on November 22, 1991 in the State of Delaware. Our principal executive offices are located at 745 Fifth Avenue, New York, New York, 10151; telephone number (212) 745-0100. Our common stock is publicly traded on the New York Stock Exchange under the symbol "PRM."

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RISK FACTORS

RISK FACTORS RELATING TO OUR BUSINESS

WE MAY NOT BE ABLE TO ACHIEVE THE EXPECTED RESULTS FROM ACQUISITIONS AND INVESTMENTS.

We may not be able to continue to integrate the business of About.com, Inc. or EMAP, Inc., which we refer to as EMAP USA, into our existing businesses without encountering difficulties. In addition, we may make acquisitions and

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investments in the future. The integration of About.com, Inc., EMAP USA and other businesses we may acquire is and will be a complex, time consuming and expensive process involving a number of issues, including:

- difficulty integrating acquired technologies, operations and personnel with our existing businesses;
- diversion of management attention in connection with both negotiating the acquisitions and integrating the assets;
- strain on managerial and operational resources as management tries to oversee larger operations;
- exposure to unforeseen liabilities of acquired companies;
- potential issuance of securities in connection with a future acquisition with rights that are superior to the rights of holders of our currently outstanding securities; and
- the requirement to record potentially significant additional future operating costs for the amortization of certain intangible assets.

Our future operating results will depend to a significant degree on our ability to address these issues. In addition, we have invested and may invest in the future in some early-stage companies with limited operating histories and limited or no revenues. We may not be able to successfully develop these young companies and, in some cases, we may not own enough equity in them to control their development.

GENERAL ECONOMIC TRENDS AND THE EVENTS OF SEPTEMBER 11, 2001 MAY REDUCE OUR ADVERTISING REVENUES AND COULD HAVE AN ADVERSE EFFECT ON OUR BUSINESS.

Our advertising revenues are subject to the risks arising from adverse changes in domestic and global economic conditions and fluctuations in consumer confidence and spending, which may decline as a result of numerous factors outside of our control, like terrorist attacks and acts of war. A decline in the level of business activity of our advertisers has had and could continue to have an adverse effect on our revenues and profit margins. Because of the recent economic slowdown in the United States, many advertisers, particularly business-to-business advertisers, are reducing advertising expenditures. If the current economic slowdown continues or worsens or terrorists attacks continue or worsen, our results of operations may be adversely affected.

WE HAVE SUBSTANTIAL INDEBTEDNESS AND OTHER MONETARY OBLIGATIONS, WHICH CONSUME A SUBSTANTIAL PORTION OF THE CASH FLOW THAT WE GENERATE.

We have substantial indebtedness and expect to incur additional indebtedness under our bank credit facilities or otherwise. As of September 30, 2001, we had approximately \$2,034.7 million of outstanding indebtedness and \$562.5 million of outstanding preferred stock. In addition, as a result of our acquisition of EMAP USA, we drew upon our revolving credit facility in an amount of \$265 million. A substantial portion of our cash flow is dedicated to the payment of principal and interest on indebtedness and to the payment of dividends on our preferred stock, which reduces funds available for capital expenditures and business opportunities and may limit our ability to respond to adverse developments in our business or in the economy. For the year ended December 31, 2000, we paid \$117.7 million of principal and \$141.9 million of interest, and for the nine months ended September 30, 2001, we paid \$82.4 million of interest. In addition, for the year ended December 31,

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2000, we made cash dividend payments of \$53.1 million on our outstanding preferred stock, and for the nine months ended September 30, 2001, we made cash dividend payments of \$39.8 million on our outstanding preferred stock. As a result of our recent transactions in connection with the financing of our acquisition of EMAP USA, we expect our annual interest payments to increase by approximately \$11 million.

As of September 30, 2001, borrowings under our bank credit facilities were approximately \$864 million. In addition, to partially finance our acquisition of EMAP USA, we borrowed an additional \$265 million under our revolving credit facility. These borrowings bear interest at floating rates based on the federal funds rate, the prime lending rate or LIBOR. Increases in interest rates on indebtedness under our bank credit facilities would increase our interest payment obligations and could have an adverse effect on us. The weighted average interest rate on our bank credit facilities was 5.63% at September 30, 2001.

Our ability to make payments with respect to our indebtedness will depend on our future operating performance, which will be affected by prevailing economic conditions and financial, business, competitive and other factors. We will not be able to control many of these factors, such as the economic conditions in the markets in which we operate and initiatives taken by our competitors.

Based on the outstanding principal amount of our debt under our bank credit facilities and outstanding senior notes as of September 30, 2001, we will be required to repay \$151.1 million of indebtedness on or prior to December 31, 2004, and we will have to repay substantial additional indebtedness and redeem a significant amount of preferred stock thereafter. We may not be able to repay that debt or redeem the preferred stock from available cash sources and may not be able to refinance that debt or preferred stock on commercially reasonable terms, if at all. If we are unable to repay, redeem or refinance these amounts on or prior to their due dates, we may need to sell assets or take other actions that could be detrimental to the holders of our common stock. In that event, we may not be able to generate sufficient cash from asset sales to satisfy our cash needs. If we are unable to repay, redeem or refinance our indebtedness and preferred stock on or prior to their due dates, we will be in default and all of our indebtedness could be accelerated.

OUR DEBT INSTRUMENTS LIMIT OUR BUSINESS FLEXIBILITY BY IMPOSING OPERATING AND FINANCIAL RESTRICTIONS ON OUR OPERATIONS.

The agreements governing our indebtedness impose specific operating and financial restrictions on us. These restrictions prohibit or limit us from, among other things:

- changing the nature of our business;
- incurring additional indebtedness;
- creating liens on our assets;
- selling assets;
- engaging in mergers, consolidations or transactions with our affiliates;
- making investments in or loans to specific subsidiaries;
- making guarantees or specific restricted payments; and
- declaring or making dividend payments on our common or preferred stock.

As of September 30, 2001, under our most restrictive debt covenants, we must maintain a minimum interest coverage ratio of 1.80 to 1 and a minimum fixed

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charge coverage ratio of 1.05 to 1. Our maximum allowable debt leverage ratio is 6.0 to 1. The minimum interest coverage ratio and maximum debt coverage ratio we must maintain become more restrictive over time. The maximum leverage ratio decreases to 5.75 to 1, 5.5 to 1, 5.0 to 1 and 4.5 to 1, respectively, on July 1, 2003, January 1, 2004, January 1, 2005 and January 1, 2006. The minimum interest coverage ratio increases to 2.0 to 1, 2.25 to 1 and 2.5 to 1, respectively, on July 1, 2003, January 1, 2004 and January 1, 2005. For

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the twelve months ended September 30, 2001, our interest coverage ratio, fixed charge coverage ratio and debt leverage ratio were 2.2 to 1, 1.3 to 1 and 5.4 to 1, respectively. These restrictions, in combination with our leveraged nature, could limit our ability to effect future acquisitions or financings or otherwise restrict corporate activities.

Our failure to comply with the terms and covenants in our indebtedness could lead to a default under the terms of those documents, which would entitle the lenders to accelerate the indebtedness and declare all amounts owed due and payable. Moreover, the instruments governing almost all of our indebtedness, including the notes, contain cross-default provisions so that a default under any of our indebtedness may result in a default under our other indebtedness. If a cross-default occurs, the maturity of almost all of our indebtedness could be accelerated and become immediately due and payable. We may not be able to comply with these restrictions in the future, or in order to comply with these restrictions we may have to forgo opportunities that might otherwise be beneficial to us.

OUR EARNINGS HAVE BEEN INSUFFICIENT TO PAY OUR FIXED CHARGES AND PREFERRED STOCK DIVIDENDS.

Our earnings were inadequate to cover fixed charges and fixed charges plus preferred stock dividends and related accretion by \$295.5 million and \$348.6 million, respectively, for the year ended December 31, 2000 and by \$470.2 million and \$512.5 million, respectively, for the nine months ended September 30, 2001. Earnings consist of loss before income taxes, fixed charges and equity in losses of investees, and fixed charges consist of interest on all indebtedness, amortization of deferred financing costs and that portion of rental expenses that management believes to be representative of interest. Although our earnings were affected by substantial non-cash and non-recurring charges (including depreciation and amortization of property and equipment, other intangible assets, excess of purchase price over net assets acquired and deferred financing costs, write-off of deferred financing costs, gain on the sales of businesses and other, net, provision for severance, closures and integration costs, non-cash compensation and non-recurring charges, provision for the impairment of investments and non-cash interest expense on an acquisition obligation and other current liabilities of approximately \$419.1 million for the year ended December 31, 2000 and \$483.4 million for the nine months ended September 30, 2001), we cannot assure you that our cash flow will be sufficient in future periods to permit us to make our required payments on our indebtedness and preferred stock.

KOHLBERG KRAVIS ROBERTS & CO. L.P., OR KKR, HAS CONTROL OF OUR COMMON STOCK AND HAS THE POWER TO ELECT ALL THE MEMBERS OF OUR BOARD OF DIRECTORS AND TO APPROVE ANY ACTION REQUIRING STOCKHOLDER APPROVAL.

As of November 30, 2001, approximately 63.8% of the shares of our common stock were held by investment partnerships created by KKR. These investment partnerships have sole voting and investment power with respect to those shares. In addition, on August 24, 2001, we issued 1,000,000 shares of our Series J convertible preferred stock to a KKR investment partnership at a purchase price

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of \$125 per share with an aggregate liquidation preference of \$125 million and convertible into shares of our common stock at any time after the first anniversary of the issue date at a conversion price per share of \$125 million divided by \$7 per share. We also granted warrants which are not exercisable until after the first anniversary of the grant date to KKR or one of its affiliates to purchase up to 3.87 million shares of our common stock, and additional warrants to purchase up to 4,000,000 shares of our common stock depending on the date on which shares of our Series J preferred stock are outstanding. As a result of their majority ownership, our stockholders that are affiliated with KKR and their respective general partners and members, four of whom are also our directors, control us and have the power to elect all of our directors and approve any action requiring stockholder approval, including adopting amendments to our certificate of incorporation and approving mergers or sales of all or substantially all of our assets. Our stockholders that are affiliated with KKR will also be able to prevent change of control events or cause a change of control at any time.

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INCREASES IN PAPER AND POSTAGE COSTS MAY HAVE AN ADVERSE IMPACT ON OUR FUTURE FINANCIAL RESULTS.

The price of paper is a significant expense relating to our print products and direct mail solicitations. Paper price increases may have an adverse effect on our future results. Postage for product distribution and direct mail solicitations is also a significant expense. We use the U.S. Postal Service for distribution of many of our products and marketing materials. Postage costs increased in January 2001 and can be expected to increase in the future. We may not be able to pass these cost increases through to our customers.

WE DEPEND ON SOME IMPORTANT EMPLOYEES, AND THE LOSS OF ANY OF THOSE EMPLOYEES MAY HARM OUR BUSINESS.

Our performance is substantially dependent on the performance of our executive officers and other key employees. In addition, our success is dependent on our ability to attract, train, retain and motivate high quality personnel, especially for our management team. Competition for those employees is intense. The loss of the services of any of our executive officers or key employees may harm our business.

OUR TRADITIONAL BUSINESS IS SUBJECT TO COMPETITION FROM THE RAPIDLY INCREASING AND COMPETITIVE MARKET FOR NEW MEDIA PRODUCTS AND SERVICES.

We derive a substantial portion of our revenues from our traditional businesses. The increased availability of information on the Internet subjects our traditional business to additional competition, which may adversely affect our future operating results. Our strategies for obtaining sustained revenue growth and profitability in the market for new media products and services may not be sufficient to compensate for any losses of revenue in our traditional businesses resulting from competition with new media.

Numerous well-established companies and smaller entrepreneurial companies are focusing significant resources on developing and marketing products and services that will compete with our products and services. Competition in the market for Internet products and services may intensify in the future. In addition, our current and potential competitors may have greater financial, technical, operational and marketing resources. Competitive pressures may also force prices for Internet goods and services down and those price reductions may adversely affect us.

IF THE UNITED STATES OR OTHER GOVERNMENTS REGULATE THE INTERNET MORE CLOSELY,

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OUR NEW MEDIA BUSINESSES MAY BE HARMED.

Any new law or regulation pertaining to the Internet or the application or interpretation of existing laws could decrease the demand for our Internet businesses, increase the cost of doing business of About.com, Inc. and our other new media businesses or otherwise have a material adverse effect on our business, results of operations and financial condition. There are and will be an increasing number of laws and regulations pertaining to the Internet. These laws or regulations may relate to liability for information retrieved from or transmitted over the Internet, online content regulation, user privacy, taxation and the quality of products and services. In addition, the applicability to the Internet of existing laws governing intellectual property ownership and infringement, copyright, trademark, trade secret, obscenity, libel, employment, personal privacy and other issues is uncertain and developing.

IN ORDER FOR OUR NEW MEDIA BUSINESSES TO SUCCEED, WE MUST RESPOND TO THE RAPID CHANGES IN TECHNOLOGY.

The markets for Internet products and services are characterized by:

- rapidly changing technology;
- evolving industry standards;
- frequent new product and service introductions; and
- changing customer demands.

The success of our new media businesses will depend on our ability to adapt to this rapidly evolving marketplace. We may not be able to adequately adapt its products and services or to acquire

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new products and services that can compete successfully. In addition, we may not be able to establish and maintain effective distribution channels.

THE SUCCESS OF OUR NEW MEDIA BUSINESSES DEPENDS ON USE OF THE INTERNET BY BUSINESSES AND INDIVIDUALS.

The success of our new media businesses depends on use of the Internet for advertising, marketing, providing services and conducting business. Our new media businesses may suffer if commercial use of the Internet fails to grow in the future. Commercial use of the Internet is currently at an early stage of development and the future of the Internet is not clear. Internet usage may be inhibited for any of the following reasons:

- the Internet infrastructure may not be able to support the demands placed on it, and its performance and reliability may decline as usage grows;
- security and authentication concerns with respect to the transmission over the Internet of confidential information, such as credit card numbers, and attempts by unauthorized computer users, so-called hackers, to penetrate online security systems; and
- privacy concerns, including those related to the ability of web sites to gather user information without the user's knowledge or consent.

In addition, it is not clear how effective advertising on the Internet is in generating business as compared to more traditional types of advertising such as print, television and radio. The adoption of Internet advertising, particularly by those entities that have historically relied upon traditional media for

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advertising, requires the acceptance of a new way of conducting business, exchanging information and advertising products and services. Advertisers that have traditionally relied upon other advertising media may be reluctant to advertise on the Internet. These businesses may find Internet advertising to be less effective than traditional advertising media for promoting their products and services.

WE FACE SPECIFIC SECURITY RISKS REGARDING THE TRANSMISSION OF CONFIDENTIAL INFORMATION.

Consumer concerns about the security of transmissions of confidential information over public telecommunications facilities is a significant barrier to electronic commerce and communications. Many factors may cause compromises or breaches of our security systems or other Internet sites used to protect proprietary information, including advances in computer and software functionality or new discoveries in the field of cryptography. A compromise of security on the Internet would have a negative effect on the use of the Internet for commerce and communications and negatively impact our businesses. Security breaches of our activities or the activities of our customers and sponsors involving the storage and transmission of proprietary information, such as credit card numbers, may expose us to a risk of loss or litigation and possible liability. Our security measures designed to prevent security breaches and insurance programs we obtain to address the potential losses or liabilities may not be sufficient to cover any such losses or liabilities.

WE MAY HAVE LIABILITY FOR INFORMATION RETRIEVED FROM THE INTERNET.

Because materials may be downloaded from the Internet and subsequently distributed to others, we may be subject to claims for defamation, negligence, copyright or trademark infringement, personal injury or other theories based on the nature, content, publication and distribution of those materials.

WE MAY NOT BE ABLE TO PROTECT OUR INTELLECTUAL PROPERTY, AND WE MAY BE LIABLE FOR INFRINGING THE INTELLECTUAL PROPERTY OF OTHERS.

Third parties may infringe or misappropriate our and our subsidiaries' patents, trademarks or other intellectual property, which could have a material adverse effect on our business, results of operations or financial condition. While we and our subsidiaries enter into confidentiality agreements with our material employees, guides, consultants and strategic partners, and generally control access to and distribution of our proprietary information, the steps we and our subsidiaries have taken to protect our intellectual property may not prevent misappropriation. In addition, we and our subsidiaries do not

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know whether we will be able to defend our proprietary rights since the validity, enforceability and scope of protection of proprietary rights in Internet-related industries is still evolving.

Third parties may assert infringement claims against us or our subsidiaries. From time to time in the ordinary course of business we and our subsidiaries have been, and we expect to continue to be, subject to claims of alleged infringement of the trademarks and other intellectual property rights of third parties. These claims and any resultant litigation, should it occur, could subject us and our subsidiaries to significant liability for damages. In addition, even if we and our subsidiaries prevail, litigation could be time-consuming and expensive to defend and could result in the diversion of our time and attention. Any claims from third parties may also result in limitations on our and our subsidiaries' ability to use the intellectual property subject to these claims unless we are able to enter into agreements with the third parties making these claims.

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RISK FACTORS RELATING TO THE COMMON STOCK

WE DO NOT PLAN ON PAYING DIVIDENDS IN THE FORESEEABLE FUTURE AND, AS A RESULT, YOU WILL NEED TO SELL SHARES TO REALIZE A RETURN ON YOUR INVESTMENT.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. Our ability to pay dividends is limited by some of our debt instruments. Consequently, you will need to sell shares of our common stock to realize a return on your investment, if any.

THE PRICE OF OUR COMMON STOCK HAS FLUCTUATED.

The market price of our common stock has been, and is likely to continue to be, variable and experience fluctuations. As of November 30, 2001, as much as approximately 36% of our market capitalization was traded publicly, which may result in a high degree of volatility in our stock price. In recent years, the stock market has experienced significant price and volume fluctuations. Future market movements may adversely affect the market price of our common stock. The market price of our common stock may continue to fluctuate significantly in response to various factors, including:

- actual and anticipated operating results;
- the introduction of new products;
- changes in estimates by securities analysts;
- market conditions in the industry;
- announcements of mergers, acquisitions, alliances and joint ventures by us;
- announcements of mergers and acquisitions and other actions by competitors;
- regulatory and judicial actions; and
- general economic conditions.

RECENT SALES OF OUR COMMON STOCK MAY NEGATIVELY AFFECT OUR STOCK PRICE.

Recent sales of our common stock in the public market could cause our stock price to decline and could impair our ability to raise funds in new stock offerings. As of November 30, 2001, we had approximately 262,439,886 shares of common stock outstanding (assuming the conversion of 1,000,000 shares of our Series J convertible preferred stock into 17,857,143 shares of common stock) and 36,263,949 shares of common stock are issuable upon exercise of outstanding options and warrants (after the lapse of certain time periods with respect to certain options and warrants). Of the 262,439,886 shares of common stock outstanding, approximately 195,852,689 shares may not be sold publicly except in compliance with Rule 144.

Of these 195,852,689 Rule 144 shares, as of November 30, 2001:

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- approximately 173,933,447 shares were held by affiliates of KKR, which have demand and incidental registration rights with respect to those shares;
- approximately 6,893,485 shares were held by management and the directors, who also have vested options exercisable within 60 days for 10,190,224 shares; and
- an aggregate of approximately 15,025,757 shares were held by non-affiliate entities, of which American Funds Insurance Series--Growth Fund, or American Funds, held 6,115,200 shares and has demand and incidental registration rights with respect to such shares, Paul Kagan and certain of his affiliates held 878,000 shares and have incidental registration rights with respect to such shares (as well as with respect to 6,649 shares of common stock issued after November 30, 2001) and Liberty Prime, Inc. held 8,000,000 shares and has demand and incidental registration rights with respect to such shares. American Funds purchased the 6,115,200 shares of common stock held by it from CMGI, Inc. on October 11, 2001, which shares are being registered pursuant to this registration statement. Affiliates of Paul Kagan are requesting the registration of 128,744 shares of our common stock (including 6,649 shares issued after November 30, 2001) pursuant to this registration statement.

Of the 36,263,949 shares issuable upon exercise of outstanding options and warrants (after the lapse of certain time periods with respect to certain options and warrants), 3,870,000 shares of common stock underlying warrants issued to KKR or one of its affiliates have incidental and demand registration rights, 2,000,000 shares of common stock underlying warrants granted to an affiliate of EMAP plc have incidental and demand registration rights and 1,500,000 shares of common stock that underlie warrants issued to Liberty Prime have incidental and demand registration rights. Upon exercise of such registration rights with respect to any of those shares, those shares will become freely transferable.

We may also issue shares of our common stock from time to time as consideration for future acquisitions and investments or for other financing activities. The number of shares we may issue may be significant, and we may grant registration rights covering those shares.

FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference forward-looking statements under the captions "Our Growth Strategy," "Risk Factors" and elsewhere. In some cases these statements are identified by our use of forward-looking words or phrases such as "believe," "expect," "anticipate," "intend," "estimate," "continue," "may increase," "may fluctuate" and similar expressions or by our use of future or conditional verbs such as "will," "should," "would" and "could." Forward-looking statements may also use different words and phrases. We have based the forward-looking statements on our current assumptions, expectations and projections about future events. Although the expectations reflected in these forward-looking statements represent management's best judgment at the time they were made, we can give no assurance that these expectations will prove to be correct.

These forward-looking statements involve risks and uncertainties, including:

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- risks relating to our ability to successfully continue to integrate our businesses with About.com, Inc. and EMAP USA and our continuing strategy of expanding our business through acquisitions of and investments in businesses, technologies, products and services from other businesses;
- the U.S. economy, terrorist acts and acts of war and their impact on advertising revenues; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

For more information see "Risk Factors." We caution prospective purchasers not to place undue reliance on these forward-looking statements.

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USE OF PROCEEDS

There will be no cash proceeds to us from the offering.

DESCRIPTION OF COMMON STOCK

GENERAL

As of November 30, 2001, we had 350,000,000 shares of authorized capital stock. Those shares consisted of:

- 300,000,000 shares of common stock, of which 244,582,743 shares were outstanding as of October 31 2001; and
- 50,000,000 shares of preferred stock, of which:
 - 2,000,000 shares were designated Series D exchangeable preferred stock, all of which were outstanding as of November 30, 2001;
 - 1,250,000 shares were designated Series F exchangeable preferred stock, all of which were outstanding as of November 30, 2001;
 - 2,500,000 shares were designated Series H exchangeable preferred stock, all of which were outstanding as of November 30, 2001; and
 - 1,000,000 shares were designated Series J convertible preferred stock, all of which were outstanding as of November 30, 2001.

COMMON STOCK

DIVIDENDS. The owners of our common stock may receive dividends when declared by the board of directors out of funds legally available for the payment of dividends. We have no present intention of declaring and paying cash

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dividends on the common stock at any time in the foreseeable future. The terms of our credit agreements, indentures and series of preferred stock limit our ability to declare and pay cash dividends on the common stock.

VOTING RIGHTS. Each share of common stock is entitled to one vote in the election of directors and all other matters submitted to stockholder vote. There are no cumulative voting rights.

LIQUIDATION RIGHTS. If we liquidate, dissolve or wind-up our business, whether voluntarily or not, our common stockholders will share equally in the distribution of all assets remaining after payment to creditors and preferred stockholders.

PREEMPTIVE RIGHTS. The common stock has no preemptive or similar rights.

LISTING. Our common stock is listed on the New York Stock Exchange under the symbol "PRM."

ANTI-TAKEOVER PROVISIONS. We are subject to the provisions of Delaware law described below regarding business combinations with interested stockholders.

Section 203 of the Delaware General Corporation Law applies to a broad range of business combinations between a Delaware corporation and an interested stockholder. The Delaware law definition of business combination includes mergers, sales of assets, issuances of voting stock and certain other transactions. An interested stockholder is defined as any person who owns, directly or indirectly, 15% or more of the outstanding voting stock of a corporation.

Section 203 prohibits a corporation from engaging in a business combination with an interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder, unless:

- the board of directors approved the business combination before the stockholder became an interested stockholder, or the board of directors approved the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction which resulted in the stockholder becoming an interested stockholder, such stockholder owned at least 85% of the voting stock outstanding when the transaction began other than shares held by directors who are also officers and other than shares held by certain employee stock plans; or
- the board of directors approved the business combination after the stockholder became an interested stockholder and the business combination was approved at a meeting by at least two-thirds of the outstanding voting stock not owned by such stockholder.

These limitations on business combinations with interested stockholders do not apply to a corporation that does not have a class of stock listed on a national securities exchange, authorized for quotation on an interdealer quotation system of a registered national securities association or held of record by more than 2,000 stockholders.

SELLING HOLDERS

The following table sets forth (i) the name of each holder, (ii) the nature of any position, office or other material relationship that the holder has had

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within the past three years with us, (iii) the number of shares of common stock and (if one percent or more) the percentage of common stock beneficially owned by each holder, based on the number of outstanding shares of common stock as of November 30, 2001, (iv) the number of shares of common stock that may be offered and sold by or on behalf of each holder hereunder and (v) the amount and (if one percent or more) the percentage of common stock to be owned by each holder upon the completion of the offering assuming all shares offered by such holder are sold. Any or all of the shares listed below under the heading "Shares to be Sold" may be offered for sale by or on behalf of the holder.

HOLDERS	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING		SHARES TO BE SOLD	SHARES BENEFICIALLY OWNED AFTER THE OFFERING
	NUMBER	PERCENT		
American Funds Insurance Series-Growth Fund(1)	6,115,200	2.5%	6,115,200	0
Cypress Information Associates, Inc.(2)	707,110	*	126,023	581,087
Paul and Florence Kagan(2)	77,781	*	2,599	75,182
Melanie Canter(2)	10,879	*	61	10,818
Linda Cosmero(2)	10,879	*	61	10,818

* Less than 1%.

(1) The shares are held in the name of Waterbath & Co., nominee name for American Funds. American Funds has had no position, office or other material relationship with us within the last three years.

(2) Cypress Information Associates, Inc., or Cypress Information, is wholly owned by Paul and Florence Kagan. Melanie Canter and Linda Cosmero are relatives of Paul and Florence Kagan. Paul Kagan is currently the Vice Chairman of a subsidiary of PRIMEDIA and has been a consultant with us for approximately eight months. Prior thereto, for approximately four months, he was the President of the Kagan group of companies owned by PRIMEDIA. As of November 30, 2001, Paul Kagan and his affiliates (including Cypress Information, Paul and Florence Kagan, Melanie Canter and Linda Cosmero) owned 878,000 shares of our common stock. On January 3, 2002, we issued 3,928 shares of common stock to Cypress Information, 2,599 shares of common stock to Paul and Florence Kagan and 61 shares of common stock to each of Linda Cosmero and Melanie Canter. These issuances increased the total number of shares of common stock owned by Paul Kagan and his affiliates (including the shares of our common stock listed above owned by Cypress Information, Paul and Florence Kagan, Melanie Canter and Linda Cosmero) to 884,649, which is less than 1% of the number of shares of our common stock outstanding as of November 30, 2001.

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Our common stock trades on the New York Stock Exchange under the symbol "PRM." The reported last sale price of our common stock on January 2, 2002 on the New York Stock Exchange was \$4.01 per share. The table below presents, for the calendar quarters indicated, the high and low per share sale prices of common stock as reported on the New York Stock Exchange, based on published financial sources.

	HIGH	LOW
CALENDAR 1999		
First Quarter.....	\$14.00	\$11.63
Second Quarter.....	17.75	13.56
Third Quarter.....	17.19	11.00
Fourth Quarter.....	16.50	10.88
CALENDAR 2000		
First Quarter.....	34.88	15.50
Second Quarter.....	32.00	18.06
Third Quarter.....	22.31	16.00
Fourth Quarter.....	17.00	7.00
CALENDAR 2001		
First Quarter.....	12.94	6.25
Second Quarter.....	9.10	4.87
Third Quarter.....	7.80	2.05
Fourth Quarter.....	4.35	1.70
CALENDAR 2002		
First Quarter (through January 2, 2002).....	4.35	3.80

We have not declared any dividends on our common stock.

PLAN OF DISTRIBUTION

We are registering shares of our common stock on behalf of American Funds, which purchased such shares from CMGI, Inc. on October 11, 2001, and Paul and Florence Kagan and some of their affiliates. We will pay for all costs, expenses and fees in connection with the registration of the shares. The shares covered by this prospectus and, if applicable, any prospectus supplement, may be offered and sold by the selling stockholders from time to time in one or more of the following types of transactions (including block transactions):

- on the New York Stock Exchange,
- in the over-the-counter market,
- in privately negotiated transactions,
- through put or call options transactions relating to the shares,
- through short sales of shares or
- a combination of such methods of sale.

The selling stockholders may sell their shares at prevailing market prices

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or at privately negotiated prices. The transactions may or may not involve brokers or dealers.

The selling stockholders may offer and sell their shares directly to purchasers or to or through broker-dealers, which may act as agents or principals. Any broker-dealers that participate with the selling stockholders in the distribution of the common stock may be deemed to be "underwriters" within the meaning of the Securities Act, and any commissions or discounts received by those broker-dealers and any profit on the resale of the common stock by those broker-dealers might be deemed to the underwriting discounts and commissions under the Securities Act.

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Upon our being notified by the selling stockholders that any material arrangement has been entered into with a broker or dealer for the sale of the common stock through a secondary distribution, or a purchase by a broker or dealer, a supplemented prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (a) the names of such broker-dealers, (b) the number of shares involved, (c) the price at which such shares are being sold, (d) the commission paid or the discounts or concessions allowed to such broker-dealers, (e) where applicable, that such broker-dealers did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, as supplemented, and (f) other facts material to the transaction.

We have agreed to indemnify American Funds against some liabilities, including liabilities arising under the Securities Act.

Some of the brokers, dealers or agents and their associates who may become involved in the sale of the shares may engage in transactions with and perform other services for us in the ordinary course of their business for which they receive customary compensation.

LEGAL MATTERS

Certain legal matters with respect to the shares of common stock are being passed upon on our behalf by Simpson Thacher & Bartlett, New York, New York.

EXPERTS

The financial statements and the related financial statement schedule incorporated in this prospectus by reference from PRIMEDIA's Annual Report on Form 10-K for the year ended December 31, 2000 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of About.com, Inc. as of December 31, 2000 and for the year then ended, incorporated by reference in this prospectus by reference from PRIMEDIA's current report on Form 8-K/A dated April 26, 2001, have been audited by Ernst & Young LLP, independent auditors, as stated in their report, which is incorporated herein by reference and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of the Publishing business of EMAP, Inc. acquired by PRIMEDIA Inc., as of March 31, 2001 and for the year then ended incorporated in this prospectus by reference from PRIMEDIA Inc.'s current report on Form 8-K/A dated November 7, 2001, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the

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authority of said firm as experts in auditing and accounting.

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6,243,944 SHARES OF COMMON STOCK

PRIMEDIA

THE NEW TRADITION IN MEDIA

PROSPECTUS

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses payable by us in connection with the sale of the securities being registered hereby. All amounts are estimates except the registration fee.

	AMOUNT

Securities and Exchange Commission registration fee.....	\$ 3,170.39*
Legal fees and expenses.....	25,000.00
Accounting fees and expenses.....	30,000.00
Printing and engraving expenses.....	5,000.00
Miscellaneous.....	5,000.00

Total.....	\$ 68,170.39
	=====

* \$60.44 was previously paid to the Securities and Exchange Commission, or the Commission, on November 21, 2001 in connection with the filing of Amendment No. 1 to the Registration Statement registering 122,095 shares of common stock at a price of \$1.98 per share, based on the average of the high and low prices of the common stock on November 16, 2001. \$3,103.47 was previously paid to the Commission on November 6, 2001 in connection with the initial filing of the Registration Statement registering 6,115,200 shares of common stock at a price of \$2.03 per share, based on the average of the high and low prices of the common stock on October 30, 2001.

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ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

(a) Reference is made to Section 102(b)(7) of the Delaware General Corporation Law (the "DGCL") which enables a corporation in its original certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for violations of the director's fiduciary duty, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for liability of directors for unlawful payment of dividends or unlawful stock purchase or redemptions pursuant to Section 174 of the DGCL or (iv) for any transaction from which a director derived an improper personal benefit.

Reference also is made to Section 145 of the DGCL, which provides that a corporation may indemnify any persons, including officers and directors, who are, or are threatened to be made, parties to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee or agent acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interest and, for criminal proceedings, had no reasonable cause to believe that his conduct was unlawful. A Delaware corporation may indemnify officers and directors in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses that such officer or director actually and reasonably incurred.

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The certificate of incorporations and/or bylaws of PRIMEDIA Inc., provides for the mandatory indemnification of its directors and officers, and the discretionary indemnification of its employees and other agents, to the maximum extent permitted by the DGCL.

As permitted by sections 102 and 145 of the DGCL, the certificate of incorporation of PRIMEDIA Inc. eliminate a director's personal liability for monetary damages to the company and its stockholders arising from a breach of a director's fiduciary duty, other than for a breach of a director's duty of loyalty or for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, and except as otherwise provided under the DGCL.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

EXHIBIT NUMBER	DESCRIPTION
-------------------	-------------

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+4.1	Registration Rights Agreement dated as of October 31, 2001 between PRIMEDIA Inc. and American Funds Insurance Series--Growth Fund.
+5.1	Opinion of Simpson Thacher & Bartlett as to the legality of the 6,115,200 shares of PRIMEDIA Inc.'s common stock being registered on behalf of American Funds Insurance Series--Growth Fund.
+5.2	Opinion of Simpson Thacher & Bartlett as to the legality of the 122,095 shares of PRIMEDIA Inc.'s common stock being registered on behalf of Cypress Information Associates, Inc.
*5.3	Opinion of Simpson Thacher & Bartlett as to the legality of the 6,649 shares of PRIMEDIA Inc.'s common stock being registered on behalf of Paul and Florence Kagen and some of their affiliates.
+23.1	Consent of Simpson Thacher & Bartlett (contained in Exhibit 5.1).
*23.2	Consent of Deloitte & Touche LLP.
*23.3	Consent of Ernst & Young LLP.
*23.4	Consent of PricewaterhouseCoopers LLP.
+23.5	Consent of Simpson Thacher & Bartlett (contained in Exhibit 5.2).
*23.6	Consent of Simpson Thacher & Bartlett (contained in Exhibit 5.3)
+24.1	Power of Attorney (contained on signature page to initial Registration Statement).

* Filed herein

+ Previously filed

ITEM 17. UNDERTAKINGS

The undersigned registrants hereby undertake:

- (1) To file, during any period in which offers or sales of the registered securities are being made, a post-effective amendment to this registration statement;
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low and high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price

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represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

- (iii) To include any material information with respect to the plan distribution not previously disclosed in the registration statement or any material change in such information in the registration statement.
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Amendment No. 2 to the Form S-3 Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on January 3, 2002.

PRIMEDIA INC.

By: _____ /s/ BEVERLY C. CHELL

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(Beverly C. Chell)
VICE CHAIRMAN AND SECRETARY

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Form S-3 Registration Statement has been signed below by or on behalf of the following persons in the capacities indicated with the Registrant on January 3, 2002.

NAME -----	TITLE -----
* ----- (Thomas S. Rogers)	Chief Executive Officer and Director
* ----- (Lawrence R. Rutkowski)	Chief Financial Officer
* ----- (Robert J. Sforzo)	Controller
* ----- (Charles G. McCurdy)	Director
* ----- (Beverly C. Chell)	Director
* ----- (Meyer Feldberg)	Director
* ----- (Henry R. Kravis)	Director
* ----- (George R. Roberts)	Director

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NAME -----	TITLE -----
* ----- (Michael T. Tokarz)	Director
*	Director

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(Perry Golkin)

* Director

(H. John Greeniaus)

* Director

(David Bell)

*By: /s/ BEVERLY C. CHELL

ATTORNEY-IN-FACT

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EXHIBIT INDEX

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*23.6	Consent of Simpson Thacher & Bartlett (contained in Exhibit 5.3).

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+24.1 Power of Attorney (contained on signature page to initial Registration Statement).

* Filed herein

+ Previously filed

bsp; New York, NY 10019 First lien senior secured loan 12.00% 12/31/2016 \$26,000 Equity
interests 100.00%\$12,969 CitiPostal Inc.(4) Document storage and First lien senior secured 6.50% (Libor + 4.50%/M) 12/21/2014 \$2,500(13)5
North 11th Street management services revolving loan Brooklyn, NY 11211 First lien senior secured loan 12/21/2014 \$41,500 Senior subordinated
loan 12/21/2015 \$ Common stock 63.13%\$ Cleveland East Equity, LLC Hotel operator Real estate equity interests 50.00%\$3,936 26300
Harvard Road Warrensville Heights, OH 44122 Command Alkon, Inc. Software solutions provider Second lien senior secured 8.75%
(Libor + 7.50%/Q) 3/28/2018 \$10,000 1800 International Park Dr., Suite 400 to the ready-mix concrete loan Birmingham, AL 35243 industry Second lien
senior secured loan 8.75% (Libor + 7.50%/S) 5/26/2019 \$26,500 Commercial Credit Group, Inc. Commercial equipment Senior subordinated
loan 12.75% 5/10/2018 \$28,000 121 West Trade Street, Suite 2100 finance and leasing company Charlotte, NC 28202 Commons
R-3, LLC Real estate developer Real estate equity interests 20.00%\$ 5555 Glenridge Connector, Suite 700 Atlanta, GA
30342 Community Education Centers, Inc. Offender re-entry and First lien senior secured loan 6.25%
(Libor + 5.25%/Q) 12/13/2014 \$13,571 35 Fairfield Place in-prison treatment services First lien senior secured loan 7.50% (Base
Rate + 4.25%/S) 12/13/2014 \$714 West Caldwell, NJ 07006 provider Second lien senior secured loan 15.23% (Libor + 10.00% Cash, 5.00%
PIK/Q) 12/13/2015 \$34,008 Second lien senior secured loan 15.23% (Libor + 10.00% Cash, 5.00%
PIK/Q) 12/13/2015 \$10,250 Warrants 3.84%\$ (2) Warrants 3.32%\$ (2) Competitor Group, Inc. and Calera XVI, LLC Endurance sports media
and First lien senior secured 10.00% (Base Rate + 6.75%/Q) 11/30/2018 \$2,565(14)9401 Waples Street, Suite 150 event operator revolving loan San
Diego, CA 92121 First lien senior secured revolving loan 9.00% (Libor + 7.75%/Q) 11/30/2018 \$810(14) First lien senior secured loan 10.00%
(Libor + 7.75% Cash, 1.00% PIK/Q) 11/30/2018 \$48,650 Membership units 7.85%\$371 Component Hardware Group, Inc. Commercial
equipment First lien senior secured 6.75% (Base Rate + 3.50%/Q) 7/1/2019 \$187(15)1890 Swarthmore Avenue manufacturer revolving loan Lakewood,
NJ 08701 First lien senior secured loan 5.50% (Libor + 4.50%/M) 7/1/2019 \$23,583 Cook Inlet Alternative Risk, LLC Risk management
services Senior subordinated loan 9.00% 9/30/2015 \$1,500 10 British American Blvd. Latham, NY 12110 Coverall North
America, Inc. Commercial janitorial Letter of credit facility 12/22/2014 \$ (16)5201 Congress Ave., Suite 275 services provider Boca Raton, FL
33487 Covestia Capital Partners, LP Investment partnership Limited partnership interest 47.00%\$838 11111 Santa Monica Blvd,
Suite 1620 Los Angeles, CA 90025 Crescent Hotels & Resorts, LLC and Hotel operator Senior subordinated
loan 9/8/2011 \$ affiliates(4) Senior subordinated loan 6/1/2017 \$ 2000 Avenue of the Stars, 12th Floor Common equity interest 90.00%\$ Los Angeles,
CA 90067

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3-31-14	Fair Value
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC(3) 1501 N. Guillemard Street Pensacola, FL 32501	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan First lien senior secured loan Class A preferred units Class B common units	8.25% (Libor + 7.00%/Q)	3/13/2019 3/13/2019		\$ (17) \$ 24,500 11.76% \$ 2,475 11.76% \$ 275
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC(3) 8901 Farrow Rd Columbia, SC 29203	Healthcare analysis services provider	First lien senior secured revolving loan Class A common stock Class C common stock	6.25% (Base Rate + 3.00%/Q)	10/4/2018		\$ 144(18) 5.90% \$ 4,449 20.00% \$ 711
Dialysis Newco, Inc. 424 Church Street, Suite 1900 Nashville, TN 37219	Dialysis provider	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Second lien senior secured loan	5.25% (Libor + 4.25%/Q) 5.25% (Libor + 4.25%/Q) 9.75% (Libor + 8.50%/Q)	8/16/2018 8/16/2020 8/16/2020 2/15/2021		\$ (19) \$ 1,823 \$ 13,676 \$ 58,195
Distant Lands Trading Co. 801 Houser Way North Renton, WA 98055	Coffee manufacturer	Class A common stock Class A-1 common stock			3.32% 7.33%	\$ \$
DNAnexus, Inc. 1975 W. El Camino Real, Suite 101 Mountain View, CA 94040	Bioinformatics company	First lien senior secured loan First lien senior secured loan Warrants	9.25%	2/1/2018 10/1/2017		\$ (20) \$ 5,000 0.80% \$ (2)
Driven Brands, Inc. and Driven Holdings, LLC 128 S. Tryon St., Ste 900 Charlotte, NC 28202	Automotive aftermarket car care franchisor	First lien senior secured loan First lien senior secured loan Preferred stock Common stock	6.00% (Libor + 5.00%/Q) 7.25% (Base Rate + 4.00%/Q)	3/15/2017 3/15/2017		\$ 980 \$ 20 1.96% \$ 2,910 1.96% \$ 1,376
Dynamic India Fund IV, LLC IFS Court, Twenty Eight Cybercity, Ebene, Mauritius	Investment company	Member interest			5.44%	\$ 2,903
Earthcolor Group, LLC 249 Pomeroy Road Parsippany, NJ 07054	Printing management services	Limited liability company interests			9.30%	\$
Eckler Industries, Inc. 5200 S. Washington Ave. Titusville, FL 32780	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan	8.25% (Base Rate + 5.00%/Q)	7/12/2017 7/12/2017		\$ 4,200(21) \$ 296

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		First lien senior secured loan	8.25% (Base Rate + 5.00%/M)		
		First lien senior secured loan	7.25%	7/12/2017	\$ 7,826
		First lien senior secured loan	(Libor + 6.00%/S)		
		First lien senior secured loan	7.25%	7/12/2017	\$ 30,448
		Series A preferred stock			5.41% \$ 1,870
		Common stock			5.41% \$
EcoMotors, Inc.	Engine developer	First lien senior secured loan	10.83%	10/31/2016	\$ 5,000
17000 Federal Drive, Suite 200		First lien senior secured loan	10.83%	6/1/2017	\$ 5,000
Allen Park, MI 48101		First lien senior secured loan	10.13%	7/1/2016	\$ 4,458
		Warrants			2.29% \$ 43(2)
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation(3)	Developer, manufacturer and retailer of educational products	Preferred stock	12.00% PIK		10.57% \$ 10,633
2 Lower Ragsdale Drive Monterey, CA 93940		Common stock			8.47% \$ 1,127
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	First lien senior secured loan	6.75% (Libor + 5.50%/Q)	5/18/2018	\$ 17,773
2020 Front Street, Suite 100 Cuyahoga Falls, OH 44221					
Encompass Digital Media, Inc.	Provider of outsourced network origination and transmission services for media companies	First lien senior secured loan	6.75% (Libor + 5.50%/Q)	8/10/2017	\$ 19,798
3030 Andrita Street Los Angeles, CA 90065					
EUNetworks Group Limited	Broadband bandwidth infrastructure provider	First lien senior secured loan		5/8/2019	\$ (22)
50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623		First lien senior secured loan	7.50% (Libor + 6.50%/Q)	5/8/2019	\$ 21,177
First Insight, Inc.	SaaS company providing merchandising and pricing solutions to companies worldwide	First lien senior secured loan	9.50%	4/3/2017	\$ 3,465
1606 Carmody Court, Suite 106 Sewickley, PA 15143		Warrants			13.17% \$ 7(2)

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Fox Hill Holdings, Inc. 571 Main Street Hudson, MA 01749	Third party claims administrator on behalf of insurance carriers	First lien senior secured loan First lien senior secured loan	6.75% (Libor + 5.75%/Q) 8.00% (Base Rate + 4.75%/Q)	6/15/2018 6/15/2018		\$ 60,519 \$ 7,135
Fulton Holdings Corp. 5950 Fulton Industrial Blvd Atlanta, GA 30336	Airport restaurant operator	First lien senior secured loan First lien senior secured loan Common stock	8.50% 8.50%	5/28/2018 5/28/2018		\$ 43,000 \$ 40,000 2.16% \$ 2,020
Garden Fresh Restaurant Corp. 15822 Bernardo Center Drive, Suite A San Diego, CA 92127	Restaurant owner and operator	First lien senior secured revolving loan First lien senior secured loan		7/3/2018 2/21/2018		\$ (23) \$ 43,367
Genocea Biosciences, Inc. Cambridge Discovery Park, 5th Floor 100 Acorn Park Drive Cambridge, MA 02140	Vaccine discovery technology company	First lien senior secured loan Common stock	8.00%	4/1/2017		\$ 10,000 1.29% \$ 654
Genomatica, Inc. 4757 Nexus Center Drive San Diego, CA 9212	Developer of a biotechnology platform for the production of chemical products	First lien senior secured loan Warrants	9.26%	10/1/2016		\$ 1,470 0.00% \$ 6(2)
Geotrace Technologies, Inc. 1011 Highway 6 South, Suite 220 Houston, TX 77077	Reservoir processing and development	Warrants Warrants			62.97% 50.76%	\$ (2) \$ 638(2)
GHS Interactive Security, LLC and LG Security Holdings, LLC 2081 Arena Blvd., Suite 260 Sacramento, CA 95834	Originates residential security alarm contracts	First lien senior secured loan First lien senior secured loan Class A membership units		5/13/2018 5/13/2018		\$ (24) \$ 3,954 31.20% \$ 432
GI Advo Opco, LLC 2520 Wrangle Hill Rd, Suite 200 Bear, DE 19701	Residential behavioral treatment services provider	First lien senior secured loan First lien senior secured loan	6.00% (Libor + 4.75%/Q) 7.00% (Base Rate + 3.75%/Q)	6/30/2017 6/30/2017		\$ 14,523 \$ 280
Gilchrist & Soames, Inc. 1535 E. Naomi Street PO Box 33806 Indianapolis, IN 46203	Personal care manufacturer	First lien senior secured revolving loan First lien senior secured revolving loan First lien senior secured loan	7.25% (Base Rate + 4.00%/M) 6.25% (Libor + 5.00%/M) 13.44% Cash, 2.00% PIK	12/31/2014 12/31/2014 12/31/2014		\$ 3,650(25) \$ 5,050(25) \$ 21,945
Global Healthcare Exchange, LLC and GHX Ultimate Parent Corp. 1315 W. Century Drive	On-demand supply chain automation solutions provider	First lien senior secured revolving loan First lien senior secured loan Class A common stock		3/11/2020 3/11/2020		\$ (26) \$ 125,000 0.83% \$ 2,475

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Louisville, CO 80027		Class B common stock			0.63%	\$	25
Gordian Acquisition Corp. 950 Third Avenue, 17th Floor New York, NY 10022	Financial services firm	Common stock			5.00%	\$	
Harvey Tool Company, LLC and Harvey Tool Holding, LLC 428 Newburyport Turnpike Rowley, MA 01969-1729	Cutting tool provider to the metalworking industry	First lien senior secured revolving loan	5.75% (Libor + 4.75%/Q)	3/28/2019		\$	198(27)
		First lien senior secured loan	5.75% (Libor + 4.75%/Q)	3/28/2020		\$	25,000
		Class A membership units			1.15%	\$	750
HCI Equity, LLC(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Investment company	Member interest			100.00%	\$	411
HCP Pro, Inc. and HCP Acquisition Holdings, LLC(4) 600 Fifth Avenue, 17th Floor New York, NY 10020	Healthcare compliance advisory services	Senior subordinated loan		8/8/2014		\$	
		Class A units			28.83%	\$	
Hojeij Branded Foods, Inc. 12700 Spine Rd SW Atlanta, GA 30320	Airport restaurant operator	First lien senior secured revolving loan	9.00% (Libor + 8.00%/Q)	2/15/2017		\$	450(28)
		First lien senior secured loan	9.00% (Libor + 8.00%/Q)	2/15/2017		\$	27,500
		Warrants			7.50%		344(2)
		Warrants			7.50%		4,965(2)
ICSH, Inc. 1540 Greenwood Avenue Montebello, CA 90640	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan		8/31/2016		\$	(29)
		First lien senior secured loan		8/31/2016		\$	(30)
		First lien senior secured loan	7.00% (Libor + 6.00%/Q)	8/31/2016		\$	103,708
IfByPhone Inc. 300 W. Adams Street, Suite 900 Chicago, IL 60606	Voice-based marketing automation software provider	First lien senior secured loan	11.00%	11/1/2015		\$	1,333
		First lien senior secured loan	11.00%	1/1/2016		\$	733
		Warrants			0.50%	\$	61(2)

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ILC Industries, LLC 105 Wilbur Place Bohemia, NY 11716	Designer and manufacturer of protective cases and technically advanced lighting systems	First lien senior secured loan	8.00% (Libor + 6.50%/Q)	7/11/2018		\$ 18,582
Imperial Capital Group LLC 2000 Avenue of the Stars, 9th Floor S Los Angeles, CA 90067	Investment services	Class A common units 2006 Class B common units 2007 Class B common units			3.75% 3.75% 3.75%	\$ 15,252 \$ 4
Imperial Capital Private Opportunities, LP 2000 Avenue of the Stars, 9th Floor S Los Angeles, CA 90067	Investment partnership	Limited partnership interest			80.00%	\$ 12,548
Implus Footcare, LLC 2001 TW Alexander Drive P.O. Box 13925 Durham, NC 27709	Provider of footwear and other accessories	Preferred stock Common stock	6.00% PIK		2.58% 2.39%	\$ 5,248 \$ 992
INC Research, Inc. 3201 Beechleaf Court, Suite 600 Raleigh, NC 27604	Pharmaceutical and biotechnology consulting services	Common stock			15.07%	\$ 1,846
Infilaw Holding, LLC 1100 5th Avenue South, Suite 301 Naples, FL 34102	Operator of for-profit law schools	First lien senior secured revolving loan First lien senior secured loan Series A preferred units Series B preferred units		8/25/2016 8/25/2016		\$ (31) \$ 14,291
Insight Pharmaceuticals Corporation(3) 1170 Wheeler Way, Suite 150 Langhorne, PA 19047	OTC drug products manufacturer	Second lien senior secured loan Class A common stock Class B common stock	13.25% (Libor + 11.75%/Q)	8/25/2017		\$ 19,310 12.60% \$ 10,713 12.60% \$ 10,713
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc. Calle Santa Ana 1660 Santurce, Puerto Rico 00909-2309	Private school operator	First lien senior secured loan Series B preferred stock Series C preferred stock Common stock		6/7/2015		\$ 46,770 19.59% \$ 0.80% \$ 0.83% \$
Intermedix Corporation 6451 N. Federal Highway, Suite 1000 Fort Lauderdale, FL 33308	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan	9.25% (Libor + 8.25%/Q)	6/27/2020		\$ 112,000
Investor Group Services, LLC(3) 2020 Front Street, Suite 100 Boston, MA 02116	Business consulting for private equity and corporate clients	Limited liability company membership interest			8.50%	\$ 630
IronPlanet, Inc.	Online auction platform	First lien senior secured revolving loan	8.00%	9/24/2015		\$ 5,000(32)

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3825 Hopyard Road, Suite 250 Pleasanton, CA 94588	provider for used heavy equipment	First lien senior secured loan Warrants	9.25%	7/1/2017	\$ 7,350 7.60% \$ 242(2)
ISS #2, LLC 2875 North Michigan Avenue, Suite 4020 Chicago, IL 60611	Provider of repairs, refurbishments and services to the broader industrial end user markets	First lien senior secured revolving loan First lien senior secured loan	6.50% (Libor + 5.50%/Q)	6/5/2018 6/5/2018 6/5/2018	\$ (33) \$ (34) \$ 59,575
Itel Laboratories, Inc. 6745 Phillips Industrial Boulevard Jacksonville, FL 32256	Data services provider for building materials to property insurance industry	First lien senior secured revolving loan Preferred units		6/29/2018	\$ (35) 1.80% \$ 1,143
Ivy Hill Asset Management, L.P.(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Asset management services	Member interest			100.00% \$ 264,941
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation 18 Crosby Drive Bedford, MA 01730	Renewable fuel and chemical production developer	First lien senior secured loan Warrants	10.00%	2/1/2017	\$ 7,500 2.17% \$ 39(2)

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K2 Pure Solutions Nocal, L.P. 260 Queen Street West, 4th Floor Toronto, ON M5V 1Z8 Canada	Chemical producer	First lien senior secured revolving loan	8.13% (Libor + 7.13%/M)	8/19/2019		\$ 2,211(36)
		First lien senior secured loan	7.00% (Libor + 6.00%/M)	8/19/2019		\$ 79,870
Keynote Systems, Inc. and Hawaii Ultimate Parent Corp., Inc.	Web and mobile cloud performance testing	First lien senior secured revolving loan		2/24/2020		\$ (37)
		First lien senior secured loan	9.50% (Libor + 8.50%/S)	2/24/2020		\$ 183,175
777 Mariners Island Blvd. San Mateo, CA 94404	and monitoring services provider	Class A common stock			2.17%	\$ 3,924
		Class B common stock			2.17%	\$ 40
La Paloma Generating Company, LLC 24 Waterway Avenue, Suite 800 Houston, TX 77380	Natural gas fired, combined cycle	Second lien senior secured loan plant operator	9.25% (Libor + 8.25%/Q)	2/20/2020		\$ 9,750
Lakeland Tours, LLC 218 West Water Street, Suite 400 Charlottesville, VA 22902	Educational travel provider	First lien senior secured revolving loan		12/31/2016		\$ (38)
		First lien senior secured loan	8.50% (Libor + 7.50%/Q)	12/31/2016		\$ 123,351
		First lien senior secured loan	5.25% (Libor + 4.25%/Q)	12/31/2016		\$ 9,623
		Common stock			3.53%	\$ 4,720
LM Acquisition Holdings, LLC 6415 Northwest Drive, Unit 11 Mississauga, ON L4V 1X1 Canada	Developer and manufacturer of medical equipment	Class A units			0.89%	\$ 1,024
Mac Lean-Fogg Company 1000 Allanson Road Mundelein, IL 60060-3890	Manufacturer of intelligent transportation systems products in the traffic and rail industries	Senior subordinated loan	9.50% Cash, 1.50% PIK	10/31/2023		\$ 100,621
Market Track Holdings, LLC 10 S. Wacker Drive, Suite 2550 Chicago, IL 60606	Business media consulting services company	Preferred stock			1.50%	\$ 2,097
		Common stock			1.50%	\$ 2,097
Massage Envy, LLC 14350 N. 87th Street Suites 200, 205 and 230 Scottsdale, AZ 85260	Franchisor in the massage industry	First lien senior secured revolving loan		9/26/2018		\$ (39)
		First lien senior secured loan	8.50% (Libor + 7.25%/Q)	9/26/2018		\$ 77,962
		Common stock			1.66%	\$ 3,595
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of over-the-counter healthcare products	Warrants			4.56%	\$ 334(2)
		Warrants			5.00%	\$ 1,167(2)
8515 E. Anderson Dr. Scottsdale, AZ 85255						
MC Acquisition Holdings I, LLC		Class A units			0.59%	\$ 1,000

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825 East Gate Blvd. Garden City, NY 11530	Healthcare professional provider					
McKenzie Sports Products, LLC	Designer, manufacturer and distributor of taxidermy forms and supplies	First lien senior secured loan	7.00% (Base Rate + 3.75%/M)	3/30/2017	\$	79
1910 Saint Luke's Church Road Salisbury, NC 28146		First lien senior secured loan	5.75% (Libor + 4.75%/Q)	3/30/2017	\$	16,495
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation 5299 DTC Blvd., Suite 510 Greenwood Village, CO 80111	Keg management solutions provider	Second lien senior secured loan Common stock	8.50% (Libor + 7.50%/Q)	12/14/2018	\$	142,500
					3.47%	\$ 7,650
Monte Nido Holdings, LLC 27162 Sea Vista Drive Malibu, CA 90265	Outpatient eating disorder treatment provider	First lien senior secured loan	7.75% (Libor + 6.75%/Q)	12/20/2019	\$	44,750
Moxie Liberty LLC 4100 Spring Valley, Suite 1001 Dallas, TX 75244	Gas turbine power generation facilities operator	First lien senior secured loan		8/21/2020	\$	(40)
Moxie Patiot LLC 4100 Spring Valley, Suite 1001 Dallas, TX 75244	Gas turbine power generation facilities operator	First lien senior secured loan		12/18/2020	\$	(41)
MSC.Software Corporation and Maximus Holdings, LLC 4675 MacArthur Court Newport Beach, CA 92660	Provider of software simulation tools and related services	First lien senior secured loan Warrants	8.50% (Libor + 7.25%/Q)	11/30/2017	\$	43,242
					15.00%	\$ 1,506(2)

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Multi-Ad Services, Inc.(3) 1720 W. Detweiller Drive Peoria, IL 61615	Marketing services and software provider	Preferred units Common units			13.95% 7.48%	\$ 2,178
MVL Group, Inc.(4) 1061 E. Indiantown Road, Suite 300 Jupiter, FL 33477	Marketing research provider	Senior subordinated loan Junior subordinated loan Common stock		7/8/2012 7/8/2012		\$ 2,485 \$ 56.10% \$
MW Dental Holding Corp. 680 Hehli Way PO Box 69 Mondovi, WI 54755	Dental services provider	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan	8.50% (Libor + 7.00%/M)	4/12/2017 4/12/2017 4/12/2017		\$ (42) \$ (43) \$ 1,000
MWDI Holdings, Inc. 101 Godfrey Street P.O. Box 7008 Logansport, IN 46947	Manufacturer of engineered springs, fasteners, and other precision components	First lien senior secured loan	9.38% (Libor + 8.13%/Q)	3/27/2019		\$ 48,274
Napa Management Services Corporation 68 South Service Road, Suite 350 Melville, NY 11747	Anesthesia management services provider	First lien senior secured loan Common units	6.00% (Libor + 5.00%/Q)	2/28/2019		\$ 100,000 8.90% \$ 8,717
National Healing Corporation and National Healing Holding Corp. 5220 Belfort Road, Suite 130 Jacksonville, FL 32256	Wound care service and equipment provider	Second lien senior secured loan Preferred stock	9.25% (Libor + 8.00%/Q)	2/5/2020		\$ 10,200 0.76% \$ 1,462
NComputing, Inc. 3979 Freedom Circle, Suite 600 Santa Clara, CA 95054	Desktop virtualization hardware and software technology service provider	Warrants			2.02%	\$ 45(2)
NetShape Technologies, Inc. 8751 Old State Road 60 Sellersburg, IN 47172	Manufacturer of metal precision engineered components	First lien senior secured revolving loan	7.50% (Libor + 6.50%/Q)	12/31/2014		\$ 784(44)
Netsmart Technologies, Inc. and NS Holdings, Inc. 4950 College Boulevard Overland Park, KS 66211	Healthcare technology provider	First lien senior secured loan First lien senior secured loan First lien senior secured loan Common stock	8.75% (Libor + 7.50%/Q) 8.75% (Libor + 7.50%/Q)	12/18/2017 12/18/2017 12/18/2017		\$ (45) \$ 2,817 \$ 36,027 1.70% \$ 3,715
New Trident Holdcorp, Inc. 505 Hamilton Ave, Suite 200 Palo Alto, CA 94301	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan	10.25% (Libor + 9.00%/Q)	7/31/2020		\$ 80,000

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NPH, Inc. 13175 Gregg Street Poway, CA 92064	Hotel property	Real estate equity interests			100.00% \$ 5,577
Oak Parent, Inc. 425 Park 20 W Grovetown, GA 30813	Manufacturer of athletic apparel	First lien senior secured loan	7.50% (Libor + 7.00%/Q)	4/1/2018	\$ 39,792
		First lien senior secured loan	9.25% (Base Rate + 6.00%/Q)	4/1/2018	\$ 104
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	Provider of technology-enabled solutions to pharmacies	First lien senior secured revolving loan		11/21/2018	\$ (46)
		First lien senior secured loan	8.50% (Libor + 7.50%/Q)	11/21/2018	\$ 20,869
15950 Dallas Parkway Suite 350 Dallas, TX 75248		Limited liability company membership interest			1.57% \$ 1,031

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Orion Foods, LLC (fka Hot Stuff Foods, LLC)(4) 2930 W. Maple Street Sioux Falls, SD 57118	Convenience food service retailer	First lien senior secured revolving loan	10.75% (Base Rate + 7.50%/M)	9/30/2014		\$ 400(47)
		First lien senior secured loan	10.00% (Libor + 8.50%/Q)	9/30/2014		\$ 32,698
		Second lien senior secured loan	14.00%	9/30/2014		\$ 4,147
		Preferred units			93.53%	\$
		Class A common units			100.00%	\$
		Class B common units			25.00%	\$
OTG Management, LLC 352 Park Avenue South New York, NY 10010	Airport restaurant operator	First lien senior secured revolving loan		12/11/2017		\$ (48)
		First lien senior secured loan		12/11/2017		\$ (49)
		First lien senior secured loan	8.75% (Libor + 7.25%/Q)	12/11/2017		\$ 6,250
		First lien senior secured loan	8.75% (Libor + 7.25%/Q)	12/11/2017		\$ 25,000
		First lien senior secured loan	8.75% (Libor + 7.25%/Q)	12/11/2017		\$ 11,325
		Common units		12/11/2017	4.44%	\$ 2,120
		Warrants		12/11/2017	7.73%	\$ 4,229(2)
Panda Sherman Power, LLC 4100 Spring Valley Road, Suite 1001 Dallas, TX 75244	Gas turbine power generation facilities operator	First lien senior secured loan	9.00% (Libor + 7.50%/Q)	9/14/2018		\$ 32,500
Panda Temple Power II, LLC 4100 Spring Valley Road, Suite 1001 Dallas, TX 75244	Gas turbine power generation facilities operator	First lien senior secured loan	7.25% (Libor + 6.00%/Q)	4/3/2019		\$ 20,000
Panda Temple Power, LLC 4100 Spring Valley Road, Suite 1001 Dallas, TX 75244	Gas turbine power generation facilities operator	First lien senior secured loan	11.50% (Libor + 10.00%/Q)	7/17/2018		\$ 60,000
Paper Source, Inc. and Pine Holdings, Inc. 410 N. Milwaukee Chicago, IL 60654	Retailer of fine and artisanal stationary	First lien senior secured revolving loan		9/23/2018		\$ (50)
		First lien senior secured loan	7.25% (Libor + 6.25%/Q)	9/23/2018		\$ 18,905
		Class A common stock			3.64%	\$ 7,205
Partnership Capital Growth Fund I, L.P. One Embarcadero, Suite 3810 San Francisco, CA 94111	Investment partnership	Limited partnership interest			25.00%	\$ 3,631
Partnership Capital Growth Investors III, L.P. One Embarcadero, Suite 3810	Investment partnership	Limited partnership interest			2.50%	\$ 1,999

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San Francisco, CA 94111

Pelican Products, Inc. 23215 Early Avenue Torrance, CA 90505	Flashlights manufacturer	First lien senior secured loan Second lien senior secured loan	7.25% (Base Rate + 4.00%/Q) 12.25% (Base Rate + 9.00%/Q)	7/11/2018 6/14/2019	\$ 2,311 \$ 32,640
PerfectServe, Inc. 1225 East Weisgarber Road, Suite 300 Knoxville, TN 37909	Communications software platform provider for hospitals and physician practices	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Warrants	10.00%	6/26/2015 10/15/2017 4/1/2017	\$ (51) \$ (52) \$ 3,500 2.70% \$ 70(2)
Performance Food Group, Inc. and Wellspring Distribution Corp 12650 East Arapahoe Road Centennial, CO 80112	Food service distributor	Second lien senior secured loan Class A non-voting common stock	6.25% (Libor + 5.25%/Q)	11/14/2019	\$ 39,675 0.77% \$ 6,621
PG Mergersub, Inc. and PGA Holdings, Inc. 245 Park Avenue, 41st Floor New York, NY 10167	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Second lien senior secured loan Preferred stock Common stock	8.25% (Libor + 7.00%/M)	10/20/2018	\$ 23,684 0.13% \$ 18 0.13% \$ 892
PG-ACP Co-Invest, LLC 9800 De Soto Avenue Chatsworth, CA 91311	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units			99.99% \$ 1,570
Physiotherapy Associates Holdings, Inc. 855 Springdale Drive, Suite 200 Exton, PA 19341	Outpatient rehabilitation physical therapy provider	Class A common stock			8.00% \$ 3,090
PIH Corporation 3660 Cedarcrest Road Acworth, GA 30101	Franchisor of education- based early childhood centers	First lien senior secured revolving loan First lien senior secured loan	7.25% (Libor + 6.25%/M) 7.25% (Libor + 6.25%/M)	6/15/2016 6/15/2016	\$ 621(53) \$ 38,837

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Pillar Processing LLC, PHL Investors, Inc., and PHL Holding Co.(3) 220 Northpointe Parkway, Suite G Buffalo, NY 14228	Mortgage services	First lien senior secured loan First lien senior secured loan Class A common stock		11/20/2018 5/20/2019		\$ 2,145 \$ 100.00% \$
Piper Jaffray Merchant Banking Fund I, L.P. 800 Nicollet Mall, Suite 800 Minneapolis, MN 55402	Investment partnership	Limited partnership interest			2.00%	\$ 767
Platform Acquisition, Inc. 330 Primrose Road, Suite 300 Burlingame, CA 94010	Data center and managed cloud services provider	Common stock			1.65%	\$ 7,919
PMI Holdings, Inc. 8000 NE Parkway Dr. #350 Vancouver, WA 98662	Restaurant owner and operator	Preferred stock Common stock			1.02% 0.75%	\$ 624 \$ 870
PODS Funding Corp. II 5585 Rio Vista Drive Clearwater, FL 33760	Storage and warehousing	First lien senior secured loan First lien senior secured loan	8.25% (Base Rate + 5.00%/Q) 7.00% (Libor + 6.00%/Q)	12/19/2018 12/19/2018		\$ 4,103 \$ 35,763
POS I Corp. (fka Vantage Oncology, Inc.) 1500 Rosecrans Ave, Suite 400 Manhattan Beach, CA 90266	Radiation oncology care provider	Common stock			5.67%	\$ 1,043
Powersport Auctioneer Holdings, LLC 13175 Gregg Street Poway, CA 92064	Powersport vehicle auction operator	Common units			2.38%	\$ 955
Pregis Corporation, Pregis Intellipack Corp., and Pregis Innovative Packaging Inc. 1650 Lake Cook Rd., Suite 400 Deerfield, IL 60015	Provider of highly-customized, tailored protective packaging solutions	First lien senior secured loan First lien senior secured loan	7.75% (Libor + 6.25%/M) 8.50% (Base Rate + 5.25%/Q)	3/23/2017 3/23/2017		\$ 970 \$ 5
Protective Industries, Inc. dba Caplugs 2150 Elmwood Avenue Buffalo, NY 14207	Plastic protection products manufacturer	First lien senior secured loan Preferred stock	6.75% (Libor + 5.75%/M)	10/7/2019		\$ 995 2.50% \$ 5,601
PSSI Holdings, LLC 1010 E Washington, Suite 202 Mt. Pleasant, IA 52641	Provider of mission-critical outsourced cleaning and sanitation services to the food processing industry	First lien senior secured loan	6.00% (Libor + 5.00%/S)	6/13/2018		\$ 956
Quantance, Inc.			10.25%	9/1/2016		\$ 3,500

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2800 Campus Drive, Suite 100 San Mateo, CA 94403	Designer of semiconductor products to the mobile wireless market	First lien senior secured loan Warrants		1.93% \$	74(2)
R2 Acquisition Corp. 207 NW Park Ave Portland, OR 97209	Marketing services	Common stock		0.33% \$	177
R3 Education, Inc. and EIC Acquisitions Corp. 1750 W. Broadway St. #222 Oviedo, FL 32765	Medical school operator	Preferred stock Common membership interest Warrants		15.66% \$	1,936
				22.19% \$	29,307
				10.00% \$	(2)
Rainstor, Inc. 321 Pacifica Ave., 3rd Floor San Francisco, CA 94111	Database solutions provider	First lien senior secured revolving loan First lien senior secured loan Warrants	2/28/2015 11.25% 4/1/2016	\$	(54)
				1.48% \$	70(2)
RCHP, Inc. 103 Continental Place, Suite 200 Brentwood, TN 37027	Operator of general acute care hospitals	First lien senior secured loan Second lien senior secured loan	7.00% (Libor + 5.75%/Q) 11.50% (Libor + 10.00%/Q)	11/4/2018 5/4/2019	\$ 75,215 \$ 85,850
RE Community Holdings II, Inc. and Pegasus Community Energy, LLC. 809 West Hill Street Charlotte, NC 28208	Operator of municipal recycling facilities	Preferred stock		21.43% \$	
Reed Group, Ltd. 10155 Westmoor Drive, Suite 210 Westminster, CO 80021	Medical disability management services provider	Equity interests		4.00% \$	

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3-31-14	Fair Value
Respicardia, Inc. 12400 Whitewater Drive, Suite 150 Minnetonka, MN 55343	Developer of implantable therapies to improve cardiovascular health	First lien senior secured loan Warrants	11.00%	7/1/2015		\$ 3,200
Restaurant Holding Company, LLC Carretera 165 Km 6.2 Zona Industrial Cataño Cataño, Puerto Rico 00962	Fast food restaurant operator	First lien senior secured loan	8.75% (Libor + 7.75%/M)	2/17/2019		\$ 37,500
RuffaloCODY, LLC 65 Kirkwood North Rd SW Cedar Rapids, IA 52404	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan		5/29/2019		\$ (55)
		First lien senior secured loan		5/29/2019		\$ (56)
		First lien senior secured loan	5.50% (Libor + 4.25%/Q)	5/29/2019		\$ 24,933
		First lien senior secured loan	5.50% (Libor + 4.25%/Q)	5/29/2019		\$ 634
		First lien senior secured loan	6.50% (Base Rate + 3.25%/Q)	5/29/2019		\$ 1,453
S.B. Restaurant Company 14241 Firestone Blvd, Suite 315 La Mirada, CA 90638	Restaurant owner and operator	Preferred stock Warrants			2.15% 2.50%	\$ \$ (2)
Sage Products Holdings III, LLC 3909 Three Oaks Road Cary, IL 60013	Patient infection control and preventive care solutions provider	Second lien senior secured loan	9.25% (Libor + 8.00%/Q)	6/13/2020		\$ 75,000
Saw Mill PCG Partners LLC 8751 Old State Road 60 Sellersburg, IN 47172	Manufacturer of metal precision engineered components	Common units			66.67%	\$
Senior Secured Loan Fund LLC(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Co-investment vehicle	Subordinated certificates Membership interest	8.23% (Libor + 8.00%/Q)	12/20/2024		\$1,841,987
					87.50%	\$
Service King Paint & Body, LLC 808 S. Central Expressway Richardson, TX 75080	Collision repair site operators	First lien senior secured revolving loan		8/20/2017		\$ (57)
		First lien senior secured loan		8/20/2017		\$ (58)
		First lien senior secured loan	4.00% (Libor + 3.00%/Q)	8/20/2017		\$ 13,968
		First lien senior secured loan	6.00% (Libor + 5.00%/Q)	8/20/2017		\$ 119,033
		First lien senior secured loan	6.00% (Libor + 5.00%/Q)	8/20/2017		\$ 10,000
		First lien senior secured loan	4.00% (Libor + 3.00%/Q)	8/20/2017		\$ 9,593
		Membership interest			76.92%	\$ 7,140
Ship Investor & Cy S.C.A. 55 Mansell Street London E1 8AN United Kingdom	Payment processing company	Common stock			1.00%	\$ 2,774

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Shock Doctor, Inc. and BRP Hold 14, LLC 110 Cheshire Lane, Suite 120 Minnetonka, MN 55305	Developer, marketer and distributor of sports protection equipment and accessories.	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Class A preferred units	10.00% (Base Rate + 6.75%/Q) 10.00% (Base Rate + 6.75%/Q) 10.00% (Base Rate + 6.75%/Q)	3/14/2020 3/14/2020 3/14/2020	\$ 2,073(59) \$ 7,871 \$ 80,000 3.94% \$ 5,000
Sorbent Therapeutics, Inc. 710 Lakeway Drive, Suite 290 Sunnyvale, CA 94085	Orally-administered drug developer	First lien senior secured loan Warrants	10.25%	9/1/2016	\$ 6,370 6.12% \$ 25(2)
Spin HoldCo Inc. 303 Sunnyside Blvd., Suite 70 Plainview, NY 11803	Laundry service and equipment provider	Second lien senior secured loan	8.00% (Libor + 7.00%/Q)	5/14/2020	\$ 140,000
SSH Environmental Industries, Inc. and SSH Non-Destructive Testing, Inc. 875 N. Michigan Ave., Suite 4020 Chicago, IL 60611	Manufacturer of magnetic sensors and supporting sensor products	First lien senior secured loan	9.00% (Libor + 7.50%/Q)	12/16/2016	\$ 10,568
Startec Equity, LLC(4) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	Communication services	Member interest			100.00% \$ 191
Summit Business Media Parent Holding Company LLC 375 Park Avenue New York, NY 10152-0002	Business media consulting services	Limited liability company membership interest			45.98% \$ 1,620
Sunrun Solar Owner Holdco X, LLC 595 Market Street, 29th Floor San Francisco, CA 94105	Residential solar energy provider	First lien senior secured loan	9.50% (Libor + 8.25%/Q)	6/30/2019	\$ 59,423

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3-31-14	Fair Value	(60)
Sunrun Solar Owner Holdco XIII, LLC	Residential solar energy provider	First lien senior secured loan		12/31/2019		\$	(60)
595 Market Street, 29th Floor San Francisco, CA 94105		First lien senior secured loan	9.50% (Libor + 8.25%/Q)	12/31/2019		\$	28,656
SurgiQuest, Inc.	Medical device company	First lien senior secured revolving loan	8.50%	9/28/2014		\$	2,200(61)
333 Quarry Road Milford, CT 06460		First lien senior secured loan	10.00%	10/1/2017		\$	5,726
		First lien senior secured loan	10.69%	10/1/2017		\$	2,000
		Warrants			5.21%	\$	(2)
The Dwyer Group(3)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan	11.75%	6/29/2018		\$	39,900
7 Times Square, Suite 4307 New York, NY 10036		Series A preferred units	8.00% PIK		18.26%	\$	14,576
The Step2 Company, LLC	Toy manufacturer	Second lien senior secured loan	10.00%	4/13/2015		\$	25,600
10010 Aurora-Hudson Road Streetsboro, OH 44241		Second lien senior secured loan	10.00%	4/13/2015		\$	4,500
		Second lien senior secured loan		4/13/2015		\$	14,238
		Common units			1.77%	\$	
		Warrants			5.00%	\$	(2)
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	First lien senior secured loan	9.00% (Libor + 7.50%/Q)	3/16/2017		\$	29,820
4151 Lafayette Center Drive, No. 100 Chantilly, VA 20151		Preferred stock			1.77%	\$	2,918
		Common stock			3.64%	\$	7
The Thymes, LLC(4)	Cosmetic products manufacturer	Preferred units	8.00% PIK		67.50%	\$	3,519
629 9th Street SE Minneapolis, MN 55414		Common units			67.50%	\$	7,855
Things Remembered Inc. and TRM Holdings Corporation	Personalized gifts retailer	First lien senior secured revolving loan		5/24/2017		\$	(62)
5500 Avion Park Drive Highland Heights, OH 44143		First lien senior secured loan	8.00% (Libor + 6.50%/Q)	5/24/2018			14,775
TOA Technologies, Inc.	Cloud based, mobile workforce management applications provider	First lien senior secured revolving loan		10/31/2014		\$	(63)
3333 Richmond Road, Suite 420 Beachwood, OH 44122		First lien senior secured loan	10.25%	11/1/2016		\$	12,242
		Warrants			3.91%		1,189(2)
TPTM Merger Corp.	Manufacturer of time temperature indicator	First lien senior secured revolving loan		9/12/2018		\$	(64)
116 American Road							

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Morris Plains, NJ 07950	products	First lien senior secured loan		9/12/2018	\$	(65)
		First lien senior secured loan	6.25% (Libor + 5.25%/Q)	9/12/2018	\$	25,870
Tripwire, Inc.	IT security software	First lien senior secured revolving loan		5/23/2018	\$	(66)
101 SW Main St., Suite 1500 Portland, OR 97204	provider	First lien senior secured loan	7.00% (Libor + 5.75%/Q)	5/23/2018	\$	144,800
		Class B common stock			2.95% \$	84
		Class A common stock			2.95% \$	8,348
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	First lien senior secured loan	7.25% (Base Rate + 4.00%/Q)	12/31/2019	\$	29,925
2411 Fountain View Dr., Suite 200 Houston, TX 77057						
UL Holding Co., LLC and Universal Lubricants, LLC(3)	Petroleum product manufacturer	Second lien senior secured loan		12/31/2014	\$	34,957
2824 N Ohio Wichita, KS 67201		Second lien senior secured loan		12/31/2014	\$	3,683
		Second lien senior secured loan		12/31/2014	\$	3,657
		Class A common units			2.68% \$	
		Class B-5 common units			59.92% \$	
		Class B-4 common units			100.00% \$	
		Class C common units			8.60% \$	
United Road Towing, Inc.	Towing company	Warrants			3.00% \$	(2)
9550 Bornet Drive, Suite 301 Mokena, IL 60448						
Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units			6.75% \$	4,597
13432 Wards Rd Lynchburg, VA 24501						

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Company	Business Description	Investment	Interest(1)	Maturity Date	% of Class Held at 3-31-14	Fair Value
Venturehouse-Cibernet Investors, LLC 509 Seventh Street, N.W. Washington, DC 20004	Financial settlement services for intercarrier wireless roaming	Equity interest			3.31%	\$
VSC Investors LLC 401 Vance Street Los Angeles, CA 90272	Investment company	Membership interest			1.95%	\$ 1,267
VSS-Tranzact Holdings, LLC(3) 350 Park Avenue New York, NY 10022	Management consulting services	Common membership interest			5.98%	\$ 8,677
Wash Multifamily Laundry Systems, LLC 3690 Redondo Beach Ave. Redondo Beach, CA 90278	Laundry service and equipment provider	Second lien senior secured loan	7.75% (Libor + 6.75%/S)	2/21/2020		\$ 78,000
Waste Pro USA, Inc 2101 West State Road 434, Suite 315 Longwood, FL 32779	Waste management services	Preferred Class A common equity			2.47%	\$ 28,818
Wilcon Holdings LLC 624 South Grand Ave., Suite 1200 Los Angeles, CA 90017	Communications infrastructure provider	Class A common stock			4.72%	\$ 1,561
Woodstream Corporation 69 N. Locust Street Lititz, PA 17543-1714	Pet products manufacturer	First lien senior secured loan Senior subordinated loan Common stock	6.00% (Libor + 5.00%/Q) 11.50%	8/31/2016 2/28/2017		\$ 8,313 \$ 80,000 2.17% \$ 2,881
Wyle Laboratories, Inc. and Wyle Holdings, Inc. 1960 E. Grand Ave., Suite 900 El Segundo, CA 90245	Provider of specialized engineering, scientific and technical services	Senior preferred stock Common stock	8.00% PIK		0.77% 0.66%	\$ 112 \$ 1,961
X Plus Two Solutions, Inc. and X Plus One Solutions, Inc. 315 Park Avenue South, 12th Floor New York, NY 10010	Provider of open and integrated software for digital marketing optimization	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan Warrants Warrants	8.50% 10.00% 10.00%	9/1/2014 3/1/2017 10/1/2017		\$ 8,600(67) \$ 6,788(68) \$ 1,820 6.10% \$ 180(2) 10.50% \$ 306(2)
Young Innovations, Inc. 13705 Shoreline Court East Earth City, MO 63045	Dental supplies and equipment manufacturer	First lien senior secured revolving loan First lien senior secured loan First lien senior secured loan	5.75% (Libor + 4.50%/Q) 6.75% (Base Rate + 3.50%/Q)	1/30/2018 1/30/2019 1/30/2019		\$ (69) \$ 22,403 \$ 20

-
- (1) All interest is payable in cash unless otherwise indicated. 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 resets daily (D), monthly (M), bimonthly (B), quarterly (Q) or semiannually (S). For each such loan, we have provided the current interest rate in effect as of September 30, 2012.
- (2) Percentages shown for warrants or convertible preferred stock held represents the percentages of common stock we may own on a fully diluted basis, assuming we exercise our warrants or convert our preferred stock to common stock.
- (3) As defined in the Investment Company Act, we are an "Affiliate" of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities.
- (4) As defined in the Investment Company Act, we are an "Affiliate" of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). In addition, as defined in the Investment Company Act, we "Control" this portfolio company because we own more than 25% of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement).
- (5) \$0 of total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (6) \$4,000 of total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (7) \$250 of total commitment of \$4,000 remains unfunded as of March 31, 2014.
- (8) Total commitment of \$3,231 remains unfunded as of March 31, 2014.
- (9) Total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (10) Total commitment of \$10,000 remains unfunded as of March 31, 2014.
- (11) Total commitment of \$10,000 remains unfunded as of March 31, 2014.
- (12) \$0 of total commitment of \$20,000 remains unfunded as of March 31, 2014.
- (13) \$2,200 of total commitment of \$4,700 remains unfunded as of March 31, 2014.
- (14) Total commitment of \$3,750 remains unfunded as of March 31, 2014.
- (15) \$3,547 of total commitment of \$3,734 remains unfunded as of March 31, 2014.
- (16) Total commitment of \$5,284 remains unfunded as of March 31, 2014.
- (17) \$4,272 of total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (18) \$4,356 of total commitment of \$4,500 remains unfunded as of March 31, 2014.

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- (19) Total commitment of \$5,716 remains unfunded as of March 31, 2014.
- (20) Total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (21) \$3,300 of total commitment of \$7,500 remains unfunded as of March 31, 2014.
- (22) Total commitment of \$20,613 remains unfunded as of March 31, 2014.
- (23) \$2,510 of total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (24) Total commitment of \$17,238 remains unfunded as of March 31, 2014.
- (25) \$1,300 of total commitment of \$10,000 remains unfunded as of March 31, 2014.
- (26) Total commitment of \$15,625 remains unfunded as of March 31, 2014.
- (27) \$2,302 of total commitment of \$2,500 remains unfunded as of March 31, 2014.
- (28) \$1,909 of total commitment of \$2,500 remains unfunded as of March 31, 2014.
- (29) \$7,341 of total commitment of \$10,000 remains unfunded as of March 31, 2014.
- (30) Total commitment of \$23,750 remains unfunded as of March 31, 2014.
- (31) \$15,330 of total commitment of \$25,000 remains unfunded as of March 31, 2014.
- (32) \$0 of total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (33) Total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (34) Total commitment of \$10,000 remains unfunded as of March 31, 2014.
- (35) Total commitment of \$2,500 remains unfunded as of March 31, 2014.
- (36) \$2,744 of total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (37) Total commitment of \$10,000 remains unfunded as of March 31, 2014.
- (38) \$21,236 of total commitment of \$22,500 remains unfunded as of March 31, 2014.
- (39) Total commitment of \$5,000 remains unfunded as of March 31, 2014.
- (40) Total commitment of \$100,000 remains unfunded as of March 31, 2014.
- (41)

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Total commitment of \$100,000 remains unfunded as of March 31, 2014.

(42)

Total commitment of \$10,000 remains unfunded as of March 31, 2014.

(43)

Total commitment of \$29,000 remains unfunded as of March 31, 2014.

(44)

\$188 of total commitment of \$972 remains unfunded as of March 31, 2014.

(45)

Total commitment of \$2,905 remains unfunded as of March 31, 2014.

(46)

Total commitment of \$2,500 remains unfunded as of March 31, 2014.

(47)

\$9,600 of total commitment of \$10,000 remains unfunded as of March 31, 2014.

(48)

Total commitment of \$2,500 remains unfunded as of March 31, 2014.

(49)

Total commitment of \$32,425 remains unfunded as of March 31, 2014.

(50)

Total commitment of \$2,500 remains unfunded as of March 31, 2014.

(51)

Total commitment of \$2,500 remains unfunded as of March 31, 2014.

(52)

Total commitment of \$2,500 remains unfunded as of March 31, 2014.

(53)

\$2,692 of total commitment of \$3,314 remains unfunded as of March 31, 2014.

(54)

Total commitment of \$1,000 remains unfunded as of March 31, 2014.

(55)

Total commitment of \$7,683 remains unfunded as of March 31, 2014.

(56)

Total commitment of \$10,596 remains unfunded as of March 31, 2014.

(57)

Total commitment of \$10,000 remains unfunded as of March 31, 2014.

(58)

Total commitment of \$5,988 remains unfunded as of March 31, 2014.

(59)

\$12,927 of total commitment of \$15,000 remains unfunded as of March 31, 2014.

(60)

Total commitment of \$11,344 remains unfunded as of March 31, 2014.

(61)

\$33 of total commitment of \$2,233 remains unfunded as of March 31, 2014.

(62)

Total commitment of \$5,000 remains unfunded as of March 31, 2014.

(63)

\$2,340 of total commitment of \$4,000 remains unfunded as of March 31, 2014.

(64)

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Total commitment of \$5,000 remains unfunded as of March 31, 2014.

(65)

Total commitment of \$7,500 remains unfunded as of March 31, 2014.

(66)

Total commitment of \$10,000 remains unfunded as of March 31, 2014.

(67)

\$6,400 of total commitment of \$15,000 remains unfunded as of March 31, 2014.

(68)

\$327 of total commitment of \$6,788 remains unfunded as of March 31, 2014.

(69)

Total commitment of \$2,857 remains unfunded as of March 31, 2014.

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Set forth below is a brief description of each portfolio company in which we have made an investment that represents greater than 5% of our total assets as of March 31, 2014.

Senior Secured Loan Fund LLC

The Senior Secured Loan Fund LLC, or SSLP, was formed in December 2007. We and GE co-invest through the SSLP in first lien senior secured loans of middle-market companies and, as of March 31, 2014, the SSLP had available capital of \$11.0 billion of which approximately \$8.8 billion in aggregate principal amount was funded. As of March 31, 2014, we had agreed to make available to the SSLP approximately \$2.3 billion, of which approximately \$1.8 billion was funded. The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required). The SSLP consists of a diverse portfolio of first lien senior secured loans to 46 different borrowers as of March 31, 2014 and the portfolio companies in the SSLP are in industries similar to the companies in Ares Capital's portfolio. For more information on the SSLP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity Senior Secured Loan Program."

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Our business and affairs are managed under the direction of our board of directors. The responsibilities of the board of directors include, among other things, the quarterly valuation of our investments. The size of our board of directors is set at nine members and currently consists of four directors who are "interested persons" of Ares Capital as defined in Section 2(a)(19) of the Investment Company Act and five directors who are not such "interested persons." We refer to the directors who are non-interested persons as our "independent directors." We refer to our directors who are "interested persons" as our "interested directors." Our board of directors elects our officers, who serve at the discretion of the board of directors. The board of directors maintains an audit committee and nominating and governance committee, and may establish additional committees from time to time as necessary.

Under our charter and bylaws, our directors are divided into three classes. Directors are elected for staggered terms of three years each, with the term of office of only one of these three classes of directors expiring each year. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualifies.

BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN OTHER OFFICERS

Name, Address and Age(1)	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
Independent Directors					
Steve Bartlett, 66	Director	Class II Director since 2012 (term expires in 2015)	Since 2012, Mr. Bartlett has been providing strategic independent consulting services to several U.S. corporations. From 1999 to 2012, Mr. Bartlett served as President and Chief Executive Officer of the Financial Services Roundtable.	One(2)	Centene Corporation
Ann Torre Bates, 56	Director	Class I Director since 2010 (term expires in 2017)	Ms. Bates currently dedicates her time serving on boards of directors of several companies in the financial sector. From 1997 to 2012, Ms. Bates was a strategic and financial consultant, principally with respect to corporate finance matters.	One(2)	United Natural Foods, Inc., SLM Corporation (Sallie Mae), 17 investment companies in the Franklin Templeton Group of Mutual Funds and Allied Capital Corporation
Steven B. McKeever, 53	Director	Class I Director since 2012 (term expires in 2017)	Since 1997, Mr. McKeever has been CEO of Hidden Beach Recordings, an independent record label based in Los Angeles, California.	One(2)	
Frank E. O'Bryan, 80	Director	Class III Director since 2005 (term expires in 2016)	Since 2004, Mr. O'Bryan has been retired.	One(2)	The First American Financial Corp.
Eric B. Siegel, 56	Director	Class III Director since 2004 (term expires in 2016)	Since 1995, Mr. Siegel has been an independent business consultant providing advice through a limited liability company owned by Mr. Siegel, principally with respect to acquisition strategy and structuring, and the subsequent management of	One(2)	El Paso Electric Company

acquired entities.

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Name, Address and Age(1)	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
<i>Interested Directors</i>					
Michael J. Arougheti, 41(3)	Director and Chief Executive Officer	Class I Director since February 2009 (term expires in 2017); Chief Executive Officer since May 2013 (indefinite term)	Since May 2013, Mr. Arougheti has served as Chief Executive Officer of the Company and since February 2009, he has served as a director of the Company. Mr. Arougheti previously served as President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder of Ares and currently serves as President of Ares, Co-Head and a Senior Partner of the Ares Direct Lending Group and a member of the Ares Board of Directors and Management Committee. In addition, Mr. Arougheti serves as a member of the Investment Committees of Ares Capital Management, the Ares Direct Lending Group, Ares Management Limited and Ares Commercial Real Estate Management LLC, the manager of Ares Commercial Real Estate Corporation.	One(2)	Ares Commercial Real Estate Corporation, Planet Organic Health Corp.
Antony P. Ressler, 53(4)	Director	Class III Director since 2010 (term expires in 2016)	Mr. Ressler is a Co-Founder of Ares and currently serves as Chief Executive Officer of Ares and Chairman of the Ares Board of Directors and Management Committee. Mr. Ressler has been a Senior Partner of the Ares Private Equity Group since 1997 and is a member of the Investment Committees of the funds managed by the Ares Private Equity Group and certain funds managed by the Ares Tradable Credit Group.	One(2)	WCA Waste Corporation
Robert L. Rosen, 67(5)	Director	Class II Director since 2004 (term expires in 2015)	Since August 2005, Mr. Rosen has served as managing partner of RLR Capital Partners, which invests principally in the securities of publicly traded North American companies. From 1987 to the present, Mr. Rosen has been CEO of RLR Partners, LLC, a private investment firm with interests in financial services, healthcare, media and multi-industry companies. Mr. Rosen is also an Operating Advisor to Ares Management.	One(2)	Ares Commercial Real Estate Corporation, Sapient Corporation
Bennett Rosenthal, 50(6)	Chairman and Director	Class II Director since 2004 (term expires in 2015)	Since 2004, Mr. Rosenthal has served as Chairman of the Board. Mr. Rosenthal is a Co-Founder of Ares and currently serves as a Senior Partner of Ares, Co-Head and a Senior Partner of the Ares Private Equity Group and a member of the Ares Board of Directors and Management Committee. Mr. Rosenthal is also a member of the Investment Committees of Ares Capital Management and the funds managed by the Ares Private Equity Group and certain funds in the Direct Lending Group.	One(2)	Nortek, Inc., Hanger, Inc., Maidenform Brands, Inc.
<i>Executive Officers and Certain Other Officers Who Are Not Directors</i>					
Joshua M. Bloomstein, 40	General Counsel, Vice President and Secretary	General Counsel since January 2010; Secretary since December 2010; Vice President since November 2006 (indefinite terms)	Since January 2010, Mr. Bloomstein has served as General Counsel of the Company, since December 2010, Mr. Bloomstein has served as Secretary of the Company and since November 2006, Mr. Bloomstein has served as Vice President of the Company. He joined Ares in November 2006 and currently serves as the Deputy General Counsel of Ares Management.		

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Name, Address and Age(1)	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
R. Kipp deVeer, 41	President	Since May 2013 (indefinite term)	Since May 2013, Mr. deVeer has served as President of the Company. Mr. deVeer has served as an officer of Ares Capital Management since 2004. Mr. deVeer joined Ares in May 2004 and currently serves as a Senior Partner in and Co-Head of the Ares Direct Lending Group and member of the Management Committee of Ares. Mr. deVeer is a member of the Investment Committees of Ares Capital Management, the Ares Direct Lending Group and Ares Management Limited and one of the two investment committees of Ivy Hill Asset Management. Mr. deVeer is also a director of Ares Management Limited.		
Mitchell Goldstein, 47	Executive Vice President	Since May 2013 (indefinite term)	Since May 2013, Mr. deVeer has served as President of the Company. Mr. deVeer has served as an officer of Ares Capital Management since 2004. Mr. deVeer joined Ares in May 2004 and currently serves as a Senior Partner in and Co-Head of the Ares Direct Lending Group and member of the Management Committee of Ares. Mr. deVeer is a member of the Investment Committees of Ares Capital Management, the Ares Direct Lending Group and Ares Management Limited and one of the two investment committees of Ivy Hill Asset Management. Mr. deVeer is also a director of Ares Management Limited. Since May 2013, Mr. Goldstein has served as an Executive Vice President of the Company. Mr. Goldstein has served as an officer of Ares Capital Management since 2005. Mr. Goldstein joined Ares in May 2005 and currently serves as a Senior Partner in the Ares Direct Lending Group. Mr. Goldstein is a member of the Investment Committees of Ares Capital Management and the Ares Direct Lending Group and both investment committees of Ivy Hill Asset Management.		
Miriam Krieger, 38	Chief Compliance Officer	Since July 2011 (indefinite term)	Since July 2011, Ms. Krieger has served as Chief Compliance Officer of the Company, and currently serves as Ares Management's Deputy Chief Compliance Officer Direct Lending. From March 2008 until April 2010, Ms. Krieger was Chief Compliance Officer and Corporate Secretary of Allied Capital Corporation, where she served as Executive Vice President from August 2008 until April 2010 and as Senior Vice President from March 2008 to August 2008.		
Scott C. Lem, 36	Chief Accounting Officer, Vice President and Treasurer	Chief Accounting Officer since December 2013; Vice President and Treasurer since May 2013 (indefinite terms)	Since December 2013, Mr. Lem has served as Chief Accounting Officer of the Company and since May 2013, Mr. Lem has served as Vice President and Treasurer of the Company. Mr. Lem previously served as Assistant Treasurer of the Company from May 2009 to May 2013. Mr. Lem has also served as Chief Accounting Officer of Ares Capital Management since January 2009. From July 2003 to December 2008, Mr. Lem served as Controller of Ares Management.		

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Name, Address and Age(1)	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships of Public or Registered Investment Companies Held by Director During Past 5 Years
Daniel F. Nguyen, 42	Vice President and Assistant Treasurer	Vice President since January 2011 and Assistant Treasurer since May 2013 (indefinite terms)	Since January 2011, Mr. Nguyen has served as Vice President of the Company and since May 2013, Mr. Nguyen has served as Assistant Treasurer of the Company. From March 2007 to December 2010 and from September 2012 to May 2013, Mr. Nguyen served as Treasurer of the Company. From July 2004 to March 2007, Mr. Nguyen served as Chief Financial Officer of the Company. Mr. Nguyen joined Ares in August 2000 and currently serves as Executive Vice President and Chief Financial Officer of Ares and a member of the Ares Management Committee. Mr. Nguyen also currently serves as Chief Financial Officer of Ares Dynamic Credit Allocation Fund, Inc. and Ares Multi-Strategy Credit Fund, Inc., two publicly traded closed-end funds managed by an affiliate of Ares Management, and as Treasurer of Ares Commercial Real Estate Corporation.		
Penni F. Roll, 48	Chief Financial Officer	Since December 2010 (indefinite term)	Since December 2010, Ms. Roll has served as Chief Financial Officer of the Company. Since April 2010, Ms. Roll has served as Executive Vice President Finance of Ares Capital Management. Ms. Roll served as Chief Financial Officer of Allied Capital Corporation from 1998 until April 2010. Ms. Roll joined Allied Capital Corporation in 1995 as its Controller after serving as a Manager in KPMG LLP's financial services practice.		
Michael L. Smith, 43	Executive Vice President	Since May 2013 (indefinite term)	Since May 2013, Mr. Smith has served as an Executive Vice President of the Company. Mr. Smith has served as an officer of Ares Capital Management since 2004. Mr. Smith joined Ares in May 2004 and currently serves as a Senior Partner in the Ares Direct Lending Group. Mr. Smith is a member of the Investment Committees of Ares Capital Management and the Ares Direct Lending Group and one of the two investment committees of Ivy Hill Asset Management.		
Michael D. Weiner, 61	Vice President	Since September 2006 (indefinite term)	Since September 2006, Mr. Weiner has been Vice President of the Company. Mr. Weiner currently serves as General Counsel and Chief Legal Officer of Ares and a member of the Ares Management Committee. From September 2006 to January 2010, Mr. Weiner served as General Counsel to the Company. Mr. Weiner has also served as Vice President and General Counsel of Ares Commercial Real Estate Corporation since March 2012.		Hughes Communications, Inc.

(1) The business address of Messrs. Arougheti, Bloomstein, 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 business address of Ms. Krieger is c/o Ares Capital Corporation, 2200 Pennsylvania Avenue, Suite 600-W, Washington, DC 20037. The business address of each director, executive officer and other listed officer is c/o Ares Capital Corporation, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

(2) Including the Company.

(3)

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Mr. Arougheti is an interested director because he is the Chief Executive Officer of the Company, is on the Investment Committee of the investment adviser, is a Co-Founder and President of Ares and serves on the Board of Directors and Management Committee of Ares.

(4)

Mr. Ressler is an interested director because he is a Co-Founder and the Chief Executive Officer of Ares and serves as Chairman of the Board of Directors and Management Committee of Ares.

(5)

Mr. Rosen is an interested director because he is an Operating Advisor to Ares Management.

(6)

Mr. Rosenthal is an interested director because he is on the Investment Committee of the investment adviser, is a Co-Founder and Senior Partner of Ares and serves on the Board of Directors and Management Committee of Ares.

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Biographical Information and Discussion of Experience and Qualifications, etc.

Directors

As described below under "Committees of the Board of Directors Nominating and Governance Committee," the board of directors has identified certain desired attributes for director nominees. Each of our directors has demonstrated high character and integrity, superior credentials and recognition in his or her respective field and the relevant expertise and experience upon which to be able to offer advice and guidance to our management. Each of our directors also has sufficient time available to devote to the affairs of the Company, is able to work with the other members of the board of directors and contribute to the success of the Company and can represent the long-term interests of the Company's stockholders as a whole. Our directors have been selected such that the board of directors represents a range of backgrounds and experience. Set forth below is biographical information of each director and in the paragraph immediately following such director's biographical information, a paragraph discussing such director's particular experience, qualifications, attributes or skills that lead us and our board of directors to conclude, as of the date of this prospectus, that such individual should serve as a director, in light of the Company's business and structure.

Independent Directors

Steve Bartlett, 66, has served as a director of the Company since 2012 and currently serves on the audit committee. Mr. Bartlett has been a consultant since 2012, providing strategic independent consulting services to several U.S. corporations. From 1999 to 2012, Mr. Bartlett served as President and Chief Executive Officer of the Financial Services Roundtable. Mr. Bartlett currently sits on the board of directors of Operation Hope and International Relief and Development. In 2001, Mr. Bartlett served on the President's Commission on Excellence in Special Education. Mr. Bartlett previously served as the Mayor of Dallas, Texas from 1991 to 1995, a member of the United States Congress from 1983 to 1991, and a member of the Dallas City Council from 1977 to 1981. Mr. Bartlett also founded Meridian Products Corporation, a manufacturer of injection molded plastics in 1976. Mr. Bartlett previously served on the Board of Governors of the National YMCA, the board of directors of BIPAC and Easter Seals of Greater Washington, DC, and the board of directors for the following companies: Centene Corporation (NYSE), IMCO Recycling, Inc. (NYSE), KB Home Corporation (NYSE), Sun Coast Industries (NYSE), Dallas Can! and Grace Presbyterian Village. Mr. Bartlett also served as co-chair of Character Counts of Dallas and chair of the Trinity Trails. Mr. Bartlett also served on the Dallas-Fort Worth International Airport Board. Mr. Bartlett graduated from the University of Texas at Austin in 1971, later serving as a guest lecturer at the Lyndon B. Johnson School of Public Affairs.

We believe that Mr. Bartlett's experience serving as President and Chief Executive Officer of the Financial Services Roundtable, his experience in politics (including serving as the Mayor of Dallas, Texas, a member of the United States Congress and a member of the Dallas City Council) and his service as a director of public and private companies provides the board of directors with key experience and insight to the Company, especially with respect to issues specific to boards of directors of public companies and companies in the financial services industry.

Ann Torre Bates, 56, has served as a director of the Company since 2010 and is currently the chairperson of the audit committee. Ms. Bates currently dedicates her time serving on the boards of directors of several companies in the financial sector. From 1997 to 2012, Ms. Bates was a strategic and financial consultant, principally with respect to corporate finance matters. From 1995 to 1997, Ms. Bates served as Executive Vice President, Chief Financial Officer and Treasurer of NHP, Inc., a national real estate services firm. From 1991 to 1995, Ms. Bates was Vice President and Treasurer of US Airways, and held various finance positions from 1988 to 1991. Ms. Bates holds a BBA in Accountancy from the University of Notre Dame and an MBA in Finance and Economics from Cornell University. She currently serves on the board of directors of United Natural Foods, Inc. and SLM Corporation (Sallie Mae) and is a director or trustee of 17 investment companies in the Franklin

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Templeton Group of Mutual Funds. She served as a director of Allied Capital Corporation from 2003 to 2010.

We believe that Ms. Bates' experience serving as a director of other public companies in the financial sector, as well as her past experience as a chief financial officer, provides the board of directors and, specifically, the audit committee of the board of directors with valuable knowledge and insight in the financial services sector as well as experience in financial and accounting matters.

Steven B. McKeever, 53, has served as a director of the Company since 2012 and is currently the chairperson of the nominating and governance committee. Mr. McKeever is the CEO of Hidden Beach Recordings, an independent record label based in Los Angeles, California, which Mr. McKeever founded in 1997. From 1991 to 1995, Mr. McKeever was with Vice President of Artists and Repertoire from 1991 to 1993. In 1992, Mr. McKeever created MoJAZZ Records, a subsidiary of Motown Records and served as its President. In 1993, he was instrumental in the sale of Motown Records to PolyGram Records. Mr. McKeever eventually left Motown Records in 1995 to work on his own entrepreneurial projects. Mr. McKeever began his career at the law firm of Irell & Manella LLP in Los Angeles as an entertainment lawyer. In 2011, Mr. McKeever served as the Executive Producer of Entertainment for the dedication of the Martin Luther King, Jr. Memorial in Washington, D.C. Mr. McKeever currently serves as a director of several organizations, including College Bound (Chairman), African Ancestry.com and The Pacific Institute Spirit Board. He served as a Governor of the Los Angeles Chapter of The National Academy of Recording Arts and Sciences (a/k/a The GRAMMYs) from 2001 to 2003 and 2008 to 2010 and gives generous time to various charitable organizations such as The City of Hope. Mr. McKeever received his BS from the University of Illinois at Urbana Champaign and received his JD from Harvard Law School.

We believe that Mr. McKeever's diversity of experiences, in particular his small business and entrepreneurial experience, provides the board of directors with unique insight and expertise into the management of small and middle market companies.

Frank E. O'Bryan, 80, has served as a director of the Company since 2005 and currently serves on the nominating and governance committee. Mr. O'Bryan served as Chairman of the Board of WMC Mortgage Company from 1997 to 2003 and as a Vice Chairman until 2004, when the company was sold to General Electric Corporation. Mr. O'Bryan served as Vice Chairman of Shearson/American Express Mortgage Corp. (formerly Western Pacific Financial) and as a Director of Shearson American Express from 1981 to 1985 and prior to that served as a Director and senior executive of Shearson Hayden Stone from 1979 to 1981. Mr. O'Bryan holds a BS in Business from the University of Arizona. Mr. O'Bryan is a past member of the boards of directors of Damon Corporation, Grubb & Ellis, Standard Pacific Corporation, Farmers & Merchants Bank and The First American Financial Corporation.

We believe that Mr. O'Bryan's long and varied business career, including his service as a director of numerous public and private companies, allows him to provide key experience and insight, especially with respect to issues specific to boards of directors of public companies and companies in the financial services industry, and that Mr. O'Bryan also provides valuable knowledge and expertise in financial and accounting matters to the board of directors from his service on the audit committees of The First American Financial Corporation and Standard Pacific Corporation.

Eric B. Siegel, 56, has served as a director of the Company since 2004 and has been the lead independent director of the board of directors since 2010. Mr. Siegel currently serves on the audit committee and the nominating and governance committee. Since 1995, Mr. Siegel has been an independent business consultant providing advice through a limited liability company owned by Mr. Siegel, principally with respect to acquisition strategy and structuring, and the subsequent management of acquired entities. Mr. Siegel is currently a member of the Advisory Board of and Special Advisor to the Chairman of the Milwaukee Brewers Baseball Club and a director and

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Chairman of the Executive Committee of El Paso Electric Company, a NYSE publicly traded utility company. Mr. Siegel is also a past member of the boards of directors of a number of public and private companies, including Kerzner International Ltd. Mr. Siegel is a retired limited partner of Apollo Advisors, L.P. and Lion Advisors, L.P., private investment management firms. Mr. Siegel is a member of the board of directors of the Friends of the Los Angeles Saban Free Clinic and a past member of the Board of Trustees of the Marlborough School. Mr. Siegel holds his BA summa cum laude and Phi Beta Kappa and JD Order of the Coif from the University of California at Los Angeles.

We believe that Mr. Siegel's experience practicing as a corporate lawyer provides valuable insight to the board of directors on regulatory and risk management issues and that his experience as a partner in investment firms and over 20 years of experience serving as a director for both public and private companies provide industry-specific knowledge and expertise to the board of directors.

Interested Directors

Michael J. Arougheti, 41, has served as Chief Executive Officer of the Company since May 2013 and as a director of the Company since 2009. Mr. Arougheti previously served as President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder, Senior Partner and President of Ares. He is Co-Head and a Senior Partner of the Ares Direct Lending Group and serves as a member of the Board of Directors and Management Committee of Ares. Mr. Arougheti also is a member of the Investment Committees of our investment adviser, the Ares Direct Lending Group, Ares Management Limited (through which Ares Management manages its European private debt and capital markets businesses) and Ares Commercial Real Estate Management LLC, the manager of Ares Commercial Real Estate Corporation. Mr. Arougheti may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From 2001 to 2004, Mr. Arougheti was employed by Royal Bank of Canada, where he was a Managing Partner of the Principal Finance Group of RBC Capital Partners and a member of the firm's Mezzanine Investment Committee. At RBC Capital Partners, Mr. Arougheti oversaw an investment team that originated, managed and monitored a diverse portfolio of middle market leveraged loans, senior and junior subordinated debt, preferred equity and common stock and warrants on behalf of RBC and other third party institutional investors. Mr. Arougheti joined Royal Bank of Canada in October 2001 from Indosuez Capital, where he was a Principal, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. Mr. Arougheti also sat on the firm's Investment Committee. Prior to joining Indosuez in 1994, Mr. Arougheti worked at Kidder, Peabody & Co., where he was a member of the firm's Mergers and Acquisitions Group. In addition to serving as Chairman of the board of directors of Ares Commercial Real Estate Corporation, Mr. Arougheti also serves on the boards of directors of Investor Group Services, Riverspace Arts and Operation Hope. Mr. Arougheti received a BA in Ethics, Politics and Economics, cum laude, from Yale University.

We believe that Mr. Arougheti's depth of experience in investment management, leveraged finance and financial services, as well as his intimate knowledge of the Company's business and operations, gives the board of directors valuable industry-specific knowledge and expertise on these and other matters. Mr. Arougheti is an interested director because he is the Chief Executive Officer of the Company, is on the Investment Committee of our investment adviser, is a Co-Founder, Senior Partner and President of Ares and serves as a member of the Board of Directors and Management Committee of Ares.

Antony P. Ressler, 53, has served as a director of the Company since April 2010. Mr. Ressler is a Co-Founder, Senior Partner and Chief Executive Officer of Ares. He serves as Chairman of the Board of Directors and Management Committee of Ares. Mr. Ressler is also a Senior Partner of the Ares Private Equity Group and a member of the Investment Committees of funds managed by the Ares Private Equity Group and certain funds managed by the Ares Tradable Credit Group. Mr. Ressler

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may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Prior to Ares, Mr. Ressler was a co-founder of Apollo Management, L.P. in 1990 and was a member of the original six-member management team. Mr. Ressler oversaw and led the capital markets activities of Apollo Management, L.P. from 1990 until 1997, particularly focusing on high yield bonds, leveraged loans and other fixed income assets. Prior to 1990, Mr. Ressler served as a Senior Vice President in the High Yield Bond Department of Drexel Burnham Lambert Inc., with responsibility for the New Issue/Syndicate Desk. Mr. Ressler currently serves on the board of directors of Air Lease Corporation. Mr. Ressler is also a member of the Executive Committee of the Board of Trustees of the Cedars Sinai Medical Center, is Finance Chair and a member of the Executive Committee of the Los Angeles County Museum of Art (LACMA), and is Founder and Co-Chairman of the Alliance for College Ready Public Schools, a high performing group of eighteen charter high schools and middle schools based in Los Angeles. Mr. Ressler is also one of the founding members of the board and Finance Chair of the Painted Turtle Camp, a southern California based organization (affiliated with Paul Newman's Hole in the Wall Association), which was created to serve children dealing with chronic and life threatening illnesses by creating memorable, old-fashioned camping experiences. Mr. Ressler is also a former member of the board of directors of WCA Waste Corporation. Mr. Ressler received his BSFS from Georgetown University's School of Foreign Service and received his MBA from Columbia University's Graduate School of Business.

We believe that Mr. Ressler's intimate knowledge of the business and operations of Ares and the Company, his extensive experience in the financial industry and as a partner in investment firms and his service as a director of other public companies provides industry-specific knowledge and expertise to the board of directors. Mr. Ressler is an interested director because he is a Co-Founder, Senior Partner and Chief Executive Officer of Ares and serves as Chairman of the Board of Directors and Management Committee of Ares.

Robert L. Rosen, 67, has served as a director of the Company since 2004. Mr. Rosen is an Operating Advisor to Ares Management. Mr. Rosen is the managing partner of RLR Capital Partners, which invests principally in the securities of publicly traded North American companies. From 2005 to 2008, Mr. Rosen was a Managing Partner of RLR Focus Fund LP, an "active value" hedge fund. From 1995 to 2001, Mr. Rosen served as an exclusive consultant to Apollo Management, L.P. In 1998, Mr. Rosen founded National Financial Partners (NYSE: "NFP"), an independent provider of financial services to high net worth individuals and small- to medium-sized corporations. He served as NFP's CEO from 1998 to 2000 and as its Chairman until January 2002. From 1987 to 1993, Mr. Rosen was a Managing Partner of Ballantrae Partners, L.P., an investment partnership. From 1989 to 1993, Mr. Rosen was Chairman and CEO of Damon Corporation, a leading healthcare and laboratory testing company that was ultimately sold to Quest Diagnostics. From 1983 to 1987, Mr. Rosen was Vice Chairman of Maxxam Group. Prior to that, Mr. Rosen spent twelve years at Shearson American Express in positions in research, investment banking and senior management, and for two years was Assistant to Sanford Weill, the then Chairman and CEO of Shearson. In 2012, Mr. Rosen joined the board of directors of Ares Commercial Real Estate Corporation and Sapient Corporation. Mr. Rosen is a member of the NYU Stern School of Business Board of Overseers and a member of the Council on Foreign Relations. Mr. Rosen received an undergraduate degree from City University of New York and an MBA in finance from NYU's Stern School.

We believe that Mr. Rosen's over 31 years of experience as a senior executive of financial services, healthcare services and private equity funds brings broad financial industry and specific investment management insight and experience to the board of directors and that his expertise in finance provides valuable knowledge to the board of directors. Mr. Rosen is an interested director because of his role as an Operating Adviser to Ares Management.

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Bennett Rosenthal, 50, has served as Chairman of our board of directors since 2004. Mr. Rosenthal is a Co-Founder and Senior Partner of Ares. He is Co-Head and a Senior Partner of the Ares Private Equity Group and serves as a member of the Board of Directors and Management Committee of Ares. Mr. Rosenthal also is a member of the Investment Committees of our investment adviser and the funds managed by the Ares Private Equity Group and certain funds managed by the Ares Direct Lending Group. Mr. Rosenthal may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Rosenthal joined Ares in 1998 from Merrill Lynch & Co., where he served as a Managing Director in the Global Leveraged Finance Group. Mr. Rosenthal currently serves on the Board of Directors of Aspen Dental Management, Inc., City Ventures, LLC, Nortek, Inc., the parent entities of CHG Healthcare Holdings L.P., CPG International Inc., Serta International Holdco LLC and Simmons Bedding Company, and several other private companies. Mr. Rosenthal's previous public company board of directors experience includes Maidenform Brands, Inc. and Hanger, Inc. Mr. Rosenthal also serves on the Board of Trustees of the Windward School in Los Angeles. Mr. Rosenthal graduated summa cum laude with a BS in Economics from the University of Pennsylvania's Wharton School of Business where he also received his MBA with distinction.

We believe that Mr. Rosenthal's intimate knowledge of the business and operations of Ares, extensive experience in the financial industry as well as the management of private equity and debt investments in particular and experience as a director of other public and private companies not only give the board of directors valuable insight but also position him well to continue to serve as the chairman of our board of directors. Mr. Rosenthal is an interested director because he is on the Investment Committee of our investment adviser, is a Co-Founder and Senior Partner of Ares and serves on the Board of Directors and Management Committee of Ares.

Executive Officers and Certain Other Officers Who Are Not Directors

Joshua M. Bloomstein, 40, serves as the General Counsel, Vice President and Secretary of the Company. He joined Ares in November 2006 and currently serves as the Deputy General Counsel of Ares Management, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Prior to joining Ares, Mr. Bloomstein was an attorney with Latham & Watkins LLP specializing in leveraged buyouts and private equity investments as well as general partnership and corporate matters. Mr. Bloomstein graduated magna cum laude with a BA in Political Science from the State University of New York at Albany and received a JD degree, magna cum laude, from the University of Miami, where he was elected to the Order of the Coif.

R. Kipp deVeer, 41, serves as President of the Company. He joined Ares in May 2004 and currently serves as a Senior Partner in and Co-Head of the Ares Direct Lending Group and member of the Management Committee of Ares. Mr. deVeer may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. deVeer is a member of the Investment Committees of our investment adviser, the Ares Direct Lending Group and Ares Management Limited (through which Ares Management manages its European private debt and capital markets businesses) and one of the two investment committees of Ivy Hill Asset Management. Mr. deVeer is also a director of Ares Management Limited. Prior to joining Ares, Mr. deVeer was a partner at RBC Capital Partners, a division of Royal Bank of Canada, which led the firm's middle-market financing and principal investment business. Mr. deVeer joined RBC in October 2001 from Indosuez Capital, where he was Vice President in the Merchant Banking Group. Previously, Mr. deVeer worked at J.P. Morgan and Co., both in the Special Investment Group of J.P. Morgan Investment Management, Inc. and the Investment Banking Division of J.P. Morgan Securities Inc. Mr. deVeer received a BA from Yale University and an MBA from Stanford University's Graduate School of Business.

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Mitchell Goldstein, 47, serves as an Executive Vice President of the Company. Mr. Goldstein joined Ares in May 2005 and currently serves as a Senior Partner in the Ares Direct Lending Group, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Goldstein is a member of the Investment Committees of our investment adviser and of the Ares Direct Lending Group and both investment committees of Ivy Hill Asset Management. Prior to joining Ares, Mr. Goldstein worked at Credit Suisse First Boston ("CSFB"), where he was a Managing Director in the Financial Sponsors Group. At CSFB, Mr. Goldstein was responsible for providing investment banking services to private equity funds and hedge funds with a focus on M&A and restructurings as well as capital raisings, including high yield, bank debt, mezzanine debt, and IPOs. Mr. Goldstein joined CSFB in 2000 at the completion of the merger with Donaldson, Lufkin & Jenrette. From 1998 to 2000, Mr. Goldstein was at Indosuez Capital, where he was a member of the Investment Committee and a Principal, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. From 1993 to 1998, Mr. Goldstein worked at Bankers Trust. Mr. Goldstein graduated *summa cum laude* from the State University of New York at Binghamton with a BS in Accounting, received an MBA from Columbia University's Graduate School of Business and is a Certified Public Accountant.

Miriam Krieger, 38, serves as Chief Compliance Officer of the Company. She joined Ares in April 2010 and currently serves as Ares Management's Deputy Chief Compliance Officer Direct Lending, and may from time to time, serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From March 2008 until joining Ares, Ms. Krieger was Chief Compliance Officer and Corporate Secretary of Allied Capital Corporation, where she also served as Executive Vice President from August 2008 until April 2010 and as Senior Vice President from March 2008 to August 2008. Ms. Krieger also served as Senior Vice President and Chief Compliance Officer at MCG Capital Corporation, a publicly traded business development company, from 2006 to 2008 and Vice President and Assistant General Counsel from 2004 to 2006. From 2001 to 2004, Ms. Krieger was an associate in the Financial Services Group of the law firm of Sutherland Asbill & Brennan LLP. Ms. Krieger graduated with a BA in Economics and Political Science from Wellesley College and received a JD and an MA in Economics from Duke University.

Scott C. Lem, 36, serves as Chief Accounting Officer, Vice President and Treasurer of the Company. Mr. Lem previously served as Assistant Treasurer of the Company from May 2009 to May 2013. He joined Ares in July 2003 and currently serves as Chief Accounting Officer of Ares Capital Management, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. From July 2003 to December 2008, Mr. Lem served as Controller of Ares Management. Previously, Mr. Lem was with Ernst & Young LLP and Arthur Andersen LLP, most recently as a Senior Associate conducting audits for clients across several industries including entertainment, hospitality and real estate. Mr. Lem graduated *summa cum laude* with a BS in Accounting from the University of Southern California's Leventhal School of Accounting and *summa cum laude* with a BS in Business Administration from the University of Southern California's Marshall School of Business. Mr. Lem has also received an MBA in Finance from UCLA's Anderson School of Management. Mr. Lem is a Certified Public Accountant (Inactive).

Daniel F. Nguyen, 42, serves as a Vice President and Assistant Treasurer of the Company. He joined Ares in August 2000 and serves as Executive Vice President and Chief Financial Officer of Ares and a member of the Management Committee of Ares, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Nguyen also serves as Chief Financial Officer of Ares Dynamic Credit Allocation Fund, Inc. and Ares Multi-Strategy Credit Fund, Inc., two publicly- traded closed-end funds managed by an affiliate of Ares Management, and as Treasurer of Ares Commercial Real Estate

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Corporation. From March 2007 to December 2010 and from September 2012 to May 2013, Mr. Nguyen served as Treasurer of the Company and from August 2004 to March 2007, as Chief Financial Officer of the Company. From 1996 to 2000, Mr. Nguyen was with Arthur Andersen LLP, where he was in charge of conducting business audits on financial clients, performing due diligence investigation of potential mergers and acquisitions and analyzing changes in accounting guidelines for derivatives. Mr. Nguyen graduated with a BS in Accounting from the University of Southern California's Leventhal School of Accounting and received an MBA in Global Business from Pepperdine University's Graziadio School of Business and Management. Mr. Nguyen also studied European Business at Oxford University as part of the M.B.A. curriculum. Mr. Nguyen is a Chartered Financial Analyst® and a Certified Public Accountant.

Penni F. Roll, 48, serves as the Chief Financial Officer of the Company. She joined Ares in April 2010 as Executive Vice President Finance of Ares Capital Management and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Ms. Roll served as Chief Financial Officer of Allied Capital Corporation from 1998 until April 2010. Ms. Roll joined Allied Capital Corporation in 1995 as its Controller after serving as a Manager in KPMG LLP's financial services practice. Ms. Roll graduated magna cum laude with a BSBA in Accounting from West Virginia University. Ms. Roll is a Certified Public Accountant (Inactive).

Michael L. Smith, 43, serves as an Executive Vice President of the Company. Mr. Smith joined Ares in May 2004 and currently serves as a Senior Partner in the Ares Direct Lending Group, and may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Smith is a member of the Investment Committees of our investment adviser and the Ares Direct Lending Group and one of the two investment committees of Ivy Hill Asset Management. Prior to joining Ares, Mr. Smith was a Partner at RBC Capital Partners, a division of Royal Bank of Canada, which led the firm's middle-market financing and principal investment business. Mr. Smith joined RBC in October 2001 from Indosuez Capital, where he was a Vice President in the Merchant Banking Group. Previously, Mr. Smith worked at Kenter, Glasstris & Company, and at Salomon Brothers Inc., in their Debt Capital Markets Group and Financial Institutions Group. Mr. Smith received a BS in Business Administration, *cum laude*, from the University of Notre Dame and a Masters in Management from Northwestern University's Kellogg Graduate School of Management.

Michael D. Weiner, 61, serves as a Vice President of the Company. Mr. Weiner serves as General Counsel and Chief Legal Officer of Ares and is a member of the Management Committee of Ares. He may from time to time serve as an officer, director or principal of entities affiliated with Ares Management or of investment funds managed by Ares Management and its affiliates. Mr. Weiner has also served as Vice President and General Counsel of Ares Commercial Real Estate Corporation since 2012. From September 2006 to January 2010, Mr. Weiner served as General Counsel of the Company. Mr. Weiner joined Ares in September 2006. Previously, Mr. Weiner served as General Counsel to Apollo Management L.P. and had been an officer of the corporate general partners of Apollo since 1992. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius specializing in corporate and alternative financing transactions, securities law as well as general partnership, corporate and regulatory matters. Mr. Weiner has served on the boards of directors of several corporations. Mr. Weiner currently serves on the Board of Governors of the Cedars-Sinai Medical Center in Los Angeles. Mr. Weiner graduated with a BS in Business and Finance from the University of California at Berkeley and a JD from the University of Santa Clara.

BOARD LEADERSHIP STRUCTURE

Our board of directors monitors and performs an oversight role with respect to the business and affairs of the Company, including with respect to investment practices and performance,

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compliance with regulatory requirements and the services, expenses and performance of service providers to the Company. Among other things, our board of directors approves the appointment of our investment adviser, administrator and officers, reviews and monitors the services and activities performed by our investment adviser, administrator and officers and approves the engagement, and reviews the performance of, our independent registered public accounting firm.

Under the Company's bylaws, our board of directors may designate a chairman to preside over the meetings of the board of directors and meetings of the stockholders and to perform such other duties as may be assigned to him by the board of directors. We do not have a fixed policy as to whether the chairman of the board of directors should be an independent director and believe that our flexibility to select our chairman and reorganize our leadership structure from time to time is in the best interests of the Company and its stockholders.

Presently, Mr. Rosenthal serves as the chairman of our board of directors. Mr. Rosenthal is an interested director because he is on the Investment Committee of our investment adviser, is a Co-Founder and Senior Partner of Ares and serves on the Board of Directors and Management Committee of Ares. We believe that Mr. Rosenthal's history with the Company, familiarity with the Ares investment platform and extensive experience in the management of private equity and debt investments qualifies him to serve as the chairman of our board of directors. Moreover, we believe that we are best served through our existing leadership structure with Mr. Rosenthal as chairman of our board of directors, as Mr. Rosenthal's relationship with our investment adviser provides an effective bridge between our board of directors and our investment adviser, thus ensuring an open dialogue between our board of directors and our investment adviser and that both groups act with a common purpose.

The independent directors have designated a lead independent director whose duties include, among other things, chairing executive sessions of the independent directors, acting as a liaison between the independent directors and the chairman of the board of directors and between the independent directors and officers of the Company and our investment adviser, facilitating communication among the independent directors and the Company's counsel, reviewing and commenting on board and committee meeting agendas and calling additional meetings of the independent directors as appropriate. In August 2010, the board of directors designated and appointed Mr. Siegel as the lead independent director and Mr. Siegel has served as lead independent director since that time.

We believe that board leadership structures must be evaluated on a case-by-case basis and that our existing board leadership structure is appropriate. However, we re-examine our corporate governance policies on an ongoing basis to ensure that they continue to meet the Company's needs.

BOARD'S ROLE IN RISK OVERSIGHT

Our board of directors performs its risk oversight function and fulfills its risk oversight responsibilities primarily (a) through its two standing committees, which report to the entire board of directors and are comprised solely of independent directors and (b) by working with our Chief Compliance Officer to monitor risk in accordance with our compliance policies and procedures.

As described below in more detail under "Committees of the Board of Directors," the audit committee and the nominating and governance committee assist the board of directors in performing its risk oversight function and fulfilling its risk oversight responsibilities. The audit committee's risk oversight responsibilities include overseeing the Company's accounting and financial reporting processes, assisting the board of directors in fulfilling its oversight responsibilities relating to the Company's systems of internal controls regarding finance and accounting and audits of the Company's financial statements and disclosure controls and procedures, assisting the board of directors in determining the fair value of securities that are not publicly traded or for which current market values

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are not readily available, and discussing with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The nominating and governance committee's risk oversight responsibilities include selecting, researching and nominating directors for election by our stockholders, developing and recommending to our board of directors a set of corporate governance principles and overseeing the evaluation of our board of directors and its committees.

Our board of directors also performs its risk oversight function and fulfills its risk oversight responsibilities by working with our Chief Compliance Officer to monitor risk in accordance with the Company's policies and procedures. Our Chief Compliance Officer prepares a written report annually discussing the adequacy and effectiveness of the compliance policies and procedures of the Company and certain of its service providers. Our Chief Compliance Officer's report, which is reviewed by and discussed with our board of directors, addresses at a minimum (a) the operation of the compliance policies and procedures of the Company and certain of its service providers since the last report; (b) any material changes to such policies and procedures since the last report; (c) any recommendations for material changes to such policies and procedures as a result of our Chief Compliance Officer's annual review; and (d) any compliance matter that has occurred since the date of the last report about which our board of directors would reasonably need to know to oversee the Company's compliance activities and risks. In addition, our Chief Compliance Officer reports to our board of directors on a quarterly basis with respect to material compliance matters and meets separately in executive session with the independent directors periodically, but in no event less than once each year.

We believe that our board of directors' role in risk oversight is effective and appropriate given the extensive regulation to which we are already subject as a BDC. Specifically, as a BDC we must comply with certain regulatory requirements and restrictions that control the levels of risk in our business and operations. For example, our ability to incur indebtedness is limited such that our asset coverage must equal at least 200% immediately after each time we incur indebtedness, we generally have to invest at least 70% of our total assets in "qualifying assets" and, subject to certain exceptions, we are subject to restrictions on our ability to engage in transactions with Ares and its affiliates. See "Regulation." In addition, we have elected to be treated as a RIC under the Code. As a RIC we must, among other things, meet certain source of income and asset diversification requirements. See "Certain Material U.S. Federal Income Tax Considerations."

We believe that the extent of our board of directors' (and its committees') role in risk oversight complements our board of directors' leadership structure because it allows our independent directors, through the two fully independent board committees, a lead independent director, executive sessions with each of our Chief Compliance Officer, our independent registered public accounting firm and independent valuation providers and otherwise, to exercise oversight of risk without any conflict that might discourage critical review.

We believe that our board of directors' role in risk oversight must be evaluated on a case-by-case basis and that our board of directors' existing role in risk oversight is appropriate. However, our board of directors re-examines the manner in which it administers its risk oversight function on an ongoing basis to ensure that it continues to meet the Company's needs.

COMMITTEES OF THE BOARD OF DIRECTORS

Our board of directors has established an audit committee and a nominating and governance committee. We do not have a compensation committee because our executive officers do not receive any direct compensation from us. During 2013, the board of directors held 15 formal meetings, the audit committee held eight formal meetings, and the nominating and governance committee held four formal meetings. We encourage, but do not require, the directors to attend our annual meeting of stockholders in person.

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Audit Committee

The members of the audit committee are Ms. Bates and Messrs. Bartlett and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market's corporate governance regulations. Ms. Bates currently serves as chairperson of the audit committee.

The role of the audit committee is to assist our board of directors in fulfilling its oversight responsibilities by: (i) overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements and internal control over financial reporting and (ii) reviewing the financial reports and other financial information provided by the Company to the public. The audit committee is also responsible for approving our independent registered public accounting firm and recommending them to our board of directors (including a majority of the independent directors) for approval and submission to our stockholders for ratification, reviewing with our independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by our independent registered public accounting firm, reviewing the independence of our independent registered public accounting firm and reviewing the adequacy of our internal controls and procedures.

The audit committee also assists our board of directors in determining the fair value of debt and equity securities that are not publicly traded or for which current market values are not readily available, and in connection therewith recommends valuation policies to the board of directors, considers valuation issues with respect to liquid securities and reviews valuations of illiquid securities proposed by the investment adviser. The audit committee also currently receives input from independent valuation firms that have been engaged at the direction of the board of directors to value certain portfolio investments. In addition, the audit committee is responsible for discussing with the Company's officers and management of our investment adviser the Company's major financial risk exposures and the steps that the Company has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The audit committee also reviews and approves all transactions with related persons of the Company that are brought to the audit committee's attention, including each annual renewal of our investment advisory and management agreement and our administration agreement.

This description of the audit committee's role and responsibilities is summary in nature, is not exhaustive and is qualified in its entirety by reference to the charter of the audit committee, which can be accessed via the Company's website at www.arescapitalcorp.com. The contents of the Company's website are not intended to be incorporated by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

Our board of directors has determined that Ms. Bates is an "audit committee financial expert" within the meaning of the rules of the SEC.

Nominating and Governance Committee

The members of the nominating and governance committee are Messrs. McKeever, O'Bryan and Siegel, each of whom is independent for purposes of the Investment Company Act and The NASDAQ Global Select Market's corporate governance regulations. Mr. McKeever currently serves as chairman of the nominating and governance committee. The nominating and governance committee is responsible for (i) developing, reviewing and, as appropriate, updating certain policies regarding the nomination of directors and recommending such policies or any changes in such policies to the board of directors for approval, (ii) identifying individuals qualified to become directors, (iii) evaluating and recommending to the board of directors nominees to fill vacancies on the board of directors or committees thereof or to stand for election by the stockholders of the Company, (iv) reviewing the

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Company's policies relating to corporate governance and recommending any changes in such policies to the board of directors, and (v) overseeing the evaluation of the board of directors and its committees.

In considering possible candidates for election as a director, the nominating and governance committee takes into account, in addition to such other factors as it deems relevant, the desirability of selecting directors who:

are of high character and integrity;

are accomplished in their respective fields, with superior credentials and recognition;

have relevant expertise and experience upon which to be able to offer advice and guidance to the Company's officers and management of the investment adviser and the administrator;

have sufficient time available to devote to the affairs of the Company;

are able to work with the other members of the board of directors and contribute to the success of the Company;

can represent the long-term interests of the Company's stockholders as a whole; and

are selected such that the board of directors represents a range of backgrounds and experience.

The nominating and governance committee may consider recommendations for nomination of directors from our stockholders. Nominations made by stockholders must be delivered to or mailed (setting forth the information required by our bylaws) and received at our principal executive offices not earlier than the 150th day and not later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date on which we first mailed our proxy materials for the previous year's annual meeting of stockholders; *provided, however*, that if the date of the annual meeting has changed by more than 30 days from the prior year, the nomination must be received not earlier than the 150th day prior to the date of such annual meeting or later than 5:00 p.m., Eastern Time, on the later of (1) the 120th day prior to the date of such annual meeting or (2) the 10th day following the day on which public announcement of such meeting date is first made.

This description of the nominating and governance committee's role and responsibilities is summary in nature, is not exhaustive and is qualified in its entirety by reference to the charter of the nominating and governance committee, which can be accessed via the Company's website at www.arescapitalcorp.com. The contents of the Company's website are not intended to be incorporated by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

Compensation Committee

Currently, we do not have a compensation committee because our executive officers do not receive any direct compensation from us. Instead of having a compensation committee, we have provided that the oversight of the amounts payable to our investment adviser and our administrator pursuant to our investment advisory and management agreement and our administration agreement, respectively, will be separately approved by the audit committee, which is comprised entirely of independent directors for purposes of the NASDAQ corporate governance requirements and rules and regulations of the SEC, including the compensation committee requirements of NASDAQ Marketplace Rule 5605(d) and Rule 5605(a)(2). The compensation payable to our investment adviser pursuant to the investment advisory and management agreement is also separately approved by a majority of our independent directors in accordance with Section 15(c) of the Investment Company Act. The specific responsibilities of the audit committee, including those related to compensation, are set forth in the charter of the audit committee, which can be accessed via the Company's website at www.arescapitalcorp.com. The contents of the Company's website are not intended to be incorporated

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by reference into this prospectus or the accompanying prospectus supplement, and any references to the Company's website are intended to be inactive textual references only.

BENEFICIAL OWNERSHIP OF OUR DIRECTORS

The following table sets forth the dollar range of our equity securities based on the closing price of our common stock on June 24, 2014 and the number of shares beneficially owned by each of our directors as of December 31, 2013. We are not part of a "family of investment companies," as that term is defined in the Investment Company Act.

Name of Director	Aggregate Dollar Range of Equity Securities in Ares Capital(1)(2)
Independent Directors(3)	
Steve Bartlett(4)	\$10,001-\$50,000
Ann Torre Bates	\$50,001-\$100,000
Steven B. McKeever	\$10,001-\$50,000
Frank E. O'Bryan	Over \$100,000
Eric B. Siegel	Over \$100,000
Interested Directors	
Michael J. Arougheti	Over \$100,000
Antony P. Ressler	Over \$100,000
Robert L. Rosen	Over \$100,000
Bennett Rosenthal	Over \$100,000

- (1) The dollar ranges are as follows: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000 or over \$100,000. The dollar range of our equity securities beneficially owned is calculated based on the closing sales price of our common stock as reported on The NASDAQ Global Select Market as of June 24, 2014.
- (2) Beneficial ownership determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.
- (3) As of December 31, 2013, to the best of our knowledge, except as listed above, none of the independent directors, nor any of their immediate family members, had any interest in us, our investment adviser or any person or entity directly or indirectly controlling, controlled by or under common control with us or our investment adviser.
- (4) The shares of our 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.

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The following table shows information regarding the compensation earned or actually received by our directors, none of whom is our employee, for services as a director for the fiscal year ended December 31, 2013. No compensation is paid by us to interested directors. No information has been provided with respect to our executive officers who are not directors, since our executive officers do not receive any direct compensation from us.

Name	Fees Earned or Paid in Cash(1)	Total
Independent Directors		
Steve Bartlett	\$ 162,000	\$ 162,000
Ann Torre Bates	\$ 178,500	\$ 178,500
Steven B. McKeever	\$ 168,500	\$ 168,500
Frank E. O'Bryan	\$ 164,500	\$ 164,500
Eric B. Siegel	\$ 189,500	\$ 189,500
Interested Directors		
Michael J. Arougheti	None	None
Antony P. Ressler	None	None
Robert L. Rosen(2)	None	None
Bennett Rosenthal	None	None

(1) For a discussion of the independent directors' compensation, see below.

(2) While Mr. Rosen did not receive any compensation from us for the fiscal year ended December 31, 2013, he did receive \$160,500 from Ares Management in connection with his service as our director for such period.

The independent directors receive an annual fee of \$125,000. They also receive \$2,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and receive \$1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each committee meeting. In addition, the chairperson of the audit committee receives an additional annual fee of \$10,000, the lead independent director receives an additional annual fee of \$15,000, and each chairperson of any other committee receives an additional annual fee of \$2,000 for his or her additional services in these capacities. In addition, we purchase directors' and officers' liability insurance on behalf of our directors and officers.

Table of Contents**PORTFOLIO MANAGERS**

We consider the members of the Investment Committee of Ares Capital Management to be our portfolio managers. The following individuals function as portfolio managers with the most significant responsibility for the day-to-day management of our portfolio.

Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
Michael J. Arougheti	Chief Executive Officer and Director of the Company	10	Since May 2013, Mr. Arougheti has served as Chief Executive Officer of the Company and since February 2009, he has served as a director of the Company. Mr. Arougheti previously served as President of the Company from May 2004 to May 2013. Mr. Arougheti is a Co-Founder of Ares and currently serves as President of Ares, Co-Head and a Senior Partner of the Ares Direct Lending Group and a member of the Ares Board of Directors and Management Committee. In addition, Mr. Arougheti serves as a member of the Investment Committees of Ares Capital Management, the Ares Direct Lending Group, Ares Management Limited and Ares Commercial Real Estate Management LLC, the manager of Ares Commercial Real Estate Corporation.
R. Kipp deVeer	President of the Company	10	Since May 2013, Mr. deVeer has served as President of the Company. Mr. deVeer has served as an officer of Ares Capital Management since 2004. Mr. deVeer joined Ares in May 2004 and currently serves as a Senior Partner in and Co-Head of the Ares Direct Lending Group and member of the Management Committee of Ares. Mr. deVeer is a member of the Investment Committees of Ares Capital Management, the Ares Direct Lending Group and Ares Management Limited and one of the two investment committees of Ivy Hill Asset Management. Mr. deVeer is also a director of Ares Management Limited.

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Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
Mitchell Goldstein	Executive Vice President of the Company	9	Since May 2013, Mr. Goldstein has served as an Executive Vice President of the Company. Mr. Goldstein has served as an officer of Ares Capital Management since 2005. Mr. Goldstein joined Ares in May 2005 and currently serves as a Senior Partner in the Ares Direct Lending Group. Mr. Goldstein is a member of the Investment Committees of Ares Capital Management and the Ares Direct Lending Group and both investment committees of Ivy Hill Asset Management.
John Kissick	Senior Partner in Ares Private Equity Group	16	Mr. Kissick serves as a Senior Partner in the Ares Private Equity Group. Mr. Kissick is also a Senior Advisor to the Ares Tradable Credit Group and is a member of the Investment Committees of all Ares funds.
Bennett Rosenthal	Chairman of the board of directors of the Company; Senior Partner in and Co-Head of the Ares Private Equity Group	16	Since 2004, Mr. Rosenthal has served as Chairman of the Board. Mr. Rosenthal is a Co-Founder of Ares and currently serves as a Senior Partner of Ares, Co-Head and a Senior Partner of the Ares Private Equity Group and a member of the Ares Board of Directors and Management Committee. Mr. Rosenthal is also a member of the Investment Committees of Ares Capital Management and the funds managed by the Ares Private Equity Group and certain funds in the Direct Lending Group.
David Sachs	Senior Partner in Ares Tradable Credit Group	16	Mr. Sachs serves as a Senior Partner in the Ares Tradable Credit Group. Mr. Sachs is a member of the Investment Committees of all Ares funds. Mr. Sachs is also a member of one of the two investment committees of Ivy Hill Asset Management.

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Name	Position	Length of Service with Ares (years)	Principal Occupation(s) During Past 5 Years
Michael L. Smith	Executive Vice President of the Company	10	Since May 2013, Mr. Smith has served as an Executive Vice President of the Company. Mr. Smith has served as an officer of Ares Capital Management since 2004. Mr. Smith joined Ares in May 2004 and currently serves as a Senior Partner in the Ares Direct Lending Group. Mr. Smith is a member of the Investment Committees of Ares Capital Management and the Ares Direct Lending Group and one of the two investment committees of Ivy Hill Asset Management.

None of the individuals listed above is primarily responsible for the day-to-day management of the portfolio of any other account, except that:

Messrs. Kissick and Rosenthal are each Senior Partners in the Ares Private Equity Group with responsibilities for certain funds and managed accounts, which as of March 31, 2014 had approximately \$10 billion of AUM, a portion of which is used to calculate Ares' advisory fees related to such funds;

Mr. Kissick is a member of certain investment committees of and Mr. Sachs is a Senior Partner in the Ares Tradable Credit Group with responsibilities for certain funds and managed accounts, which as of March 31, 2014 had approximately \$31 billion of AUM, a portion of which is used to calculate Ares' advisory fees related to such funds; and

Messrs. Arougheti, deVeer, Goldstein and Smith are each Senior Partners in the Ares Direct Lending Group. All such individuals have responsibilities with respect to certain funds and managed accounts, which as of March 31, 2014 had approximately \$28 billion (including the Company) of AUM, a portion of which is used to calculate Ares' advisory fees related to such funds and managed accounts.

See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns."

Each of Messrs. Arougheti, deVeer, Goldstein and Smith is responsible for deal origination, execution and portfolio management. In addition to his deal origination, execution and portfolio management responsibilities, Mr. Arougheti also spends a portion of his time on corporate and administrative activities in his capacity as the Company's Chief Executive Officer and as President of Ares Management. Each of Messrs. Arougheti, deVeer, Goldstein and Smith is a Senior Partner in the Ares Direct Lending Group and receives a compensation package that includes some combination of fixed draw and variable incentive compensation based primarily on our performance. None of the portfolio managers receives any direct compensation from us.

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The following table sets forth the dollar range of our equity securities based on the closing price of our common stock on June 24, 2014 and the number of shares beneficially owned by each of the portfolio managers described above as of December 31, 2013 unless otherwise indicated below.

Name	Aggregate Dollar Range of Equity Securities in Ares Capital(1)
Michael J. Arougheti	Over \$1,000,000
R. Kipp deVeer	Over \$1,000,000
Mitchell Goldstein	Over \$1,000,000
John Kissick	Over \$1,000,000
Bennett Rosenthal	Over \$1,000,000
David Sachs	Over \$1,000,000
Michael L. Smith	Over \$1,000,000

(1) Dollar ranges are as follows: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, \$100,001-\$500,000, \$500,001-\$1,000,000 or over \$1,000,000.

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

Management Services

Ares Capital Management serves as our investment adviser and is registered as an investment adviser under the Advisers Act. Subject to the overall supervision of our board of directors, our investment adviser manages the day-to-day operations of, and provides investment advisory and management services to, Ares Capital. Under the terms of the investment advisory and management agreement, Ares Capital Management:

determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;

identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies);

closes and monitors the investments we make;

determines the investments and other assets that we purchase, retain or sell; and

provides us with such other investment advisory and research and related services as we may from time to time reasonably require.

Ares Capital Management's services to us under the investment advisory and management agreement are not exclusive, and it is free to furnish similar services to other entities. Similarly, affiliates of our investment adviser may directly or indirectly manage funds or other investment vehicles with investment objectives similar to ours. Accordingly, we may compete with these Ares funds or other investment vehicles managed by our investment adviser and its affiliates for capital and investment opportunities. Ares Capital Management endeavors to allocate investment opportunities in a fair and equitable manner, and in any event consistent with any fiduciary duties owed to Ares Capital. Nevertheless, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds or other investment vehicles managed by Ares Capital Management or its affiliates.

Ares Capital Management is a subsidiary of Ares Management, a publicly traded, leading global asset manager. As of March 31, 2014, Ares Management had approximately \$77 billion of total AUM.

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Base Management Fee

Pursuant to the investment advisory and management agreement and subject to the overall supervision of our board of directors, our investment adviser provides investment advisory and management services to us. For providing these services, our investment adviser receives a fee from us consisting of a base management fee, an income based fee and a capital gains incentive fee.

The base management fee is calculated at an annual rate of 1.5% based on the average value of our 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 and Capital Gains Incentive Fee

The income based fee is calculated and payable quarterly in arrears based on our 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 we receive 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 the capital gains incentive fee accrued under GAAP). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash. Our investment adviser is not under any obligation to reimburse us for any part of the income based fee it received that was based on accrued interest that we never actually receive. See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns" and "Risk Factors Risks Relating to Our Business We may be obligated to pay our investment adviser certain fees even if we incur a loss."

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. Because of the structure of income based fees, it is possible that we may pay income based fees in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, we will pay the income based fee even if we have 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 our net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees accrued 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, we may be able to invest our funds in debt instruments that provide for a higher return, which may increase our pre-incentive fee net investment income and make it easier for our investment adviser to surpass the fixed hurdle rate and receive a fee based on such net investment income. To the extent we have 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 our total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) used to calculate the 1.5% base management fee.

We pay our investment adviser an income based fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

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

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100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter. We refer to this portion of our 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 our 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 our 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 will be appropriately pro rated for any period of less than three months and adjusted for any share issuances or repurchases during the calendar quarter.

The Capital Gains Fee is determined and payable in arrears as of the end of each calendar year (or, upon termination of our investment advisory and management agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (a) the sum of our cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (b) our cumulative aggregate realized capital gains, in each case calculated from October 8, 2004. Realized capital gains and losses include gains and losses on investments and foreign currencies, as well as gains and losses on extinguishment of debt and other assets. If such amount is positive at the end of such year, then the Capital Gains Fee for such year is equal to 20% of such amount, less the aggregate amount of Capital Gains Fees paid in all prior years. If such amount is negative, then there is no Capital Gains Fee for such year.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in our portfolio when sold and (b) 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 (a) the net sales price of each investment in our portfolio when sold is less than (b) 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 (a) the valuation of each investment in our portfolio as of the applicable Capital Gains Fee calculation date and (b) the accreted or amortized cost basis of such investment.

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Notwithstanding the foregoing, as a result of the Capital Gains Amendment, if we are required by GAAP to record an investment at its fair value as of the time of acquisition instead of at the actual amount paid for such investment by us (including, for example, as a result of the application of the acquisition method of accounting), then solely for the purposes of calculating the Capital Gains Fee, the "accreted or amortized cost basis" of an investment shall be an amount (the "Contractual Cost Basis") equal to (1) (x) the actual amount paid by us for such investment plus (y) any amounts recorded in our financial statements as required by GAAP that are attributable to the accretion of such investment plus (z) any other adjustments made to the cost basis included in our financial statements, including PIK interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in our financial statements as required by GAAP that are attributable to the amortization of such investment, whether such calculated Contractual Cost Basis is higher or lower than the fair value of such investment (as determined in accordance with GAAP) at the time of acquisition.

We defer cash payment of any income based fee and the Capital Gains Fee otherwise earned by our investment adviser if during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made the sum of (a) the aggregate distributions to our stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. Any such deferred fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under our investment advisory and management agreement.

Examples of Fee Calculation

Example 1 Income Based Fee(1):

Assumptions

Hurdle rate(2) = 1.75%
 Management fee(3) = 0.375%
 Other expenses (legal,
 accounting, custodian, transfer
 agent, etc.)(4) = 0.20%

Alternative 1

Additional Assumptions

Investment income (including
 interest, dividends, fees, etc.) =
 1.25%
 Pre-incentive fee net
 investment income
 (investment income -
 (management fee + other
 expenses)) = 0.675%
 Pre-incentive fee net investment
 income does not exceed the
 hurdle rate,
 therefore there is no income
 based fee.

(1) The hypothetical amount of pre-incentive fee net investment income shown is based on a percentage of total net assets. In addition, the example assumes that during the most recent four full calendar quarter period ending on or prior to the date the payment set forth in the example is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period) is at least 7% of our net assets (defined as total assets less indebtedness) at the beginning of such period (as adjusted for any share issuances or repurchases).

- (2) Represents a quarter of the 7.0% annualized hurdle rate.
- (3) Represents a quarter of the 1.5% annualized management fee.
- (4) Excludes offering expenses.

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Alternative 2

Additional Assumptions

Investment income (including interest, dividends, fees, etc.) = 2.70%
 Pre-incentive fee net investment income
 (investment income - (management fee + other expenses)) = 2.125%
 Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an income based fee.
 Income Based Fee = 100% × "Catch-Up" + the greater of 0% **AND** (20% × (pre-incentive fee net investment income - 2.1875%))
 = (100% × (2.125% - 1.75%)) + 0%
 = 100% × 0.375%
 = 0.375%

Alternative 3

Additional Assumptions

Investment income (including interest, dividends, fees, etc.) = 3.50%
 Pre-incentive fee net investment income
 (investment income - (management fee + other expenses)) = 2.925%
 Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an income based fee.
 Income Based Fee = 100% × "Catch-Up" + the greater of 0% **AND** (20% × (pre-incentive fee net investment income - 2.1875%))
 = (100% × (2.1875% - 1.75%)) + (20% × (2.925% - 2.1875%))
 = 0.4375% + (20% × 0.7375%)
 = 0.4375% + 0.1475%
 = 0.585%

Example 2 Capital Gains Incentive Fee:

Alternative 1:

Assumptions

Year 1: \$20 million investment made in Company A ("Investment A"), and \$30 million investment made in Company B ("Investment B")

Year 2: Investment A is sold for \$50 million and fair value ("FV") of Investment B determined to be \$32 million

Year 3: FV of Investment B determined to be \$25 million

Year 4: Investment B sold for \$31 million

The capital gains incentive fee, if any, would be:

Year 1: None (No sales transactions)

Year 2: \$6 million (20% multiplied by \$30 million realized capital gains on sale of Investment A)

Year 3: None; \$5 million (20% multiplied by (\$30 million realized cumulative capital gains less \$5 million cumulative capital depreciation)) less \$6 million (previous Capital Gains Fee paid in Year 2)

Year 4: \$200,000; \$6.2 million (20% multiplied by \$31 million cumulative realized capital gains) less \$6 million (Capital Gains Fee paid in Year 2)

Alternative 2

Assumptions

Year 1: \$20 million investment made in Company A ("Investment A"), \$30 million investment made in Company B ("Investment B") and \$25 million investment made in Company C ("Investment C")

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Year 2: Investment A sold for \$50 million, FV of Investment B determined to be \$25 million and FV of Investment C determined to be \$25 million

Year 3: FV of Investment B determined to be \$27 million and Investment C sold for \$30 million

Year 4: FV of Investment B determined to be \$35 million

Year 5: Investment B sold for \$20 million

The capital gains incentive fee, if any, would be:

Year 1: None (No sales transactions)

Year 2: \$5 million (20% multiplied by \$25 million (\$30 million realized capital gains on Investment A less \$5 million unrealized capital depreciation on Investment B))

Year 3: \$1.4 million (\$6.4 million (20% multiplied by \$32 million (\$35 million cumulative realized capital gains less \$3 million unrealized capital depreciation)) less \$5 million (Capital Gains Fee paid in Year 2))

Year 4: None (No sales transactions)

Year 5: None (\$5 million (20% multiplied by \$25 million (cumulative realized capital gains of \$35 million less realized capital losses of \$10 million)) less \$6.4 million (cumulative Capital Gains Fee paid in Year 2 and Year 3))

For the three months ended March 31, 2014, we incurred \$30.1 million in base management fees and \$28.3 million in income based fees. The capital gains incentive fee as calculated and payable under the investment advisory and management agreement for the three months ended March 31, 2014 was \$0. However, in accordance with GAAP, the Company had cumulatively accrued a capital gains incentive fee of \$64.4 million as of March 31, 2014 that is not currently due under the investment advisory and management agreement.

GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the Capital Gains Fee plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires the Company to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual Capital Gains Fees paid or capital gains incentive fees accrued under GAAP in all prior periods. As of March 31, 2014, the Company has paid Capital Gains Fees since inception totaling \$33.4 million, of which \$17.4 million was paid in the first quarter of 2014. The resulting accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future.

For the year ended December 31, 2013, we incurred \$104.9 million in base management fees and \$110.5 million in income based fees. In accordance with GAAP, the Company accrued a capital gains incentive fee of \$11.6 million for the year ended December 31, 2013. However, the capital gains incentive fee as calculated and payable under the investment advisory and management agreement for the year ended December 31, 2013 was \$17.4 million.

For the year ended December 31, 2012, we incurred \$86.2 million in base management fees and \$95.2 million in income based fees. In accordance with GAAP, the Company accrued a capital gains incentive fee of \$31.9 million for the year ended December 31, 2012. However, the capital gains incentive fee as calculated and payable under the investment advisory and management agreement for the year ended December 31, 2012 was \$11.5 million.

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For the year ended December 31, 2011, we incurred \$71.6 million in base management fees and \$79.0 million in income based fees. In accordance with GAAP, the Company accrued a capital gains incentive fee of \$33.3 million for the year ended December 31, 2011, including \$26.0 million recognized in the second quarter of 2011 as a result of the application of the Capital Gains Amendment described above with respect to the assets purchased in the Allied Acquisition. However, the capital gains incentive fee as calculated and payable under the investment advisory and management agreement for the year ended December 31, 2011 was \$0.

Payment of Our Expenses

The services of all investment professionals and staff of our investment adviser, when and to the extent engaged in providing investment advisory and management services to us and routine overhead expenses of such personnel allocable to such services, are provided and paid for by our investment adviser. We bear all other costs and expenses of our operations and transactions, including, but not limited to, those relating to: rent; organization; calculation of our net asset value (including, but not limited to, the cost and expenses of any independent valuation firm); expenses incurred by our investment adviser payable to third parties, including agents, consultants or other advisers, in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies; interest payable on indebtedness, if any, incurred to finance our investments; offerings of our common stock and other securities; investment advisory and management fees; administration fees; fees payable to third parties, including agents, consultants or other advisers, relating to, or associated with, evaluating and making investments; transfer agent and custodial fees; registration fees; listing fees; taxes; independent directors' fees and expenses; costs of preparing and filing reports or other documents with the SEC; the costs of any reports, proxy statements or other notices to stockholders, including printing costs; to the extent we are covered by any joint insurance policies, our allocable portion of the insurance premiums for such policies; direct costs and expenses of administration, including auditor and legal costs; and all other expenses incurred by us or our administrator in connection with administering our business as described in more detail under "Administration Agreement" below.

Duration, Termination and Amendment

At an in-person meeting of our board of directors on March 16, 2011, the form of our current investment advisory and management agreement, including two proposed amendments to our then existing investment advisory and management agreement, was approved by our board of directors with the recommendation that stockholders of the Company vote to approve the proposed amendments. On June 6, 2011, our stockholders approved the proposed amendments, and we entered into a restated investment advisory and management agreement, reflecting such amendments on June 6, 2011. At an in-person meeting of our board of directors on April 30, 2014, our board of directors, including a majority of the directors who are not "interested persons" of the Company as defined in the Investment Company Act, voted to approve the continuation of the investment advisory and management agreement to June 6, 2015. A discussion regarding the basis for our board of directors' approval of the 2011 adoption of the form of our current investment advisory and management agreement is available in our annual report on Form 10-K for the fiscal year ended December 31, 2011.

Unless terminated earlier, the investment advisory and management agreement will automatically renew for successive annual periods if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not "interested persons" of the Company (as defined in the Investment Company Act). The investment advisory and management agreement will automatically terminate in the event of its assignment. The investment advisory and management agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

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Conflicts of interest may arise if our investment adviser seeks to change the terms of our investment advisory and management agreement, including, for example, the amount of the base management fee, the income based fee, the Capital Gains Fee or other compensation terms. Material amendments to our investment advisory and management agreement must be approved by the affirmative vote of the holders of a majority of our outstanding voting securities and by a majority of our independent directors, and we may from time to time decide it is appropriate to seek the requisite approval to change the terms of the agreement.

Indemnification

The investment advisory and management agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, our investment adviser, its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our investment adviser's services under the investment advisory and management agreement or otherwise as our investment adviser.

Organization of our Investment Adviser

Our investment adviser is a Delaware limited liability company that is registered as an investment adviser under the Advisers Act. The principal executive offices of Ares Capital Management are located at 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

ADMINISTRATION AGREEMENT

We are also party to a separate administration agreement with Ares Operations, an affiliate of our investment adviser and a subsidiary of Ares Management. Our board of directors approved the continuation of our administration agreement on April 30, 2014, which extended the term of the agreement to June 1, 2015. Pursuant to the administration agreement, Ares Operations furnishes us with office equipment and clerical, bookkeeping and record keeping services at our office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, our required administrative services, which include, among other things, providing assistance in accounting, legal, compliance, operations, technology, and investor relations, being responsible for the financial records that we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, Ares Operations assists us in determining and publishing our net asset value, assists us in providing managerial assistance to our portfolio companies, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. Payments under the administration agreement are equal to an amount based upon our allocable portion of Ares Operations' overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the compensation of certain of our officers (including our chief compliance officer, chief financial officer, chief accounting officer, general counsel, treasurer and assistant treasurer) and their respective staffs. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

For the three months ended March 31, 2014, the Company incurred \$3.7 million in administrative fees. As of March 31, 2014, \$3.7 million of these fees were unpaid and included in "accounts payable and other liabilities" in our March 31, 2014 consolidated balance sheet. For the years ended December 31, 2013, 2012 and 2011, we incurred \$12.3 million, \$9.3 million and \$9.6 million, respectively, in administrative fees.

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Indemnification

The administration agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, Ares Operations, its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Ares Operations' services under the administration agreement or otherwise as our administrator.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We are party to an investment advisory and management agreement with Ares Capital Management, a subsidiary of Ares Management, an entity in which certain of our directors, officers and members of the investment committee of our investment adviser may have indirect ownership and pecuniary interests. Certain of our directors, officers and members of the investment committee of our investment adviser also serve as officers or principals of other investment managers affiliated with Ares Management that currently, and may in the future, manage investment funds with investment objectives similar to our investment objective. In addition, certain of our officers and directors and the members of the investment committee of our investment adviser serve or may serve as officers, directors or principals of entities that operate in the same or related line of business as we do or of investment funds managed by our affiliates. Accordingly, we may not be made aware of and/or given the opportunity to participate in certain investments made by investment funds managed by advisers affiliated with Ares Management. However, our investment adviser intends to allocate investment opportunities in a fair and equitable manner in accordance with our investment adviser's investment allocation policy. See "Risk Factors Risks Relating to Our Business There are significant potential conflicts of interest that could impact our investment returns."

Pursuant to the terms of the administration agreement between Ares Operations and us, Ares Operations, a subsidiary of Ares Management, currently provides us with certain administrative and other services necessary to conduct our day-to-day operations, and we reimburse Ares Operations, at cost, for our allocable portion of overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under our administration agreement, including our allocable portion of the cost of certain of our officers (including our chief compliance officer, chief financial officer, chief accounting officer, general counsel, secretary and treasurer) and their respective staffs, but not investment professionals.

Our portfolio company, IHAM, is party to the IHAM administration agreement with Ares Operations, pursuant to which Ares Operations provides IHAM with, among other things, office facilities, equipment, clerical, bookkeeping and record keeping services, services relating to the marketing and sale of interests in vehicles managed by IHAM, services of, and oversight of, custodians, depositories, accountants, attorneys, underwriters and such other persons in any other capacity deemed to be necessary. Under the IHAM administration agreement, IHAM reimburses Ares Operations for all of the actual costs associated with such services, including its allocable portion of Ares Operations' overhead and the cost of Ares Operations' officers and respective staff in performing its obligations under the IHAM administration agreement.

We are party to an office lease pursuant to which we are leasing the 43rd/44th Floor Space. We have previously entered into separate subleases with AM LLC and IHAM, pursuant to which AM LLC and IHAM subleased 15% and 20%, respectively, of the Company's 43rd/44th Floor Space for a rent equal to 15% and 20%, respectively, of the base annual rent payable by us under the our lease for the 43rd/44th Floor Space, plus certain additional costs and expenses. In September 2013, these subleases were amended to provide that AM LLC and IHAM sublease approximately 35% and 18%, respectively, of our 43rd/44th Floor Space for a rent equal to 35% and 18%, respectively, of the base annual rent payable by us under our lease for the 43rd/44th Floor Space, plus certain additional costs and expenses.

We are also party to an office lease pursuant to which we began leasing the 42nd Floor Space in early 2013. We have entered into a sublease with AM LLC to sublease 100% of the 42nd Floor Space to AM LLC for a rent equal to 100% of the base annual rent payable by us under our lease for the 42nd Floor Space, plus certain additional costs and expenses.

We are also party to an office lease with a third party for office space in Washington D.C. We entered into an office sublease with AM LLC in September 2013, pursuant to which AM LLC

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subleases approximately 54% of the Washington, D.C. office space leased by us for a rent equal to 54% of the base annual rent payable by us under our office lease, plus certain additional costs and expenses.

We have also entered into an office sublease with Ares Commercial Real Estate Management LLC ("ACREM"), a subsidiary of Ares Management, pursuant to which we are subleasing approximately 12% of ACREM's Chicago office space for a fixed rent equal to 12% of the base annual rent payable by ACREM under its office lease, plus certain additional costs and expenses. Our office sublease with ACREM was terminated on June 30, 2013.

In September 2013, we also entered into two office subleases with AM LLC, pursuant to which (i) we sublease approximately 42% of AM LLC's Chicago office space for a rent equal to 42% of the base annual rent payable by AM LLC under its office lease, plus certain additional costs and expenses and (ii) we sublease approximately 7% of certain of AM LLC's Los Angeles office space for a rent equal to 7% of the base annual rent payable by AM LLC under such office lease, plus certain additional costs and expenses.

The sublease arrangements and allocations described above are as of March 31, 2014. The allocations in connection with our subleases described above are subject to change and future review. These percentages are subject to change depending on the composition of, and functions performed by, the staff in each of these offices. See Note 15 to our consolidated financial statements for the three months ended March 31, 2014 for more information on our office subleases.

We have also entered into a license agreement with AM LLC pursuant to which AM LLC has agreed to grant us a non-exclusive, royalty-free license to use the name "Ares." Under this agreement, we will have a right to use the Ares name for so long as Ares Capital Management remains our investment adviser. Other than with respect to this limited license, we have no legal right to the "Ares" name.

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To our knowledge, as of June 24, 2014, there were no persons that owned 25% or more of our outstanding voting securities and no person would be deemed to control us, as such term is defined in the Investment Company Act.

The following table sets forth, as of June 24, 2014 (unless otherwise noted), the number of shares of our common stock beneficially owned by each of our 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 us by such persons or publicly available filings.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Ownership information for those persons who beneficially own 5% or more of our outstanding shares of common stock is based upon Schedule 13D, Schedule 13G, Form 13F or other filings by such persons with the SEC and other information obtained from such persons. To our knowledge, as of June 24, 2014, there were no persons that owned 5% or more of our outstanding shares of 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 our common stock that he or she beneficially owns.

The address for Mr. Arougheti, Mr. Rosen, Ms. Roll and certain officers 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)
<i>Directors and Named Executive Officers:</i>		
Interested Directors		
Michael J. Arougheti	583,817	*
Antony P. Ressler	2,594,744(2)	*
Robert L. Rosen	15,000	*
Bennett Rosenthal	255,138(3)	*
Independent Directors		
Steve Bartlett	3,200(4)	*
Ann Torre Bates	5,149(5)	*
Steven B. McKeever	1,650	*
Frank E. O'Bryan	12,400(6)	*
Eric B. Siegel	27,102(7)	*
Named Executive Officers Who Are Not Directors		
Penni F. Roll	49,452(8)	*
All Directors, Executive Officers and Certain Other Officers as a Group (18 persons)	3,946,706(9)	1.3%

*

Represents less than 1%.

(1)

Based on 298,269,678 shares of common stock outstanding as of June 24, 2014.

(2)

Consists of (i) 1,003,568 shares of common stock indirectly beneficially owned by Mr. Ressler through TJ Capital Investors LLC of which Mr. Ressler is the manager; and (ii) 1,591,176 shares of common stock indirectly beneficially owned by Mr. Ressler through a family foundation of which Mr. Ressler is the trustee.

(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.

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- (4) The shares of our 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) 2,874 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) 16,775 shares of common stock owned directly; (ii) 8,166 shares of common stock indirectly beneficially owned by Mr. Siegel through his spouse; and (iii) 2,161 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) Consists of (i) 8,147 shares of common stock owned directly; and (ii) 41,305 shares of common stock indirectly beneficially owned by Ms. Roll through a trust for the benefit of Ms. Roll, her spouse and her children.
- (9) 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.

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DETERMINATION OF NET ASSET VALUE

The net asset value per share of our outstanding shares of common stock is determined quarterly by dividing the value of total assets minus liabilities by the total number of shares outstanding.

Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, we look at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (*i.e.*, substantially all of our investments) are valued at fair value as determined in good faith by our board of directors, based on, among other things, the input of our investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions) and under a valuation policy and a consistently applied valuation process. We follow ASC 820-10, which expands the application of fair value accounting for investments (see Note 7 to the consolidated financial statements for the period ended December 31, 2013). ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure of fair value measurements. ASC 820-10 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. The valuation process is conducted at the end of each fiscal quarter, and a minimum of 50% of our portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, our independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, our investment valuation process within the context of performing the integrated audit.

As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate our valuation.

Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board of directors, as described herein. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we may realize significantly less than the value at which we have previously recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

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Our board of directors undertakes a multi-step valuation process each quarter, as described below:

Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with our portfolio management team.

Preliminary valuations are reviewed and discussed with our investment adviser's management and investment professionals, and then valuation recommendations are presented to the board of directors.

The audit committee of our board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms, who review a minimum of 50% of our portfolio at fair value.

The board of directors discusses valuations and ultimately determines the fair value of each investment in our portfolio without a readily available market quotation in good faith based on, among other things, the input of our investment adviser, audit committee and, where applicable, independent third-party valuation firms.

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DIVIDEND REINVESTMENT PLAN

We have adopted a dividend reinvestment plan that provides for reinvestment of any distributions we declare in cash on behalf of our stockholders, unless a stockholder elects to receive cash as provided below. As a result, if our board of directors authorizes, and we declare, a cash dividend, then our stockholders who have not "opted out" of our dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of our common stock, rather than receiving the cash dividends.

No action is required on the part of a registered stockholder to have their cash dividend reinvested in shares of our common stock. A registered stockholder may elect to receive an entire cash dividend in cash by notifying Computershare Shareowner Services LLC ("Computershare"), the plan administrator and our transfer agent and registrar, in writing so that such notice is received by the plan administrator no later than the record date fixed by the board of directors for dividends to stockholders. The plan administrator will set up an account for shares acquired through the dividend reinvestment plan for each stockholder who has not elected to receive dividends in cash and hold such shares in non-certificated form. Upon request by a stockholder participating in the dividend reinvestment plan, received in writing no later than 10 days prior to the record date, the plan administrator will, instead of crediting fractional shares to the participant's account, issue a check for any fractional share.

Those stockholders whose shares are held by a broker or other financial intermediary may receive dividends in cash by notifying their broker or another financial intermediary of their election.

We intend to use primarily newly issued shares to implement the dividend reinvestment plan (so long as our shares are trading at or at a premium to net asset value). If our shares are trading at a discount to net asset value and we are otherwise permitted under applicable law to purchase such shares, we intend to purchase shares in the open market in connection with our obligations under our dividend reinvestment plan. However, we reserve the right to issue new shares of our common stock in connection with our obligations under the dividend reinvestment plan even if our shares are trading below net asset value. If newly issued shares are used to implement the dividend reinvestment plan, the number of shares to be issued to a stockholder shall be determined by dividing the total dollar amount of the dividend payable to such stockholder by the market price per share of our common stock at the close of regular trading on The NASDAQ Global Select Market on the dividend payment date. Market price per share on that date shall be the closing price for such shares on The NASDAQ Global Select Market or, if no sale is reported for such day, at the average of their reported bid and asked prices. If shares are purchased in the open market to implement the dividend reinvestment plan, the number of shares to be issued to a stockholder shall be determined by dividing the dollar amount of the cash dividend payable to such stockholder by the weighted average price per share for all shares purchased by the plan administrator in the open market in connection with the dividend. The number of shares of our common stock to be outstanding after giving effect to payment of the dividend cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

There are no brokerage charges or other charges to stockholders who participate in the dividend reinvestment plan. The plan administrator's fees under the plan are paid by us. If a participant elects by notice to the plan administrator in advance of termination to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a transaction fee of up to \$15 plus a \$0.12 per share fee from the proceeds.

Stockholders whose cash dividends are reinvested in shares of our common stock are subject to the same U.S. federal, state and local tax consequences as are stockholders who elect to receive their dividends in cash. A stockholder's initial basis for determining gain or loss upon the sale of stock

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received in a dividend from us will be equal to the total dollar amount of the dividend payable to the stockholder. Any stock received on reinvestment of a cash dividend will have a new holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account. See "Certain Material U.S. Federal Income Tax Considerations."

Participants may terminate their accounts under the dividend reinvestment plan by notifying the plan administrator via its website at www.computershare.com/investor, by filling out the transaction request form located at bottom of their statement and sending it to the plan administrator at P.O. Box 30170, College Station, TX 77842-3170 or by calling the plan administrator's hotline at 1-866-365-2497.

The dividend reinvestment plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the dividend reinvestment plan should be directed to the plan administrator via the Internet at www.computershare.com/investor, by mail at P.O. Box 30170, College Station, TX 77842-3170 or by telephone at 1-866-365-2497.

Additional information about the dividend reinvestment plan may be obtained by contacting the plan administrator via the Internet at www.computershare.com/investor, by mail at P.O. Box 30170, College Station, TX 77842-3170 or by telephone at 1-866-365-2497.

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CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of certain material U.S. federal income tax considerations applicable to us and to an investment in shares of our preferred stock or our common stock and our qualification and taxation as a RIC for U.S. federal income tax purposes. This discussion does not purport to be a complete description of all of the tax considerations relating thereto. In particular, we have not described certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, pension plans and trusts, financial institutions, persons who hold our preferred stock and our common stock as part of a straddle or a hedging or conversion transaction, and U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar. This discussion assumes that investors hold our preferred stock or common stock as capital assets (within the meaning of the Code). This discussion is based upon the Code, its legislative history, existing and proposed U.S. Treasury regulations, published rulings and court decisions, each as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service (the "IRS") regarding the offerings pursuant to this prospectus or pursuant to the accompanying prospectus supplement unless expressly stated therein. This discussion does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets. It also does not discuss the tax aspects of common or preferred stock sold in units with the other securities being registered.

If we issue preferred stock that may be convertible into or exercisable or exchangeable for securities or other property or preferred stock with other terms that may have different U.S. federal income tax consequences than those described in this summary, the U.S. federal income tax consequences of such preferred stock will be described in the relevant prospectus supplement. This summary does not discuss the consequences of an investment in our subscription rights, debt securities or warrants representing rights to purchase shares of our preferred stock, common stock or debt securities or as units in combination with such securities. The U.S. federal income tax consequences of such an investment will be discussed in the relevant prospectus supplement.

A "U.S. stockholder" is a beneficial owner of shares of our preferred stock or common stock that is for U.S. federal income tax purposes:

a citizen or individual resident of the United States;

a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;

a trust, if a court within the United States has primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or

an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A "non-U.S. stockholder" is a beneficial owner of shares of our preferred stock or common stock that is neither a U.S. stockholder nor an entity treated as a partnership for U.S. federal income tax purposes.

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If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our preferred stock or common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Prospective beneficial owners of shares of our preferred or common stock that are partnerships or partners in such partnerships should consult their own tax advisers with respect to the purchase, ownership and disposition of shares of our preferred stock or common stock.

Tax matters are very complicated and the tax consequences to investors in our shares will depend on the facts of their particular situation. We encourage investors to consult their own tax advisers regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of U.S. federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

ELECTION TO BE TAXED AS A RIC

As a BDC, we have elected to be treated as a RIC under the Code. As a RIC, we generally will not pay U.S. federal corporate-level income taxes on our income and net capital gains that we distribute to our stockholders as dividends on a timely basis. We will be subject to U.S. federal corporate-level income tax on any undistributed income and/or gains. To qualify as a RIC, we must, among other things, meet certain source of income and asset diversification requirements (as described below). In addition, we must distribute to our stockholders, for each taxable year, generally an amount equal to at least 90% of our "investment company taxable income," as defined by the Code (the "Annual Distribution Requirement"). See "Risk Factors Risks Relating to Our Business We may be subject to additional corporate-level income taxes if we fail to maintain our status as a RIC."

TAXATION AS A RIC

If we:

qualify as a RIC; and

satisfy the Annual Distribution Requirement;

then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (generally, net long-term capital gain in excess of net short-term capital loss) we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gain not distributed (or deemed distributed) to our stockholders.

We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (collectively, the "Excise Tax Requirement"). We have paid in the past, and can be expected to pay in the future, such excise tax on a portion of our income.

Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and (2) other requirements relating to our status as a RIC, including the Diversification Tests (as defined below). If we dispose of assets to meet the Annual Distribution Requirement, the Diversification Tests, or the Excise Tax Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

To qualify as a RIC for U.S. federal income tax purposes, we generally must, among other things:

qualify to be treated as a BDC at all times during each taxable year;

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derive in each taxable year at least 90% of our gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities or other income derived with respect to our business of investing in such stock or securities or (b) net income derived from an interest in a "qualified publicly traded partnership, or "QPTP" (collectively, the "90% Income Test"); and

diversify our holdings so that at the end of each quarter of the taxable year:

at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs and other securities that, with respect to any issuer, do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of that issuer; and

no more than 25% of the value of our assets is invested in the securities, other than U.S. Government securities or securities of other RICs, of (i) one issuer, (ii) two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) securities of one or more QPTPs (collectively, the "Diversification Tests").

We may be required to recognize taxable income in circumstances in which we do not receive cash, such as income from hedging or foreign currency transactions. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, that have increasing interest rates or that are issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement and/or the Excise Tax Requirement, even though we will not have received any corresponding cash amount.

Furthermore, a portfolio company in which we invest may face financial difficulty that requires us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such restructuring could, depending on the specific terms of the restructuring, result in unusable capital losses and future non-cash income.

In addition, certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (a) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (b) convert long-term capital gain (currently taxed at lower rates for non-corporate taxpayers) into higher taxed short-term capital gain or ordinary income, (c) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (d) adversely affect the time when a purchase or sale of stock or securities is deemed to occur or (e) adversely alter the characterization of certain complex financial transactions. We will monitor our transactions and may make certain tax elections in order to mitigate the effects of these provisions; however, no assurance can be given that we will be eligible for any such tax elections or that any elections we make will fully mitigate the effects of these provisions.

Gain or loss recognized by us from warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

Our investment in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes. In that case, our yield on those securities would be decreased. Stockholders will generally not be entitled to claim a U.S. foreign tax credit or deduction with respect to non-U.S. taxes paid by us.

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If we purchase shares in a "passive foreign investment company" (a "PFIC"), we may be subject to U.S. federal income tax on a portion of any "excess distribution" or gain from the disposition of such shares, even if such income is distributed as a taxable dividend by us to our stockholders. Additional charges in the nature of interest may be imposed on us in respect of deferred taxes arising from such distributions or gains. If we invest in a PFIC and elect to treat the PFIC as a "qualified electing fund" under the Code (a "QEF"), in lieu of the foregoing requirements, we will be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed to us. Alternatively, we may elect to mark-to-market at the end of each taxable year our shares in such PFIC; in this case, we will recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it does not exceed prior increases included in income. Our ability to make either election will depend on factors beyond our control, and we are subject to limitations which may limit the availability or benefit of these elections. Under either election, we may be required to recognize in any year income in excess of our distributions from PFICs and our proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of determining whether we satisfy the Excise Tax Requirement.

Our functional currency is the U.S. dollar for U.S. federal income tax purposes. Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time we accrue income, expenses or other liabilities denominated in a foreign currency and the time we actually collect such income or pay such expenses or liabilities may be treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts, the disposition of debt denominated in a foreign currency and other financial transactions denominated in foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, may also be treated as ordinary income or loss.

If we borrow money, we may be prevented by loan covenants from declaring and paying dividends in certain circumstances. Even if we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements, under the Investment Company Act, we generally are not permitted to make distributions to our stockholders while our debt obligations and senior securities are outstanding unless certain "asset coverage" tests or other financial covenants are met. Limits on our payment of dividends may prevent us from meeting the Annual Distribution Requirement, and may, therefore, jeopardize our qualification for taxation as a RIC, or subject us to the 4% excise tax on undistributed income.

Some of the income and fees that we recognize, such as management fees, may not satisfy the 90% Income Test. In order to ensure that such income and fees do not disqualify us as a RIC for a failure to satisfy the 90% Income Test, we may be required to recognize such income or fees through one or more entities treated as U.S. corporations for U.S. federal income tax purposes. While we expect that recognizing such income through such corporations will assist us in satisfying the 90% Income Test, no assurance can be given that this structure will be respected for U.S. federal income tax purposes, which could result in such income not being counted towards satisfying the 90% Income Test. If the amount of such income were too great and we were otherwise unable to mitigate this effect, it could result in our disqualification as a RIC. If, as we expect, the structure is respected, such corporations will be required to pay U.S. corporate income tax on their earnings, which ultimately will reduce the yield on such income and fees.

If we fail to satisfy the 90% Income Test or the Diversification Tests in any taxable year, we may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain *de minimis* failures of the diversification requirements where we correct the failure within a specified period. If the applicable relief provisions are not available or cannot be met, all of our income would be subject to U.S. federal corporate-level income tax as

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described below. We cannot provide assurance that we would qualify for any such relief should we fail the 90% Income Test or the Diversification Test.

If we fail to satisfy the Annual Distribution Requirement or otherwise fail to qualify as a RIC in any taxable year, and are not eligible for relief as described above, we will be subject to tax in that year on all of our taxable income, regardless of whether we make any distributions to our stockholders. In that case, all of our income will be subject to U.S. federal corporate-level income tax, reducing the amount available to be distributed to our stockholders. In contrast, assuming we qualify as a RIC, our U.S. federal corporate-level income tax should be substantially reduced or eliminated. See "Election to Be Taxed as a RIC" above and "Risk Factors Risks Relating to Our Business We may be subject to additional corporate-level income taxes regardless of whether we continue to qualify as a RIC."

Capital Loss Carryforwards and Unrealized Losses

As a RIC, we are permitted to carry forward a net capital loss realized in a taxable year beginning on or before January 1, 2011 to offset our capital gain, if any, realized during the eight years following the year of the loss. A capital loss carryforward realized in a taxable year beginning before January 1, 2011 is treated as a short-term capital loss in the year to which it is carried. We are permitted to carry forward a net capital loss realized in taxable years beginning on or after January 1, 2011 to offset capital gain indefinitely. For net capital losses realized in taxable years beginning on or after January 1, 2011, the excess of our net short-term capital loss over our net long-term capital gain is treated as a short-term capital loss arising on the first day of our next taxable year and the excess of our net long-term capital loss over our net short-term capital gain is treated as a long-term capital loss arising on the first day of our next taxable year. If future capital gain is offset by carried-forward capital losses, such future capital gain is not subject to fund-level U.S. federal income tax, regardless of whether distributed to stockholders. A RIC cannot carry back or carry forward any net operating losses.

It is believed that transactions we have undertaken, including the Allied Acquisition, have resulted in a limitation on our ability to use both our own and Allied Capital's capital loss carryforwards and, potentially, to use unrealized capital losses inherent in the tax basis of our own pre-acquisition assets and Allied Capital's assets we acquired. These limitations, imposed by Section 383 of the Code and based on the principles of Section 382 of the Code, are imposed on an annual basis. Losses in excess of the limitation may be carried forward, subject to the overall eight-year limitation. The Section 382 limitation applied to our and Allied Capital's losses generally will equal the product of the net asset value of each corporation immediately prior to the Allied Acquisition, respectively, and the "long-term tax-exempt rate," published by the IRS, in effect at such time. As of April 2010, the month during which the Allied Acquisition was consummated, the long-term tax-exempt rate was 4.03%. Additionally, under Section 384 of the Code, we may also be prohibited from using Allied Capital's loss carryforwards and unrealized losses against any of our unrealized gains at the time of the Allied Acquisition, to the extent such gains are realized within five years following the Allied Acquisition. While our ability to utilize losses in the future depends upon a variety of factors that cannot be known in advance, because capital loss carryforwards realized in taxable years beginning before January 1, 2011 generally expire eight taxable years following recognition, substantially all of our and Allied Capital's losses may become permanently unavailable. Future transactions we enter into may further limit our ability to utilize losses.

As of December 31, 2013, for U.S. federal income tax purposes, we had capital loss carryforwards of approximately \$0.1 billion and other losses limited under Sections 382 and 384 of the Code of approximately \$0.3 billion. These amounts are estimates and will not be finally determined until we file our 2013 income tax return in 2014.

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TAXATION OF U.S. STOCKHOLDERS

Whether an investment in the shares of our preferred stock or common stock is appropriate for a U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares of our preferred stock or common stock by a U.S. stockholder may have adverse tax consequences. The following summary generally describes certain U.S. federal income tax consequences of an investment in shares of our preferred stock and common stock by taxable U.S. stockholders and not by U.S. stockholders that generally are exempt from U.S. federal income taxation. U.S. stockholders should consult their own tax advisors before investing in shares of our preferred stock or common stock.

Distributions on Our Preferred Stock and Common Stock

Distributions by us generally are taxable to U.S. stockholders as ordinary income or long-term capital gain. Distributions of our investment company taxable income (which is, generally, our ordinary income excluding net capital gain) will be taxable as ordinary income to U.S. stockholders to the extent of our current and accumulated earnings and profits, whether paid in cash or reinvested in additional shares of our common stock. Distributions of our net capital gain (which generally is the excess of our net long-term capital gain over our net short-term capital loss) properly reported by us as "capital gain dividends" will be taxable to U.S. stockholders as long-term capital gains (which, under current law, are taxed at preferential rates in the case of individuals, trusts or estates). This is true regardless of U.S. stockholders' holding periods for their preferred stock or common stock and regardless of whether the dividend is paid in cash or reinvested in additional common stock. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's preferred stock or common stock and, after the adjusted tax basis is reduced to zero, will constitute capital gain to such U.S. stockholder. We have made distributions in excess of our earnings and profits and may continue to do so in the future. As a result, a U.S. stockholder will need to consider the effect of our distributions on such U.S. stockholder's adjusted tax basis in our preferred stock or common stock in their individual circumstances.

A portion of our ordinary income dividends, but not capital gain dividends, paid to corporate U.S. stockholders may, if certain conditions are met, qualify for the 70% dividends-received deduction to the extent that we have received dividends from certain corporations during the taxable year, but only to the extent such ordinary income dividends are treated as paid out of our earnings and profits. We expect only a small portion of our dividends to qualify for this deduction. A corporate U.S. stockholder may be required to reduce its basis on its preferred stock with respect to certain "extraordinary dividends," as provided under Section 1059 of the Code. Corporate U.S. stockholders should consult their own tax advisors in determining the application of these rules in their particular circumstances.

In general, "qualified dividend income" realized by non-corporate U.S. stockholders is taxable at the same rate as net capital gain. Generally, qualified dividend income is dividend income attributable to certain U.S. and foreign corporations, as long as certain holding period requirements are met. As long as certain requirements are met, our dividends paid to non-corporate U.S. stockholders attributable to qualified dividend income may be treated by such U.S. stockholders as qualified dividend income, but only to the extent such ordinary income dividends are treated as paid out of our earnings and profits. We expect only a small portion of our dividends to qualify as qualified dividend income.

Although we currently intend to distribute any of our net capital gain for each taxable year on a timely basis, we may in the future decide to retain some or all of our net capital gain, and may designate the retained amount as a "deemed distribution." In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include such

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stockholder's share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to such stockholder's allocable share of the tax paid thereon by us. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's adjusted tax basis for such stockholder's preferred stock or common stock.

Because we expect to pay tax on any retained net capital gain at our regular corporate tax rate, and because that rate currently is in excess of the maximum rate currently payable by individuals on net capital gain, the amount of tax that individual stockholders will be treated as having paid and for which they will receive a credit would exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against a U.S. stockholder's other U.S. federal income tax obligations or may be refunded to the extent it exceeds the stockholder's liability for U.S. federal income tax. A U.S. stockholder that is not subject to U.S. federal income tax or otherwise is not required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In order to utilize the deemed distribution approach, we must provide a written statement to our stockholders reporting the deemed distribution after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

We will be subject to the alternative minimum tax, also referred to as the "AMT," but any items that are treated differently for AMT purposes must be apportioned between us and our stockholders and this may affect U.S. stockholders' AMT liabilities. Although regulations explaining the precise method of apportionment have not yet been issued, such items generally will be apportioned in the same proportion that dividends paid to each stockholder bear to our taxable income (determined without regard to the dividends paid deduction), unless a different method for a particular item is warranted under the circumstances.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

We have the ability to declare a large portion of a dividend in shares of our stock. As long as a portion of such dividend is paid in cash and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, our stockholders will be taxed on 100% of the fair market value of the dividend on the date the dividend is received in the same manner as a cash dividend, even though most of the dividend was paid in shares of our stock, which may result in our U.S. stockholders having to pay tax on such dividends, even if no cash is received, and our non-U.S. stockholders may be subject to withholding tax in respect of amounts distributed in our common stock. In general, any dividend on shares of our preferred stock will be taxable as a dividend, regardless of whether any portion is paid in stock.

If investors purchase shares of our preferred stock or common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investors will be subject to tax on the distribution even though it represents a return of their investment. We have built-up or have the potential to build up large amounts of unrealized gain which, when realized and distributed, could have the effect of a taxable return of capital to stockholders.

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Sale or Other Disposition of Our Preferred Stock or Common Stock

A U.S. stockholder generally will recognize taxable gain or loss if the U.S. stockholder sells or otherwise disposes of such stockholder's shares of our preferred stock or common stock. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the stock sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held such stockholder's shares for more than one year. Otherwise, such gain or loss will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our preferred stock or common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our preferred stock or common stock may be disallowed if substantially identical stock or securities are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition.

In general, U.S. stockholders that are individuals, trusts or estates are taxed at preferential rates on their net capital gain (generally, the excess of net long-term capital gain over net short-term capital loss for a taxable year, including long-term capital gain derived from an investment in our shares). Such rate is lower than the maximum rate on ordinary income currently payable by individuals. Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain at the maximum rate that also applies to ordinary income. Non-corporate U.S. stockholders with net capital losses for a year (i.e., capital loss in excess of capital gain) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate U.S. stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate U.S. stockholders generally may not deduct any net capital losses for a year, but may carry back such losses for three years or carry forward such losses for five years.

Information Reporting and Backup Withholding

We will send to each of our U.S. stockholders, after the end of each calendar year, a notice providing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each year's distributions generally will be reported to the IRS. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder's particular situation.

We may be required to withhold U.S. federal income tax ("backup withholding") from all taxable distributions to any non-corporate U.S. stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Backup withholding is not an additional tax. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder's U.S. federal income tax liability and may entitle such stockholder to a refund, provided that proper information is timely provided to the IRS.

Medicare Tax on Net Investment Income

An additional 3.8% tax is imposed on the "net investment income" of certain U.S. holders who are citizens and resident aliens, and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" includes generally taxable distributions or

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deemed distributions of stock, such as our preferred stock and our common stock, as well as taxable gain on the disposition of stock, including our preferred stock or common stock.

Withholding and Information Reporting on Foreign Financial Accounts

Pursuant to Sections 1471 to 1474 of the Code and the U.S. Treasury regulations thereunder, the relevant withholding agent generally will be required to withhold 30% of any dividends on our preferred stock and common stock paid after June 30, 2014 and the gross proceeds from a sale of our preferred stock and common stock paid after December 31, 2016 to (i) a foreign financial institution (whether such financial institution is the beneficial owner or an intermediary) unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity (whether such entity is the beneficial owner or an intermediary) unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. We will not pay any additional amounts in respect to any amounts withheld.

Reportable Transactions

Under U.S. Treasury regulations, if a stockholder recognizes a loss with respect to shares of \$2 million or more for a non-corporate stockholder or \$10 million or more for a corporate stockholder in any single taxable year (or a greater loss over a combination of years), the stockholder must file with the IRS a disclosure statement on Form 8886. Direct stockholders of certain portfolio securities in many cases are excepted from this reporting requirement, but under current guidance, stockholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to stockholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Significant monetary penalties apply to a failure to comply with this reporting requirement. States may also have a similar reporting requirement. Stockholders should consult their own tax advisors to determine the applicability of these regulations in light of their individual circumstances.

TAXATION OF NON-U.S. STOCKHOLDERS

Whether an investment in shares of our preferred stock or common stock is appropriate for a non-U.S. stockholder will depend upon that person's particular circumstances. An investment in shares of our preferred stock or common stock by a non-U.S. stockholder may have adverse tax consequences and, accordingly, may not be appropriate for a non-U.S. stockholder. Non-U.S. stockholders should consult their own tax advisors before investing in our preferred stock or common stock.

Distributions on our Preferred Stock or Common Stock

Distributions of our investment company taxable income to non-U.S. stockholders will be subject to U.S. withholding tax (unless lowered or eliminated by an applicable income tax treaty) to the extent payable from our current and accumulated earnings and profits unless an exception applies.

If a non-U.S. stockholder receives distributions and such distributions are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, attributable to a permanent establishment in the United States of such non-U.S. stockholder, such distributions generally will be subject to U.S. federal income tax at the rates applicable to U.S. persons. In that case, we will not be required to withhold U.S. federal income tax if the non-U.S. stockholder complies with applicable certification and disclosure requirements. Special certification requirements apply to a non-U.S. stockholder that is a foreign trust and such entities are urged to consult their own tax advisors.

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Actual or deemed distributions of our net capital gain (which generally is the excess of our net long-term capital gain over our net short-term capital loss) to a non-U.S. stockholder, and gains recognized by a non-U.S. stockholder upon the sale of our preferred stock or common stock, will not be subject to withholding of U.S. federal income tax and generally will not be subject to U.S. federal income tax unless (a) the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States (as discussed above) or (b) the non-U.S. stockholder is an individual, has been present in the United States for 183 days or more during the taxable year, and certain other conditions are satisfied. For a corporate non-U.S. stockholder, distributions (both actual and deemed), and gains recognized upon the sale of our preferred stock or common stock that are effectively connected with a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" (unless lowered or eliminated by an applicable income tax treaty). Non-U.S. stockholders of our preferred stock or common stock are encouraged to consult their own advisors as to the applicability of an income tax treaty in their individual circumstances.

In general, no U.S. source withholding taxes will be imposed on dividends paid by RICs in taxable years beginning before January 1, 2014 to non-U.S. stockholders to the extent the dividends are designated as "interest-related dividends" or "short-term capital gain dividends." Under this exemption, interest-related dividends and short-term capital gain dividends generally represent distributions of interest or short-term capital gain that would not have been subject to U.S. withholding tax at the source if they had been received directly by a non-U.S. stockholder, and that satisfy certain other requirements. As of the date hereof, this provision has expired and, as a result, this exception will not apply for any taxable years beginning on or after January 1, 2014. Even if this provision is reinstated, no assurance can be given that we will distribute any interest- related or short-term capital gain dividends.

If we distribute our net capital gain in the form of deemed rather than actual distributions (which we may do in the future), a non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the non-U.S. stockholder's allocable share of the tax we pay on the capital gain deemed to have been distributed. In order to obtain the refund, the non-U.S. stockholder must obtain a U.S. taxpayer identification number (if one has not been previously obtained) and file a U.S. federal income tax return even if the non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return.

We have the ability to declare a large portion of a dividend in shares of our common stock. As long as a portion of such dividend is paid in cash (which portion could be as low as 20%) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, our non-U.S. stockholders will be taxed on 100% of the fair market value of the dividend on the date the dividend is received in the same manner as a cash dividend (including the application of withholding tax rules described above), even though most of the dividend was paid in shares of our common stock. In such a circumstance, we may be required to withhold all or substantially all of the cash we would otherwise distribute to a non-U.S. stockholder. In general, any dividend on shares of our preferred stock will be taxable as a dividend, regardless of whether any portion is paid in stock.

A non-U.S. stockholder who is otherwise subject to withholding of U.S. federal income tax may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

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Pursuant to Sections 1471 to 1474 of the Code and the U.S. Treasury regulations thereunder, the relevant withholding agent generally will be required to withhold 30% of any dividends paid on our preferred stock and common stock paid after June 30, 2014 and the gross proceeds from a sale of our preferred stock and common stock paid after December 31, 2016 to (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. If payment of this withholding tax is made, non-U.S. stockholders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to such dividends or proceeds will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction. Non-U.S. stockholders should consult their own tax advisers regarding the particular consequences to them of this legislation and guidance. We will not pay any additional amounts in respect to any amounts withheld.

FAILURE TO QUALIFY AS A RIC

If we were unable to qualify for treatment as a RIC, and relief were not available as discussed above, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders and would not be required to make distributions for tax purposes. Distributions generally would be taxable to our stockholders as ordinary dividend income to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate U.S. stockholders would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. If we were to fail to meet the RIC requirements for more than two consecutive years and then sought to requalify as a RIC, we would be required to recognize gain to the extent of any unrealized appreciation in our assets unless we made a special election to pay corporate-level tax on any such unrealized appreciation recognized during the succeeding 10-year period.

POSSIBLE LEGISLATIVE OR OTHER ACTIONS AFFECTING TAX CONSIDERATIONS

Prospective investors should recognize that the present U.S. federal income tax treatment of an investment in shares of our preferred stock or common stock may be modified by legislative, judicial or administrative action at any time, and that any such action may affect investments and commitments previously made. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in U.S. federal tax laws and interpretations thereof could adversely affect the tax consequences of an investment in us.

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DESCRIPTION OF SECURITIES

This prospectus contains a summary of the common stock, preferred stock, subscription rights, debt securities, warrants and units. These summaries are not meant to be a complete description of each security. However, this prospectus and the accompanying prospectus supplement will contain the material terms and conditions for each security.

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The following description is based on relevant portions of the Maryland General Corporation Law and on our charter and bylaws. This summary is not necessarily complete, and we refer you to the Maryland General Corporation Law and our charter and bylaws for a more detailed description of the provisions summarized below.

STOCK

Our authorized stock consists of 500,000,000 shares of stock, par value \$0.001 per share, all of which are currently designated as common stock. Our common stock trades on The NASDAQ Global Select Market under the symbol "ARCC." On June 24, 2014, the last reported sales price of our common stock on The NASDAQ Global Select Market was \$17.10 per share. There are no outstanding options or warrants to purchase our stock. No stock has been authorized for issuance under any equity compensation plans. Under Maryland law, our stockholders generally are not personally liable for our indebtedness or obligations.

Under our charter, our board of directors is authorized to classify any unissued shares of stock and reclassify any previously classified but unissued shares of stock into one or more classes or series of stock and authorize the issuance of shares of stock without obtaining stockholder approval. As permitted by the Maryland General Corporation Law, our charter provides that a majority of the entire board of directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, dividends and voting and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of funds legally available therefor. Shares of our common stock have no preemptive, exchange, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract.

In the event of a liquidation, dissolution or winding up of the Company, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay off all indebtedness and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time.

Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

The following are our outstanding classes of capital stock as of June 24, 2014:

(1) Title of Class	(2) Amount Authorized	(3) Amount Held by Registrant or for its Account	(4) Amount Outstanding Exclusive of Amount Shown Under Column (3)
Common Stock	500,000,000		298,269,678

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Preferred Stock

Our charter authorizes our board of directors to classify any unissued shares of stock and reclassify any previously classified but unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the board of directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, our board of directors could authorize the issuance of shares of our preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest.

You should note, however, that any issuance of preferred stock must comply with the requirements of the Investment Company Act. The Investment Company Act requires, among other things, that (a) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before any purchase of common stock is made, such preferred stock together with all other indebtedness and senior securities must not exceed an amount equal to 50% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be and (b) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two years or more. Certain matters under the Investment Company Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. We believe that the availability for issuance of preferred stock may provide us with increased flexibility in structuring future financings and acquisitions.

LIMITATION ON LIABILITY OF DIRECTORS AND OFFICERS; INDEMNIFICATION AND ADVANCE OF EXPENSES

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final adjudication as being material to the cause of action. Our charter contains such a provision, which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the Investment Company Act.

Our charter authorizes us to obligate ourselves, and our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the Investment Company Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in that capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the Investment Company Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

In addition to the indemnification provided for in our bylaws, we have entered into indemnification agreements with each of our current directors and certain of our officers and with

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members of our investment adviser's investment committee and we intend to enter into indemnification agreements with each of our future directors, members of our investment committee and certain of our officers. The indemnification agreements attempt to provide these directors, officers and other persons the maximum indemnification permitted under Maryland law and the Investment Company Act. The agreements provide, among other things, for the advancement of expenses and indemnification for liabilities that such person may incur by reason of his or her status as a present or former director or officer or member of our investment adviser's investment committee in any action or proceeding arising out of the performance of such person's services as a present or former director or officer or member of our investment adviser's investment committee.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or are threatened to be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (x) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (y) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS

The Maryland General Corporation Law and our charter and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

Classified Board of Directors

Our board of directors is divided into three classes of directors serving staggered three-year terms, with the term of office of only one of the three classes expiring each year. A classified board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified board of directors helps to ensure the continuity and stability of our management and policies.

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Election of Directors

Our charter and bylaws provide that the affirmative vote of the holders of a majority of the outstanding shares of stock entitled to vote in the election of directors will be required to elect a director. Pursuant to the charter, our board of directors may amend the bylaws to alter the vote required to elect directors.

Number of Directors; Vacancies; Removal

Our charter provides that the number of directors will be set only by the board of directors in accordance with our bylaws. Our bylaws provide that a majority of our entire board of directors may at any time increase or decrease the number of directors. However, unless our bylaws are amended, the number of directors may never be less than four or more than eleven. Our charter sets forth our election, subject to certain requirements, to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the board of directors. Accordingly, except as may be provided by the board of directors in setting the terms of any class or series of preferred stock, any and all vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the Investment Company Act.

Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

Action by Stockholders

Under the Maryland General Corporation Law and our charter, stockholder action can be taken only at an annual or special meeting of stockholders or by unanimous written or electronically transmitted consent instead of a meeting. These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders may be made only (a) pursuant to our notice of the meeting, (b) by or at the direction of the board of directors or (c) by a stockholder who is a stockholder of record both at the time of giving the advance notice required by the bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to the board of directors at a special meeting may be made only (a) by or at the direction of the board of directors or (b) provided that the special meeting has been called in accordance with the bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving the advance notice required by the bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed

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necessary or desirable by our board of directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our board of directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Calling of Special Meetings of Stockholders

Our bylaws provide that special meetings of stockholders may be called by our board of directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by the secretary of the corporation to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse effect on the price of our common stock." However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that certain charter amendments and any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company or any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 80 percent of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least two-thirds of our continuing directors (as defined below) (in addition to approval by our board of directors), such amendment or proposal may be approved by a majority of the votes entitled to be cast on such a matter. The "continuing directors" are defined in our charter as our current directors as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the board of directors.

Our charter and bylaws provide that the board of directors will have the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

No Appraisal Rights

Except with respect to appraisal rights arising in connection with the Control Share Acquisition Act discussed below, as permitted by the Maryland General Corporation Law, our charter provides that stockholders will not be entitled to exercise appraisal rights unless a majority of our board of directors determines that such rights will apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which stockholders would otherwise be entitled to exercise appraisal rights.

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Control Share Acquisitions

The Control Share Acquisition Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

one-tenth or more but less than one-third;

one-third or more but less than a majority; or

a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to repurchase control shares is subject to certain conditions and limitations, including, as provided in our bylaws, compliance with the Investment Company Act, which will prohibit any such repurchase other than in limited circumstances. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The Control Share Acquisition Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions by any person of our shares of stock and, as a result, any control shares of the Company will have the same voting rights as all of the other shares of the Company common stock. Such provision could be amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Acquisition Act only if the board of directors determines that it would be in our best interests and we determine (after consultation with the SEC staff) that our being subject to the Control Share Acquisition Act does not conflict with the Investment Company Act.

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Business Combinations

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

any person who, directly or indirectly, beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock; or

an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which such person otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our board of directors has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the Business Combination Act, provided that the business combination is first approved by the board of directors, including a majority of the independent directors. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or the board of directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Conflict with the Investment Company Act

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, including the Control Share Acquisition Act (if we amend our bylaws to be subject to such act) and the Business Combination Act, or any provision of our charter or bylaws conflicts with any provision of the Investment Company Act, the applicable provision of the Investment Company Act will control.

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DESCRIPTION OF OUR PREFERRED STOCK

In addition to shares of common stock, our charter authorizes the issuance of preferred stock. If we offer preferred stock under this prospectus, we will issue an appropriate prospectus supplement. We may issue preferred stock from time to time in one or more classes or series, without stockholder approval. Prior to issuance of shares of each class or series, our board of directors is required by Maryland law and by our charter to set, subject to the express terms of any of our then outstanding classes or series of stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Any such an issuance must adhere to the requirements of the Investment Company Act, Maryland law and any other limitations imposed by law.

The Investment Company Act currently requires, among other things, that (a) immediately after issuance and before any distribution is made with respect to common stock, the liquidation preference of the preferred stock, together with all other senior securities, must not exceed an amount equal to 50% of our total assets (taking into account such distribution), (b) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on the preferred stock are in arrears by two years or more and (c) such class of stock have complete priority over any other class of stock as to distribution of assets and payment of dividends, which dividends shall be cumulative.

For any class or series of preferred stock that we may issue, our board of directors will determine and the articles supplementary and the prospectus supplement relating to such class or series will describe:

the designation and number of shares of such class or series;

the rate and time at which, and the preferences and conditions under which, any dividends will be paid on shares of such class or series, as well as whether such dividends are participating or non-participating;

any provisions relating to convertibility or exchangeability of the shares of such class or series, including adjustments to the conversion price of such class or series;

the rights and preferences, if any, of holders of shares of such class or series upon our liquidation, dissolution or winding up of our affairs;

the voting powers, if any, of the holders of shares of such class or series;

any provisions relating to the redemption of the shares of such class or series;

any limitations on our ability to pay dividends or make distributions on, or acquire or redeem, other securities while shares of such class or series are outstanding;

any conditions or restrictions on our ability to issue additional shares of such class or series or other securities;

if applicable, a discussion of certain U.S. federal income tax considerations; and

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any other relative powers, preferences and participating, optional or special rights of shares of such class or series, and the qualifications, limitations or restrictions thereof.

All shares of preferred stock that we may issue will be identical and of equal rank except as to the particular terms thereof that may be fixed by our board of directors, and all shares of each class or series of preferred stock will be identical and of equal rank except as to the dates from which dividends, if any, thereon will be cumulative.

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DESCRIPTION OF OUR SUBSCRIPTION RIGHTS

GENERAL

We may issue subscription rights to our stockholders to purchase common stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering.

The applicable prospectus supplement would describe the following terms of subscription rights in respect of which this prospectus is being delivered:

the period of time the offering would remain open (which shall be open a minimum number of days such that all record holders would be eligible to participate in the offering and shall not be open longer than 120 days);

the title of such subscription rights;

the exercise price for such subscription rights (or method of calculation thereof);

the ratio of the offering (which, in the case of transferable rights, will require a minimum of three shares to be held of record before a person is entitled to purchase an additional share);

the number of such subscription rights issued to each stockholder;

the extent to which such subscription rights are transferable and the market on which they may be traded if they are transferable;

if applicable, a discussion of certain U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;

the date on which the right to exercise such subscription rights shall commence, and the date on which such right shall expire (subject to any extension);

the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities and the terms of such over-subscription privilege;

any termination right we may have in connection with such subscription rights offering; and

any other terms of such subscription rights, including exercise, settlement and other procedures and limitations relating to the transfer and exercise of such subscription rights.

We will not offer any subscription rights to purchase shares of our common stock under this prospectus or an accompanying prospectus supplement without first filing a new post-effective amendment to the registration statement.

EXERCISE OF SUBSCRIPTION RIGHTS

Each subscription right would entitle the holder of the subscription right to purchase for cash such amount of shares of common stock at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby. Subscription rights may be exercised at any time up to the close of business on the expiration

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date for such subscription rights set forth in the prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights would become void.

Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement we will forward, as soon as practicable, the shares of common stock purchasable upon such exercise. To the extent permissible under applicable law, we may determine to offer any unsubscribed offered securities directly to persons other than stockholders, to or through agents, underwriters or dealers or through a combination of such methods, as set forth in the applicable prospectus supplement.

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DESCRIPTION OF OUR WARRANTS

The following is a general description of the terms of the warrants we may issue from time to time. Particular terms of any warrants we offer will be described in the prospectus supplement relating to such warrants.

We may issue warrants to purchase shares of our common stock, preferred stock or debt securities. Such warrants may be issued independently or together with shares of common stock, preferred stock or debt securities and may be attached or separate from such securities. We will issue each series of warrants under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency for or with holders or beneficial owners of warrants.

A prospectus supplement will describe the particular terms of any series of warrants we may issue, including the following:

the title of such warrants;

the aggregate number of such warrants;

the price or prices at which such warrants will be issued;

the currency or currencies, including composite currencies, in which the price of such warrants may be payable;

if applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each such security or each principal amount of such security;

in the case of warrants to purchase debt securities, the principal amount of debt securities purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which this principal amount of debt securities may be purchased upon such exercise;

in the case of warrants to purchase common stock or preferred stock, the number of shares of common stock or preferred stock, as the case may be, purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which these shares may be purchased upon such exercise;

the date on which the right to exercise such warrants shall commence and the date on which such right will expire;

whether such warrants will be issued in registered form or bearer form;

if applicable, the minimum or maximum amount of such warrants that may be exercised at any one time;

if applicable, the date on and after which such warrants and the related securities will be separately transferable;

information with respect to book-entry procedures, if any;

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the terms of the securities issuable upon exercise of the warrants;

if applicable, a discussion of certain U.S. federal income tax considerations; and

any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

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We and the warrant agent may amend or supplement the warrant agreement for a series of warrants without the consent of the holders of the warrants issued thereunder to effect changes that are not inconsistent with the provisions of the warrants and that do not materially and adversely affect the interests of the holders of the warrants.

Prior to exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including, in the case of warrants to purchase debt securities, the right to receive principal, premium, if any, or interest payments, on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture or, in the case of warrants to purchase common stock or preferred stock, the right to receive dividends, if any, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.

Under the Investment Company Act, we may generally only offer warrants provided that (a) the warrants expire by their terms within ten years, (b) the exercise or conversion price is not less than the current market value at the date of issuance, (c) our stockholders authorize the proposal to issue such warrants, and our board of directors approves such issuance on the basis that the issuance is in the best interests of Ares Capital and its stockholders and (d) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants and the securities accompanying them has been publicly distributed. The Investment Company Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants, as well as options and rights, at the time of issuance may not exceed 25% of our outstanding voting securities.

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DESCRIPTION OF OUR DEBT SECURITIES

We may issue debt securities in one or more series. The specific terms of each series of debt securities will be described in the particular prospectus supplement relating to that series. The prospectus supplement may or may not modify the general terms found in this prospectus and will be filed with the SEC. For a complete description of the terms of a particular series of debt securities, you should read both this prospectus and the prospectus supplement relating to that particular series.

As required by federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called an "indenture." An indenture is a contract between us and U.S. Bank National Association, a financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described in the second paragraph under "Events of Default Remedies if an Event of Default Occurs." Second, the trustee performs certain administrative duties for us.

Because this section is a summary, it does not describe every aspect of the debt securities and the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of debt securities. For example, in this section, we use capitalized words to signify terms that are specifically defined in the indenture. Some of the definitions are repeated in this prospectus, but for the rest you will need to read the indenture. We have filed the form of the indenture with the SEC. See "Available Information" for information on how to obtain a copy of the indenture.

The prospectus supplement, which will accompany this prospectus, will describe the particular series of debt securities being offered, including, among other things:

the designation or title of the series of debt securities;

the total principal amount of the series of debt securities;

the percentage of the principal amount at which the series of debt securities will be offered;

the date or dates on which principal will be payable;

the rate or rates (which may be either fixed or variable) and/or the method of determining such rate or rates of interest, if any;

the date or dates from which any interest will accrue, or the method of determining such date or dates, and the date or dates on which any interest will be payable;

the terms for redemption, extension or early repayment, if any;

the currencies in which the series of debt securities are issued and payable;

whether the amount of payments of principal, premium or interest, if any, on a series of debt securities will be determined with reference to an index, formula or other method (which could be based on one or more currencies, commodities, equity indices or other indices) and how these amounts will be determined;

the place or places, if any, other than or in addition to the City of New York, of payment, transfer, conversion and/or exchange of the debt securities;

the denominations in which the offered debt securities will be issued;

the provision for any sinking fund;

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any restrictive covenants;

any Events of Default;

whether the series of debt securities is issuable in certificated form;

any provisions for defeasance or covenant defeasance;

if applicable, U.S. federal income tax considerations relating to original issue discount;

whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);

any provisions for convertibility or exchangeability of the debt securities into or for any other securities;

whether the debt securities are subject to subordination and the terms of such subordination;

the listing, if any, on a securities exchange; and

any other terms.

The debt securities may be secured or unsecured obligations. Unless the prospectus supplement states otherwise, principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds.

We are permitted, under specified conditions, to issue multiple classes of indebtedness if our asset coverage, calculated pursuant to the Investment Company Act, is at least equal to 200% immediately after each such issuance. In addition, while any indebtedness and senior securities remain outstanding, we must make provisions to prohibit the distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. Specifically, we may be precluded from declaring dividends or repurchasing shares of our common stock unless our asset coverage is at least 200%. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see "Risk Factors Risks Relating to Our Business Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital."

GENERAL

The indenture provides that any debt securities proposed to be sold under this prospectus and the attached prospectus supplement ("offered debt securities") and any debt securities issuable upon the exercise of warrants or upon conversion or exchange of other offered securities ("underlying debt securities") may be issued under the indenture in one or more series.

For purposes of this prospectus, any reference to the payment of principal or premium or interest, if any, on debt securities will include additional amounts if required by the terms of the debt securities.

The indenture does not limit the amount of debt securities that may be issued thereunder from time to time. Debt securities issued under the indenture, when a single trustee is acting for all debt securities issued under the indenture, are called the "indenture securities." The indenture also provides that there may be more than one trustee thereunder, each with respect to one or more different series of indenture securities. See "Resignation of Trustee" below. At a time when two or more trustees are acting under the indenture, each with respect to only certain series, the

term "indenture securities"

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means the one or more series of debt securities with respect to which each respective trustee is acting. In the event that there is more than one trustee under the indenture, the powers and trust obligations of each trustee described in this prospectus will extend only to the one or more series of indenture securities for which it is trustee. If two or more trustees are acting under the indenture, then the indenture securities for which each trustee is acting would be treated as if issued under separate indentures.

The indenture does not contain any provisions that give you protection in the event we issue a large amount of debt or we are acquired by another entity.

We refer you to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability to issue indenture securities with terms different from those of indenture securities previously issued and, without the consent of the holders thereof, to reopen a previous issue of a series of indenture securities and issue additional indenture securities of that series unless the reopening was restricted when that series was created.

We expect that we will usually issue debt securities in book entry only form represented by global securities.

CONVERSION AND EXCHANGE

If any debt securities are convertible into or exchangeable for other securities, the prospectus supplement will explain the terms and conditions of the conversion or exchange, including the conversion price or exchange ratio (or the calculation method), the conversion or exchange period (or how the period will be determined), if conversion or exchange will be mandatory or at the option of the holder or us, provisions for adjusting the conversion price or the exchange ratio and provisions affecting conversion or exchange in the event of the redemption of the underlying debt securities. These terms may also include provisions under which the number or amount of other securities to be received by the holders of the debt securities upon conversion or exchange would be calculated according to the market price of the other securities as of a time stated in the prospectus supplement.

PAYMENT AND PAYING AGENTS

We will pay interest to the person listed in the applicable trustee's records as the owner of the debt security at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the debt security on the interest due date. That day, usually about two weeks in advance of the interest due date, is called the "record date." Because we will pay all the interest for an interest period to the holders on the record date, holders buying and selling debt securities must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the debt securities to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period. This prorated interest amount is called "accrued interest."

Payments on Global Securities

We will make payments on a global security in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depositary and its participants.

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Payments on Certificated Securities

We will make payments on a certificated debt security as follows. We will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all payments of principal and premium, if any, by check at the office of the applicable trustee in New York, NY and/or at other offices that may be specified in the prospectus supplement or in a notice to holders against surrender of the debt security.

Alternatively, if the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request payment by wire, the holder must give the applicable trustee or other paying agent appropriate transfer instructions at least 15 business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Payment When Offices Are Closed

If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date, except as otherwise indicated in the attached prospectus supplement. Such payment will not result in a default under any debt security or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.

EVENTS OF DEFAULT

You will have rights if an Event of Default occurs in respect of the debt securities of your series and is not cured, as described later in this subsection.

The term "Event of Default" in respect of the debt securities of your series means any of the following (unless the prospectus supplement relating to such debt securities states otherwise):

We do not pay the principal of, or any premium on, a debt security of the series on its due date, and do not cure this default within 5 days.

We do not pay interest on a debt security of the series when due, and such default is not cured within 30 days.

We do not deposit any sinking fund payment in respect of debt securities of the series on its due date, and do not cure this default within 5 days.

We remain in breach of a covenant in respect of debt securities of the series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the trustee or holders of at least 25% of the principal amount of debt securities of the series.

We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 60 days.

On the last business day of each of twenty-four consecutive calendar months, we have an asset coverage of less than 100%.

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Any other Event of Default in respect of debt securities of the series described in the applicable prospectus supplement occurs.

An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of debt securities of any default, except in the payment of principal, premium or interest, if it considers the withholding of notice to be in the best interests of the holders.

Remedies if an Event of Default Occurs

If an Event of Default has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the debt securities of the affected series.

The trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability (called an "indemnity") (Section 315 of the Trust Indenture Act of 1939). If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass your trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

You must give your trustee written notice that an Event of Default has occurred and remains uncured.

The holders of at least 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action.

The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity.

The holders of a majority in principal amount of the debt securities must not have given the trustee a direction inconsistent with the above notice during that 60 day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after the due date.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than:

the payment of principal, any premium or interest; or

in respect of a covenant that cannot be modified or amended without the consent of each holder.

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Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.

Each year, we will furnish to each trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the debt securities, or else specifying any default.

MERGER OR CONSOLIDATION

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, unless the prospectus supplement relating to certain debt securities states otherwise, we may not take any of these actions unless all the following conditions are met:

Where we merge out of existence or sell our assets, the resulting entity must agree to be legally responsible for our obligations under the debt securities.

Immediately after giving effect to such transaction, no Default or Event of Default shall have happened and be continuing.

Under the indenture, no merger or sale of assets may be made if as a result any of our property or assets or any property or assets of one of our subsidiaries, if any, would become subject to any mortgage, lien or other encumbrance unless either (a) the mortgage, lien or other encumbrance could be created pursuant to the limitation on liens covenant in the indenture without equally and ratably securing the indenture securities or (b) the indenture securities are secured equally and ratably with or prior to the debt secured by the mortgage, lien or other encumbrance.

We must deliver certain certificates and documents to the trustee.

We must satisfy any other requirements specified in the prospectus supplement relating to a particular series of debt securities.

MODIFICATION OR WAIVER

There are three types of changes we can make to the indenture and the debt securities issued thereunder.

Changes Requiring Your Approval

First, there are changes that we cannot make to your debt securities without your specific approval. The following is a list of those types of changes:

change the stated maturity of the principal of or interest on a debt security;

reduce any amounts due on a debt security;

reduce the amount of principal payable upon acceleration of the maturity of a security following a default;

adversely affect any right of repayment at the holder's option;

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change the place (except as otherwise described in the prospectus or prospectus supplement) or currency of payment on a debt security;

impair your right to sue for payment;

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adversely affect any right to convert or exchange a debt security in accordance with its terms;

modify the subordination provisions in the indenture in a manner that is adverse to holders of the debt securities;

reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;

reduce the percentage of holders of debt securities whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults;

modify any other aspect of the provisions of the indenture dealing with supplemental indentures, modification and waiver of past defaults, changes to the quorum or voting requirements or the waiver of certain covenants; and

change any obligation we have to pay additional amounts.

Changes Not Requiring Approval

The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. We also do not need any approval to make any change that affects only debt securities to be issued under the indenture after the change takes effect.

Changes Requiring Majority Approval

Any other change to the indenture and the debt securities would require the following approval:

If the change affects only one series of debt securities, it must be approved by the holders of a majority in principal amount of that series.

If the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

The holders of a majority in principal amount of all of the series of debt securities issued under an indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants in that indenture. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under " Changes Requiring Your Approval."

Further Details Concerning Voting

When taking a vote, we will use the following rules to decide how much principal to attribute to a debt security:

For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of these debt securities were accelerated to that date because of a default.

For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule for that debt security described in the prospectus supplement.

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For debt securities denominated in one or more foreign currencies, we will use the U.S. dollar equivalent.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "Defeasance Full Defeasance."

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding indenture securities that are entitled to vote or take other action under the indenture. If we set a record date for a vote or other action to be taken by holders of one or more series, that vote or action may be taken only by persons who are holders of outstanding indenture securities of those series on the record date and must be taken within eleven months following the record date.

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.

DEFEASANCE

The following provisions will be applicable to each series of debt securities unless we state in the applicable prospectus supplement that the provisions of covenant defeasance and full defeasance will not be applicable to that series.

Covenant Defeasance

If certain conditions are satisfied, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the particular series was issued. This is called "covenant defeasance." In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your debt securities. If applicable, you also would be released from the subordination provisions described under "Indenture Provisions Subordination" below. In order to achieve covenant defeasance, we must do the following:

If the debt securities of the particular series are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of such debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates.

We must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity.

We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the Investment Company Act and a legal opinion and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. For example, if one of the remaining Events of Default occurred (such as our bankruptcy) and the debt securities became immediately due and payable, there might be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

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Full Defeasance

If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities of a particular series (called "full defeasance") if we put in place the following other arrangements for you to be repaid:

If the debt securities of the particular series are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of such debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates.

We must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an IRS ruling that allows us to make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity. Under current U.S. federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds were deposited in trust in exchange for your debt securities and you would recognize gain or loss on the debt securities at the time of the deposit.

We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the Investment Company Act and a legal opinion and officers' certificate stating that all conditions precedent to defeasance have been complied with.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent. If applicable, you would also be released from the subordination provisions described later under "Indenture Provisions Subordination."

FORM, EXCHANGE AND TRANSFER OF CERTIFICATED REGISTERED SECURITIES

Holders may exchange their certificated securities, if any, for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their certificated securities, if any, at the office of their trustee. We have appointed the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their certificated securities, if any, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and we redeem less than all the debt securities of that series, we may block the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day

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of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any certificated securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

RESIGNATION OF TRUSTEE

Each trustee may resign or be removed with respect to one or more series of indenture securities provided that a successor trustee is appointed to act with respect to these series. In the event that two or more persons are acting as trustee with respect to different series of indenture securities under the indenture, each of the trustees will be a trustee of a trust separate and apart from the trust administered by any other trustee.

INDENTURE PROVISIONS SUBORDINATION

Upon any distribution of our assets upon our dissolution, winding up, liquidation or reorganization, the payment of the principal of (and premium, if any) and interest, if any, on any indenture securities denominated as subordinated debt securities is to be subordinated to the extent provided in the indenture in right of payment to the prior payment in full of all Senior Indebtedness (as defined below), but our obligation to you to make payment of the principal of (and premium, if any) and interest, if any, on such subordinated debt securities will not otherwise be affected. In addition, no payment on account of principal (or premium, if any), sinking fund or interest, if any, may be made on such subordinated debt securities at any time unless full payment of all amounts due in respect of the principal (and premium, if any), sinking fund and interest on Senior Indebtedness has been made or duly provided for in money or money's worth.

In the event that, notwithstanding the foregoing, any payment by us is received by the trustee in respect of subordinated debt securities or by the holders of any of such subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution must be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution by us, the holders of such subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of such subordinated debt securities.

By reason of this subordination, in the event of a distribution of our assets upon our insolvency, certain of our senior creditors may recover more, ratably, than holders of any subordinated debt securities. The indenture provides that these subordination provisions will not apply to money and securities held in trust under the defeasance provisions of the indenture.

"Senior Indebtedness" is defined in the indenture as the principal of (and premium, if any) and unpaid interest on:

our indebtedness (including indebtedness of others guaranteed by us), whenever created, incurred, assumed or guaranteed, for money borrowed (other than indenture securities issued under the indenture and denominated as subordinated debt securities), unless in the instrument creating or evidencing the same or under which the same is outstanding it is provided that this indebtedness is not senior or prior in right of payment to the subordinated debt securities, and

renewals, extensions, modifications and refinancings of any of this indebtedness.

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If this prospectus is being delivered in connection with the offering of a series of indenture securities denominated as subordinated debt securities, the accompanying prospectus supplement will set forth the approximate amount of our Senior Indebtedness outstanding as of a recent date.

THE TRUSTEE UNDER THE INDENTURE

U.S. Bank National Association will serve as the trustee under the indenture.

CERTAIN CONSIDERATIONS RELATING TO FOREIGN CURRENCIES

Debt securities denominated or payable in foreign currencies may entail significant risks. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable prospectus supplement.

BOOK-ENTRY DEBT SECURITIES

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the debt securities. The debt securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the debt securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of debt securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or

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Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of debt securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the debt securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such debt securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the debt securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the debt securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the debt securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the debt securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the trustee, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the trustee, but disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the debt securities at any time by giving reasonable notice to us or the trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered. We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

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DESCRIPTION OF OUR UNITS

The following is a general description of the terms of the units we may issue from time to time. Particular terms of any units we offer will be described in the prospectus supplement relating to such units. For a complete description of the terms of particular units, you should read both this prospectus and the prospectus supplement relating to those particular units.

We may issue units comprised of one or more of the other securities described in this prospectus in any combination. Each unit may also include debt obligations of third parties, such as U.S. Treasury securities. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security.

A prospectus supplement will describe the particular terms of any series of units we may issue, including the following:

the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units may be held or transferred separately;

a description of the terms of any unit agreement governing the units;

a description of the provisions for the payment, settlement, transfer or exchange of the units; and

whether the units will be issued in fully registered or global form.

We will not offer any units under this prospectus or an accompanying prospectus supplement without first filing a new post-effective amendment to the registration statement.

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SALES OF COMMON STOCK BELOW NET ASSET VALUE

Pursuant to approval granted at our 2014 annual stockholders meeting, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires the earlier of June 2, 2015 and the date of our 2015 annual stockholders meeting.

In order to sell shares of common stock pursuant to this authorization, no further authorization from our stockholders has to be solicited, but a majority of our directors who have no financial interest in the sale and a majority of our independent directors must (a) find that the sale is in our best interests and in the best interests of our stockholders and (b) in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares of common stock, or immediately prior to the issuance of such common stock, that the price at which such shares of common stock are to be sold is not less than a price that closely approximates the market value of those shares of common stock, less any distributing commission or discount.

Any offering of common stock below its net asset value per share will be designed to raise capital for investment in accordance with our investment objective.

In making a determination that an offering of common stock below its net asset value per share is in our and our stockholders' best interests, our board of directors will consider a variety of factors including:

the effect that an offering below net asset value per share would have on our stockholders, including the potential dilution to the net asset value per share of our common stock our stockholders would experience as a result of the offering;

the amount per share by which the offering price per share and the net proceeds per share are less than our most recently determined net asset value per share;

the relationship of recent market prices of par common stock to net asset value per share and the potential impact of the offering on the market price per share of our common stock;

whether the estimated offering price would closely approximate the market value of shares of our common stock;

the potential market impact of being able to raise capital during the current financial market difficulties;

the nature of any new investors anticipated to acquire shares of our common stock in the offering;

the anticipated rate of return on and quality, type and availability of investments; and

the leverage available to us.

Our board of directors will also consider the fact that sales of shares of common stock at a discount will benefit our investment adviser as our investment adviser will earn additional investment management fees on the proceeds of such offerings, as it would from the offering of any other of our securities or from the offering of common stock at premium to net asset value per share.

We will not sell shares of our common stock pursuant to stockholder approval (or any rights, warrants or units to purchase shares of our common stock) under this prospectus or an accompanying prospectus supplement without first filing a new post-effective amendment to the registration statement if the cumulative dilution to our net asset value per share from offerings under the registration

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statement, as amended by such post-effective amendment, exceeds 15%. This would be measured separately for each offering pursuant to the registration statement, as amended by this post-effective amendment, by calculating the percentage dilution or accretion to aggregate net asset value from that offering and then summing the percentage from each offering. For example, if our most recently determined net asset value per share at the time of the first offering is \$15.00 and we have 30 million shares of common stock outstanding, the sale of 6 million shares of common stock at net proceeds to us of \$7.50 per share (a 50% discount) would produce dilution of 8.33%. If we subsequently determined that our net asset value per share increased to \$15.75 on the then 36 million shares of common stock outstanding and then made an additional offering, we could, for example, sell approximately an additional 7.2 million shares of common stock at net proceeds to us of \$9.45 per share, which would produce dilution of 6.67%, before we would reach the aggregate 15% limit.

Sales by us of our common stock at a discount from net asset value per share pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering. Any sale of common stock at a price below net asset value per share would result in an immediate dilution to existing common stockholders who do not participate in such sale on at least a pro rata basis. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or securities to subscribe for or convertible into shares of our common stock."

The following three headings and accompanying tables explain and provide hypothetical examples on the impact of an offering of our common stock at a price less than net asset value per share 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.

Impact on Existing Stockholders Who Do Not Participate in the Offering

Our existing stockholders who do not participate in an offering below net asset value per share or who do not buy additional shares in the secondary market at the same or lower price as we obtain 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 and their net asset value per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our 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 net asset value per share. 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 the then current net asset value, their voting power will be diluted.

The following chart illustrates the level of net asset value dilution that would be experienced by a nonparticipating stockholder in three different hypothetical offerings of different sizes and levels of discount from net asset value per share. It is not possible to predict the level of market price decline that may occur.

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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 net asset value per share 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 net asset value), (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 net asset value), (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 net asset value) 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 net asset value). The prospectus supplement 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 net asset value. 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	(5.00)%
Dilution to Nonparticipating Stockholder									
Shares Held by Stockholder A	30,000	30,000	0.00%	30,000	0.00%	30,000	0.00%	30,000	0.00%
Percentage Held by Stockholder A	0.10%	0.10%	(4.76)%	0.09%	(9.09)%	0.08%	(16.67)%	0.08%	(20.00)%
Total Net Asset Value Held by Stockholder A	\$ 450,000	\$ 448,929	(0.24)%	\$ 445,909	(0.91)%	\$ 435,000	(3.33)%	\$ 427,500	(5.00)%
Total Investment by Stockholder A (Assumed to Be \$15.00 per Share)	\$ 450,000	\$ 450,000		\$ 450,000		\$ 450,000		\$ 450,000	
Total Dilution to Stockholder A (Total Net Asset Value Less Total Investment)		\$ (1,071)		\$ (4,091)		\$ (15,000)		\$ (22,500)	
Investment per Share Held by Stockholder A (Assumed to be \$15.00 per Share on Shares Held Prior to Sale)	\$ 15.00	\$ 15.00	0.00%	\$ 15.00	0.00%	\$ 15.00	0.00%	\$ 15.00	0.00%
Net Asset Value per Share Held by Stockholder A		\$ 14.96		\$ 14.86		\$ 14.50		\$ 14.50	
Dilution per Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)		\$ (0.04)		\$ (0.14)		\$ (0.50)		\$ (0.75)	
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)			(0.24)%		(0.91)%		(3.33)%		(5.00)%
Impact on Existing Stockholders Who Do Participate in the Offering									

Our existing stockholders who participate in an offering below net asset value per share or who buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) will experience the same types of net asset value dilution as the nonparticipating stockholders, although at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in shares of our common stock immediately prior

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to the offering. The level of net asset value dilution will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than such percentage will experience net asset value dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience accretion in net asset value per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to such offering. The level of accretion will increase as the excess number of shares such stockholder purchases increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience net asset value dilution as described above in such subsequent offerings. 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 net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution and accretion in the hypothetical 20% discount offering from the prior chart (Example 3) for a stockholder that acquires shares equal to (a) 50% of its proportionate share of the offering (i.e., 3,000 shares, which is 0.05% of an offering of 6 million shares) rather than its 0.10% proportionate share and (b) 150% of such percentage (i.e., 9,000 shares, which is 0.15% of an offering of 6 million shares rather than its 0.10% proportionate share). The prospectus supplement pursuant to which any discounted offering is made will include a chart for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined net asset value per share. It is not possible to predict the level of market price decline that may occur.

	Prior to Sale Below NAV	50% Participation Following Sale	% Change	150% Participation Following Sale	% Change
Offering Price					
Price per Share to Public		\$ 12.63		\$ 12.63	
Net Proceeds per Share to Issuer		\$ 12.00		\$ 12.00	
Decrease/Increase to Net Asset Value					
Total Shares Outstanding	30,000,000	36,000,000	20%	36,000,000	20%
Net Asset Value per Share	\$ 15.00	\$ 14.50	(3.33)%	\$ 14.50	(3.33)%
Dilution/Accretion to Participating Stockholder Shares Held by					
Stockholder A					
Percentage Held by Stockholder A	30,000	33,000	10%	39,000	30%
Total Net Asset Value Held by Stockholder A	\$ 450,000	\$ 478,500	6.33%	\$ 565,500	25.67%
Total Investment by Stockholder A (Assumed to be \$15.00 per Share on Shares Held Prior to Sale)		\$ 487,895		\$ 563,684	
Total Dilution/Accretion to Stockholder A (Total Net Asset Value Less Total Investment)		\$ (9,395)		\$ 1,816	
Investment per Share Held by Stockholder A (Assumed to Be \$15.00 on Shares Held Prior to Sale)	\$ 15.00	\$ 14.78	(1.44)%	\$ 14.45	(3.64)%
Net Asset Value per Share Held by Stockholder A		\$ 14.50		\$ 14.50	
Dilution/Accretion per Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)		\$ (0.28)		\$ 0.05	0.40%
Percentage Dilution/Accretion to Stockholder A (Dilution per Share Divided by Investment per Share)			(1.96)%		0.32%
Impact on New Investors					

Investors who are not currently stockholders and who participate in an offering of shares of our common stock below net asset value, but whose investment per share is greater than the resulting net asset value per share due to selling compensation and expenses paid by the Company, will experience an immediate decrease, although small, in the net asset value of their shares and their net

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asset value per share compared to the price they pay for their shares. Investors who are not currently stockholders and who participate in an offering of shares of our common stock below net asset value per share and whose investment per share is also less than the resulting net asset value per share due to selling compensation and expenses paid by the Company being significantly less than the discount per share, will experience an immediate increase in the net asset value of their shares and their net asset value per share compared to the price they pay for their shares. These investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to such offering. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder will experience dilution as described above in such subsequent offerings. These investors 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 net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution or accretion for new investors that would be experienced by a new investor in the same hypothetical 5%, 10%, 20% and 25% discounted offerings as described in the first chart above. The illustration is for a new investor who purchases the same percentage (0.10%) of the shares in the offering as Stockholder A in the prior examples held immediately prior to the offering. The prospectus supplement pursuant to which any discounted offering is made will include a chart for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined net asset value per share. It is not possible to predict the level of market price decline that may occur.

	Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount	% Change	Example 2 10% Offering at 10% Discount	% Change	Example 3 20% Offering at 20% Discount	% Change	Example 4 25% Offering at 25% Discount	% 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/Increase to Net Asset Value									
Total Shares Outstanding	30,000,000	31,500,000	5%	33,000,000	10%	36,000,000	20%	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	(5.00)%
Dilution/Accretion to New Investor A									
Shares Held by Investor A	0	1,500		3,000		6,000		7,500	
Percentage Held by Investor A	0.00%	0.00%		0.01%		0.02%		0.02%	
Total Net Asset Value Held by Investor A	\$ 0	\$ 22,446		\$ 44,591		\$ 87,000		\$ 106,875	
Total Investment by Investor A (At Price to Public)		\$ 22,500		\$ 42,632		\$ 75,789		\$ 88,816	
Total Dilution/Accretion to Investor A (Total Net Asset Value Less Total Investment)		\$ (54)		\$ 1,959		\$ 11,211		\$ 18,059	
Investment per Share Held by Investor A	\$ 0	\$ 15.00		\$ 14.21		\$ 12.63		\$ 11.84	
Net Asset Value per Share Held by Investor A		\$ 14.96		\$ 14.86		\$ 14.50		\$ 14.25	
Dilution/Accretion per Share Held by Investor A (Net Asset Value per Share Less Investment per Share)		\$ (0.04)		\$ 0.65		\$ 1.87		\$ 2.41	
Percentage Dilution/Accretion to Investor A (Dilution per Share Divided by Investment per Share)			(0.24)%		4.60%		14.79%		20.33%

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**ISSUANCE OF WARRANTS OR SECURITIES TO SUBSCRIBE FOR
OR CONVERTIBLE INTO SHARES OF OUR COMMON STOCK**

At our 2008 annual stockholders meeting, our stockholders approved our ability to sell or otherwise issue warrants or securities to subscribe for or convertible into shares of our common stock, not exceeding 25% of our then outstanding common stock, at an exercise or conversion price that, at the date of issuance, will not be less than the greater of the market value per share of our common stock and the net asset value per share of our common stock. The authorization granted to sell or authorize issue warrants or securities to subscribe for or convertible into shares of our common stock has no expiration. Any exercise of warrants or securities to subscribe for or convertible into shares of our common stock at an exercise or conversion price that is below net asset value at the time of such exercise or conversion would result in an immediate dilution to existing common stockholders. This dilution would include reduction in net asset value as a result of the proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest than the increase in our assets resulting from such offering.

As a result of obtaining this authorization, in order to sell or otherwise issue such securities, (a) the exercise, conversion or subscription rights in such securities must expire by their terms within 10 years, (b) with respect to any warrants, options or rights to subscribe or convert to our common stock that are issued along with other securities, such warrants, options or rights must not be separately transferable, (c) the exercise or conversion price of such securities must not be less than the greater of the market value per share of our common stock and the net asset value per share of our common stock at the date of issuance of such securities, (d) the issuance of such securities must be approved by a majority of the board of directors who have no financial interest in the transaction and a majority of the independent directors on the basis that such issuance is in the best interests of the Company and its stockholders and (e) the number of shares of our common stock that would result from the exercise or conversion of such securities and all other securities convertible, exercisable or exchangeable into shares of our common stock outstanding at the time of issuance of such securities must not exceed 25% of our outstanding common stock at such time.

We could also sell shares of common stock below net asset value per share in certain other circumstances, including through subscription rights issued in rights offerings. See "Description of Our Subscription Rights" and "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering. In addition, if the subscription price is less than our net asset value per share, then you will experience an immediate dilution of the aggregate net asset value of your shares."

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REGULATION

We have elected to be regulated as a BDC under the Investment Company Act and have elected to be treated as a RIC under the Code. As with other companies regulated by the Investment Company Act, a BDC must adhere to certain substantive regulatory requirements. The Investment Company Act contains prohibitions and restrictions relating to certain transactions between BDCs and certain affiliates (including any investment advisers or sub-advisers), principal underwriters and certain affiliates of those affiliates or underwriters. Among other things, we generally cannot invest in any portfolio company in which a fund managed by Ares or any of its downstream affiliates (other than us and our downstream affiliates) currently has an investment (although we may co-invest on a concurrent basis with funds managed by Ares or any of its downstream affiliates, subject to compliance with existing regulatory guidance, applicable regulations and our allocation procedures). Certain types of co-investment transactions would only be permitted pursuant to an exemptive order from the SEC, for which we have applied. Any such order will be subject to certain terms and conditions. Further, there is no assurance that the application for exemptive relief will be granted by the SEC.

The Investment Company Act contains certain restrictions on certain types of investments we may make. Specifically, we may only invest up to 30% of our portfolio in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

The Investment Company Act also requires that a majority of our directors be persons other than "interested persons," as that term is defined in Section 2(a)(19) of the Investment Company Act, referred to herein as "independent directors." In addition, the Investment Company Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless that change is approved by holders of at least a majority of our outstanding voting securities. Under the Investment Company Act, the vote of holders of at least a "majority of outstanding voting securities" means the vote of the holders of the lesser of: (a) 67% or more of the outstanding shares of our common stock present at a meeting or represented by proxy if holders of more than 50% of the shares of our common stock are present or represented by proxy or (b) more than 50% of the outstanding shares of our common stock.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies. We may enter into hedging transactions to manage the risks associated with interest rate and currency fluctuations. We may purchase or otherwise receive warrants or options to purchase the common stock of our portfolio companies in connection with acquisition financings or other investments. In connection with such an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances. We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the Investment Company Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any investment company (as defined in the Investment Company Act), invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of investment companies in the aggregate. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses.

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QUALIFYING ASSETS

A BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) below. Thus, under the Investment Company Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the Investment Company Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our business are the following:

- (1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions):
 - (a) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the Investment Company Act as any issuer that:
 - (i) is organized under the laws of, and has its principal place of business in, the United States;
 - (ii) is not an investment company (other than a small business investment company wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the Investment Company Act; and
 - (iii) does not have any class of securities listed on a national securities exchange;
 - (b) is a company that meets the requirements of (a)(i) and (ii) above, but is not an eligible portfolio company because it has issued a class of securities on a national securities exchange, if:
 - (i) at the time of the purchase, we own at least 50% of the (x) greatest number of equity securities of such issuer and securities convertible into or exchangeable for such securities; and (y) the greatest amount of debt securities of such issuer, held by us at any point in time during the period when such issuer was an eligible portfolio company; and
 - (ii) we are one of the 20 largest holders of record of such issuer's outstanding voting securities; or
 - (c) is a company that meets the requirements of (a)(i) and (ii) above, but is not an eligible portfolio company because it has issued a class of securities on a national securities exchange, if the aggregate market value of such company's outstanding voting and non-voting common equity is less than \$250.0 million.
- (2) Securities of any eligible portfolio company that we control.
- (3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

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- (4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- (5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.
- (6) Cash, cash items, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

MANAGERIAL ASSISTANCE TO PORTFOLIO COMPANIES

In order to count portfolio securities as qualifying assets for the purpose of the 70% test discussed above under "Qualifying Assets," the BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance; except that, where the BDC purchases such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance (as long as the BDC itself does not make available significant managerial assistance solely in this fashion). Making available managerial assistance means, among other things, exercising control over the management or policies of the portfolio company or any arrangement whereby the BDC, through its directors, officers or employees, offers to provide, and, if the offer is accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

TEMPORARY INVESTMENTS

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash items, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as "temporary investments," so that 70% of our assets are qualifying assets. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. Government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we may not meet the Diversification Tests in order to qualify as a RIC. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our investment adviser will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

INDEBTEDNESS AND SENIOR SECURITIES

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, calculated pursuant to the Investment Company Act, is at least equal to 200% immediately after each such issuance. In addition, while any indebtedness and senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. Specifically, we may be precluded from declaring dividends or repurchasing shares of our common stock unless our asset coverage is at least 200%. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks

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associated with leverage, see "Risk Factors Risks Relating to Our Business Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital."

CODE OF ETHICS

We and Ares Capital Management have each adopted a code of ethics pursuant to Rule 17j-1 under the Investment Company Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. Our code of ethics is filed as an exhibit to our registration statement of which this prospectus is a part. For information on how to obtain a copy of the code of ethics, see "Available Information."

PROXY VOTING POLICIES AND PROCEDURES

SEC-registered advisers that have the authority to vote (client) proxies (which authority may be implied from a general grant of investment discretion) are required to adopt policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interests of its clients. Registered advisers also must maintain certain records on proxy voting. In most cases, we invest in securities that do not generally entitle us to voting rights in our portfolio companies. When we do have voting rights, we delegate the exercise of such rights to Ares Capital Management. Ares Capital Management's proxy voting policies and procedures are summarized below:

In determining how to vote, officers of our investment adviser consult with each other and other investment professionals of Ares, taking into account our and our investors' interests as well as any potential conflicts of interest. Our investment adviser consults with legal counsel to identify potential conflicts of interest. Where a potential conflict of interest exists, our investment adviser may, if it so elects, resolve it by following the recommendation of a disinterested third party, by seeking the direction of the independent directors of the Company or, in extreme cases, by abstaining from voting. While our investment adviser may retain an outside service to provide voting recommendations and to assist in analyzing votes, our investment adviser will not delegate its voting authority to any third party.

An officer of Ares Capital Management keeps a written record of how all such proxies are voted. Our investment adviser retains records of (a) proxy voting policies and procedures, (b) all proxy statements received (or it may rely on proxy statements filed on the SEC's EDGAR system in lieu thereof), (c) all votes cast, (d) investor requests for voting information and (e) any specific documents prepared or received in connection with a decision on a proxy vote. If it uses an outside service, our investment adviser may rely on such service to maintain copies of proxy statements and records, so long as such service will provide a copy of such documents promptly upon request.

Our investment adviser's proxy voting policies are not exhaustive and are designed to be responsive to the wide range of issues that may be subject to a proxy vote. In general, our investment adviser votes our proxies in accordance with these guidelines unless: (a) it has determined otherwise due to the specific and unusual facts and circumstances with respect to a particular vote, (b) the subject matter of the vote is not covered by these guidelines, (c) a material conflict of interest is present or (d) we find it necessary to vote contrary to our general guidelines to maximize stockholder value or the best interests of Ares Capital. In reviewing proxy issues, our investment adviser generally uses the following guidelines:

Elections of Directors: In general, our investment adviser will vote proxies in favor of the management-proposed slate of directors. If there is a proxy fight for seats on a portfolio company's board of directors, or our investment adviser determines that there are other compelling reasons for withholding our vote, it will determine the appropriate vote on the matter. Our investment adviser may withhold votes for directors when it (a) believes a direct conflict of interest exists between the interests

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of the director and the stockholders, (b) concludes that the actions of the director are unlawful, unethical or negligent or (c) believes the board is entrenched in or dealing inadequately with performance problems, and/or acting with insufficient independence between the board and management. Finally, our investment adviser may withhold votes for directors of non- U.S. issuers where there is insufficient information about the nominees disclosed in the proxy statement.

Appointment of Auditors: We believe that a portfolio company remains in the best position to choose its independent auditors and our investment adviser will generally support management's recommendation in this regard.

Changes in Capital Structure: Changes in a portfolio company's charter or bylaws may be required by state or federal regulation. In general, our investment adviser will cast our votes in accordance with the management on such proposals. However, our investment adviser will consider carefully any proposal regarding a change in corporate structure that is not required by state or federal regulation.

Corporate Restructurings, Mergers and Acquisitions: We believe proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, our investment adviser will analyze such proposals on a case-by-case basis and vote in accordance with its perception of our interests.

Proposals Affecting Stockholder Rights: We will generally vote in favor of proposals that give stockholders a greater voice in the affairs of a portfolio company and oppose any measure that seeks to limit such rights. However, when analyzing such proposals, our investment adviser will balance the financial impact of the proposal against any impairment of stockholder rights as well as of our investment in the portfolio company.

Corporate Governance: We recognize the importance of good corporate governance. Accordingly, our investment adviser will generally favor proposals that promote transparency and accountability within a portfolio company.

Anti-Takeover Measures: Our investment adviser will evaluate, on a case-by-case basis, any proposals regarding anti-takeover measures to determine the measure's likely effect on stockholder value dilution.

Stock Splits: Our investment adviser will generally vote with management on stock split matters.

Limited Liability of Directors: Our investment adviser will generally vote with management on matters that could adversely affect the limited liability of directors.

Social and Corporate Responsibility: Our investment adviser will review proposals related to social, political and environmental issues to determine whether they may adversely affect stockholder value. Our investment adviser may abstain from voting on such proposals where they do not have a readily determinable financial impact on stockholder value.

Stockholders may obtain information regarding how we voted proxies with respect to our portfolio securities during the twelve-month period ended June 30, 2013 free of charge by making a written request for proxy voting information to Ares Capital Corporation, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, by calling us collect at (310) 401-4200 or on the SEC's website at www.sec.gov.

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PRIVACY PRINCIPLES

We are committed to maintaining the privacy of our stockholders and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any non-public personal information relating to our stockholders, although certain non-public personal information of our stockholders may become available to us. The non-public personal information that we may receive falls into the following categories:

information we receive from stockholders, whether we receive it orally, in writing or electronically. This includes stockholders' communications to us concerning their investment;

information about stockholders' transactions and history with us; or

other general information that we may obtain about stockholders, such as demographic and contact information such as a person's address.

We do not disclose any non-public personal information about our stockholders or former stockholders to anyone, except:

to our affiliates (such as our investment adviser and administrator) and their employees that have a legitimate business need for the information;

to our service providers (such as our accountants, attorneys, custodians, transfer agent, underwriters and proxy solicitors) and their employees, as is necessary to service recordholder accounts or otherwise provide the applicable services;

to comply with court orders, subpoenas, lawful discovery requests or other legal or regulatory requirements; or

as allowed or required by applicable law or regulation.

When the Company shares non-public stockholder personal information referred to above, the information is made available for limited business purposes and under controlled circumstances designed to protect our stockholders' privacy. The Company does not permit use of stockholder information for any non-business or marketing purpose, nor does the Company permit third parties to rent, sell, trade or otherwise release or disclose information to any other party.

The Company's service providers, such as its investment adviser, administrator and transfer agent, are required to maintain physical, electronic, and procedural safeguards to protect stockholder non-public personal information to prevent unauthorized access or use and to dispose of such information when it is no longer required.

Personnel of our affiliates may access stockholder information only for business purposes. The degree of access is based on the sensitivity of the information and on personnel need for the information to service a stockholder's account or comply with legal requirements.

If a stockholder ceases to be a stockholder, we will adhere to the privacy policies and practices as described above. We may choose to modify our privacy policies at any time. Before we do so, we will notify stockholders and provide a description of our privacy policy.

In the event of a corporate change in control resulting from, for example, a sale to, or merger with, another entity, or in the event of a sale of assets, we reserve the right to transfer stockholders' non-public personal information to the new party in control or the party acquiring

assets.

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OTHER

We have designated a chief compliance officer and established a compliance program pursuant to the requirements of the Investment Company Act. We are periodically examined by the SEC for compliance with the Investment Company Act.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to the Company or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

Compliance with the Sarbanes-Oxley Act of 2002 and The NASDAQ Global Select Market Corporate Governance Regulations

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. The Sarbanes-Oxley Act has required us to review our policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

In addition, The NASDAQ Global Select Market has adopted various corporate governance requirements as part of its listing standards. We believe we are in compliance with such corporate governance listing standards. We will continue to monitor our compliance with all future listing standards and will take actions necessary to ensure that we are in compliance therewith.

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CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR

Our securities are held under a custody agreement by U.S. Bank National Association. The address of the custodian is Corporate Trust Services, One Federal Street, 3rd Floor, Boston, MA 02110. Computershare acts as the transfer agent, dividend paying agent and registrar for our common stock. The principal business address of Computershare is 250 Royall Street, Canton, MA 02021.

BROKERAGE ALLOCATION AND OTHER PRACTICES

Since we generally acquire and dispose of our investments in privately negotiated transactions, we infrequently use brokers in the normal course of business.

Subject to policies established by our board of directors, our investment adviser, Ares Capital Management, is primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. Our investment adviser does not expect to execute transactions through any particular broker or dealer, but seeks to obtain the best net results for the Company, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities.

While our investment adviser generally seeks reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, our investment adviser may select a broker based partly upon brokerage or research services provided to our investment adviser and us and any other clients. In return for such services, we may pay a higher commission than other brokers would charge if our investment adviser determines in good faith that such commission is reasonable in relation to the services provided.

We have not paid any brokerage commissions during the three most recent fiscal years.

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PLAN OF DISTRIBUTION

We may offer, from time to time, in one or more offerings or series, up to \$3,000,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase shares of our common stock or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, or units comprised of any combination of the foregoing, in one or more underwritten public offerings, at-the-market offerings, negotiated transactions, block trades, best efforts or a combination of these methods. We may sell the securities through underwriters or dealers, directly to one or more purchasers, including existing stockholders in a rights offering, through agents or through a combination of any such methods of sale. In the case of a rights offering, the applicable prospectus supplement will set forth the number of shares of our common stock issuable upon the exercise of each right and the other terms of such rights offering. Any underwriter or agent involved in the offer and sale of the securities will be named in the applicable prospectus supplement. A prospectus supplement or supplements will also describe the terms of the offering of the securities, including: the purchase price of the securities and the proceeds we will receive from the sale; any over-allotment options under which underwriters may purchase additional securities from us; any agency fees or underwriting discounts and other items constituting agents' or underwriters' compensation; the public offering price; any discounts or concessions allowed or re-allowed or paid to dealers; and any securities exchange or market on which the securities may be listed. Only underwriters named in the prospectus supplement will be underwriters of the securities offered by the prospectus supplement.

The distribution of the securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, or at negotiated prices, provided, however, that the offering price per share of our common stock, less any underwriting commissions or discounts, must equal or exceed the net asset value per share of our common stock at the time of the offering except (a) in connection with a rights offering to our existing stockholders, (b) with the consent of the majority of our common stockholders or (c) under such circumstances as the SEC may permit. The price at which securities may be distributed may represent a discount from prevailing market prices.

In connection with the sale of the securities, underwriters or agents may receive compensation from us or from purchasers of the securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell the securities to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of the securities may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of the securities may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable prospectus supplement. The maximum aggregate commission or discount to be received by any member of FINRA or independent broker-dealer will not be greater than 8% of the gross proceeds of the sale of securities offered pursuant to this prospectus and any applicable prospectus supplement. We may also reimburse the underwriter or agent for certain fees and legal expenses incurred by it.

Any underwriter may engage in over-allotment, stabilizing transactions, short-covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves sales in excess of the offering size, which create a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum price. Syndicate-covering or other short-covering transactions involve purchases of the securities, either through exercise of the over-allotment option or in the open market after the distribution is completed, to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the securities originally sold by the dealer are

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purchased in a stabilizing or covering transaction to cover short positions. Those activities may cause the price of the securities to be higher than it would otherwise be. If commenced, the underwriters may discontinue any of the activities at any time.

Any underwriters that are qualified market makers on the NASDAQ Global Market may engage in passive market making transactions in our common stock on the NASDAQ Global Market in accordance with Regulation M under the Exchange Act, during the business day prior to the pricing of the offering, before the commencement of offers or sales of our common stock. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker's bid, however, the passive market maker's bid must then be lowered when certain purchase limits are exceeded. Passive market making may stabilize the market price of the securities at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

We may sell securities directly or through agents we designate from time to time. We will name any agent involved in the offering and sale of securities and we will describe any commissions we will pay the agent in the prospectus supplement. Unless the prospectus supplement states otherwise, our agent will act on a best-efforts basis for the period of its appointment.

Unless otherwise specified in the applicable prospectus supplement, each class or series of securities will be a new issue with no trading market, other than our common stock, which is traded on The NASDAQ Global Select Market. We may elect to list any other class or series of securities on any exchanges, but we are not obligated to do so. We cannot guarantee the liquidity of the trading markets for any securities.

Under agreements that we may enter, underwriters, dealers and agents who participate in the distribution of shares of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act, or contribution with respect to payments that the agents or underwriters may make with respect to these liabilities. Underwriters, dealers and agents may engage in transactions with, or perform services for, us in the ordinary course of business.

If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase our securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of our securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of such contracts.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

In order to comply with the securities laws of certain states, if applicable, our securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers.

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LEGAL MATTERS

The legality of the securities offered hereby will be passed upon for the Company by Proskauer Rose LLP, Los Angeles, California and Venable LLP, Baltimore, Maryland. Certain legal matters in connection with the offering will be passed upon for the underwriters, if any, by the counsel named in the prospectus supplement.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP, located at 355 South Grand Avenue, Los Angeles, California 90071, is the independent registered public accounting firm of the Company.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the securities offered by this prospectus. The registration statement contains additional information about us and the securities being offered by this prospectus.

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. This information is available free of charge by calling us collect at (310) 201-4200 or on our website at www.arescapitalcorp.com. Information contained on our website is not incorporated into this document and you should not consider such information to be part of this document. You also may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549, the SEC's Northeast Regional Office at 3 World Financial Center, Suite 400, New York, NY 10281 and the SEC's Midwest Regional Office at 175 W. Jackson Blvd., Suite 900, Chicago, IL 60604. Such information is also available from the EDGAR database on the SEC's website at www.sec.gov. You also can obtain copies of such information, after paying a duplicating fee, by sending a request by e-mail to publicinfo@sec.gov or by writing the SEC's Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549. You may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at (202) 551-8090 or (800) SEC-0330.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Ares Capital Corporation:

We have audited the accompanying consolidated balance sheet of Ares Capital Corporation (and subsidiaries) (the Company) as of December 31, 2013 and 2012, including the consolidated schedules of investments as of December 31, 2013 and 2012, and the related consolidated statements of operations, stockholders' equity, and cash flows, and the financial highlights (included in Note 13), for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2013 and 2012, by correspondence with custodians, or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ares Capital Corporation (and subsidiaries) as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ares Capital Corporation's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of Treadway Commission (COSO), and our report dated February 26, 2014 expressed an unqualified opinion on the effectiveness of Ares Capital Corporation's internal control over financial reporting.

As explained in Note 7 to the consolidated financial statements, the accompanying consolidated financial statements include investments valued at \$7.6 billion (156% of net assets), whose fair values have been estimated by the Board of Directors and management in the absence of readily determinable fair values. Such estimates are based on financial and other information provided by management of its portfolio companies, pertinent market and industry data, as well as input from independent valuation firms. These investments are valued in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, which requires the Company to assume that the portfolio investments are sold in a principal market to market participants. The Company has considered its principal market as the market in which the Company exits its portfolio investments with the greatest volume and level of activity. ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. \$7.6 billion of investments at December 31, 2013 are valued based on unobservable inputs. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, they may fluctuate significantly over short periods of time. These determinations of fair value could differ materially from the values that would have been utilized had a ready market for these investments existed.

Los Angeles, California
February 26, 2014

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET****(in thousands, except per share data)**

	As of December 31,	
	2013	2012
ASSETS		
Investments at fair value		
Non-controlled/non-affiliate investments	\$ 5,136,612	\$ 3,822,715
Non-controlled affiliate company investments	260,484	323,059
Controlled affiliate company investments	2,235,801	1,778,781
Total investments at fair value (amortized cost of \$7,537,403 and \$5,823,451, respectively)	7,632,897	5,924,555
Cash and cash equivalents	149,629	269,043
Receivable for open trades	128,566	131
Interest receivable	123,981	108,998
Other assets	106,431	98,497
Total assets	\$ 8,141,504	\$ 6,401,224
LIABILITIES		
Debt	\$ 2,986,275	\$ 2,195,872
Management and incentive fees payable	139,208	131,585
Accounts payable and other liabilities	68,649	53,178
Interest and facility fees payable	42,828	30,603
Payable for open trades	100	1,640
Total liabilities	3,237,060	2,412,878
Commitments and contingencies (Note 6)		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.001 per share, 500,000 common shares authorized; 297,971 and 248,653 common shares issued and outstanding, respectively	298	249
Capital in excess of par value	4,982,477	4,117,517
Accumulated overdistributed net investment income	(8,785)	(27,910)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets	(165,040)	(202,614)
Net unrealized gain on investments	95,494	101,104
Total stockholders' equity	4,904,444	3,988,346
Total liabilities and stockholders' equity	\$ 8,141,504	\$ 6,401,224

NET ASSETS PER SHARE	\$	16.46	\$	16.04
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See accompanying notes to consolidated financial statements.

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Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS****(in thousands, except per share data)**

	For the Years Ended December 31,		
	2013	2012	2011
INVESTMENT INCOME:			
From non-controlled/non-affiliate company investments:			
Interest income from investments	\$ 388,034	\$ 328,342	\$ 267,159
Capital structuring service fees	48,167	58,106	55,013
Dividend income	17,969	17,219	12,430
Management and other fees	949	1,342	1,315
Other income	17,054	13,170	6,137
Total investment income from non-controlled/non-affiliate company investments	472,173	418,179	342,054
From non-controlled affiliate company investments:			
Interest income from investments	19,531	21,767	30,560
Capital structuring service fees	395	3,682	730
Dividend income	7,994	1,324	4,294
Management and other fees		200	502
Other income	213	529	881
Total investment income from non-controlled affiliate company investments	28,133	27,502	36,967
From controlled affiliate company investments:			
Interest income from investments	240,368	221,363	175,534
Capital structuring service fees	43,119	40,348	41,592
Dividend income	73,681	21,195	21,643
Management and other fees	19,254	17,382	14,925
Other income	4,993	2,056	1,771
Total investment income from controlled affiliate company investments	381,415	302,344	255,465
Total investment income	881,721	748,025	634,486
EXPENSES:			
Interest and credit facility fees	171,495	142,976	122,512
Base management fees	104,857	86,228	71,603
Incentive fees	122,151	127,045	112,377
Professional fees	13,626	12,040	16,529
Administrative fees	12,317	9,322	9,563
Other general and administrative	12,764	10,381	12,025
Total expenses	437,210	387,992	344,609
NET INVESTMENT INCOME BEFORE INCOME TAXES	444,511	360,033	289,877
Income tax expense, including excise tax	14,105	11,172	7,474

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NET INVESTMENT INCOME	430,406	348,861	282,403
REALIZED AND UNREALIZED NET GAINS (LOSSES) ON INVESTMENTS:			
Net realized gains (losses):			
Non-controlled/non-affiliate company investments	49,763	61,857	24,618
Non-controlled affiliate company investments	(1,245)	(36,766)	13,647
Controlled affiliate company investments	15,207	21,643	58,295
Net realized gains	63,725	46,734	96,560
Net unrealized gains (losses):			
Non-controlled/non-affiliate company investments	22,115	54,522	(29,430)
Non-controlled affiliate company investments	(1,123)	49,383	(19,395)
Controlled affiliate company investments	(26,602)	11,356	8,633
Net unrealized gains (losses)	(5,610)	115,261	(40,192)
Net realized and unrealized gains on investments	58,115	161,995	56,368
REALIZED LOSS ON EXTINGUISHMENT OF DEBT		(2,678)	(19,318)
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$ 488,521	\$ 508,178	\$ 319,453
BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 9)	\$ 1.83	\$ 2.21	\$ 1.56
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (see Note 9)	266,939	230,151	204,860

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2013
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Investment Funds and Vehicles							
CIC Flex, LP(9)	Investment partnership	Limited partnership units (0.94 units)		9/7/2007	\$ 867	\$ 2,851(2)	
Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	826	1,177(2)	
Dynamic India Fund IV, LLC(9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	3,285	
HCI Equity, LLC(7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	112	334	
Imperial Capital Private Opportunities, LP(9)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	3,315	10,231(2)	
Partnership Capital Growth Fund I, L.P.(9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	1,411	3,939(2)	
Partnership Capital Growth Investors III, L.P.(9)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2,804	2,588(2)	
Piper Jaffray Merchant Banking Fund I, L.P.(9)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	632	563(2)	
Senior Secured Loan Fund LLC(7)(10)	Co-investment vehicle	Subordinated certificates (\$1,745,192 par due 12/2024) Membership interest (87.50% interest)	8.24% (Libor + 8.00%/Q)(26)	10/30/2009 10/30/2009	1,745,192	1,771,369	
					1,745,192	1,771,369	
VSC Investors LLC(9)	Investment company	Membership interest (1.95% interest)		1/24/2008	745	1,211(2)	
					1,760,726	1,797,548	36.65%
Healthcare Services							
Alegeus Technologies Holdings Corp.	Benefits administration and transaction processing provider	Preferred stock (2,997 shares)		12/13/2013	3,087	3,087	

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		Common stock (3 shares)		12/13/2013	3	3
					3,090	3,090
ATI Physical Therapy Holdings, LLC	Outpatient rehabilitation services provider	Class C common stock (51,005 shares)		12/13/2013	53	53
AxelaCare Holdings, Inc. and AxelaCare Investment Holdings, L.P.	Provider of home infusion services	First lien senior secured loan (\$4,458 par due 4/2019)	5.75% (Libor + 4.50%/Q)	4/12/2013	4,458	4,458(2)(25)
		Preferred units (8,218,160 units)		4/12/2013	822	855(2)
		Common units (83,010 units)		4/12/2013	8	9(2)
					5,288	5,322

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
California Forensic Medical Group, Incorporated	Correctional facility healthcare operator	First lien senior secured loan (\$53,640 par due 11/2018)	9.25% (Libor + 8.00%/Q)	11/16/2012	53,640	53,640(3)(25)	
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,546(2)	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC(6)	Healthcare analysis services provider	Class A common stock (9,679 shares)		6/15/2007	2,543	4,014(2)	
		Class C common stock (1,546 shares)		6/15/2007		641(2)	
					2,543	4,655	
Dialysis Newco, Inc.	Dialysis provider	First lien senior secured loan (\$15,509 par due 8/2020)	5.25% (Libor + 4.25%/Q)	8/16/2013	15,509	15,509(2)(25)	
		Second lien senior secured loan (\$56,500 par due 2/2021)	9.75% (Libor + 8.50%/Q)	8/16/2013	56,500	56,500(2)(25)	
					72,009	72,009	
Genoea Biosciences, Inc.	Vaccine discovery technology company	First lien senior secured loan (\$10,000 par due 4/2017)	8.00%	9/30/2013	9,805	10,000(2)	
		Warrant to purchase up to 689,655 shares of Series C convertible preferred stock		9/30/2013		(2)	
					9,805	10,000	
GI Advo Opco, LLC	Residential behavioral treatment services provider	First lien senior secured loan (\$15,005 par due 6/2017)	6.00% (Libor + 4.75%/Q)	12/13/2013	15,448	15,455(25)	
		First lien senior secured loan (\$13 par due 6/2017)	7.00% (Base Rate + 3.75%/Q)	12/13/2013	13	13(25)	
					15,461	15,468	
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,758(2)	
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan (\$112,000 par due 6/2019)	10.25% (Libor + 9.00%/Q)	12/27/2012	112,000	112,000(2)(25)	
JHP Group Holdings, Inc.	Manufacturer of speciality	Series A preferred stock (1,000,000 shares)	6.00% PIK	2/19/2013	272	2,673(2)	

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	pharmaceutical products				
LM Acquisition Holdings, LLC(8)	Developer and manufacturer of medical equipment	Class A units (426 units)	9/27/2013	1,000	1,195(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	First lien senior secured loan (\$134,115 par due 3/2018)	9.00% (Libor + 8.00%/Q)	9/15/2010	134,721	135,457(2)(25)	
		First lien senior secured loan (\$56,134 par due 3/2018)	9.00% (Libor + 8.00%/Q)	9/15/2010	56,134	56,695(3)(25)	
		First lien senior secured loan (\$4,668 par due 3/2018)	9.00% (Libor + 8.00%/Q)	3/16/2012	4,668	4,715(4)(25)	
					195,523	196,867	
Monte Nido Holdings, LLC	Outpatient eating disorder treatment provider	First lien senior secured loan (\$44,750 par due 12/2019)	7.75% (Libor + 6.75%/Q)	12/20/2013	44,750	44,750(2)(19)(25)	
MW Dental Holding Corp.	Dental services provider	First lien senior secured revolving loan (\$4,500 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	4,500	4,500(2)(25)	
		First lien senior secured loan (\$12,582 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	12,582	12,582(2)(25)	
		First lien senior secured loan (\$12,460 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	12,460	12,460(2)(25)	
		First lien senior secured loan (\$48,757 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	48,757	48,757(3)(25)	
		First lien senior secured loan (\$9,800 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	9,800	9,800(4)(25)	
					88,099	88,099	
Napa Management Services Corporation	Anesthesia management services provider	First lien senior secured loan (\$23,496 par due 4/2018)	6.50% (Libor + 5.25%/Q)	4/15/2011	23,496	23,496(2)(25)	
		First lien senior secured loan (\$33,266 par due 4/2018)	6.50% (Libor + 5.25%/Q)	4/15/2011	33,203	33,266(3)(25)	
		Common units (5,000 units)		4/15/2011	5,000	8,896(2)	
				61,699	65,658		
National Healing Corporation and National Healing Holding Corp.	Wound care service and equipment provider	Second lien senior secured loan (\$10,000 par due 2/2020)	9.25% (Libor + 8.00%/S)	12/13/2013	10,297	10,301(25)	
		Preferred stock (869,565 shares)		12/13/2013	1,296	1,296	
				11,593	11,597		

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Netsmart Technologies, Inc. and NS Holdings, Inc.	Healthcare technology provider	First lien senior	7.25%	12/18/2012	2,833	2,833(2)(17)(25)
		secured loan (\$2,833 par due 12/2017)	(Libor + 6.00%/Q)			
		First lien senior	7.25%	12/18/2012	36,259	36,259(2)(17)(25)
		secured loan (\$36,259 par due 12/2017)	(Libor + 6.00%/Q)			
		Common stock (2,500,000 shares)		6/21/2010	2,500	2,710(2)
					41,592	41,802

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
New Trident Holdcorp, Inc.	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan (\$80,000 par due 7/2020)	10.25% (Libor + 9.00%/Q)	8/6/2013	78,465	80,000(2)(25)	
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	Provider of technology-enabled solutions to pharmacies	First lien senior secured loan (\$21,000 par due 11/2018)	8.50% (Libor + 7.50%/Q)	11/21/2013	21,000	21,000(2)(25)	
		Limited liability company membership interest (1.57% interest)		11/21/2013	1,000	1,000(2)	
					22,000	22,000	
PerfectServe, Inc.	Communications software platform provider for hospitals and physician practices	First lien senior secured loan (\$3,500 par due 4/2017)	10.00%	12/26/2013	3,465	3,500	
		Warrants to purchase up to 34,113 units of Series C preferred stock		12/26/2013		50	
					3,465	3,550	
PG Mergersub, Inc. and PGA Holdings, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Second lien senior secured loan (\$2,368 par due 10/2018)	8.25% (Libor + 7.00%/Q)	4/19/2012	2,439	2,376(25)	
		Second lien senior secured loan (\$21,316 par due 10/2018)	8.25% (Libor + 7.00%/Q)	4/19/2012	21,316	21,380(2)(25)	
		Preferred stock (333 shares)		3/12/2008	125	16(2)	
		Common stock (16,667 shares)		3/12/2008	167	825(2)	
					24,047	24,597	
Physiotherapy Associates Holdings, Inc.	Outpatient rehabilitation physical therapy provider	Class A common stock (100,000 shares)		12/13/2013	3,090	3,090	
POS I Corp. (fka Vantage Oncology, Inc.)	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	1,375(2)	
RCHP, Inc.	Operator of general acute care hospitals	First lien senior secured loan (\$14,887 par due 11/2018)	7.00% (Libor + 5.75%/Q)	11/4/2011	14,888	14,664(2)(25)	
		First lien senior secured loan (\$60,518 par due 11/2018)	7.00% (Libor + 5.75%/Q)	11/4/2011	60,496	59,611(3)(25)	
		Second lien senior secured loan (\$85,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	85,000	85,000(2)(25)	

160,384 159,275

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Reed Group, Ltd.	Medical disability management services provider	Equity interests		4/1/2010			(2)
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	First lien senior secured loan (\$3,800 par due 7/2015)	11.00%	6/28/2012	3,787	3,800(2)	
		Warrants to purchase up to 99,094 shares of Series C preferred stock		6/26/2012	38	29(2)	
					3,825	3,829	
Sage Products Holdings III, LLC	Patient infection control and preventive care solutions provider	Second lien senior secured loan (\$75,000 par due 6/2020)	9.25% (Libor + 8.00%/Q)	12/13/2012	75,000	75,000(2)(25)	
Sorbent Therapeutics, Inc.	Orally-administered drug developer	First lien senior secured loan (\$6,500 par due 9/2016)	10.25%	4/23/2013	6,500	6,500(2)	
		Warrant to purchase up to 727,272 shares of Series C preferred stock		4/23/2013		25(2)	
					6,500	6,525	
Soteria Imaging Services, LLC(6)	Outpatient medical imaging provider	Preferred member units (1,823,179 units)		4/1/2010			
SurgiQuest, Inc.	Medical device company	First lien senior secured loan (\$6,281 par due 10/2017)	10.00%	9/28/2012	6,133	6,281(2)	
		First lien senior secured loan (\$2,000 par due 10/2017)	10.69%	9/28/2012	1,953	2,000(2)	
		Warrants to purchase up to 54,672 shares of Series D-4 convertible preferred stock		9/28/2012		(2)	
					8,086	8,281	
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	First lien senior secured loan (\$30,000 par due 12/2019)	6.00% (Libor + 5.00%/Q)	12/31/2013	30,000	30,000(2)(25)	
Young Innovations, Inc.	Dental supplies and equipment manufacturer	First lien senior secured loan (\$9,697 par due 1/2019)	5.75% (Libor + 4.50%/Q)	1/31/2013	9,697	9,697(3)(25)	
		First lien senior secured loan (\$32 par due 1/2019)	6.75% (Base Rate + 3.50%/Q)	1/31/2013	32	32(3)(25)	
		First lien senior secured loan (\$13,304 par due 1/2019)	5.75% (Libor + 4.50%/Q)	1/31/2013	13,304	13,304(4)(25)	

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First lien senior secured loan (\$44 par due 1/2019)	6.75% (Base Rate + 3.50%/Q)	1/31/2013	44	44(4)(25)	
			23,077	23,077	
			1,163,140	1,172,781	23.91%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Business Services							
2329497 Ontario Inc.(8)	Provider of outsourced data center infrastructure and related services	Second lien senior secured loan (\$42,333 par due 6/2019)	10.50% (Libor + 9.25%/M)	12/13/2013	43,551	43,603(25)	
Access CIG, LLC	Records and information management services provider	First lien senior secured loan (\$992 par due 10/2017)	7.00% (Libor + 5.75%/M)	10/5/2012	992	992(2)(25)	
BluePay Processing, Inc.	Technology-enabled payment processing solutions provider	First lien senior secured loan (\$6,000 par due 8/2019)	5.00% (Libor + 4.00%/Q)	8/30/2013	6,000	6,000(2)(25)	
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.(6)	Payroll and accounting services provider to the entertainment industry	First lien senior secured loan (\$18,107 par due 12/2017)	7.25% (Libor + 6.25%/Q)	12/24/2012	18,107	18,107(2)(18)(25)	
		First lien senior secured loan (\$45,267 par due 12/2017)	7.25% (Libor + 6.25%/Q)	12/24/2012	45,267	45,267(3)(18)(25)	
		Class A membership units (2,500,000 units)		12/24/2012	2,500	4,021(2)	
		Class B membership units (2,500,000 units)		12/24/2012	2,500	4,021(2)	
						68,374	71,416
CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)		12/15/2011	2,500	3,658(2)	
CitiPostal Inc.(7)	Document storage and management services	First lien senior secured revolving loan (\$3,500 par due 12/2014)	6.50% (Libor + 4.50%/M)	4/1/2010	3,500	3,500(2)(25)	
		First lien senior secured loan (\$53,731 par due 12/2014)		4/1/2010	53,731	41,501(2)(24)	
		Senior subordinated loan (\$20,193 par due 12/2015)		4/1/2010	13,038	(2)(24)	
		Common stock (37,024 shares)		4/1/2010			
					70,269	45,001	
Command Alkon, Inc.	Software solutions provider to the ready-mix concrete industry	Second lien senior secured loan (\$10,000 par due 3/2018)	8.75% (Libor + 7.50%/M)	9/28/2012	10,000	10,000(2)(25)	
		Second lien senior secured loan (\$34,000 par due 5/2019)	8.75% (Libor + 7.50%/Q)	9/28/2012	34,000	34,000(2)(25)	
					44,000	44,000	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Coverall North America, Inc.	Commercial janitorial services provider	Letter of credit facility		1/17/2013			(2)(29)
eCommerce Industries, Inc.	Business critical enterprise resource planning software provider	First lien senior secured loan (\$19,936 par due 10/2016)	8.00% (Libor + 6.75%/Q)	12/13/2013	19,936	20,217	(22)(25)
GHS Interactive Security, LLC and LG Security Holdings, LLC	Originates residential security alarm contracts	First lien senior secured loan (\$2,091 par due 5/2018)	7.50% (Libor + 6.00%/Q)	12/13/2013	2,153	2,153	(25)
		Class A membership units (1,560,000 units)		12/13/2013	1,607	1,607	
					3,760	3,760	
HCPro, Inc. and HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Senior subordinated loan (\$9,004 par due 8/2014)		3/5/2013	2,692		(2)(24)
		Class A units (14,293,110 units)		6/26/2008	12,793		(2)
					15,485		
IfByPhone Inc.	Voice-based marketing automation software provider	First lien senior secured loan (\$1,533 par due 11/2015)	11.00%	10/15/2012	1,490	1,533	(2)
		First lien senior secured loan (\$833 par due 1/2016)	11.00%	10/15/2012	833	833	(2)
		Warrant to purchase up to 124,300 shares of Series C preferred stock		10/15/2012	88	64	(2)
					2,411	2,430	
Investor Group Services, LLC(6)	Business consulting for private equity and corporate clients	Limited liability company membership interest (8.5% interest)		6/22/2006		633	
IronPlanet, Inc.	Online auction platform provider for used heavy equipment	First lien senior secured revolving loan (\$5,000 par due 9/2015)	8.00%	9/24/2013	5,000	5,000	(2)
		First lien senior secured loan (\$7,500 par due 7/2017)	9.25%	9/24/2013	7,155	7,275	(2)
		Warrant to purchase to up to 133,333 shares of Series C preferred stock		9/24/2013	214	246	(2)
					12,369	12,521	
Itel Laboratories, Inc.				6/29/2012	1,000	995	(2)

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Data services provider for building materials to property insurance industry Preferred units (1,798,391 units)

Keynote Systems, Inc. and Hawaii Ultimate Parent Corp., Inc.	Web and mobile cloud performance testing and monitoring services provider	First lien senior secured loan (\$164,587 par due 2/2020)	9.50% (Libor + 8.50%/Q)	8/22/2013	164,587	164,587(2)(25)
		Class A common stock (2,970 shares)		8/22/2013	2,970	3,429(2)
		Class B common stock (1,956,522 shares)		8/22/2013	30	35(2)
					167,587	168,051

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Market Track Holdings, LLC	Business media consulting services company	Preferred stock (1,500 shares)		12/13/2013	1,982	1,982	
		Common stock (15,000 shares)		12/13/2013	1,982	1,982	
					3,964	3,964	
MSC.Software Corporation and Maximus Holdings, LLC	Provider of software simulation tools and related services	First lien senior secured loan (\$42,750 par due 11/2017)	8.50% (Libor + 7.25%/Q)	12/13/2013	44,015	44,033(21)(25)	
		Warrants to purchase up to 1,050,013 shares of common stock		12/13/2013	424	424	
					44,439	44,457	
Multi-Ad Services, Inc.(6)	Marketing services and software provider	Preferred units (1,725,280 units)		4/1/2010	788	1,754	
		Common units (1,725,280 units)		4/1/2010			
					788	1,754	
MVL Group, Inc.(7)	Marketing research provider	Junior subordinated loan (\$185 par due 7/2012)		4/1/2010		(2)(24)	
		Senior subordinated loan (\$33,337 par due 7/2012)		4/1/2010	30,265	2,485(2)(24)	
		Common stock (560,716 shares)		4/1/2010		(2)	
					30,265	2,485	
NComputing, Inc.	Desktop virtualization hardware and software technology service provider	First lien senior secured loan (\$6,500 par due 7/2016)	10.50%	3/20/2013	6,500	6,695(2)	
		Warrant to purchase up to 462,726 shares of Series C preferred stock		3/20/2013		56(2)	
					6,500	6,751	
Pillar Processing LLC, PHL Investors, Inc., and PHL Holding Co.(6)	Mortgage services	First lien senior secured loan (\$4,658 par due 11/2018)		7/31/2008	3,982	3,321(2)(24)	
		First lien senior secured loan (\$7,375 par due 5/2019)		11/20/2007	5,862	(2)(24)	
		Class A common stock (576 shares)		7/31/2012	3,768	(2)	

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					13,612	3,321
Platform Acquisition, Inc.	Data center and managed cloud services provider	Common stock (48,604 shares)		12/13/2013	7,536	7,536
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common units (1,972 units)		3/2/2012	1,000	879(2)
PSSI Holdings, LLC	Provider of mission-critical outsourced cleaning and sanitation services to the food processing industry	First lien senior secured loan (\$1,000 par due 6/2018)	6.00% (Libor + 5.00%/Q)	8/7/2013	1,000	1,000(2)(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	154(2)	
Rainstor, Inc.	Database solutions provider	First lien senior secured loan (\$2,800 par due 4/2016)	11.25%	3/28/2013	2,735	2,800(2)	
		Warrant to purchase up to 142,210 shares of Series C preferred stock		3/28/2013	88	70(2)	
					2,823	2,870	
Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (45.98% interest)		5/20/2011		1,458(2)	
TOA Technologies, Inc.	Cloud based, mobile workforce management applications provider	First lien senior secured loan (\$12,567 par due 11/2016)	10.25%	10/31/2012	12,124	12,567(2)	
		Warrant to purchase up to 2,509,770 shares of Series D preferred stock		10/31/2012	605	1,201(2)	
					12,729	13,768	
Tripwire, Inc.	IT security software provider	First lien senior secured loan (\$74,684 par due 5/2018)	7.50% (Libor + 6.25%/Q)	5/23/2011	74,684	74,684(2)(25)	
		First lien senior secured loan (\$10,266 par due 5/2018)	7.50% (Libor + 6.25%/Q)	5/23/2011	10,266	10,266(2)(25)	
		First lien senior secured loan (\$49,875 par due 5/2018)	7.50% (Libor + 6.25%/Q)	5/23/2011	49,875	49,875(3)(25)	
		First lien senior secured loan (\$9,975 par due 5/2018)	7.50% (Libor + 6.25%/Q)	5/23/2011	9,975	9,975(4)(25)	
		Class B common stock (2,655,638 shares)		5/23/2011	30	84(2)	
		Class A common stock (2,970 shares)		5/23/2011	2,970	8,315(2)	
					147,800	153,199	
Venturehouse-Cibernet Investors, LLC	Financial settlement services for intercarrier wireless roaming	Equity interest		4/1/2010		(2)	
VSS-Tranzact Holdings, LLC(6)	Management consulting services	Common membership interest (5.98% interest)		10/26/2007	10,204	5,236	
VTE Holdings Corp.	Hosted enterprise resource planning application management	Common units (1,500,000 units)		12/13/2013	3,862	3,862	

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services provider

Worldpay (UK) Limited, Worldpay ECommerce Limited, Ship US Bidco, Inc., Ship Investor & Cy S.C.A.(8)	Payment processing company	First lien senior secured loan (\$5,341 par due 10/2017)	6.00% (Libor + 4.75%/Q)	12/13/2013	5,432	5,394(25)
		Common stock (936,693 shares)		12/13/2013	2,698	2,732
					8,129	8,126

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
X Plus Two Solutions, Inc. and X Plus One Solutions, Inc.	Provider of open and integrated software for digital marketing optimization	First lien senior secured revolving loan (\$8,600 par due 9/2014)	8.50%	4/1/2013	8,600	8,600(2)	
		First lien senior secured loan (\$7,000 par due 3/2017)	10.00%	4/1/2013	6,645	6,860(2)	
		Warrant to purchase up to 999,167 shares of Series C preferred stock		4/1/2013	284	299(2)	
					15,529	15,759	
					768,665	699,856	14.27%
Education							
American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured revolving loan (\$2,250 par due 3/2019)	6.00% (Libor + 5.00%/Q)	3/18/2011	2,250	2,250(2)(25)	
		First lien senior secured loan (\$56,236 par due 3/2019)	6.00% (Libor + 5.00%/Q)	3/18/2011	56,236	56,236(3)(25)	
		First lien senior secured loan (\$4,651 par due 3/2019)	6.00% (Libor + 5.00%/Q)	3/18/2011	4,651	4,651(4)(25)	
					63,137	63,137	
Campus Management Corp. and Campus Management Acquisition Corp.(6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	3,337(2)	
Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	First lien senior secured loan (\$14,286 par due 12/2014)	6.25% (Libor + 5.25%/Q)	12/10/2010	14,286	14,286(2)(15)(25)	
		Second lien senior secured loan (\$35,283 par due 12/2015)	15.24% (Libor + 10.00% Cash, 5.00% PIK/Q)	12/10/2010	35,283	34,225(2)	
		Second lien senior secured loan (\$10,649 par due 12/2015)	15.26% (Libor + 10.00% Cash, 5.00% PIK/Q)	12/10/2010	10,649	10,330(2)	
		Warrants to purchase up to 654,618 shares		12/10/2010		979(2)	
					60,218	59,820	

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ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation(6)	Developer, manufacturer and retailer of educational products	Preferred stock (99,492 shares)	12.00% PIK	8/1/2011	10,286	10,286(2)
		Common stock (50,800 shares)		8/1/2011		1,345(2)
					10,286	11,631

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Infilaw Holding, LLC	Operator of for-profit law schools	First lien senior secured revolving loan		8/25/2011		(2)(27)	
		First lien senior secured loan (\$1 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	1	1(2)(25)	
		First lien senior secured loan (\$14,362 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	14,362	14,362(3)(25)	
		Series A preferred units (124,890 units)	9.50% (Libor + 8.50%/Q)	8/25/2011	124,890	124,890(2)(25)	
		Series B preferred units (3.91 units)		10/19/2012	9,245	11,060(2)	
					148,498	150,313	
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan (\$39,459 par due 6/2015)		4/24/2013	39,385	35,514(3)(24)	
		First lien senior secured loan (\$14,774 par due 6/2015)		4/24/2013	14,746	13,297(4)(24)	
		Series B preferred stock (1,750,000 shares)		8/5/2010	5,000	(2)	
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	(2)	
		Common stock (20 shares)		6/7/2010		(2)	
					59,820	48,811	
Lakeland Tours, LLC	Educational travel provider	First lien senior secured revolving loan		10/4/2011		(2)(27)	
		First lien senior secured loan (\$83,140 par due 12/2016)	8.50% (Libor + 7.50%/Q)	10/4/2011	83,067	83,131(2)(14)(25)	
		First lien senior secured loan (\$1,585 par due 12/2016)	5.25% (Libor + 4.25%/Q)	10/4/2011	1,585	1,585(2)(25)	
		First lien senior secured loan (\$40,362 par due 12/2016)	8.50% (Libor + 7.50%/Q)	10/4/2011	40,277	40,362(3)(14)(25)	
		First lien senior secured loan (\$8,297 par due 12/2016)	5.25% (Libor + 4.25%/Q)	10/4/2011	8,280	8,297(3)(25)	
		Common stock (5,000 shares)		10/4/2011	5,000	5,117(2)	
					138,209	138,492	
PIH Corporation	Franchisor of education-based early childhood centers	First lien senior secured revolving loan (\$621 par due 6/2016)	7.25% (Libor + 6.25%/M)	12/13/2013	621	621(25)	
		First lien senior secured loan (\$39,062 par due 6/2016)	7.25% (Libor + 6.25%/M)	12/13/2013	39,570	39,594(25)	

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				40,191	40,215
R3 Education, Inc. and EIC Acquisitions Corp.	Medical school operator	Preferred stock (8,800 shares)	7/30/2008	2,200	1,936(2)
		Common membership interest (26.27% interest)	9/21/2007	15,800	29,584(2)
		Warrants to purchase up to 27,890 shares	12/8/2009		(2)
				18,000	31,520

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
RuffaloCODY, LLC	Provider of student fundraising and enrollment management services	First lien senior secured loan (\$634 par due 5/2019)	6.50% (Base Rate + 3.25%/Q)	5/29/2013	634	634(2)(25)	
		First lien senior secured loan (\$24,996 par due 5/2019)	5.50% (Libor + 4.25%/Q)	5/29/2013	24,996	24,996(2)(25)	
					25,630	25,630	
					574,509	572,906	11.68%
Services Other							
Capital Investments and Ventures Corp.	SCUBA diver training and certification provider	First lien senior secured loan (\$24,512 par due 8/2018)	7.00% (Libor + 5.75%/Q)	8/9/2012	24,512	24,512(3)(25)	
		First lien senior secured loan (\$8,719 par due 8/2018)	7.00% (Libor + 5.75%/Q)	8/9/2012	8,719	8,719(4)(25)	
					33,231	33,231	
Competitor Group, Inc. and Calera XVI, LLC	Endurance sports media and event operator	First lien senior secured revolving loan (\$2,850 par due 11/2018)	10.00% (Base Rate + 6.75%/Q)	11/30/2012	2,850	2,508(2)(25)	
		First lien senior secured revolving loan (\$900 par due 11/2018)	9.00% (Libor + 7.75%/Q)	11/30/2012	900	792(2)(25)	
		First lien senior secured loan (\$24,380 par due 11/2018)	10.00% (Libor + 7.75% Cash, 1.00% PIK /Q)	11/30/2012	24,380	21,454(2)(25)	
		First lien senior secured loan (\$29,853 par due 11/2018)	10.00% (Libor + 7.75% Cash, 1.00% PIK /Q)	11/30/2012	29,853	26,271(3)(25)	
		Membership units (2,500,000 units)		11/30/2012	2,513	17(2)(9)	
					60,496	51,042	
Fox Hill Holdings, Inc.	Third party claims administrator on behalf of insurance carriers	First lien senior secured loan (\$7,442 par due 6/2018)	6.75% (Libor + 5.75%/Q)	10/31/2013	7,442	7,442(2)(25)	
		First lien senior secured loan (\$39 par due 6/2018)	8.00% (Base Rate + 4.75%/Q)	10/31/2013	39	39(2)(25)	
					7,481	7,481	

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ISS #2, LLC	Provider of repairs, refurbishments and services to the broader industrial end user markets	First lien senior secured loan (\$14,950 par due 6/2018)	6.50% (Libor + 5.50%/Q)	6/5/2013	14,950	14,950(2)(25)
		First lien senior secured loan (\$44,775 par due 6/2018)	6.50% (Libor + 5.50%/Q)	6/5/2013	44,775	44,775(3)(25)
					59,725	59,725
Massage Envy, LLC	Franchisor in the massage industry	First lien senior secured loan (\$29,177 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	29,177	29,177(2)(25)
		First lien senior secured loan (\$49,291 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	49,291	49,291(3)(25)
		Common stock (3,000,000 shares)		9/27/2012	3,000	3,532(2)
					81,468	82,000

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
McKenzie Sports Products, LLC	Designer, manufacturer and distributor of taxidermy forms and supplies	First lien senior secured loan (\$8,140 par due 3/2017)	5.75% (Libor + 4.75%/M)	3/30/2012	8,140	8,140(2)(25)	
		First lien senior secured loan (\$9,302 par due 3/2017)	5.75% (Libor + 4.75%/M)	3/30/2012	9,302	9,302(4)(25)	
					17,442	17,442	
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$140,000 par due 5/2020)	9.00% (Libor + 7.75%/Q)	5/14/2013	140,000	140,000(2)(25)	
The Dwyer Group(6)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$25,686 par due 6/2018)	12.00% Cash, 1.50% PIK	12/22/2010	25,686	25,686(2)	
		Series A preferred units (13,292,377 units)	8.00% PIK	12/22/2010	6,859	18,650(2)	
					32,545	44,336	
Wash Multifamily Laundry Systems, LLC	Laundry service and equipment provider	Second lien senior secured loan (\$78,000 par due 2/2020)	9.75% (Libor + 8.50%/Q)	6/26/2012	78,000	78,000(2)(25)	
					510,388	513,257	10.47%
Energy							
Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan (\$3,000 par due 7/2017)	9.62%	12/16/2013	2,721	2,850(2)	
		Warrants to purchase up to 59,524 units of Series B preferred stock		12/16/2013	146	146(2)	
					2,867	2,996	
Brush Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$89,892 par due 8/2020)	6.25% (Libor + 5.25%/Q)	8/1/2013	89,892	89,892(2)(25)	
Centinela Funding, LLC	Solar power generation facility developer and operator	First lien senior secured loan (\$56,000 par due 11/2020)	10.00% (Libor + 8.75%/Q)	11/14/2012	56,000	56,000(2)(25)	
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	First lien senior secured loan (\$7,500 par due 2/2017)	10.00%	7/25/2013	7,433	7,500(2)	

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		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock		7/25/2013		34(2)(8)
					7,433	7,534
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant operator	Second lien senior secured loan (\$68,000 par due 8/2018)	10.25% (Libor + 8.75%/M)	8/9/2011	67,060	67,320(2)(25)
Panda Sherman Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$32,500 par due 9/2018)	9.00% (Libor + 7.50%/Q)	9/14/2012	32,500	32,500(2)(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$20,000 par due 4/2019)	7.25% (Libor + 6.00%/Q)	4/3/2013	19,820	20,000(2)(25)	
Panda Temple Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$60,000 par due 7/2018)	11.50% (Libor + 10.00%/Q)	7/17/2012	58,402	60,000(2)(25)	
Sunrun Solar Owner Holdco X, LLC	Residential solar energy provider	First lien senior secured loan (\$59,749 par due 6/2019)	9.50% (Libor + 8.25%/Q)	6/7/2013	59,749	59,749(2)(25)	
Sunrun Solar Owner Holdco XIII, LLC	Residential solar energy provider	First lien senior secured loan (\$19,300 par due 12/2019)	9.50% (Libor + 7.25% Cash, 1.00% PIK /Q)	11/27/2013	19,079	19,300(2)(25)	
					412,802	415,291	8.47%
Restaurants and Food Services							
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	Restaurant owner and operator	First lien senior secured loan (\$33,581 par due 12/2018)	10.50% (Base Rate + 7.25%/Q)	11/27/2006	33,581	33,581(2)(20)(25)	
		First lien senior secured loan (\$10,919 par due 12/2018)	10.50% (Base Rate + 7.25%/Q)	11/27/2006	10,922	10,919(3)(20)(25)	
		Promissory note (\$16,558 par due 12/2018)	13.00% PIK	11/27/2006	13,273	15,997(2)	
		Warrants to purchase up to 23,750 units of Series D common stock		12/18/2013	24	(2)	
					57,800	60,497	
Benihana, Inc.	Restaurant owner and operator	First lien senior secured loan (\$4,925 par due 2/2018)	6.75% (Libor + 5.50%/Q)	8/21/2012	4,925	4,925(4)(25)	
Garden Fresh Restaurant Corp.	Restaurant owner and operator	First lien senior secured revolving loan		10/3/2013		(2)(27)	
		First lien senior secured loan (\$43,750 par due 7/2018)	10.00% (Libor + 8.50%/M)	10/3/2013	43,750	43,750(2)(25)	
					43,750	43,750	
Hojiej Branded Foods, Inc.	Airport restaurant operator	First lien senior secured revolving loan (\$450 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	450	450(2)(25)(28)	
		First lien senior secured loan (\$12,500 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	12,500	12,500(2)(25)	

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First lien senior secured loan (\$15,000 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	14,543	15,000(2)(25)
Warrants to purchase up to 7.5% of membership interest		2/15/2012		299(2)
Warrants to purchase up to 324 shares of Class A common stock		2/15/2012	669	4,307(2)
			28,162	32,556

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Orion Foods, LLC (fka Hot Stuff Foods, LLC)(7)	Convenience food service retailer	First lien senior secured revolving loan (\$9,500 par due 9/2014)	10.75% (Base Rate + 7.50%/M)	4/1/2010	9,500	9,500(2)(25)	
		First lien senior secured loan (\$33,037 par due 9/2014)	10.00% (Libor + 8.50%/Q)	4/1/2010	33,037	33,037(3)(25)	
		Second lien senior secured loan (\$37,552 par due 9/2014)		4/1/2010	18,423	20,205(2)(24)	
		Preferred units (10,000 units)		10/28/2010			(2)
		Class A common units (25,001 units)		4/1/2010			(2)
		Class B common units (1,122,452 units)		4/1/2010			(2)
							60,960
OTG Management, LLC	Airport restaurant operator	First lien senior secured loan (\$25,000 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	25,000	25,000(2)(25)	
		First lien senior secured loan (\$7,075 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	7,075	7,075(2)(25)	
		Common units (3,000,000 units)		1/5/2011	3,000	3,638(2)	
		Warrants to purchase up to 7.73% of common units		6/19/2008	100	7,257(2)	
							35,175
Performance Food Group, Inc. and Wellspring Distribution Corp	Food service distributor	Second lien senior secured loan (\$74,625 par due 11/2019)	6.25% (Libor + 5.25%/Q)	5/14/2013	74,282	74,850(2)(25)	
		Class A non-voting common stock (1,366,120 shares)		5/3/2008	6,303	6,529(2)	
							80,585
PMI Holdings, Inc.	Restaurant owner and operator	Preferred stock (46,025 shares)		12/13/2013	687	687	
		Common stock (22,401 shares)		12/13/2013	379	379	
							1,066
Restaurant Holding Company, LLC	Fast food restaurant operator	First lien senior secured loan (\$60,125 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/17/2012	59,303	58,922(3)(25)	
		First lien senior secured loan (\$9,250 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/17/2012	9,122	9,065(4)(25)	

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				68,425	67,987	
S.B. Restaurant Company	Restaurant owner and operator	Preferred stock (46,690 shares)	4/1/2010			(2)
		Warrants to purchase up to 257,429 shares of common stock	4/1/2010			(2)

380,848 397,872 8.11%

Financial Services						
AllBridge Financial, LLC(7)	Asset management services	Equity interests	4/1/2010	5,077	9,718	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Callidus Capital Corporation(7)	Asset management services	Common stock (100 shares)		4/1/2010	3,000	1,713	
Ciena Capital LLC(7)	Real estate and small business loan servicer	First lien senior secured revolving loan (\$14,000 par due 12/2014)	6.00%	11/29/2010	14,000	14,000(2)	
		First lien senior secured loan (\$26,000 par due 12/2016)	12.00%	11/29/2010	26,000	26,000(2)	
		Equity interests		11/29/2010	53,374	10,926(2)	
					93,374	50,926	
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28,000 par due 5/2018)	12.75%	5/10/2012	28,000	28,000(2)	
Cook Inlet Alternative Risk, LLC	Risk management services	Senior subordinated loan (\$1,750 par due 9/2015)	9.00%	9/30/2011	1,750	1,750(2)	
Gordian Acquisition Corp.	Financial services firm	Common stock (526 shares)		11/30/2012		(2)	
Imperial Capital Group LLC	Investment services	2006 Class B common units (2,526 units)		5/10/2007	3	5(2)	
		2007 Class B common units (315 units)		5/10/2007		1(2)	
		Class A common units (7,710 units)		5/10/2007	14,997	19,672(2)	
					15,000	19,678	
Ivy Hill Asset Management, L.P.(7)(9)	Asset management services	Member interest (100.00% interest)		6/15/2009	170,961	280,353	
					317,162	392,138	8.00%
Consumer Products Non-durable							
Gilchrist & Soames, Inc.	Personal care manufacturer	First lien senior secured revolving loan (\$8,700 par due 12/2014)	6.25% (Libor + 5.00%/M)	4/1/2010	8,700	8,700(2)(25)	
		First lien senior secured loan (\$22,508 par due 12/2014)	13.44% Cash, 2.00% PIK	4/1/2010	22,504	21,833(2)	
					31,204	30,533	
Implus Footcare, LLC	Provider of footwear and other accessories	Preferred stock (455 shares)	6.00% PIK	10/31/2011	5,172	5,172(2)	

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		Common stock (455 shares)		10/31/2011	455	170(2)
					5,627	5,342
Insight Pharmaceuticals Corporation (6)	OTC drug products manufacturer	Second lien senior secured loan (\$19,310 par due 8/2017)	13.25% (Libor + 11.75%/Q)	8/26/2011	19,165	19,310(2)(25)
		Class A common stock (155,000 shares)		8/26/2011	6,035	7,234(2)
		Class B common stock (155,000 shares)		8/26/2011	6,035	7,234(2)
					31,235	33,778

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of over-the-counter healthcare products	Warrants to purchase up to 1,654,678 shares of common stock		7/27/2011		1,219(2)	
		Warrants to purchase up to 1,489 shares of preferred stock		7/27/2011		1,144(2)	
						2,363	
Oak Parent, Inc.	Manufacturer of athletic apparel	First lien senior secured loan (\$31,295 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	31,184	31,294(3)(25)	
		First lien senior secured loan (\$86 par due 4/2018)	9.25% (Base Rate + 6.00%/S)	4/2/2012	85	86(3)(25)	
		First lien senior secured loan (\$8,844 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	8,813	8,844(4)(25)	
		First lien senior secured loan (\$24 par due 4/2018)	9.25% (Base Rate + 6.00%/S)	4/2/2012	24	24(4)(25)	
						40,106	40,248
PG-ACP Co-Invest, LLC	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units (1,000,0000 units)		8/29/2012	1,000	1,526(2)	
The Step2 Company, LLC	Toy manufacturer	Second lien senior secured loan (\$25,600 par due 4/2015)	10.00%	4/1/2010	25,089	25,088(2)	
		Second lien senior secured loan (\$32,865 par due 4/2015)	10.00%	4/1/2010	30,802	26,292(2)	
		Common units (1,116,879 units)		4/1/2010	24		
		Warrants to purchase up to 3,157,895 units		4/1/2010			
					55,915	51,380	
The Thymes, LLC (7)	Cosmetic products manufacturer	Preferred units (6,283 units)	8.00% PIK	6/21/2007	4,696	4,221	
		Common units (5,400 units)		6/21/2007		6,687	
					4,696	10,908	
Woodstream Corporation	Pet products manufacturer	First lien senior secured loan (\$8,465 par due 8/2016)	6.00% (Libor + 5.00%/Q)	4/18/2012	8,465	8,465(4)(25)	
		Senior subordinated loan (\$80,000 par due 2/2017)	11.50%	4/18/2012	77,412	80,000(2)	
				1/22/2010	1,222	2,685(2)	

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Common stock (4,254
shares)

87,099 91,150

256,882 267,228 5.45%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Containers Packaging ICSH, Inc.	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan		8/31/2011		(2)(27)	
		First lien senior secured loan (\$27,740 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	27,777	27,740(2)(25)	
		First lien senior secured loan (\$61,518 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	61,518	61,518(3)(25)	
		First lien senior secured loan (\$14,718 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	14,718	14,718(4)(25)	
					104,013	103,976	
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$142,500 par due 12/2018)	8.50% (Libor + 7.50%/Q)	12/14/2012	142,500	142,500(2)(25)	
		Common stock (50,000 shares)		12/14/2012	5,000	7,223(2)	
					147,500	149,723	
Pregis Corporation, Pregis Intellipack Corp., and Pregis Innovative Packaging Inc.	Provider of highly-customized, tailored protective packaging solutions	First lien senior secured loan (\$975 par due 3/2017)	7.75% (Libor + 6.25%/M)	4/25/2012	975	975(2)(25)	
		First lien senior secured loan (\$5 par due 3/2017)	8.50% (Base Rate + 5.25%/Q)	4/25/2012	5	5(2)(25)	
					980	980	
					252,493	254,679	5.19%
Manufacturing							
Cambrios Technologies Corporation	Nanotechnology-based solutions for electronic devices and computers	First lien senior secured loan (\$3,030 par due 8/2015)	12.00%	8/7/2012	3,030	3,030(2)	
		Warrants to purchase up to 400,000 shares of Series D-4 convertible preferred stock		8/7/2012		6(2)	
					3,030	3,036	
Component Hardware Group, Inc.	Commercial equipment	First lien senior secured loan (\$23,701)	5.50% (Libor + 4.50%/M)	7/1/2013	23,701	23,701(2)(25)	

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par due 7/2019)						
Lighting Science Group Corporation	Advanced lighting products	Letter of credit facility		9/20/2011		(2)(29)
Mac Lean-Fogg Company	Provider of intelligent transportation systems products in the traffic and rail industries	Senior subordinated loan (\$100,251 par due 10/2023)	9.50% Cash, 1.50% PIK	10/31/2013	100,251	100,251(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
MWI Holdings, Inc.	Provider of engineered springs, fasteners, and other precision components	First lien senior secured loan (\$38,274 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	38,274	38,274(2)(25)	
		First lien senior secured loan (\$10,000 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	10,000	10,000(4)(25)	
					48,274	48,274	
NetShape Technologies, Inc.	Metal precision engineered components	First lien senior secured revolving loan (\$538 par due 12/2014)	7.50% (Libor + 6.50%/Q)	4/1/2010	538	538(2)(25)	
Pelican Products, Inc.	Flashlights	First lien senior secured loan (\$2,317 par due 7/2018)	6.25% (Libor + 5.00%/Q)	7/13/2012	2,317	2,317(4)(25)	
		Second lien senior secured loan (\$32,000 par due 6/2019)	11.50% (Libor + 10.00%/Q)	7/13/2012	32,000	32,000(2)(25)	
					34,317	34,317	
Protective Industries, Inc. dba Caplugs	Plastic protection products	First lien senior secured loan (\$997 par due 10/2019)	6.75% (Libor + 5.75%/Q)	11/30/2012	997	997(2)(25)	
		Preferred stock (2,379,361 shares)		5/23/2011	1,298	4,837(2)	
					2,295	5,834	
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1,000	(2)	
SSH Environmental Industries, Inc. and SSH Non-Destructive Testing, Inc.	Magnetic sensors and supporting sensor products	First lien senior secured loan (\$11,140 par due 12/2016)	9.00% (Libor + 7.50%/Q)	3/23/2012	10,990	11,140(2)(25)	
TPTM Merger Corp.	Time temperature indicator products	First lien senior secured revolving loan (\$950 par due 9/2018)	6.25% (Libor + 5.25%/Q)	9/12/2013	950	950(2)(25)	
		First lien senior secured revolving loan (\$540 par due 9/2018)	7.50% (Base Rate + 4.25%/Q)	9/12/2013	540	540(2)(25)	
		First lien senior secured loan (\$25,935 par due 9/2018)	6.25% (Libor + 5.25%/Q)	9/12/2013	25,935	25,935(2)(25)	
					27,425	27,425	
					251,821	254,516	5.19%

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Automotive Services

Driven Holdings, LLC	Automotive aftermarket car care franchisor	Preferred stock (247,500 units)	12/16/2011	2,475	2,852(2)
		Common stock (25,000 units)	12/16/2011	25	808(2)
				2,500	3,660

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets		
Eckler Industries, Inc.	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$2,000 par due 7/2017)	8.25% (Base Rate + 5.00%/Q)	7/12/2012	2,000	2,000(2)(25)			
		First lien senior secured loan (\$8,172 par due 7/2017)	7.25% (Libor + 6.00%/M)	7/12/2012	8,172	8,172(2)(25)			
		First lien senior secured loan (\$30,609 par due 7/2017)	7.25% (Libor + 6.00%/M)	7/12/2012	30,609	30,609(3)(25)			
		Series A preferred stock (1,800 shares)		7/12/2012	1,800	2,031(2)			
		Common stock (20,000 shares)		7/12/2012	200	116(2)			
							42,781	42,928	
EcoMotors, Inc.	Engine developer	First lien senior secured loan (\$5,000 par due 10/2016)	10.83%	12/28/2012	4,869	5,000(2)			
		First lien senior secured loan (\$5,000 par due 6/2017)	10.83%	12/28/2012	4,853	5,000(2)			
		First lien senior secured loan (\$4,833 par due 7/2016)	10.13%	12/28/2012	4,724	4,833(2)			
		Warrant to purchase up to 321,888 shares of Series C preferred stock		12/28/2012		43(2)			
							14,446	14,876	
Service King Paint & Body, LLC	Collision repair site operators	First lien senior secured loan (\$7,617 par due 8/2017)	4.00% (Libor + 3.00%/Q)	8/20/2012	7,617	7,617(2)(25)			
		First lien senior secured loan (\$46,898 par due 8/2017)	6.00% (Libor + 5.00%/Q)	8/20/2012	46,898	46,898(2)(16)(25)			
		First lien senior secured loan (\$6,398 par due 8/2017)	4.00% (Libor + 3.00%/Q)	8/20/2012	6,398	6,398(2)(25)			
		First lien senior secured loan (\$72,135 par due 8/2017)	6.00% (Libor + 5.00%/Q)	8/20/2012	72,135	72,135(2)(16)(25)			
		First lien senior secured loan (\$9,646 par due 8/2017)	4.00% (Libor + 3.00%/Q)	8/20/2012	9,646	9,646(4)(25)			
		First lien senior secured loan (\$72,135 par due 8/2017)	6.00% (Libor + 5.00%/Q)	8/20/2012	10,000	10,000(3)(16)(25)			
		Membership interest		8/20/2012	5,000	6,948(2)			
							157,694	159,642	
							217,421	221,106	4.51%

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Retail						
Fulton Holdings Corp. (12)	Airport restaurant operator	First lien senior secured loan (\$43,000 par due 5/2018)	8.50%	5/10/2013	43,000	43,000(2)(12)
		First lien senior secured loan (\$40,000 par due 5/2018)	8.50%	5/28/2010	40,000	40,000(3)(12)
		Common stock (19,672 shares)		5/28/2010	1,461	2,086(2)
					84,461	85,086

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Paper Source, Inc. and Pine Holdings, Inc.	Retailer of fine and artisanal papers, gifts, gift wrap, greeting cards and envelopes	First lien senior secured loan (\$18,952 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/23/2013	18,952	18,952(2)(25)	
		Class A common stock (36,364 shares)		9/23/2013	6,000	6,660(2)	
					24,952	25,612	
Things Remembered Inc. and TRM Holdings Corporation	Personalized gifts retailer	First lien senior secured loan (\$14,813 par due 5/2018)	8.00% (Libor + 6.50%/Q)	5/24/2012	14,813	14,813(4)(25)	
					124,226	125,511	2.56%
Aerospace and Defense							
Cadence Aerospace, LLC (fka PRV Aerospace, LLC)	Aerospace precision components manufacturer	First lien senior secured loan (\$4,459 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	4,425	4,459(4)(25)	
		First lien senior secured loan (\$65 par due 5/2018)	7.50% (Base Rate + 4.25%/Q)	5/15/2012	65	65(4)(25)	
		Second lien senior secured loan (\$79,657 par due 5/2019)	10.50% (Libor + 9.25%/Q)	5/10/2012	79,657	77,267(2)(25)	
					84,147	81,791	
ILC Industries, LLC	Designer and manufacturer of protective cases and technically advanced lighting systems	First lien senior secured loan (\$19,192 par due 7/2018)	8.00% (Libor + 6.50%/Q)	7/13/2012	18,885	19,192(4)(25)	
Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Senior preferred stock (775 shares)	8.00% PIK	1/17/2008	111	111(2)	
		Common stock (1,885,195 shares)		1/17/2008	2,291	1,722(2)	
					2,402	1,833	
					105,434	102,816	2.10%
Chemicals							
Argotec, LLC				5/31/2013	625	625(2)(25)	

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	Thermoplastic polyurethane films	First lien senior secured revolving loan (\$625 par due 5/2018)	7.00% (Base Rate + 3.75%/M)			
		First lien senior secured loan (\$5,788 par due 5/2019)	5.75% (Libor + 4.75%/M)	5/31/2013	5,788	5,788(2)(25)
		First lien senior secured loan (\$74 par due 5/2019)	7.00% (Base Rate + 3.75%/Q)	5/31/2013	74	74(2)(25)
					6,487	6,487
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	First lien senior secured loan (\$17,730 par due 5/2018)	6.75% (Libor + 5.50%/Q)	12/13/2013	18,256	18,262(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
K2 Pure Solutions Nocal, L.P.	Chemical producer	First lien senior secured revolving loan (\$2,256 par due 8/2019)	8.13% (Libor + 7.13%/M)	8/19/2013	2,256	2,211(2)(25)	
		First lien senior secured loan (\$41,500 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	41,500	40,670(2)(25)	
		First lien senior secured loan (\$40,000 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	40,000	39,200(3)(25)	
					83,756	82,081	
					108,499	106,830	2.18%
Transportation							
Eberle Design, Inc.	Provider of intelligent transportation systems products in the traffic and rail industries	First lien senior secured loan (\$30,500 par due 8/2018)	7.50% (Libor + 6.25%/Q)	8/26/2013	30,359	30,500(2)(25)	
PODS Funding Corp. II	Storage and warehousing	First lien senior secured loan (\$35,897 par due 12/2018)	7.00% (Libor + 6.00%/Q)	12/19/2013	35,897	35,897(25)	
United Road Towing, Inc.	Towing company	Warrants to purchase up to 607 shares		4/1/2010			
					66,256	66,397	1.35%
Printing, Publishing and Media							
Batanga, Inc.	Independent digital media company	First lien senior secured revolving loan (\$3,000 par due 4/2014)	8.50%	10/31/2012	3,000	3,000(2)(23)	
		First lien senior secured loan (\$4,936 par due 11/2016)	9.60%	10/31/2012	4,936	5,030(2)(23)	
		First lien senior secured loan (\$4,500 par due 9/2017)	9.60%	10/31/2012	4,500	4,500(2)(23)	
					12,436	12,530	
Earthcolor Group, LLC	Printing management services	Limited liability company interests (9.30%)		5/18/2012			
Encompass Digital Media, Inc.	Provider of outsourced network origination and	First lien senior secured loan (\$19,651 par due 8/2017)	6.75% (Libor + 5.50%/Q)	12/13/2013	20,233	20,241(25)	

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transmission services for media companies							
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	First lien senior secured loan (\$20,886 par due 3/2017)	9.00% (Libor + 7.50%/Q)	9/29/2006	20,886	20,469(2)(25)	
		First lien senior secured loan (\$9,701 par due 3/2017)	9.00% (Libor + 7.50%/Q)	9/29/2006	9,701	9,507(4)(25)	
		Preferred stock (10,663 shares)		9/29/2006	1,066	2,282(2)	
		Common stock (15,393 shares)		9/29/2006	3	5(2)	
					31,656	32,263	
					64,325	65,034	1.33%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Commercial Real Estate Finance							
10th Street, LLC(6)	Real estate holding company	Senior subordinated loan (\$26,250 par due 11/2014) Member interest (10.00% interest) Option (25,000 units)	8.93% Cash, 4.07% PIK	4/1/2010	26,250	26,250(2)	
				4/1/2010	594	7,257	
				4/1/2010	25	25	
					26,869	33,532	
American Commercial Coatings, Inc.	Real estate property	Commercial mortgage loan (\$2,275 par due 12/2025)	8.75% (Libor + 7.50%/Q)	4/1/2010	664	1,500(25)	
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010	1,026	5,305	
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010			
Crescent Hotels & Resorts, LLC and affiliates(7)	Hotel operator	Senior subordinated loan (\$2,236 par due 9/2011) Senior subordinated loan (\$2,092 par due 6/2017) Common equity interest		4/1/2010		(2)(24)	
				4/1/2010		(2)(24)	
				4/1/2010			
Hot Light Brands, Inc.(7)	Real estate holding company	First lien senior secured loan (\$31,384 par due 2/2011) Common stock (93,500 shares)		4/1/2010	90	253(2)(24)	
				4/1/2010		(2)	
					90	253	
NPH, Inc.	Hotel property	Real estate equity interests		4/1/2010	5,291	5,532	
					33,940	46,122	0.94%
Oil and Gas							
Geotrace Technologies, Inc.	Reservoir processing and development	Warrants to purchase up to 69,978 shares of common stock Warrants to purchase up to 210,453 shares of preferred stock		4/1/2010	88	(2)	
				4/1/2010	2,805	638(2)	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
UL Holding Co., LLC and Universal Lubricants, LLC(6)	Petroleum product manufacturer	Second lien senior secured loan (\$10,093 par due 12/2014)		4/30/2012	9,519	7,260(2)(24)	
		Second lien senior secured loan (\$42,812 par due 12/2014)		4/30/2012	40,097	30,795(2)(24)	
		Second lien senior secured loan (\$4,994 par due 12/2014)		4/30/2012	4,668	3,592(2)(24)	
		Class A common units (151,236 units)		6/17/2011	1,512	(2)	
		Class B-5 common units (599,200 units)		4/25/2008	5,472	(2)	
		Class B-4 common units (50,000 units)		6/17/2011	500	(2)	
		Class C common units (758,546 units)		4/25/2008		(2)	
							61,768
					64,661	42,285	0.86%
Health Clubs							
Athletic Club Holdings, Inc.	Premier health club operator	First lien senior secured loan (\$34,000 par due 3/2019)	7.25% (Libor + 6.00%/M)	10/11/2007	34,000	34,000(2)(13)(25)	
CFW Co-Invest, L.P. and NCP Curves, L.P.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4,152	2,913(2)	
		Limited partnership interest (2,218,235 shares)		7/31/2012	2,218	1,556(2)	
					6,370	4,469	
					40,370	38,469	0.78%
Telecommunications							
American Broadband Communications, LLC, American Broadband Holding Company, and Cameron Holdings of NC, Inc.	Broadband communication services	Warrants to purchase up to 378 shares		11/7/2007		6,833	
		Warrants to purchase up to 200 shares		9/1/2010		3,615	
					0	10,448	

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EUNetworks Group Limited(8)	Broadband bandwidth infrastructure provider	First lien senior secured loan (\$20,567 par due 5/2019)	7.50% (Libor + 6.50%/Q)	12/13/2013	21,192	21,185(25)	
Quantance, Inc.	Designer of semiconductor products to the mobile wireless market	First lien senior secured loan (\$3,500 par due 9/2016)	10.25%	8/23/2013	3,402	3,465(2)	
		Warrant to purchase up to 130,432 shares of Series D preferred stock		8/23/2013	74	74(2)	
					3,476	3,539	
Startec Equity, LLC(7)	Communication services	Member interest		4/1/2010			
Wilcon Holdings LLC	Communications infrastructure provider	Class A common stock (2,000,000 shares)		12/13/2013	1,829	1,829	
					26,497	37,001	0.75%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Environmental Services							
Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products	First lien senior secured loan (\$1,500 par due 10/2016)	9.26%	3/28/2013	1,439	1,500(2)	
		Warrant to purchase 322,422 shares of Series D preferred stock			3/28/2013		6(2)
					1,439	1,506	
RE Community Holdings II, Inc. and Pegasus Community Energy, LLC.	Operator of municipal recycling facilities	Preferred stock (1,000 shares)		3/1/2011	8,839	532(2)	
Waste Pro USA, Inc	Waste management services	Preferred Class A common equity (611,615 shares)		11/9/2006	12,263	27,898(2)	
					22,541	29,936	0.61%
Food and Beverage							
Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior units (50,000 units)		10/5/2007	5,000	5,205	
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated loan (\$2,750 par due 6/2015)	17.50% PIK	2/6/2008	2,750	2,750(2)	
		Preferred stock (6,258 shares)		9/1/2006	2,567	2,260(2)	
					5,317	5,010	
Distant Lands Trading Co.	Coffee manufacturer	Class A common stock (1,294 shares)		4/1/2010	980	(2)	
		Class A-1 common stock (2,157 shares)		4/1/2010		(2)	
					980		
					11,297	10,215	0.21%
Wholesale Distribution							
BECO Holding Company, Inc.	Wholesale distributor of first response fire protection equipment and related parts	Common stock (25,000 shares)		7/30/2010	2,500	3,103(2)	

2,500 3,103 0.06%

\$ 7,537,403 \$ 7,632,897 155.63%

- (1) Other than the Company's investments listed in footnote 7 below (subject to the limitations set forth therein), the Company does not "Control" any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, the Company would "Control" a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of December 31, 2013 represented 156% of the Company's net assets or 94% of the Company's total assets, are subject to legal restrictions on sales.
- (2) These assets are pledged as collateral for the Revolving Credit Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).
- (3) These assets are owned by the Company's consolidated subsidiary Ares Capital CP Funding LLC ("Ares Capital CP"), are pledged as collateral for the Revolving Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).
- (4) These assets are owned by the Company's consolidated subsidiary Ares Capital JB Funding LLC ("ACJB"), are pledged as collateral for the SMBC Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).
- (5) Investments without an interest rate are non-income producing.

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(6)

As defined in the Investment Company Act, the Company is deemed to be an "Affiliated Person" of a portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the year ended December 31, 2013 in which the issuer was an Affiliated company (but not a portfolio company that the Company ("Controls") are as follows:

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC	\$	\$	\$	\$ 3,361	\$	\$	\$	\$	\$ 6,781
Apple & Eve, LLC and US Juice Partners, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,807
Campus Management Corp. and Campus Management Acquisition Corp	\$	\$	\$	\$	\$	\$	\$	\$	\$ (3,252)
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.	\$	\$ 6,626	\$ 30,000	\$ 6,177	\$	\$ 128	\$ 154	\$	\$ 3,042
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC	\$	\$ 16,195	\$	\$ 875	\$ 395	\$ 1,047	\$ 10	\$	\$ 615
The Dwyer Group	\$	\$	\$	\$ 3,458	\$	\$ 522	\$	\$	\$ 4,166
ELC Acquisition Corp. and ELC Holdings Corporation	\$	\$ 1,682	\$	\$	\$	\$ 6,121	\$	\$	\$ (2,667)
Insight Pharmaceuticals Corporation	\$	\$	\$	\$ 2,623	\$	\$	\$	\$	\$ (2,114)
Investor Group Services, LLC	\$	\$	\$	\$	\$	\$ 176	\$	\$ 142	\$ (78)
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$ (283)
Pillar Processing LLC and PHL Holding Co.	\$	\$ 3,527	\$	\$	\$	\$	\$	\$ 46	\$ (707)
Soteria Imaging Services, LLC	\$	\$ 2,049	\$	\$	\$	\$	\$	\$ (1,448)	\$ 1,208
VSS-Tranzact Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,584
UL Holding Co., LLC	\$	\$ 295	\$	\$ 3,037	\$	\$	\$ 49	\$ 15	\$ (13,225)

(7)

As defined in the Investment Company Act, the Company is deemed to be both an "Affiliated Person" and "Control" this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the period for the year ended December 31, 2013 in which the issuer was both an Affiliated company and a portfolio company that the Company is deemed to Control are as follows:

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
AllBridge Financial, LLC	\$	\$ 598	\$	\$	\$	\$ 864	\$	\$	\$ 2,503
AWTP, LLC	\$	\$	\$ 10,333	\$ 1,237	\$	\$	\$ 269	\$ 8,740	\$ (4,580)
Callidus Capital Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$ (6)
Ciena Capital LLC	\$	\$ 6,000	\$	\$ 4,495	\$	\$	\$	\$	\$ (7,691)
Citipostal, Inc.	\$ 4,000	\$ 4,738	\$	\$ 5,473	\$	\$	\$ (321)	\$	\$ (13,787)
Crescent Hotels & Resorts, LLC and affiliates	\$	\$	\$	\$	\$	\$	\$	\$ 194	\$
HCI Equity, LLC	\$	\$ 340	\$	\$	\$	\$	\$	\$	\$ 227
HCP Acquisition Holdings, LLC	\$ 6,696	\$	\$ 3,559	\$	\$	\$	\$	\$ (809)	\$ (3,137)
Hot Light Brands, Inc.	\$	\$ 1,573	\$	\$	\$	\$	\$	\$	\$ 698
Ivy Hill Asset Management, L.P.	\$	\$	\$	\$	\$	\$ 72,407	\$	\$	\$ (13,904)
MVL Group, Inc.	\$	\$ 5,176	\$	\$ 11	\$	\$	\$	\$	\$ 1,525
Orion Foods, LLC	\$ 2,700	\$ 6,712	\$	\$ 4,285	\$	\$	\$ 808	\$	\$ 7,669
Senior Secured Loan Fund LLC*	\$ 652,458	\$ 145,153	\$	\$ 224,867	\$ 43,119	\$	\$ 23,491	\$ 7,082	\$ 421
The Thymes, LLC	\$	\$	\$	\$	\$	\$ 410	\$	\$	\$ 3,460

*

Together with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE"), the Company co-invests through the Senior Secured Loan Fund LLC d/b/a the "Senior Secured Loan Program" (the "SSLP"). The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required); therefore, although the Company owns more than 25% of the voting securities of the SSLP, the Company does not believe that it has control over the SSLP (for purposes of the Investment Company Act or

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otherwise) because, among other things, these "voting securities" do not afford the Company the right to elect directors of the SSLP or any other special rights (see Note 4 to the consolidated financial statements).

- (8) Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (9) Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (10) In the first quarter of 2011, the staff of the Securities and Exchange Commission (the "Staff") informally communicated to certain business development companies the Staff's belief that certain entities, which would be classified as an "investment company" under the Investment Company Act but for the exception from the definition of "investment company" set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) of the Investment Company Act). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the "Concept Release") which states that "[a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which Congress intended BDCs primarily to invest" and requested comment on whether or not a 3a-7 issuer should be considered an "eligible portfolio company". Ares Capital provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a business development company to treat as "eligible portfolio companies" entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in

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the Concept Release) and subsequent discussions with the Staff, Ares Capital has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified these entities in the Company's schedule of investments as "non-qualifying assets" should the Staff ultimately disagree with Ares Capital's position.

- (11) Variable rate loans to the Company's 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 annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the interest rate in effect on the date presented.
- (12) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 6.00% on \$12 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (13) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on \$17 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (14) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.25% on \$60 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (15) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.13% on \$18 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (16) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$97 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (17) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.13% on \$55 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (18) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on \$27 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (19) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.75% on \$25 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (20) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.00% on \$23 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (21) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 0.75% on \$45 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (22)

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In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.75% on \$36 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

- (23) The Company is entitled to receive a fixed fee upon the occurrence of certain events as defined in the credit agreement governing the Company's debt investment in the portfolio company. The fair value of such fee is included in the fair value of the debt investment.
- (24) Loan was on non-accrual status as of December 31, 2013.
- (25) Loan includes interest rate floor feature.
- (26) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SSLP's loan portfolio, which may result in a return to the Company greater than the contractual stated interest rate.
- (27) As of December 31, 2013, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 6 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (28) As of December 31, 2013, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 6 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (29) As of December 31, 2013, no amounts were funded by the Company under this letter of credit facility; however, there were letters of credit issued and outstanding through a financial intermediary under the letter of credit facility. See Note 6 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2012
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Investment Funds and Vehicles							
AGILE Fund I, LLC(9)	Investment partnership	Member interest (0.50% interest)		4/1/2010	\$ 124	\$ 29(2)	
CIC Flex, LP(9)	Investment partnership	Limited partnership units (0.94 unit)		9/7/2007	2,302	3,570(2)	
Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	1,059	1,135(2)	
Dynamic India Fund IV, LLC(9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	3,104	
HCI Equity, LLC(7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	452	447	
Imperial Capital Private Opportunities, LP(9)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	6,051	8,341(2)	
Partnership Capital Growth Fund I, L.P.(9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	1,596	4,197(2)	
Partnership Capital Growth Fund III, L.P.(9)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	1,964	1,819(2)	
Piper Jaffray Merchant Banking Fund I, L.P.(9)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	286	259(2)	
Senior Secured Loan Fund LLC(7)(10)	Co-investment vehicle	Subordinated certificates (\$1,244,969 par due 12/2022) Membership interest (87.50% interest)	8.31% (Libor + 8.00%/Q)(21)	10/30/2009 10/30/2009	1,237,887	1,263,644	
					1,237,887	1,263,644	
VSC Investors LLC(9)	Investment company	Membership interest (1.95% interest)		1/24/2008	387	854(2)	
					1,256,930	1,287,399	32.28%

Healthcare Services

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California Forensic Medical Group, Incorporated	Correctional facility healthcare operator	First lien senior secured revolving loan (\$2,000 par due 11/2018)	10.25% (Base Rate + 7.00%/Q)	11/16/2012	2,000	2,000(2)(20)(23)
		First lien senior secured loan (\$54,182 par due 11/2018)	9.25% (Libor + 8.00%/Q)	11/16/2012	54,182	54,182(2)(20)
					56,182	56,182
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,205(2)
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC(6)	Healthcare analysis services	First lien senior secured loan (\$7,565 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,565	7,263(2)(20)
		First lien senior secured loan (\$7,172 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,172	6,885(3)(20)
		Class A common stock (9,679 shares)		6/15/2007	4,000	4,772(2)
		Class C common stock (1,546 shares)		6/15/2007		1,316(2)
					18,737	20,236
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	929(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan (\$112,000 par due 6/2019)	10.25% (Libor + 9.00%/Q)	12/27/2012	112,000	112,000(2)(20)	
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	First lien senior secured loan (\$15,298 par due 3/2018)	9.75% (Libor + 8.75%/Q)	9/15/2010	15,298	15,298(2)(20)	
		First lien senior secured loan (\$42,846 par due 3/2018)	9.75% (Libor + 8.75%/Q)	9/15/2010	42,846	42,846(3)(20)	
		First lien senior secured loan (\$4,869 par due 3/2018)	9.75% (Libor + 8.75%/Q)	9/15/2010	4,869	4,869(4)(20)	
		First lien senior secured loan (\$55,307 par due 3/2018)	9.75% (Libor + 8.75%/Q)	3/16/2012	55,307	55,307(2)(20)	
		First lien senior secured loan (\$15,579 par due 3/2018)	9.75% (Libor + 8.75%/Q)	3/16/2012	15,579	15,579(3)(20)	
					133,899	133,899	
MW Dental Holding Corp.	Dental services	First lien senior secured revolving loan (\$3,000 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	3,000	3,000(2)(20)	
		First lien senior secured loan (\$55,034 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	55,034	55,034(2)(20)	
		First lien senior secured loan (\$49,253 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	49,253	49,253(3)(20)	
		First lien senior secured loan (\$9,900 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	9,900	9,900(4)(20)	
					117,187	117,187	
Napa Management Services Corporation	Anesthesia management services provider	First lien senior secured revolving loan (\$5,250 par due 4/2016)	7.50% (Libor + 6.00%/M)	4/15/2011	5,250	5,250(2)(20)	
		First lien senior secured loan (\$9,062 par due 4/2016)	7.50% (Libor + 6.00%/Q)	4/15/2011	8,984	9,062(2)(20)	
		First lien senior secured loan (\$28,125 par due 4/2016)	7.50% (Libor + 6.00%/Q)	4/15/2011	28,125	28,125(3)(20)	
		Common units (5,000 units)		4/15/2011	5,000	6,169(2)	
					47,359	48,606	
Netsmart Technologies, Inc. and NS Holdings, Inc.	Healthcare technology provider	First lien senior secured loan (\$40,095 par due 12/2017)	7.25% (Libor + 6.00%/Q)	12/18/2012	40,095	40,095(2)(17)(20)	

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		Common stock (2,500,000 shares)		6/21/2010	2,500	2,611(2)
					42,595	42,706
OnCURE Medical Corp.	Radiation oncology care provider	Common stock (857,143 shares)		8/18/2006	3,000	(2)
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Series A preferred stock (1,594,457 shares)		7/30/2008	11,156	11,448(2)
		Common stock (16,106 shares)		7/30/2008	100	(2)
					11,256	11,448
PG Mergersub, Inc. and PGA Holdings, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Second lien senior secured loan (\$45,000 par due 10/2018)	8.25% (Libor + 7.00%/Q)	4/19/2012	45,000	45,000(2)(20)
		Preferred stock (333 shares)		3/12/2008	125	14(2)
		Common stock (16,667 shares)		3/12/2008	167	697(2)
					45,292	45,711

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
RCHP, Inc.	Operator of general acute care hospitals	Second lien senior secured loan (\$15,000 par due 5/2019)	11.50% (Libor + 10.00%/S)	11/4/2011	15,000	15,000(2)(20)	
		Second lien senior secured loan (\$50,000 par due 5/2019)	11.50% (Libor + 10.00%/S)	11/4/2011	50,000	50,000(3)(20)	
					65,000	65,000	
Reed Group, Ltd.	Medical disability management services provider	Equity interests		4/1/2010		435(2)	
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	First lien senior secured loan (\$6,000 par due 7/2015)	11.00%	6/28/2012	5,968	6,000(2)	
		Warrants to purchase up to 99,094 shares of Series C preferred stock		6/28/2012	38	29(2)	
					6,006	6,029	
Sage Products Holdings III, LLC	Patient infection control and preventive care solutions provider	Second lien senior secured loan (\$75,000 par due 6/2020)	9.25% (Libor + 8.00%/Q)	12/13/2012	75,000	75,000(2)(20)	
Soteria Imaging Services, LLC(6)	Outpatient medical imaging provider	Second lien senior secured loan (\$2,521 par due 11/2010)		4/1/2010	2,050	843(2)(19)	
		Preferred member units (1,823,179 units)		4/1/2010			
					2,050	843	
SurgiQuest, Inc.	Medical device manufacturer	First lien senior secured loan (\$7,000 par due 10/2016)	10.00%	9/28/2012	6,801	7,000(2)	
		Warrants to purchase up to 54,672 shares of Series D-4 convertible preferred stock		9/28/2012		(2)	
					6,801	7,000	
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	First lien senior secured loan (\$15,000 par due 12/2018)	6.50% (Libor + 5.50%/Q)	12/27/2012	15,000	15,000(2)(20)	
Vantage Oncology, Inc.	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	2,616(2)	
					764,148	762,032	19.11%

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Education

American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured loan (\$541 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	541	541(2)(20)
		First lien senior secured loan (\$10,357 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	10,357	10,357(2)(20)
		First lien senior secured loan (\$60,904 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	60,904	60,904(3)(20)
		First lien senior secured loan (\$4,782 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	4,782	4,782(4)(20)
					76,584	76,584
Campus Management Corp. and Campus Management Acquisition Corp.(6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	6,589(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	First lien senior secured loan (\$15,000 par due 12/2014)	6.25% (Libor + 5.25%/Q)	12/10/2010	15,000	15,000(2)(15)(20)	
		First lien senior secured loan (\$714 par due 12/2014)	7.50% (Base Rate + 4.25%/Q)	12/10/2010	714	714(2)(15)(20)	
		Second lien senior secured loan (\$33,150 par due 12/2015)	15.33% (Libor + 8.50% Cash, 6.50% PIK/Q)	12/10/2010	33,150	29,837(2)	
		Second lien senior secured loan (\$9,978 par due 12/2015)	15.31% (Libor + 8.50% Cash, 6.50% PIK/Q)	12/10/2010	9,978	8,980(2)	
		Warrants to purchase up to 654,618 shares		12/13/2010			(2)
						58,842	54,531
eInstruction Corporation	Developer, manufacturer and retailer of educational products	Second lien senior secured loan (\$17,000 par due 7/2014)		4/1/2010	15,257	(2)(19)	
		Senior subordinated loan (\$31,997 par due 1/2015)		4/1/2010	24,151	(2)(19)	
		Common stock (2,406 shares)		4/1/2010	926	(2)	
				40,334			
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation(6)	Developer, manufacturer and retailer of educational products	Preferred stock (99,492 shares)	12.00% PIK	8/1/2011	10,492	11,766(2)	
		Common stock (50,800 shares)		8/1/2011	51	2,789(2)	
					10,543	14,555	
Infilaw Holding, LLC	Operator of three for-profit law schools	First lien senior secured revolving loan		8/25/2011		(22)	
		First lien senior secured loan (\$1 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	1	1(2)(20)	
		First lien senior secured loan (\$19,157 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	19,157	19,157(3)(20)	
		Series A preferred units (124,890 units)	9.50% (Libor + 8.50%/Q)	8/25/2011	124,890	124,890(2)(20)	
		Series B preferred stock (3.91 units)		10/19/2012	9,245	9,524(2)	
				153,293	153,572		
				8/5/2010	5,000	7,143(2)	

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Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	Series B preferred stock (1,750,000 shares)			
		Series C preferred stock (2,512,586 shares)	6/7/2010	689	159(2)
		Common stock (20 shares)	6/7/2010		(2)
				5,689	7,302
Lakeland Tours, LLC	Educational travel provider	First lien senior secured revolving loan	10/4/2011		(22)
		First lien senior secured loan (\$58,826 par due 12/2016)	10/4/2011	58,670	58,826(14)(20)
		First lien senior secured loan (\$1,793 par due 12/2016)	10/4/2011	1,789	1,793(2)(20)
		First lien senior secured loan (\$40,362 par due 12/2016)	10/4/2011	40,255	40,362(3)(14)(20)
		First lien senior secured loan (\$8,967 par due 12/2016)	10/4/2011	8,943	8,967(3)(20)
		Common stock (5,000 shares)	10/4/2011	5,000	4,555(2)
				114,657	114,503

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
R3 Education, Inc. and EIC Acquisitions Corp.	Medical school operator	Preferred stock (8,800 shares)		7/30/2008	2,200	1,936(2)	
		Common membership interest (26.27% interest)		9/21/2007	15,800	29,829(2)	
		Warrants to purchase up to 27,890 shares		12/8/2009			(2)
					18,000	31,765	
					488,462	459,401	11.52%
Financial Services							
AllBridge Financial, LLC(7)	Asset management services	Equity interests		4/1/2010	5,675	7,814	
Callidus Capital Corporation(7)	Asset management services	Common stock (100 shares)		4/1/2010	3,000	1,718	
Ciena Capital LLC(7)	Real estate and small business loan servicer	First lien senior secured revolving loan (\$14,000 par due 12/2014)	6.00%	11/29/2010	14,000	14,000(2)	
		First lien senior secured loan (\$32,000 par due 12/2016)	12.00%	11/29/2010	32,000	32,000(2)	
		Equity interests		11/29/2010	53,374	18,616(2)	
					99,374	64,616	
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28,000 par due 5/2018)	12.75%	5/10/2012	28,000	28,000(2)	
Cook Inlet Alternative Risk, LLC	Risk management services	Senior subordinated loan (\$2,750 par due 9/2015)	9.00%	9/30/2011	2,750	2,750(2)	
Financial Pacific Company	Commercial finance leasing	Preferred stock (6,500 shares)	8.00% PIK	10/13/2010	3,733	13,687	
		Common stock (650,000 shares)		10/13/2010			
					3,733	13,687	
Gordian Acquisition Corporation	Financial services firm	Common stock (526 shares)		11/30/2012			
Imperial Capital Group LLC	Investment services	Class A common units (7,710 units)		5/10/2007	14,997	18,954(2)	
		2006 Class B common units (2,526 units)		5/10/2007	3	4(2)	
		2007 Class B common units (315 units)		5/10/2007			1(2)

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				15,000	18,959	
Ivy Hill Asset Management, L.P.(7)(9)	Asset management services	Member interest (100.00% interest)	6/15/2009	170,961	294,258	
				328,493	431,802	10.83%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	First lien senior secured revolving loan (\$1,468 par due 11/2013)	6.50% (Libor + 3.50%/Q)	11/27/2006	1,468	1,468(2)(20)		
		First lien senior secured revolving loan (\$200 par due 11/2013)	6.50% (Base Rate + 2.50%/Q)	11/27/2006	200	200(2)(20)		
		First lien senior secured loan (\$9,200 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	9,200	9,200(2)(20)		
		First lien senior secured loan (\$11,034 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	11,037	11,034(3)(20)		
		Promissory note (\$14,897,360 par due 11/2016)	12.00% PIK	11/27/2006	16,001	18,719(2)		
		Warrants to purchase up to 0.61 shares		6/1/2006		5,496(2)		
						37,906	46,117	
Benihana, Inc.	Restaurant owner and operator	First lien senior secured revolving loan (\$431 par due 8/2017)	9.25% (Libor + 8.00%/M)	8/21/2012	431	431(2)(20)		
		First lien senior secured loan (\$21,769 par due 2/2018)	9.25% (Libor + 8.00%/Q)	8/21/2012	21,769	21,769(2)(20)		
		First lien senior secured loan (\$10,000 par due 2/2018)	9.25% (Libor + 8.00%/Q)	8/21/2012	10,000	10,000(4)(20)		
					32,200	32,200		
Hojeij Branded Foods, Inc.	Airport restaurant operator	First lien senior secured revolving loan (\$1,900 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	1,900	1,900(2)(20)(23)		
		First lien senior secured loan (\$22,600 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	22,025	22,600(2)(20)		
		Warrants to purchase up to 7.5% of membership interest		2/15/2012		132(2)		
		Warrants to purchase up to 324 shares of Class A common stock		2/15/2012	669	1,899(2)		
					24,594	26,531		
Orion Foods, LLC (fka Hot Stuff Foods, LLC)(7)	Convenience food service retailer	First lien senior secured revolving loan (\$7,800 par due 9/2014)	10.75% (Base Rate + 7.50%/M)	4/1/2010	7,800	7,800(2)(20)		
		First lien senior secured loan (\$33,477 par due 9/2014)	10.00% (Libor + 8.50%/Q)	4/1/2010	33,477	33,477(3)(20)		

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Second lien senior secured loan (\$37,552 par due 9/2014)	4/1/2010	23,695	17,807(2)(19)
Preferred units (10,000 units)	10/28/2010		(2)
Class A common units (25,001 units)	4/1/2010		(2)
Class B common units (1,122,452 units)	4/1/2010		(2)

64,972 59,084

OTG Management, LLC	Airport restaurant operator	First lien senior secured loan (\$25,000 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	25,000	25,000(2)(20)
		Common units (3,000,000 units)		1/5/2011	3,000	2,042(2)
		Warrants to purchase up to 7.73% of common units		6/19/2008	100	4,334(2)
					28,100	31,376

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Performance Food Group, Inc. and Wellspring Distribution Corp.	Food service distributor	Second lien senior secured loan (\$50,000 par due 5/2015)	11.00%	5/30/2012	50,000	50,000(2)	
		Second lien senior secured loan (\$50,250 par due 5/2015)	11.00%	5/23/2008	49,529	50,250(2)	
		Second lien senior secured loan (\$50,000 par due 5/2015)	11.00%	5/23/2008	49,705	50,000(3)	
		Class A non-voting common stock (1,366,120 shares)		5/3/2008	7,500	6,732(2)	
					156,734	156,982	
Restaurant Holding Company, LLC	Fast food restaurant operator	First lien senior secured loan (\$61,333 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/17/2012	60,280	61,333(3)(20)	
		First lien senior secured loan (\$9,436 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/17/2012	9,272	9,436(4)(20)	
					69,552	70,769	
S.B. Restaurant Company	Restaurant owner and operator	Preferred stock (46,690 shares)		4/1/2010		(2)	
		Warrants to purchase up to 257,429 shares of common stock		4/1/2010		(2)	
					414,058	423,059	10.61%
Services Other							
Capital Investments and Ventures Corp.	SCUBA diver training and certification provider	First lien senior secured loan (\$64,837 par due 8/2018)	8.50% (Libor + 7.25%/Q)	8/9/2012	64,837	64,837(2)(20)	
		First lien senior secured loan (\$9,975 par due 8/2018)	8.50% (Libor + 7.25%/Q)	8/9/2012	9,975	9,975(4)(20)	
					74,812	74,812	
Competitor Group, Inc. and Calera XVI, LLC	Endurance sports media and event operator	First lien senior secured revolving loan (\$2,850 par due 11/2018)	10.00% (Base Rate + 6.75%/Q)	11/30/2012	2,850	2,850(2)(20)	
				11/30/2012	900	900(2)(20)	

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First lien senior secured revolving loan (\$900 par due 11/2018)	9.00% (Libor + 7.75%/Q)			
First lien senior secured loan (\$54,500 par due 11/2018)	9.00% (Libor + 7.75%/Q)	11/30/2012	54,500	54,500(2)(20)
Membership units (2,500,000 units)		11/30/2012	2,500	2,500(2)(9)

60,750 60,750

Massage Envy, LLC	Franchiser in the massage industry	First lien senior secured loan (\$80,494 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	80,494	80,494(2)(20)
		Common stock (3,000,000 shares)		9/27/2012	3,000	3,000(2)
					83,494	83,494

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
McKenzie Sports Products, LLC	Designer, manufacturer and distributor of taxidermy forms and supplies	First lien senior secured loan (\$11,833 par due 3/2017)	7.00% (Libor + 5.50%/M)	3/30/2012	11,833	11,833(2)(20)	
		First lien senior secured loan (\$28 par due 3/2017)	7.75% (Base Rate + 4.50%/M)	3/30/2012	28	28(2)(20)	
		First lien senior secured loan (\$9,902 par due 3/2017)	7.00% (Libor + 5.50%/M)	3/30/2012	9,902	9,902(4)(20)	
		First lien senior secured loan (\$23 par due 3/2017)	7.75% (Base Rate + 4.50%/M)	3/30/2012	23	23(4)(20)	
					21,786	21,786	
The Dwyer Group(6)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$25,400 par due 6/2018)	12.00% Cash, 1.50% PIK	12/22/2010	25,400	25,400(2)	
		Series A preferred units (13,292,377 units)	8.00% PIK	12/22/2010	6,337	13,962(2)	
					31,737	39,362	
Wash Multifamily Laundry Systems, LLC (fka Web Services Company, LLC)	Laundry service and equipment provider	First lien senior secured loan (\$27,172 par due 8/2014)	7.00% (Base Rate + 3.75%/Q)	6/26/2012	27,091	27,172(2)(20)	
		Second lien senior secured loan (\$40,000 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	40,000	40,000(2)(20)	
		Second lien senior secured loan (\$50,000 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	50,000	50,000(3)(20)	
					117,091	117,172	
					389,670	397,376	9.96%
Business Services							
Access CIG, LLC	Records and information management services provider	First lien senior secured loan (\$1,000 par due 10/2017)	7.00% (Libor + 5.75%/Q)	10/5/2012	1,000	1,000(2)(20)	
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.(6)	Payroll and accounting services provider to the entertainment industry	First lien senior secured loan (\$100,000 par due 12/2017)	7.50% (Libor + 6.50%/Q)	12/24/2012	100,000	100,000(2)(20)	
				12/24/2012	2,500	2,500(2)	

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Class A membership units (2,500,000 units)				
Class B membership units (2,500,000 units)	12/24/2012	2,500	2,500(2)	

105,000 105,000

CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)	12/15/2011	2,500	3,543(2)
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CitiPostal Inc.(7)	Document storage and management services	First lien senior secured revolving loan (\$1,000 par due 12/2013)	6.75% (Base Rate + 3.25%/Q)	4/1/2010	1,000	1,000(2)(20)	
		First lien senior secured loan (\$523 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	523	523(2)	
		First lien senior secured loan (\$53,561 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	53,561	53,561(3)	
		Senior subordinated loan (\$17,224 par due 12/2015)		4/1/2010	13,038	1,556(2)(19)	
		Common stock (37,024 shares)		4/1/2010			
					68,122	56,640	
Command Alkon, Inc.	Software solutions provider to the ready-mix concrete industry	Second lien senior secured loan (\$39,130 par due 3/2018)	9.75% (Libor + 8.50%/Q)	9/28/2012	39,130	39,130(2)(20)	
Cornerstone Records Management, LLC	Physical records storage and management service provider	First lien senior secured loan (\$18,460 par due 8/2016)	10.50% (Libor + 9.00%/Q)	8/12/2011	18,460	17,722(2)(20)	
HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Class A units (12,287,082 units)		6/26/2008	12,347	(2)	
IfByPhone Inc.	Voice-based marketing automation software provider	First lien senior secured loan (\$2,000 par due 11/2015)	11.00%	10/15/2012	1,917	2,000(2)	
		First lien senior secured loan (\$1,000 par due 1/2016)	11.00%	10/15/2012	1,000	1,000(2)	
		Warrant to purchase up to 124,300 shares of Series C preferred stock		10/15/2012	88	88(2)	
					3,005	3,088	
Impact Innovations Group, LLC	IT consulting and outsourcing services	Member interest (50.00% interest)		4/1/2010		200	
Investor Group Services, LLC(6)	Business consulting for private equity and corporate clients	Limited liability company membership interest (10.00% interest)		6/22/2006		711	
Intel Laboratories, Inc.	Data services provider for building materials to property insurance industry	First lien senior secured loan (\$12,263 par due 6/2018)	6.25% (Libor + 5.00%/Q)	6/29/2012	12,263	12,263(2)(20)	
		Preferred units (1,798,391 units)		6/29/2012	1,000	1,093(2)	

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			13,263	13,356	
Multi-Ad Services, Inc.(6)	Marketing services and software provider	Preferred units (1,725,280 units)	4/1/2010	788	2,037
		Common units (1,725,280 units)	4/1/2010		
				788	2,037

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
MVL Group, Inc.(7)	Marketing research provider	First lien senior secured revolving loan (\$806 par due 6/2012)	4.94% (Libor + 4.50%/Q)	6/28/2012	806	806(2)		
		Senior subordinated loan (\$36,766 par due 7/2012)		4/1/2010	34,636	5,330(2)(19)		
		Junior subordinated loan (\$185 par due 7/2012)		4/1/2010			(2)(19)	
		Common stock (560,716 shares)		4/1/2010			(2)	
						35,442	6,136	
Performant Financial Corporation	Collections services	Common stock (772,130 shares)		4/1/2010	1,191	7,799(2)		
		Common stock (207,912 shares)		2/5/2005	241	2,100(2)		
					1,432	9,899		
Pillar Processing LLC and PHL Holding Co.(6)	Mortgage services	First lien senior secured loan (\$7,033 par due 11/2018)		7/31/2008	6,709	7,033(2)(19)		
		First lien senior secured loan (\$7,375 par due 5/2019)		11/20/2007	6,661	522(2)(19)		
		Class A common stock (576 shares)		7/31/2012	3,768	(2)		
					17,138	7,555		
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common units (1,972 units)		3/2/2012	1,000	736(2)		
Prommis Holdings, LLC	Bankruptcy and foreclosure processing services	Class B common units (1,727 units)		6/12/2012		(2)		
Promo Works, LLC	Marketing services	First lien senior secured loan (\$8,655 par due 12/2013)		4/1/2010	3,249	2,042(2)(19)		
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	137(2)		
Strident Holding, Inc.	Recovery audit services provider to commercial and governmental healthcare payors	First lien senior secured loan (\$7,935 par due 7/2018)	6.50% (Libor + 5.25%/Q)	7/26/2012	7,935	7,935(2)(20)		
		First lien senior secured loan (\$9,975 par due 7/2018)	6.50% (Libor + 5.25%/Q)	7/26/2012	9,975	9,975(4)(20)		
					17,910	17,910		
				5/20/2011		873(2)		

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Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (45.98% interest)				
TOA Technologies, Inc.	Cloud based, mobile workforce management applications provider	First lien senior secured loan (\$13,000 par due 10/2016)	10.25%	10/31/2012	12,415	12,480(2)
		Warrant to purchase up to 2,509,770 shares of Series D preferred stock		10/31/2012	605	617(2)
					13,020	13,097

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Tradesmen International, Inc.	Construction labor support	Warrants to purchase up to 771,036 shares		4/1/2010		10,150	
Tripwire, Inc.	IT security software provider	First lien senior secured loan (\$50,000 par due 5/2018)	6.00% (Libor + 4.75%/Q)	5/23/2011	50,000	50,000(3)(20)	
		First lien senior secured loan (\$10,000 par due 5/2018)	6.00% (Libor + 4.75%/Q)	5/23/2011	10,000	10,000(4)(20)	
		Class A common stock (2,970 shares)		5/23/2011	2,970	6,941(2)	
		Class B common stock (2,655,638 shares)		5/23/2011	30	70(2)	
					63,000	67,011	
Venturehouse-Cibernet Investors, LLC	Financial settlement services for intercarrier wireless roaming	Equity interest		4/1/2010		(2)	
VSS-Tranzact Holdings, LLC(6)	Management consulting services	Common membership interest (5.98% interest)		10/26/2007	10,204	3,652	
					426,260	381,625	9.57%

Containers Packaging

ICSH, Inc.	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan		8/31/2011		(22)	
		First lien senior secured loan (\$22,569 par due 8/2016)	8.00% (Libor + 7.00%/Q)	8/31/2011	22,569	22,569(2)(20)	
		First lien senior secured loan (\$3,750 par due 8/2016)	9.25% (Base Rate + 6.00%/Q)	8/31/2011	3,750	3,750(2)(20)	
		First lien senior secured loan (\$24,217 par due 8/2016)	8.04% (Libor + 7.00%/Q)	8/31/2011	24,217	24,217(2)(20)	
		First lien senior secured loan (\$67,961 par due 8/2016)	8.04% (Libor + 7.00%/Q)	8/31/2011	67,961	67,961(3)(20)	
		First lien senior secured loan (\$353 par due 8/2016)	8.00% (Libor + 7.00%/Q)	8/31/2011	353	353(3)(20)	
		First lien senior secured loan (\$14,795 par due 8/2016)	8.04% (Libor + 7.00%/Q)	8/31/2011	14,795	14,795(4)(20)	
		First lien senior secured loan (\$77 par due 8/2016)	8.00% (Libor + 7.00%/Q)	8/31/2011	77	77(4)(20)	
					133,722	133,722	

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Microstar Logistics LLC, Microstar Global Asset Management LLC and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$165,000 par due 12/2018)	8.50% (Libor + 7.50%/Q)	12/14/2012	165,000	165,000(2)(20)
		Common Stock (50,000 shares)		12/14/2012	5,000	5,000(2)
					170,000	170,000

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Pregis Corporation, Pregis Intellipack Corp. and Pregis Innovative Packaging Inc.	Provider of highly-customized, tailored protective packaging solutions	First lien senior secured loan (\$3 par due 3/2017)	8.50% (Base Rate + 5.25%/Q)	4/25/2012	3	3(2)(20)	
		First lien senior secured loan (\$992 par due 3/2017)	7.75% (Libor + 6.25%/Q)	4/25/2012	992	992(2)(20)	
					995	995	
					304,717	304,717	7.64%
Consumer Products Non-durable							
Gilchrist & Soames, Inc.	Personal care manufacturer	First lien senior secured revolving loan (\$9,200 par due 10/2013)	6.25% (Libor + 5.00%/M)	4/1/2010	9,200	9,200(2)(20)	
		First lien senior secured loan (\$21,941 par due 10/2013)	13.44%	4/1/2010	21,710	20,847(2)	
					30,910	30,047	
Implus Footcare, LLC	Provider of footwear and other accessories	Preferred stock (455 shares)	6.00% PIK	10/31/2011	4,873	4,873(2)	
		Common stock (455 shares)		10/31/2011	455	196(2)	
					5,328	5,069	
Insight Pharmaceuticals Corporation(6)	OTC drug products manufacturer	Second lien senior secured loan (\$19,310 par due 8/2017)	13.25% (Libor + 11.75%/Q)	8/26/2011	19,136	19,310(3)(20)	
		Class A common stock (155,000 shares)		8/26/2011	6,035	8,277(2)	
		Class B common stock (155,000 shares)		8/26/2011	6,035	8,277(2)	
					31,206	35,864	
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of over-the-counter healthcare products	First lien senior secured revolving loan (\$9,500 par due 6/2016)	13.00% (Libor + 12.00%/M)	6/30/2011	9,500	8,550(2)(20)	
		First lien senior secured loan (\$38,781 par due 6/2016)	13.00% (Libor + 12.00%/Q)	6/30/2011	38,581	34,903(3)(20)	
		Warrants to purchase up to 1,654,678 shares of common stock		7/27/2011		(2)	
		Warrants to purchase up to 1,489 shares of		7/27/2011		(2)	

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preferred stock						
					48,081	43,453
Oak Parent, Inc.	Manufacturer of athletic apparel	First lien senior secured loan (\$41,299 par due 4/2018)	8.00% (Libor + 7.00%/Q)	4/2/2012	41,125	41,299(2)(20)
		First lien senior secured loan (\$9,428 par due 4/2018)	8.00% (Libor + 7.00%/Q)	4/2/2012	9,388	9,428(4)(20)
					50,513	50,727
PG-ACP Co-Invest, LLC	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units (1,000,0000 units)		8/29/2012	1,000	1,293(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
The Step2 Company, LLC	Toy manufacturer	Second lien senior secured loan (\$27,000 par due 4/2015)	10.00%	4/1/2010	26,092	27,000(2)	
		Second lien senior secured loan (\$32,814 par due 4/2015)	10.00% Cash, 6.00% PIK	4/1/2010	31,859	28,876(2)	
		Common units (1,116,879 units)		4/1/2010	24	94	
		Warrants to purchase up to 3,157,895 units		4/1/2010		269	
					57,975	56,239	
The Thymes, LLC(7)	Cosmetic products manufacturer	Preferred units (6,283 units)	8.00% PIK	6/21/2007	5,631	5,244	
		Common units (5,400 units)		6/21/2007		3,138	
					5,631	8,382	
Woodstream Corporation	Pet products manufacturer	First lien senior secured loan (\$3,000 par due 8/2014)	6.50% (Libor + 5.00%/Q)	4/18/2012	3,000	3,000(2)(20)	
		First lien senior secured loan (\$15,000 par due 8/2014)	6.50% (Libor + 5.00%/Q)	4/18/2012	15,000	15,000(4)(20)	
		Senior subordinated loan (\$45,000 par due 2/2015)	12.00%	1/22/2010	41,637	45,000(2)	
		Common stock (4,254 shares)		1/22/2010	1,222	2,999(2)	
					60,859	65,999	
					291,503	297,073	7.45%
Energy							
Centinela Funding, LLC	Solar power generation facility developer and operator	First lien senior secured loan (\$45,000 par due 11/2020)	10.00% (Libor + 8.75%/Q)	11/14/2012	45,000	45,000(2)(20)	
EquiPower Resources Holdings, LLC	Gas-fired power generation facilities operator	Second lien senior secured loan (\$22,500 par due 6/2019)	10.00% (Libor + 8.50%/Q)	6/27/2012	22,073	22,500(2)(20)	
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant operator	Second lien senior secured loan (\$59,000 par due 8/2018)	10.25% (Libor + 8.75%/Q)	8/9/2011	57,908	56,640(2)(20)	
Panda Sherman Power, LLC	Developer and operator of a gas turbine power plant	First lien senior secured loan (\$32,500 par due 9/2018)	9.00% (Libor + 7.50%/Q)	9/14/2012	32,500	32,500(2)(20)	

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Panda Temple Power, LLC	Developer and operator of a gas turbine power plant	First lien senior secured loan (\$60,000 par due 7/2018)	11.50% (Libor + 10.00%/Q)	7/17/2012	58,157	60,000(2)(20)
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215,638 216,640 5.43%

Automotive Services

Driven Holdings, LLC	Automotive aftermarket car care franchisor	Preferred stock (247,500 units)	12/16/2011	2,475	2,688(2)
		Common stock (25,000 units)	12/16/2011	25	137(2)

2,500 2,825

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Eckler Industries, Inc.	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$1,300 par due 7/2017)	8.25% (Base Rate + 5.00%/M)	7/12/2012	1,300	1,300(2)(20)	
		First lien senior secured loan (\$52,071 par due 7/2017)	7.25% (Libor + 6.00%/M)	7/12/2012	52,071	52,071(2)(20)	
		Series A preferred stock (1,800 shares)		7/12/2012	1,800	1,871(2)	
		Common stock (20,000 shares)		7/12/2012	200	200(2)	
					55,371	55,442	
EcoMotors, Inc.	Engine developer	First lien senior secured loan (\$5,000 par due 7/2016)	10.13%	12/28/2012	4,850	5,000(2)	
		Warrant to purchase up to 321,888 shares of Series C Preferred Stock		12/28/2012		84(2)	
					4,850	5,084	
Service King Paint & Body, LLC	Collision repair site operators	First lien senior secured loan (\$122,850 par due 8/2017)	8.50% (Libor + 7.25%/Q)	8/20/2012	122,850	122,850(2)(16)(20)	
		First lien senior secured loan (\$9,925 par due 8/2017)	5.50% (Libor + 4.25%/Q)	8/20/2012	9,925	9,925(2)(20)	
		Membership interest		8/20/2012	5,000	6,684(2)	
					137,775	139,459	
					200,496	202,810	5.09%
Manufacturing							
Cambrios Technologies Corporation	Nanotechnology-based solutions for electronic devices and computers	First lien senior secured loan (\$4,848 par due 8/2015)	12.00%	8/7/2012	4,848	4,848(2)	
		Warrants to purchase up to 400,000 shares of Series D-4 convertible preferred stock		8/2/2012		8(2)	
					4,848	4,856	
Component Hardware Group, Inc.	Commercial equipment	Second lien senior secured loan (\$3,202 par due 12/2014)	7.00% Cash, 3.00% PIK	8/4/2010	3,202	3,202(2)	

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		Senior subordinated loan (\$11,142 par due 12/2014)	7.50% Cash, 5.00% PIK	4/1/2010	8,343	11,142(2)
		Warrants to purchase up to 1,462,500 shares of common stock		8/4/2010		7,322(2)
					11,545	21,666
MWI Holdings, Inc.	Provider of engineered springs, fasteners, and other precision components	First lien senior secured loan (\$38,274 par due 6/2017)	10.00% (Libor + 8.00%/Q)	6/15/2011	38,274	38,274(2)(20)
Lighting Science Group Corporation	Advanced lighting products	Letter of credit facility		9/20/2011		(24)
		First lien senior secured loan (\$10,000 par due 6/2017)	10.00% (Libor + 8.00%/Q)	6/15/2011	10,000	10,000(4)(20)
					48,274	48,274
NetShape Technologies, Inc.	Metal precision engineered components	First lien senior secured revolving loan (\$415 par due 2/2013)	3.96% (Libor + 3.75%/M)	4/1/2010	415	373(2)
Pelican Products, Inc.	Flashlights	First lien senior secured loan (\$7,960 par due 7/2018)	7.00% (Libor + 5.50%/Q)	7/13/2012	7,960	7,960(4)(20)
		Second lien senior secured loan (\$32,000 par due 6/2019)	11.50% (Libor + 10.00%/Q)	7/13/2012	32,000	32,000(2)(20)
					39,960	39,960

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Protective Industries, Inc. dba Caplugs	Plastic protection products	First lien senior secured revolving loan (\$1,633 par due 5/2016)	5.75% (Libor + 4.25%/M)	5/23/2011	1,633	1,633(2)(20)(23)	
		First lien senior secured loan (\$1,500 par due 5/2017)	5.75% (Libor + 4.25%/M)	11/30/2012	1,500	1,500(2)(20)	
		Senior subordinated loan (\$695 par due 5/2018)	8.00% Cash, 7.25% PIK	5/23/2011	695	695(2)	
		Preferred stock (2,379,361 shares)		5/23/2011	2,307	4,644(2)	
					6,135	8,472	
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1,000	(2)	
Sigma International Group, Inc.	Water treatment parts	Second lien senior secured loan (\$4,195 par due 4/2014)	10.00% (Libor + 5.00% Cash, 5.00% PIK/Q)	7/8/2011	4,195	4,195(2)(20)	
SSH Environmental Industries, Inc. and SSH Non-Destructive Testing, Inc.	Magnetic sensors and supporting sensor products	First lien senior secured loan (\$11,625 par due 12/2016)	9.00% (Libor + 7.50%/Q)	3/23/2012	11,424	11,625(2)(20)	
					127,796	139,421	3.50%
Aerospace and Defense							
ILC Industries, LLC	Designer and manufacturer of protective cases and technically advanced lighting systems	First lien senior secured loan (\$4,925 par due 7/2018)	7.50% (Libor + 6.00%/Q)	7/13/2012	4,838	4,925(2)(20)	
		First lien senior secured loan (\$19,950 par due 7/2018)	7.50% (Libor + 6.00%/Q)	7/13/2012	19,574	19,950(4)(20)	
					24,412	24,875	
PRV Aerospace, LLC	Aerospace precision components manufacturer	First lien senior secured loan (\$1,136 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	1,130	1,136(2)(20)	
		First lien senior secured loan (\$8,460 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	8,383	8,460(4)(20)	
		Second lien senior secured loan (\$80,000 par due 5/2019)	10.50% (Libor + 9.25%/Q)	5/10/2012	80,000	80,000(2)(20)	
					89,513	89,596	

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Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Senior preferred stock (775 shares)	8.00% PIK	1/17/2008	103	103(2)	
		Common stock (1,885,195 shares)		1/17/2008	2,291	2,346(2)	
					2,394	2,449	
					116,319	116,920	2.93%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Telecommunications							
American Broadband Communications, LLC, American Broadband Holding Company, Cameron Holdings of NC, Inc., and Dialog Telecom LLC	Broadband communication services	First lien senior secured loan (\$7,666 par due 9/2013)	7.50% (Libor + 5.50%/Q)	9/1/2010	7,666	7,666(2)(20)	
		First lien senior secured loan (\$16,476 par due 12/2013)	12.00% (Libor + 11.50%/Q)	6/20/2011	16,476	16,476(2)(20)	
		Senior subordinated loan (\$10,741 par due 11/2014)	12.00% Cash, 2.00% PIK	9/1/2010	10,741	10,312(2)	
		Senior subordinated loan (\$34,104 par due 11/2014)	12.00% Cash, 2.00% PIK	11/7/2007	34,104	32,740(3)	
		Senior subordinated loan (\$23,513 par due 11/2014)	10.00% Cash, 4.00% PIK	11/7/2007	23,513	22,574(2)	
		Warrants to purchase up to 378 shares		11/7/2007		2,533	
		Warrants to purchase up to 200 shares		9/1/2010		1,340(2)	
					92,500	93,641	
Startec Equity, LLC(7)	Communication services	Member interest		4/1/2010			
					92,500	93,641	2.35%
Consumer Products Durable							
Bushnell Inc.	Sports optics manufacturer	Second lien senior secured loan (\$48,825 par due 2/2016)	9.00% (Libor + 7.50%/Q)	4/1/2010	44,000	48,338(2)(20)	
		Second lien senior secured loan (\$43,675 par due 2/2016)	9.50% (Libor + 8.00%/Q)	4/30/2012	43,675	43,675(2)(20)	
					87,675	92,013	2.31%
Oil and Gas							
Geotrace Technologies, Inc.	Reservoir processing and development	Warrants to purchase up to 69,978 shares of common stock		4/1/2010	88	(2)	
		Warrants to purchase up to 210,453 shares of preferred stock		4/1/2010	2,805	1,757(2)	
					2,893	1,757	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
UL Holding Co., LLC and Universal Lubricants, LLC(6)	Petroleum product manufacturer	Second lien senior secured loan (\$4,935 par due 12/2014)	9.19% (Libor + 7.19% Cash, 2.00% PIK/Q)	4/30/2012	4,935	4,935(2)	
		Second lien senior secured loan (\$25,413 par due 12/2014)	9.19% (Libor + 7.19% Cash, 2.00% PIK/Q)	4/30/2012	25,413	25,413(3)	
		Second lien senior secured loan (\$4,920 par due 12/2014)	12.00% Cash, 2.00% PIK	4/30/2012	4,920	4,920(2)	
		Second lien senior secured loan (\$5,078 par due 12/2014)	12.00% Cash, 3.00% PIK	4/30/2012	5,078	5,078(2)	
		Second lien senior secured loan (\$18,614 par due 12/2014)	12.00% Cash, 2.00% PIK	4/30/2012	18,614	18,614(3)	
		Class A common units (151,236 units)		6/17/2011	1,512	57(2)	
		Class B-5 common units (599,200 units)		4/25/2008	5,472	226(2)	
		Class B-4 common units (50,000 units)		6/17/2011	500	19(2)	
		Class C common units (758,546 units)		4/25/2008		287(2)	
							66,444
					69,337	61,306	1.54%
Retail							
Fulton Holdings Corp.	Airport retail operator	First lien senior secured loan (\$40,000 par due 5/2016)	12.50%	5/28/2010	40,000	40,000(3)(12)	
		Common stock (19,672 shares)		5/28/2010	1,967	1,873	
					41,967	41,873	
Things Remembered Inc. and TRM Holdings Corporation							
Things Remembered Inc. and TRM Holdings Corporation	Personalized gifts retailer	First lien senior secured loan (\$14,962 par due 5/2018)	8.00% (Libor + 6.50%/Q)	5/24/2012	14,962	14,962(4)(20)	
					56,929	56,835	1.43%
Printing, Publishing and Media							
Batanga, Inc.	Independent digital media company	First lien senior secured loan (\$5,500)	9.60%	10/31/2012	5,500	5,594(2)(18)	

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par due 10/2016)

Earthcolor Group, LLC	Printing management services	Limited liability company interests (9.30%)		5/18/2012		
National Print Group, Inc.	Printing management services	First lien senior secured revolving loan (\$913 par due 10/2013)	9.00% (Libor + 6.00%/Q)	3/2/2006	913	895(2)(20)(23)
		First lien senior secured revolving loan (\$1,038 par due 10/2013)	9.00% (Base Rate + 5.00%/M)	3/2/2006	1,038	1,017(2)(20)
		First lien senior secured loan (\$6,903 par due 10/2013)	10.00% (Libor + 9.00% Cash, 1.00% PIK/Q)	3/2/2006	6,631	6,834(2)(20)
		First lien senior secured loan (\$331 par due 10/2013)	10.00% (Base Rate + 9.00% Cash, 1.00% PIK/Q)	3/2/2006	318	327(2)(20)
		Preferred stock (9,344 shares)		3/2/2006	2,000	(2)(20)
					10,900	9,073
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	First lien senior secured loan (\$21,319 par due 3/2017)	9.00% (Libor + 7.50%/Q)	9/29/2006	21,319	21,319(2)(20)	
		First lien senior secured loan (\$9,902 par due 3/2017)	9.00% (Libor + 7.50%/Q)	9/29/2006	9,902	9,902(4)(20)	
		Preferred stock (10,663 shares)		9/29/2006	1,066	3,225(2)	
		Common stock (15,393 shares)		9/29/2006	3	8(2)	
					32,290	34,454	
					48,690	49,121	1.23%
Environmental Services							
AWTP, LLC(7)	Water treatment services	Second lien senior secured loan (\$4,212 par due 6/2015)	10.00%	4/18/2011	4,212	4,212(2)	
		Second lien senior secured loan (\$6,121 par due 6/2015)	15.00% PIK	4/18/2011	6,121	6,121(2)	
		Membership interests (90% interest)		4/18/2011		4,580(2)	
					10,333	14,913	
RE Community Holdings II, Inc. and Pegasus Community Energy, LLC.	Operator of municipal recycling facilities	Preferred stock (1,000 shares)		3/1/2011	8,839	1,487(2)	
Waste Pro USA, Inc	Waste management services	Preferred Class A common equity (611,615 shares)		11/9/2006	12,263	24,219(2)	
					31,435	40,619	1.02%
Transportation							
PODS Funding Corp.	Storage and warehousing	Junior subordinated loan (\$40,228 par due 5/2017)	12.75% Cash, 2.75% PIK	11/29/2011	40,228	40,228(2)	
United Road Towing, Inc.	Towing company	Warrants to purchase up to 607 shares		4/1/2010			
					40,228	40,228	1.01%

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**Commercial Real Estate
Finance**

10th Street, LLC(6)	Real estate holding company	Senior subordinated loan (\$25,208 par due 11/2014)	8.93% Cash, 4.07% PIK	4/1/2010	25,208	25,208(2)
		Member interest (10.00% interest)		4/1/2010	594	
		Option (25,000 units)		4/1/2010	25	501
					25,827	25,709
American Commercial Coatings, Inc.	Real estate property	Commercial mortgage loan (\$2,505 par due 12/2025)		4/1/2010	926	2,061(19)
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010	1,026	3,639
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010		
Crescent Hotels & Resorts, LLC and affiliates(7)	Hotel operator	Senior subordinated loan (\$2,236 par due 9/2011)		4/1/2010		(2)(19)
		Senior subordinated loan (\$2,092 par due 6/2017)		4/1/2010		(2)(19)
		Common equity interest		4/1/2010		
		Limited liability company membership interest (100% interest)		6/19/2012		(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Hot Light Brands, Inc.(7)	Real estate holding company	First lien senior secured loan (\$32,957 par due 2/2011)		4/1/2010	1,664	1,128(2)(19)	
		Common stock (93,500 shares)		4/1/2010		(2)	
					1,664	1,128	
NPH, Inc.	Hotel property	Real estate equity interests		4/1/2010	5,291	6,123	
					34,734	38,660	0.97%
Health Clubs							
Athletic Club Holdings, Inc.	Premier health club operator	First lien senior secured loan (\$11,500 par due 10/2013)	4.71% (Libor + 4.50%/M)	10/11/2007	11,500	11,500(2)(13)	
CFW Co-Invest, L.P. and NCP Curves, L.P.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4,152	4,152(2)	
		Limited partnership interest (1,847,835 shares)		7/31/2012	1,848	1,848(2)	
					6,000	6,000	
					17,500	17,500	0.43%
Food and Beverage							
Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior units (50,000 units)		10/5/2007	5,000	1,398	
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated loan (\$8,885 par due 2/2013)	16.00% PIK	2/6/2008	8,885	8,885(2)	
		Preferred stock (6,258 shares)		9/1/2006	2,568	1,617(2)	
					11,453	10,502	
Distant Lands Trading Co.	Coffee manufacturer	Class A common stock (1,294 shares)		4/1/2010	980	(2)	
		Class A-1 common stock (2,157 shares)		4/1/2010		(2)	
					980		

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				17,433	11,900	0.29%
Wholesale Distribution						
BECO Holding Company, Inc.	Wholesale distributor of first response fire protection equipment and related parts	Common stock (25,000 shares)	7/30/2010	2,500	2,457(2)	
				2,500	2,457	0.05%
				\$ 5,823,451	\$ 5,924,555	148.55%

-
- (1) Other than the Company's investments listed in footnote 7 below (subject to the limitations set forth therein), the Company does not "Control" any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, the Company would "Control" a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of December 31, 2012 represented 149% of the Company's net assets or 93% of the Company's total assets, are subject to legal restrictions on sales.
- (2) These assets are pledged as collateral for the Revolving Credit Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).
- (3) These assets are owned by the Company's consolidated subsidiary Ares Capital CP Funding LLC ("Ares Capital CP"), are pledged as collateral for the Revolving Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).
- (4) These assets are owned by the Company's consolidated subsidiary Ares Capital JB Funding LLC ("ACJB"), are pledged as collateral for the SMBC Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).

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(5) Investments without an interest rate are non-income producing.

(6) As defined in the Investment Company Act, the Company is deemed to be an "Affiliated Person" of a portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the year ended December 31, 2012 in which the issuer was an Affiliated company (but not a portfolio company that the Company "Controls") are as follows:

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC	\$	\$	\$	\$ 3,227	\$	\$	\$	\$	\$ (54)
Apple & Eve, LLC and US Juice Partners, LLC	\$ 500	\$ 32,344	\$	\$ 3,393	\$	\$	\$ 44	\$	\$ (1,928)
Campus Management Corp. and Campus Management Acquisition Corp	\$	\$	\$	\$	\$	\$	\$	\$	\$ (4,508)
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.	\$ 105,000	\$	\$	\$ 167	\$ 2,788	\$ 36	\$ 2	\$	\$
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC	\$	\$ 188	\$	\$ 1,169	\$	\$	\$	\$	\$ (3,898)
Direct Buy Holdings, Inc. and Direct Buy Investors, LP	\$	\$	\$ 10,927	\$	\$	\$	\$	\$ (10,927)	\$ 10,927
The Dwyer Group	\$	\$	\$	\$ 2,959	\$ 162	\$ 785	\$ 85	\$	\$ 5,027
ELC Acquisition Corp. and ELC Holdings Corporation	\$	\$	\$	\$	\$	\$ 343	\$ 6	\$	\$ 5,058
Firstlight Financial Corporation	\$	\$ 28,890	\$ 84,153	\$ 1,773	\$	\$	\$ 200	\$ (25,959)	\$ 43,321
Insight Pharmaceuticals Corporation	\$	\$ 5,636	\$	\$ 3,242	\$	\$	\$ 171	\$ 54	\$ (1,649)
Investor Group Services, LLC	\$	\$	\$	\$	\$	\$ 160	\$ 15	\$	\$ (148)
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$ 209
Pillar Processing LLC and PHL Holding Co.	\$	\$ 5,479	\$	\$	\$	\$	\$ 9	\$ 2	\$ 1,110
Soteria Imaging Services, LLC	\$	\$ 441	\$	\$	\$	\$	\$	\$ 64	\$ (584)
VSS-Tranzact Holdings, LLC	\$	\$	\$ 867	\$	\$	\$	\$	\$	\$ 3,453
UL Holding Co., LLC	\$ 44,532	\$ 13,766	\$	\$ 5,837	\$ 732	\$	\$ 197	\$	\$ (6,953)

(7) As defined in the Investment Company Act, the Company is deemed to be both an "Affiliated Person" and "Control" this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the year ended December 31, 2012 in which the issuer was both an Affiliated company and a portfolio company that the Company is deemed to Control are as follows:

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
AGILE Fund I, LLC	\$	\$ 9	\$	\$	\$	\$ 1	\$	\$	\$ (19)
Allied Capital REIT, Inc.	\$	\$	\$ 375	\$	\$	\$ 41	\$	\$ 147	\$ (314)
AllBridgE Financial, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,801
Aviation Properties Corporation	\$	\$	\$	\$	\$	\$	\$	\$ 291	\$
AWTP, LLC	\$	\$	\$	\$ 1,296	\$	\$	\$ 50	\$	\$ 6,229
BenefitMall Holdings, Inc.	\$	\$ 40,326	\$ 53,510	\$ 2,440	\$	\$	\$ 167	\$ 12,546	\$ (6,479)
Callidus Capital Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$ 942
Ciena Capital LLC	\$	\$	\$	\$ 4,758	\$	\$	\$	\$	\$ (1,436)
Citipostal, Inc.	\$	\$ 2,710	\$	\$ 7,715	\$	\$	\$ 112	\$	\$ (18)
Crescent Hotels & Resorts, LLC and affiliates	\$	\$	\$ 2,843	\$ 20	\$	\$	\$	\$ (5,473)	\$ 5,595
HCI Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ (108)
HCP Acquisition Holdings, LLC	\$ 1,254	\$	\$	\$	\$	\$	\$	\$	\$ (6,177)
Hot Light Brands, Inc.	\$	\$ 2,282	\$	\$	\$	\$	\$	\$	\$ (282)
Huddle House Inc.	\$	\$ 20,801	\$	\$ 678	\$	\$	\$ 187	\$ (2,291)	\$ 1,701
Ivy Hill Asset Management, L.P.	\$ 58,085	\$	\$	\$	\$	\$ 19,939	\$	\$	\$ 41,576
	\$	\$ 25,000	\$ 30,515	\$ 3,943	\$	\$	\$	\$ 1,655	\$ 1,515

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Ivy Hill Middle Market Credit Fund, Ltd.

LVCG Holdings, LLC	\$	\$	\$ 6,600	\$	\$	\$	\$	\$ (6,590)	\$ 6,600
Making Memories Wholesale, Inc.	\$	\$	2,229	\$	\$	\$	\$	\$ (12,281)	\$ 12,476
MVL Group, Inc.	\$	2,540	\$ 25,607	\$	4,394	\$	\$	\$	\$ (27,867)
Orion Foods, LLC	\$	6,500	\$ 5,142	\$	7,200	\$	\$ 806	\$	\$ (10,260)
Senior Secured loan Fund LLC*	\$	269,967	\$ 66,334	\$	184,701	\$	40,348	\$ 17,865	\$ 3,641
Stag-Parkway, Inc.	\$	\$	34,500	\$ 3,090	\$ 4,218	\$	\$ 733	\$ 251	\$ 29,998
The Thymes, LLC	\$	\$	560	\$	\$	\$	\$ 481	\$	\$ 1,687

*

Together with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE"), the Company co-invests through the Senior Secured Loan Fund LLC d/b/a the "Senior Secured Loan Program" (the "SSLP"). The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required); therefore, although the Company owns more than 25% of the voting securities of the SSLP, the Company does not believe that it has control over the SSLP (for purposes of the Investment Company Act or otherwise) because, among other things, these "voting securities" do not afford the Company the right to elect directors of the SSLP or any other special rights (see Note 4 to the consolidated financial statements).

(8)

Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

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- (9) Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (10) In the first quarter of 2011, the staff of the Securities and Exchange Commission (the "Staff") informally communicated to certain business development companies the Staff's belief that certain entities, which would be classified as an "investment company" under the Investment Company Act but for the exception from the definition of "investment company" set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) of the Investment Company Act). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the "Concept Release") which states that "[a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which Congress intended BDCs primarily to invest" and requested comment on whether or not a 3a-7 issuer should be considered an "eligible portfolio company". The Company provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a business development company to treat as "eligible portfolio companies" entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release) and subsequent discussions with the Staff, the Company has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified these entities in the Company's schedule of investments as "non-qualifying assets" should the Staff ultimately disagree with the Company's position.
- (11) Variable rate loans to the Company's 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 annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the interest rate in effect on the date presented.
- (12) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.00% on \$16 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (13) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.50% on \$12 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (14) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.00% on \$65 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (15) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.13% on \$19 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (16) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on \$73 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (17) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.13% on \$56 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (18) The Company is entitled to receive a fixed fee upon the occurrence of certain events as defined in the credit agreement governing the Company's debt investment in the portfolio company. The fair value of such fee is included in the fair value of the debt investment.
- (19) Loan was on non-accrual status as of December 31, 2012.
- (20) Loan includes interest rate floor feature.
- (21) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SSLP's loan portfolio, which may result in a return to the Company greater than the contractual stated interest

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rate.

- (22) As of December 31, 2012, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were standby letters of credit issued and outstanding through a financial intermediary under the loan. See Note 6 to the consolidated financial statements for further information on standby letters of credit commitments related to certain portfolio companies.
- (23) As of December 31, 2012, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also standby letters of credit issued and outstanding through a financial intermediary under the loan. See Note 6 to the consolidated financial statements for further information on standby letters of credit commitments related to certain portfolio companies.
- (24) As of December 31, 2012, no amounts were funded by the Company under this letter of credit facility; however, there were standby letters of credit issued and outstanding through a financial intermediary under the letter of credit facility. See Note 6 to the consolidated financial statements for further information on standby letters of credit commitments related to certain portfolio companies.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(in thousands, except per share data)

	Common Stock			Accumulated Net Investment Income	Accumulated Realized Loss on Investments, Foreign Currency Transactions, Debt and Other Assets	Net Unrealized Gain (Loss) on Investments	Total Stockholders' Equity
	Shares	Amount	Capital in Excess of Par Value				
Balance at December 31, 2010	204,419	\$ 204	\$ 3,205,326	\$ (11,336)	\$ (169,696)	\$ 26,035	\$ 3,050,533
Shares issued in connection with dividend reinvestment plan	711	1	11,552				11,553
Issuances of the Convertible Unsecured Notes (See Note 5)			54,716				54,716
Net increase in stockholders' equity resulting from operations				282,403	77,242	(40,192)	319,453
Dividends declared and payable (\$1.41 per share)				(288,990)			(288,990)
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles			118,760	7,474	(126,234)		
Balance at December 31, 2011	205,130	\$ 205	\$ 3,390,354	\$ (10,449)	\$ (218,688)	\$ (14,157)	\$ 3,147,265
Issuances of common stock in add-on offerings (net of offering and underwriting costs)	42,297	43	679,938				679,981
Shares issued in connection with dividend reinvestment plan	1,226	1	20,448				20,449
Issuances of the Convertible Unsecured Notes (See Note 5)			9,967				9,967
Net increase in stockholders' equity resulting from operations				348,861	44,056	115,261	508,178
Dividends declared and payable (\$1.60 per share)				(377,494)			(377,494)
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles			16,810	11,172	(27,982)		
Balance at December 31, 2012	248,653	\$ 249	\$ 4,117,517	\$ (27,910)	\$ (202,614)	\$ 101,104	\$ 3,988,346
Issuances of common stock in add-on offerings (net of offering and underwriting costs)	48,242	48	833,428				833,476
Shares issued in connection with dividend reinvestment plan	1,076	1	18,905				18,906
			582				582

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Issuance of the Convertible Unsecured Notes (See Note 5)							
Net increase in stockholders' equity resulting from operations				430,406	63,725	(5,610)	488,521
Dividends declared and payable (\$1.57 per share)				(425,387)			(425,387)
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles		12,045		14,106		(26,151)	
Balance at December 31, 2013	297,971	\$ 298	\$ 4,982,477	\$ (8,785)	\$ (165,040)	\$ 95,494	\$ 4,904,444

See accompanying notes to consolidated financial statements.

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(in thousands)

	For the Years Ended December 31,		
	2013	2012	2011
OPERATING ACTIVITIES:			
Net increase in stockholders' equity resulting from operations	\$ 488,521	\$ 508,178	\$ 319,453
Adjustments to reconcile net increase in stockholders' equity resulting from operations:			
Realized loss on extinguishment of debt		2,678	19,318
Net realized gains on investments	(63,725)	(46,734)	(96,560)
Net unrealized (gains) losses on investments	5,610	(115,261)	40,192
Net accretion of discount on investments	(4,692)	(13,747)	(15,894)
Increase in payment-in-kind interest and dividends	(18,894)	(25,036)	(30,070)
Collections of payment-in-kind interest and dividends	29,531	21,465	55,814
Amortization of debt issuance costs	13,230	13,140	13,145
Accretion of discount on notes payable	13,806	11,310	11,057
Depreciation	802	829	876
Proceeds from sales and repayments of investments	1,722,672	2,494,062	2,516,090
Purchases of investments	(3,494,767)	(3,160,021)	(3,263,626)
Changes in operating assets and liabilities:			
Interest receivable	(14,983)	(9,920)	(26,530)
Other assets	(8,333)	19,042	2,440
Management and incentive fees payable	7,623	39,089	40,099
Accounts payable and accrued expenses	13,771	5,774	12,662
Interest and facility fees payable	12,225	4,220	4,620
Net cash used in operating activities	(1,297,603)	(250,932)	(396,914)
FINANCING ACTIVITIES:			
Net proceeds from issuances of common stock	833,476	679,981	
Borrowings on debt	6,431,179	3,212,458	2,458,067
Repayments and repurchases of debt	(5,654,000)	(3,091,531)	(1,738,632)
Debt issuance costs	(21,013)	(44,383)	(25,341)
Dividends paid	(411,453)	(357,332)	(277,150)
Net cash provided by financing activities	1,178,189	399,193	416,944
CHANGE IN CASH AND CASH EQUIVALENTS	(119,414)	148,261	20,030
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	269,043	120,782	100,752
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 149,629	\$ 269,043	\$ 120,782

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Supplemental Information:

Interest paid during the period	\$	124,406	\$	108,761	\$	87,421
Taxes, including excise tax, paid during the period	\$	13,907	\$	10,149	\$	9,112
Dividends declared and payable during the period	\$	425,387	\$	377,494	\$	288,990

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2013

**(in thousands, except per share data, percentages and as otherwise indicated;
for example, with the words "million," "billion" or otherwise)**

1. ORGANIZATION

Ares Capital Corporation (the "Company" or "ARCC") is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. The Company has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). The Company has elected to be treated as a regulated investment company, or a "RIC", under the Internal Revenue Code of 1986, as amended (the "Code") and operates in a manner so as to qualify for the tax treatment applicable to RICs.

The Company's investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company invests primarily in first lien senior secured loans (including "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, the Company also makes equity investments.

The Company is externally managed by Ares Capital Management LLC ("Ares Capital Management" or the Company's "investment adviser"), a wholly owned subsidiary of Ares Management LLC ("Ares Management"), a global alternative asset manager and a Securities and Exchange Commission ("SEC") registered investment adviser. Ares Operations LLC ("Ares Operations" or the Company's "administrator"), a wholly owned subsidiary of Ares Management, provides the administrative services necessary for the Company to operate.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles or ("GAAP"), and include the accounts of the Company and its consolidated subsidiaries. The consolidated financial statements reflect all adjustments and reclassifications that, in the opinion of management, are necessary for the fair presentation of the results of the operations and financial condition as of and for the periods presented. All significant intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include funds from time to time deposited with financial institutions and short-term, liquid investments in a money market fund. Cash and cash equivalents are carried at cost which approximates fair value.

Concentration of Credit Risk

The Company places its cash and cash equivalents with financial institutions and, at times, cash held in money market accounts may exceed the Federal Deposit Insurance Corporation insured limit.

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Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment without regard to unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized.

Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, the Company looks at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (i.e., substantially all of the Company's investments) are valued at fair value as determined in good faith by the Company's board of directors, based on, among other things, the input of the Company's investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of the Company's board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions) and under a valuation policy and a consistently applied valuation process. The valuation process is conducted at the end of each fiscal quarter, and a minimum of 50% of the Company's portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, the Company's independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, the Company's investment valuation process within the context of performing the integrated audit.

As part of the valuation process, the Company may take into account the following types of factors, if relevant, in determining the fair value of the Company's investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company considers the pricing indicated by the external event to corroborate its valuation.

Because there is not a readily available market value for most of the investments in its portfolio, the Company values substantially all of its portfolio investments at fair value as determined in good faith by its board of directors, as described herein. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Company may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, the Company could realize significantly less than the value at which the Company has recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

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The Company's board of directors undertakes a multi-step valuation process each quarter, as described below:

The Company's quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with the Company's portfolio management team.

Preliminary valuations are reviewed and discussed with the Company's investment adviser's management and investment professionals, and then valuation recommendations are presented to the Company's board of directors.

The audit committee of the Company's board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms, with respect to the valuations of a minimum of 50% of the Company's portfolio at fair value.

The Company's board of directors discusses valuations and ultimately determines the fair value of each investment in the Company's portfolio without a readily available market quotation in good faith based on, among other things, the input of the Company's investment adviser, audit committee and, where applicable, independent third-party valuation firms.

See Note 7 for more information on the Company's valuation process.

Interest and Dividend Income Recognition

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on securities purchased are accreted/amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current. The Company may make exceptions to this if the loan has sufficient collateral value and is in the process of collection.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Payment-in-Kind Interest

The Company has loans in its portfolio that contain payment-in-kind ("PIK") provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To maintain the Company's status as a RIC, this non-cash source of income must be paid out to stockholders in the form of dividends, even though the Company has not yet collected the cash.

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Capital Structuring Service Fees and Other Income

The Company's investment adviser seeks to provide assistance to its portfolio companies and in return the Company may receive fees for capital structuring services. These fees are generally only available to the Company as a result of the Company's underlying investments, are normally paid at the closing of the investments, are generally non-recurring and are recognized as revenue when earned upon closing of the investment. The services that the Company's investment adviser provides vary by investment, but generally include reviewing existing credit facilities, arranging bank financing, arranging equity financing, structuring financing from multiple lenders, structuring financing from multiple equity investors, restructuring existing loans, raising equity and debt capital, and providing general financial advice, which concludes upon closing of the investment. Any services of the above nature subsequent to the closing would generally generate a separate fee payable to the Company. In certain instances where the Company is invited to participate as a co-lender in a transaction and does not provide significant services in connection with the investment, a portion of loan fees paid to the Company in such situations will be deferred and amortized over the estimated life of the loan. The Company's investment adviser may also take a seat on the board of directors of a portfolio company, or observe the meetings of the board of directors without taking a formal seat.

Other income includes fees for management and consulting services, loan guarantees, commitments, amendments and other services rendered by the Company to portfolio companies. Such fees are recognized as income when earned or the services are rendered.

Foreign Currency Translation

The Company's books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) Fair value of investment securities, other assets and liabilities at the exchange rates prevailing at the end of the period.
- (2) Purchases and sales of investment securities, income and expenses at the exchange rates prevailing on the respective dates of such transactions, income or expenses.

Results of operations based on changes in foreign exchange rates are separately disclosed in the statement of operations, if any. Foreign security and currency translations may involve certain considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices more volatile than those of comparable U.S. companies or U.S. government securities.

Equity Offering Expenses

The Company's offering costs, excluding underwriters' fees, are charged against the proceeds from equity offerings when received.

Debt Issuance Costs

Debt issuance costs are amortized over the life of the related debt instrument using the straight line method, which closely approximates the effective yield method.

Income Taxes

The Company has elected to be treated as a RIC under the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to its stockholders at least 90% of its investment company taxable income, as defined by the Code, for each year. The Company, among other things, has made and intends to continue to make the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal corporate-level income taxes.

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Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as such taxable income is earned.

Certain of the Company's consolidated subsidiaries are subject to U.S. federal and state corporate-level income taxes.

Dividends to Common Stockholders

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by the Company's board of directors each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are generally distributed, although the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Company's board of directors authorizes, and the Company declares, a cash dividend, then the Company's stockholders who have not "opted out" of the Company's dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of the Company's common stock, rather than receiving the cash dividend. The Company intends to use primarily newly issued shares to implement the dividend reinvestment plan (so long as the Company is trading at a premium to net asset value). If the Company's shares are trading at a significant enough discount to net asset value and the Company is otherwise permitted under applicable law to purchase such shares, the Company intends to purchase shares in the open market in connection with the Company's obligations under the dividend reinvestment plan. However, the Company reserves the right to issue new shares of the Company's common stock in connection with the Company's obligations under the dividend reinvestment plan even if the Company's shares are trading below net asset value.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of actual and contingent assets and liabilities at the date of the financial statements and the reported amounts of income or loss and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of investments.

Recent Accounting Pronouncements

In June 2013, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2013-08, Financial Services - Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements ("ASU 2013-08"). ASU 2013-08 amends the criteria that define an investment company, clarifies the measurement guidance and requires certain additional disclosures. Public companies are required to apply ASU 2013-08 prospectively for interim and annual reporting periods beginning after December 15, 2013. The Company has evaluated the impact of the adoption of ASU 2013-08 on its financial statements and disclosures and determined the adoption of ASU 2013-08 did not have a material effect on the Company's financial condition and results of operations.

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3. AGREEMENTS

Investment Advisory and Management Agreement

The Company is party to an investment advisory and management agreement (the "investment advisory and management agreement") with Ares Capital Management. Subject to the overall supervision of the Company's board of directors, Ares Capital Management provides investment advisory and management services to the Company. For providing these services, Ares Capital Management receives a fee from the Company consisting of two components a base management fee and an incentive fee.

The base management fee is calculated at an annual rate of 1.5% based on the average value of the Company'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.

The incentive fee has two parts. The first part is calculated and payable quarterly in arrears based on the Company's 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 the Company 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 incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that the Company has not yet received in cash. The Company's investment adviser is not under any obligation to reimburse the Company for any part of the incentive fees it received that was based on accrued interest that the Company never actually received.

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. Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a quarter where the Company incurs a loss. For example, if the Company receives pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, the Company will pay the applicable incentive fee even if the Company 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 the Company's net assets (defined as total assets less indebtedness and before taking into account any 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, the Company may be able to invest its funds in debt instruments that provide for a higher return, which may increase the Company's pre-incentive fee net investment income and make it easier for the Company's investment adviser to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income. To the extent the Company has retained pre-incentive fee net investment income that has been used to calculate this part of the incentive fee, it is also included in the amount of the Company'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.

The Company pays its investment adviser an incentive fee with respect to the Company's pre-incentive fee net investment income in each calendar quarter as follows:

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

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100% of the Company'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. The Company refers to this portion of its 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 the Company'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 the Company's pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

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

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

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in the Company's portfolio when sold and (b) 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 (a) the net sales price of each investment in the Company's portfolio when sold is less than (b) 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 (a) the valuation of each investment in the Company's portfolio as of the applicable Capital Gains Fee calculation date and (b) the accreted or amortized cost basis of such investment.

Notwithstanding the foregoing, as a result of an amendment to the capital gains portion of the incentive fee under the investment advisory and management agreement that was adopted on June 6, 2011, if the Company is required by GAAP to record an investment at its fair value as of the time of acquisition instead of at the actual amount paid for such investment by the Company (including, for example, as a result of the application of the acquisition method of accounting), then solely for the purposes of calculating the Capital Gains Fee, the "accreted or amortized cost basis" of an investment shall be an amount (the "Contractual Cost Basis") equal to (1) (x) the actual amount paid by the Company for such investment plus (y) any amounts recorded in the Company's financial statements as required by GAAP that are attributable to the accretion of such investment plus (z) any other adjustments made to the cost basis included in the Company's financial statements, including PIK interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in the Company's financial statements as required by GAAP that are attributable to the amortization of such investment, whether such calculated Contractual Cost Basis is higher or lower than the fair value of such investment (as determined in accordance with GAAP) at the time of acquisition.

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The Company defers cash payment of any incentive fee otherwise earned by the Company's investment adviser if during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made the sum of (a) the aggregate distributions to the Company's stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) is less than 7.0% of the Company's net assets (defined as total assets less indebtedness) at the beginning of such period. Any deferred incentive fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under the investment advisory and management agreement.

The Capital Gains Fee payable to the Company's investment adviser as calculated under the investment advisory and management agreement (as described above) for the year ended December 31, 2013 and 2012 was \$17,425 and \$11,523, respectively. For the year ended December 31, 2011, there was no Capital Gains Fees payable under the investment advisory and management agreement. In accordance with GAAP, the Company had cumulatively accrued a capital gains incentive fee of \$80,937 as of December 31, 2013, of which \$63,512 is not currently due under the investment advisory and management agreement. GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the Capital Gains Fee plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires the Company to record a capital gains fee equal to 20% of such cumulative amount, less the aggregate amount of actual Capital Gains Fees paid or capital gains incentive fees accrued under GAAP in all prior periods. As of December 31, 2013, the Company has paid Capital Gains Fees since inception totaling \$15,986, of which \$11,523 was paid in the first quarter of 2013. The resulting accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future.

For the year ended December 31, 2013, base management fees were \$104,857, incentive fees related to pre-incentive fee net investment income were \$110,511 and incentive fees related to capital gains calculated in accordance with GAAP were \$11,640. As of December 31, 2013, \$139,208 was included in "management and incentive fees payable" in the accompanying consolidated balance sheet, of which \$75,696 is currently payable to the Company's investment adviser under the investment advisory and management agreement.

For the year ended December 31, 2012, base management fees were \$86,228, incentive fees related to pre-incentive fee net investment income were \$95,182 and incentive fees related to capital gains accrued in accordance with GAAP were \$31,863. For the year ended December 31, 2011, base management fees were \$71,603, incentive fees related to pre-incentive fee net investment income were \$79,029 and incentive fees related to capital gains accrual in accordance with GAAP were \$33,348.

Administration Agreement

The Company is party to an administration agreement, referred to herein as the "administration agreement", with its administrator, Ares Operations. Pursuant to the administration agreement, Ares Operations furnishes the Company with office equipment and clerical, bookkeeping and record keeping services at the Company's office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, the Company's required administrative services, which include, among other things, providing assistance in accounting, legal, compliance, operations, investor relations and technology being responsible for the financial records that the Company is required to

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maintain and preparing reports to its stockholders and reports filed with the SEC. In addition, Ares Operations assists the Company in determining and publishing its net asset value, assists the Company in providing managerial assistance to its portfolio companies, oversees the preparation and filing of the Company's tax returns and the printing and dissemination of reports to its stockholders, and generally oversees the payment of its expenses and the performance of administrative and professional services rendered to the Company by others. Payments under the Company's administration agreement are equal to an amount based upon its allocable portion of Ares Operations' overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under the administration agreement, including the Company's allocable portion of the compensation of certain of its officers (including the Company's chief compliance officer, chief financial officer, chief accounting officer, general counsel, treasurer and assistant treasurer) and their respective staffs. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

For the years ended December 31, 2013, 2012 and 2011, the Company incurred \$12,317, \$9,322 and \$9,563, respectively, in administrative fees. As of December 31, 2013, \$3,773 of these fees were unpaid and included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.

4. INVESTMENTS

As of December 31, 2013 and 2012, the Company's investments consisted of the following:

	As of December 31,			
	2013		2012	
	Amortized Cost(1)	Fair Value	Amortized Cost(1)	Fair Value
First lien senior secured loans	\$ 3,461,597	\$ 3,433,608	\$ 2,329,844	\$ 2,321,272
Second lien senior secured loans	1,335,761	1,319,191	1,257,926	1,233,872
Subordinated certificates of the SSLP(2)	1,745,192	1,771,369	1,237,887	1,263,644
Senior subordinated debt	308,094	267,171	321,331	259,820
Preferred equity securities	226,044	229,006	238,837	250,118
Other equity securities	453,732	600,214	430,380	584,005
Commercial real estate	6,983	12,338	7,246	11,824
Total	\$ 7,537,403	\$ 7,632,897	\$ 5,823,451	\$ 5,924,555

(1) The amortized cost represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

(2) The proceeds from these certificates were applied to co-investments with GE Global Sponsor Finance LLC and General Electric Capital Corporation to fund first lien senior secured loans to 47 and 36 different borrowers as of December 31, 2013 and 2012, respectively.

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The industrial and geographic compositions of the Company's portfolio at fair value at December 31, 2013 and 2012 were as follows:

Industry	As of	
	December 31,	
	2013	2012
Investment Funds and Vehicles(1)	23.6%	21.7%
Healthcare Services	15.4	12.9
Business Services	9.2	6.4
Education	7.5	7.8
Other Services	6.7	6.7
Energy	5.4	3.7
Restaurants and Food Services	5.2	7.1
Financial Services	5.1	7.3
Consumer Products	3.5	6.6
Containers and Packaging	3.3	5.1
Manufacturing	3.3	2.4
Automotive Services	2.9	3.4
Retail	1.6	0.1
Chemicals	1.4	
Aerospace and Defense	1.4	2.0
Other	4.5	6.8
Total	100.0%	100.0%

-
- (1) Includes the Company's investment in the SSLP, which had made first lien senior secured loans to 47 and 36 different borrowers as of December 31, 2013 and 2012, respectively. The portfolio companies in the SSLP are in industries similar to the companies in the Company's portfolio.

Geographic Region	As of	
	December 31,	
	2013	2012
West(1)	50.0%	49.1%
Mid Atlantic	15.9	12.8
Midwest	15.8	19.2
Southeast	13.6	14.7
International	3.7	1.9
Northeast	1.0	2.3
Total	100.0%	100.0%

-
- (1)

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Includes the Company's investment in the SSLP, which represented 23.2% and 21.3% of the total investment portfolio at fair value as of December 31, 2013 and 2012, respectively.

As of December 31, 2013, 3.1% of total investments at amortized cost (or 2.1% of total investments at fair value) were on non-accrual status. As of December 31, 2012, 2.3% of total investments at amortized cost (or 0.6% of total investments at fair value) were on non-accrual status.

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Table of Contents***Senior Secured Loan Program***

The Company co-invests in first lien senior secured loans of middle market companies with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE") through an unconsolidated Delaware limited liability company, the Senior Secured Loan Fund LLC (d/b/a the "Senior Secured Loan Program") or the "SSLP". The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required). The Company provides capital to the SSLP in the form of subordinated certificates (the "SSLP Certificates").

As of December 31, 2013 and 2012, the SSLP had available capital of \$11.0 billion and \$9.0 billion, respectively, of which approximately \$8.7 billion and \$6.3 billion in aggregate principal amount, respectively, was funded. As of December 31, 2013 and 2012, the Company had agreed to make available to the SSLP approximately \$2.3 billion and \$1.8 billion, respectively, of which approximately \$1.7 billion and \$1.2 billion in aggregate principal amount, respectively, was funded. Investment of any unfunded amount must be approved by the investment committee of the SSLP described above.

As of December 31, 2013 and 2012, the SSLP had total assets of \$8.7 billion and \$6.3 billion, respectively. As of December 31, 2013 and 2012, GE's investment in the SSLP consisted of senior notes of \$6.7 billion and \$4.8 billion, respectively, and SSLP Certificates of \$249.3 million and \$177.9 million, respectively. The SSLP Certificates are junior in right of payment to the senior notes held by GE. As of December 31, 2013 and 2012, the Company and GE owned 87.5% and 12.5%, respectively, of the outstanding SSLP Certificates.

The SSLP's portfolio consisted of first lien senior secured loans to 47 and 36 different borrowers as of December 31, 2013 and 2012, respectively. As of December 31, 2013 and 2012, the portfolio was comprised of all first lien senior secured loans to U.S. middle-market companies. As of December 31, 2013, one loan was on non-accrual status, representing 1.0% of the total loans at principal amount in the SSLP. As of December 31, 2012, no loans were on non-accrual status. As of December 31, 2013 and 2012, the largest loan to a single borrower in the SSLP's portfolio in aggregate principal amount was \$321.7 million and \$330.0 million, respectively, and the five largest loans to borrowers in the SSLP totaled \$1.5 billion and \$1.4 billion, respectively. The portfolio companies in the SSLP are in industries similar to the companies in the Company's portfolio. Additionally, as of December 31, 2013 and 2012, the SSLP had commitments to fund various delayed draw investments to certain of its portfolio companies of \$510.4 million and \$157.4 million, respectively, which had been approved by the SSLP investment committee. As of December 31, 2013 and 2012, the Company had commitments to co-invest in the SSLP for its portion of the SSLP's commitments to fund such delayed draw investments of up to \$85.1 million and \$26.4 million, respectively.

The amortized cost and fair value of the SSLP Certificates held by the Company was \$1.7 billion and \$1.8 billion, respectively, as of December 31, 2013, and \$1.2 billion and \$1.3 billion, respectively, as of December 31, 2012. The SSLP Certificates pay a weighted average coupon of approximately LIBOR plus 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SSLP Certificates that is greater than the contractual coupon. The Company's yield on its investment in the SSLP at fair value was 14.8% and 15.4% as of December 31, 2013 and 2012, respectively. For the years ended December 31, 2013, 2012 and 2011, the Company earned interest income of \$224.9 million, \$184.7 million and \$118.4 million, respectively, from its investment in the SSLP Certificates. The Company is also entitled to certain fees in connection with the SSLP.

Effective March 30, 2012, Ares Capital Management assumed from the Company the role of co-manager of the SSLP. However, this change did not impact the Company's economics in respect of its participation in the SSLP and Ares Capital Management does not receive any remuneration in respect of its co-manager role.

Table of Contents***Ivy Hill Asset Management, L.P.***

Ivy Hill Asset Management, L.P. ("IHAM") is an asset management services company, which became an SEC-registered investment adviser effective March 30, 2012. The Company has made investments in IHAM, its wholly owned portfolio company and previously made investments in certain vehicles managed by IHAM. As of December 31, 2013 IHAM had assets under management ("IHAM AUM")⁽¹⁾ of approximately \$2.8 billion and managed 13 vehicles and served as the sub-manager/sub-servicer for three other vehicles (these vehicles managed or sub-managed/sub-serviced by IHAM are collectively referred to as the "IHAM Vehicles"). IHAM earns fee income from managing the IHAM Vehicles and has also invested in certain of these vehicles as part of its business strategy. As of December 31, 2013 and 2012, IHAM had total investments of \$170 million and \$200 million, respectively. For the years ended December 31, 2013, 2012 and 2011, IHAM had management fee income of \$21 million, \$22 million and \$22 million, respectively, and other investment-related income of \$91 million, \$40 million and \$37 million, respectively.

The amortized cost and fair value of the Company's investment in IHAM was \$171.0 million and \$280.4 million, respectively, as of December 31, 2013, and \$171.0 million and \$294.3 million, respectively, as of December 31, 2012. For the years ended December 31, 2013, 2012 and 2011, the Company received distributions consisting entirely of dividend income from IHAM of \$72.4 million, \$19.9 million and \$19.0 million, respectively. The dividend income for the year ended December 31, 2013 included additional dividends of \$32.4 million in addition to the quarterly dividends generally paid by IHAM. IHAM paid the additional dividends out of accumulated earnings that had previously been retained by IHAM.

From time to time, IHAM or certain IHAM Vehicles may purchase investments from, or sell investments to, the Company. For any such sales or purchases by the IHAM Vehicles to or from the Company, the IHAM Vehicles must obtain approval from third parties unaffiliated with the Company or IHAM, as applicable. IHAM or certain of the IHAM Vehicles purchased investments from the Company totaling \$442.3 million and \$256.9 million, during the years ended December 31, 2013 and 2012, respectively. The Company purchased investments from certain of the IHAM Vehicles totaling \$156.0 million during the year ended December 31, 2013. The Company did not purchase any investments from IHAM Vehicles during the year ended December 31, 2012. A net realized loss of \$0.1 million was recorded by the Company on these transactions for the year ended December 31, 2013. A net realized gain of \$2.3 million was recorded by the Company on these transactions for the year ended December 31, 2012.

In October 2012, the Company contributed to IHAM its entire investment in FLFC, LLC (f/k/a FirstLight Financial Corporation) ("FLFC") at a price equal to the fair value at the time of the contribution of \$58.1 million (\$51.8 million for its senior subordinated loan position and \$6.3 million for its equity position). As a result of the contribution, the Company fully exited its investment in FLFC, which reduced its investment commitments by \$84.2 million, and recognized a net loss of \$26.1 million. Prior to such contribution, IHAM served as a sub-adviser to FirstLight Funding I, Ltd., a wholly owned subsidiary of FLFC ("FirstLight Funding"). Following such contribution, FirstLight Funding distributed to FLFC substantially all of its assets (in the form of cash and investments). In turn, FLFC repaid in full the total outstanding amount of its senior subordinated loans (including the portion held by IHAM following the contribution transaction) and made a distribution to its stockholders (including IHAM following the contribution transaction). In connection with the foregoing, IHAM ceased to be a sub-adviser to FirstLight Funding and IHAM became the collateral manager to FLFC.

(1) IHAM AUM refers to the assets of the vehicles managed, sub-managed and sub-serviced by IHAM. It includes drawn and undrawn amounts, including amounts that are subject to certain restrictions. IHAM AUM amounts are as of December 31, 2013 and are unaudited. Certain amounts are preliminary and remain subject to change, and differences may arise due to rounding.

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IHAM is party to an administration agreement, referred to herein as the "IHAM administration agreement," with Ares Operations. Pursuant to the IHAM administration agreement, Ares Operations provides IHAM with, among other things, office facilities, equipment, clerical, bookkeeping and record keeping services, services relating to the marketing and sale of interests in vehicles managed by IHAM, services of, and oversight of, custodians, depositories, accountants, attorneys, underwriters and such other persons in any other capacity deemed to be necessary. Under the IHAM administration agreement, IHAM reimburses Ares Operations for all of the actual costs associated with such services, including Ares Operations' allocable portion of overhead and the cost of its officers, employees and respective staff in performing its obligations under the IHAM administration agreement.

5. DEBT

In accordance with the Investment Company Act, with certain limited exceptions, the Company is only allowed to borrow amounts such that its asset coverage, calculated pursuant to the Investment Company Act, is at least 200% after such borrowing. As of December 31, 2013 the Company's asset coverage was 264%.

The Company's outstanding debt obligations as of December 31, 2013 and 2012 were as follows:

(in millions)	As of December 31,					
	2013			2012		
	Total Aggregate Principal Amount Committed/ Outstanding(1)	Principal Amount Outstanding	Carrying Value	Total Aggregate Principal Amount Committed/ Outstanding(1)	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	\$ 1,060,000(2)	\$	\$	\$ 900,000	\$	\$
Revolving Funding Facility	620,000(3)	185,000	185,000	620,000	300,000	300,000
SMBC Funding Facility	400,000			400,000		
February 2016 Convertible Notes	575,000	575,000	556,456(4)	575,000	575,000	548,521(4)
June 2016 Convertible Notes	230,000	230,000	221,788(4)	230,000	230,000	218,761(4)
2017 Convertible Notes	162,500	162,500	159,220(4)	162,500	162,500	158,312(4)
2018 Convertible Notes	270,000	270,000	264,097(4)	270,000	270,000	262,829(4)
2019 Convertible Notes	300,000	300,000	295,279(4)			
2018 Notes	600,000	600,000	596,756(5)			
February 2022 Notes	143,750	143,750	143,750	143,750	143,750	143,750
October 2022 Notes	182,500	182,500	182,500	182,500	182,500	182,500
2040 Notes	200,000	200,000	200,000	200,000	200,000	200,000
2047 Notes	230,000	230,000	181,429(6)	230,000	230,000	181,199(6)
Total	\$ 4,973,750	\$ 3,078,750	\$ 2,986,275	\$ 3,913,750	\$ 2,293,750	\$ 2,195,872

(1) Subject to borrowing base and leverage restrictions. Represents the total aggregate amount committed or outstanding, as applicable, under such instrument.

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- (2) Provides for a feature that allows the Company, under certain circumstances, to increase the size of the Revolving Credit Facility to a maximum of \$1,400,000.
- (3) Provides for a feature that allows the Company and Ares Capital CP, under certain circumstances, to increase the size of the Revolving Funding Facility to a maximum of \$865,000.
- (4) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below) less the unaccreted discount initially recorded upon issuance of the Convertible Unsecured Notes. The total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017

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Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes was \$18,544, \$8,212, \$3,280, \$5,903 and \$4,721 respectively, as of December 31, 2013. The total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes and the 2018 Convertible Notes was \$26,479, \$11,239, \$4,188 and \$7,171 respectively, as of December 31, 2012.

- (5) Represents the aggregate principal amount outstanding less the unaccreted discount initially recorded upon the issuance of the 2018 Notes. The total unaccreted discount for the 2018 Notes was \$3,244 as of December 31, 2013.
- (6) Represents the aggregate principal amount outstanding less the unaccreted purchased discount discount initially recorded as a part of the Allied Acquisition (as defined below). The total unaccreted purchased discount for the 2047 Notes was \$48,571 and \$48,801 as of December 31, 2013 and 2012, respectively.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount, of all the Company's outstanding debt as of December 31, 2013 were 5.3% and 7.9 years, respectively, and as of December 31, 2012 were 5.5% and 9.8 years, respectively.

Revolving Credit Facility

The Company is party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), which allows the Company to borrow up to \$1,060,000 at any one time outstanding. The end of the revolving period and the stated maturity date for the Revolving Credit Facility are May 4, 2017 and May 4, 2018, respectively. The Revolving Credit Facility also includes a feature that allows, under certain circumstances, for an increase in the size of the facility to a maximum of \$1,400,000. The Revolving Credit Facility generally requires payments of interest at the end of each LIBOR interest period, but no less frequently than quarterly, on LIBOR based loans, and monthly payments of interest on other loans. From the end of the revolving period to the stated maturity date, the Company is required to repay outstanding principal amounts under the Revolving Credit Facility on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period.

Under the Revolving Credit Facility, the Company is required to comply with various covenants, reporting requirements and other customary requirements for similar revolving credit facilities, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) maintaining a certain minimum stockholders' equity, (e) maintaining a ratio of total assets (less total liabilities other than indebtedness) to total indebtedness of the Company and its consolidated subsidiaries of not less than 2.0:1.0, (f) limitations on pledging certain unencumbered assets, and (g) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. These covenants are subject to important limitations and exceptions that are described in the documents governing the Revolving Credit Facility. Borrowings under the Revolving Credit Facility (and the incurrence of certain other permitted debt) are also subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio that are pledged as collateral. As of December 31, 2013, the Company was in compliance in all material respects with the terms of the Revolving Credit Facility.

As of December 31, 2013 and 2012, there were no amounts outstanding under the Revolving Credit Facility. The Revolving Credit Facility also provides for a sub-limit for the issuance of letters of credit for up to an aggregate amount of \$125,000. As of December 31, 2013 and 2012, the Company had \$47,898 and \$43,667, respectively, in letters of credit issued through the Revolving Credit Facility. The amount available for borrowing under the Revolving Credit Facility is reduced by any letters of credit issued. As of December 31, 2013, there was \$1,012,102 available for borrowing (net of letters of credit issued) under the Revolving Credit Facility.

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Since May 2, 2013, subject to certain exceptions, the interest rate charged on the Revolving Credit Facility is based on LIBOR plus an applicable spread of 2.00% or a "base rate" (as defined in the agreements governing the Revolving Credit Facility) plus an applicable spread of 1.00%. From May 5, 2012 through May 1, 2013, the interest rate charged on the Revolving Credit Facility was based on LIBOR plus an applicable spread of 2.25% or a "base rate" plus an applicable spread of 1.25%. Prior to and including May 4, 2012, the interest rate charged on the Revolving Credit Facility was based on LIBOR plus an applicable spread of between 2.50% and 4.00% or on a "base rate" plus an applicable spread of between 1.50% and 3.00%, in each case, based on a pricing grid depending upon the Company's credit ratings. As of December 31, 2013, the one, two, three and six month LIBOR was 0.17%, 0.21%, 0.25% and 0.35%, respectively. As of December 31, 2012, the one, two, three and six month LIBOR was 0.21%, 0.25%, 0.31% and 0.51%, respectively. In addition to the stated interest expense on the Revolving Credit Facility, since May 4, 2012, the Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Revolving Credit Facility. Prior to and including May 4, 2012, the commitment fee was 0.50%. Since May 2, 2013, the Company is also required to pay a letter of credit fee of 2.25% per annum on letters of credit issued. From May 5, 2012 through May 1, 2013, the letter of credit fee was 2.50% and prior to and including May 4, 2012, the letter of credit fee was 3.25%.

The Revolving Credit Facility is secured by certain assets in the Company's portfolio and excludes investments held by Ares Capital CP under the Revolving Funding Facility and those held by ACJB under the SMBC Funding Facility, each as discussed below, and certain other investments.

For the years ended December 31, 2013, 2012 and 2011, the components of interest and credit facility fees expense, cash paid for interest expense, average interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Credit Facility were as follows:

	For the Year Ended December 31,		
	2013	2012	2011
Stated interest expense	\$ 3,250	\$ 3,523	\$ 5,541
Facility fees	4,044	4,260	3,864
Amortization of debt issuance costs	2,746	4,207	6,510
Total interest and credit facility fees expense	\$ 10,040	\$ 11,990	\$ 15,915
Cash paid for interest expense	\$ 3,250	\$ 4,128	\$ 5,278
Average stated interest rate	2.24%	2.82%	3.40%
Average outstanding balance	\$ 144,995	\$ 124,855	\$ 163,216

Revolving Funding Facility

The Company's consolidated subsidiary, Ares Capital CP Funding LLC ("Ares Capital CP"), is party to a revolving funding facility (as amended, the "Revolving Funding Facility"), which allows Ares Capital CP to borrow up to \$620,000 at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are April 18, 2015 and April 18, 2017, respectively. The Revolving Funding Facility also includes a feature that allows, under certain circumstances, for an increase in the Revolving Funding Facility to a maximum of \$865,000.

Amounts available to borrow under the Revolving Funding Facility are subject to a borrowing base that applies different advance rates to different types of assets held by Ares Capital CP. Ares Capital CP is also subject to limitations with respect to the loans securing the Revolving Funding Facility, including restrictions on sector concentrations, loan size, payment frequency and status, collateral interests, loans with fixed rates and loans with certain investment ratings, as well as restrictions on

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portfolio company leverage, which may also affect the borrowing base and therefore amounts available to borrow. The Company and Ares Capital CP are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the agreements governing the Revolving Funding Facility. As of December 31, 2013, the Company and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

As of December 31, 2013 and 2012, there was \$185,000 and \$300,000 outstanding, respectively, under the Revolving Funding Facility. Since January 25, 2013, the interest charged on the Revolving Funding Facility is based on applicable spreads ranging from 2.25% to 2.50% over LIBOR and ranging from 1.25% to 1.50% over "base rate" (as defined in the agreements governing the Revolving Funding Facility) in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. From January 18, 2012 through January 24, 2013, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus an applicable spread of 2.50% or on a "base rate" plus an applicable spread of 1.50%. Prior to January 18, 2012, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus an applicable spread of between 2.25% and 3.75% or on a "base rate" plus an applicable spread of between 1.25% to 2.75%, in each case, based on a pricing grid depending upon the Company's credit ratings. As of December 31, 2013 and 2012, the interest rate in effect was based on one month LIBOR, which was 0.17% and 0.21%, respectively. Ares Capital CP is also required to pay a commitment fee of between 0.50% and 1.75% per annum depending on the size of the unused portion of the Revolving Funding Facility.

For the years ended December 31, 2013, 2012 and 2011, the components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Funding Facility were as follows:

	For the Year Ended December 31,		
	2013	2012	2011
Stated interest expense	\$ 5,968	\$ 10,557	\$ 7,380
Facility fees	3,702	1,209	2,226
Amortization of debt issuance costs	2,015	1,772	2,225
Total interest and credit facility fees expense	\$ 11,685	\$ 13,538	\$ 11,831
Cash paid for interest expense	\$ 6,475	\$ 11,979	\$ 6,281
Average stated interest rate	2.47%	2.80%	3.03%
Average outstanding balance	\$ 241,247	\$ 377,098	\$ 243,639

SMBC Funding Facility

The Company's consolidated subsidiary, Ares Capital JB Funding LLC ("ACJB"), is party to a revolving funding facility (as amended, the "SMBC Funding Facility") with ACJB, as the borrower, Sumitomo Mitsui Banking Corporation ("SMBC"), as the administrative agent, collateral agent, and lender, which allows ACJB to borrow up to \$400,000 at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 14, 2016 and September 14, 2021, respectively. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement.

Amounts available to borrow under the SMBC Funding Facility are subject to a borrowing base that applies an advance rate to assets held by ACJB. The Company and ACJB are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the documents governing the SMBC Funding Facility. As of December 31, 2013, the Company and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

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As of December 31, 2013 and 2012, there were no amounts outstanding under the SMBC Funding Facility. Since December 19, 2013, subject to certain exceptions, the interest rate charged on the SMBC Funding Facility is based on one month LIBOR plus an applicable spread of 2.00% or a "base rate" (as defined in the agreements governing the SMBC Funding Facility) plus an applicable spread of 1.00%. Prior to and including December 19, 2013, subject to certain exceptions, the interest rate charged on the SMBC Funding Facility was based on one month LIBOR plus an applicable spread of 2.125% or a "base rate" (as defined in the agreements governing the SMBC Funding Facility) plus an applicable spread of 1.125%. As of December 31, 2013 and 2012, one-month LIBOR was 0.17% and 0.21%, respectively. ACJB was not required to pay a commitment fee until September 15, 2013, at which time ACJB was required to pay a commitment fee of up to 0.50% per annum depending on the size of the unused portion of the SMBC Funding Facility. Since December 20, 2013 and through March 14, 2014, ACJB is required to pay a commitment fee of up to 0.75% per annum depending on the size of the unused portion of the SMBC Funding Facility. After March 14, 2014, ACJB is required to pay a commitment fee of between 0.35% and 0.875% per annum depending on the size of the unused portion of the SMBC Funding Facility.

For the years ended December 31, 2013 and 2012, the components of interest and credit facility fees expense, cash paid for interest expense, average interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the SMBC Funding Facility were as follows:

	For the Year Ended December 31,	
	2013	2012
Stated interest expense	\$ 1,419	\$ 1,419
Facility fees	446	3
Amortization of debt issuance costs	1,047	629
Total interest and credit facility fees expense	\$ 1,493	\$ 2,051

Cash paid for interest expense	\$ 16	\$ 1,404
Average stated interest rate		% 2.41%
Average outstanding balance	\$ 58,987	

Debt Securitization

In July 2006, through ARCC Commercial Loan Trust 2006, a vehicle serviced by the Company's consolidated subsidiary, ARCC CLO 2006 LLC ("ARCC CLO"), the Company completed a \$400,000 debt securitization (the "Debt Securitization") and issued approximately \$314,000 aggregate principal amount of asset backed notes to third parties (the "CLO Notes") that were secured by a pool of middle market loans that were purchased or originated by the Company. In June 2012, the Company repaid in full the \$60,049 aggregate principal amount outstanding of the CLO Notes and terminated or discharged the agreements governing the Debt Securitization. In connection with the repayment in full of the CLO Notes ahead of their scheduled maturities, the remaining unamortized debt issuance costs related to the CLO Notes of \$2,678 were expensed for the year ended December 31, 2012 and recorded as a "realized loss on extinguishment of debt" in the accompanying consolidated statement of operations.

The interest charged under the Debt Securitization was based on three month LIBOR and spreads ranged from 0.25% to 0.70% per annum depending on the class of the note. The Company was also required to pay a commitment fee of 0.175% for any unused portion of the Class A-1A VFN Notes through June 17, 2011, the end of the reinvestment period, which is included in facility fees below.

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For the years ended December 31, 2012 and 2011, the components of interest and credit facility fees expense, cash paid for interest expense, average interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Debt Securitization were as follows:

	For the Year Ended	
	December 31,	
	2012	2011
Stated interest expense	\$ 321	\$ 897
Facility fees		25
Amortization of debt issuance costs	179	356

Total interest and credit facility fees expense	\$ 500	\$ 1,278
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Cash paid for interest expense	\$ 347	\$ 903
Average stated interest rate	1.01%	0.70%
Average outstanding balance	\$ 31,829	\$ 128,468

Convertible Unsecured Notes

In January 2011, the Company issued \$575,000 aggregate principal amount of unsecured convertible senior notes that mature on February 1, 2016 (the "February 2016 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In March 2011, the Company issued \$230,000 aggregate principal amount of unsecured convertible senior notes that mature on June 1, 2016 (the "June 2016 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In March 2012, the Company issued \$162,500 aggregate principal amount of unsecured convertible senior notes that mature on March 15, 2017 (the "2017 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In the fourth quarter of 2012, the Company issued \$270,000 aggregate principal amount of unsecured convertible senior notes that mature on January 15, 2018 (the "2018 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In July 2013, the Company issued \$300,000 aggregate principal amount of unsecured convertible senior notes that mature on January 15, 2019 (the "2019 Convertible Notes" and together with the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes and the 2018 Convertible Notes, the "Convertible Unsecured Notes"), unless previously converted or repurchased in accordance with their terms. The Company does not have the right to redeem the Convertible Unsecured Notes prior to maturity. The February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes bear interest at a rate of 5.750%, 5.125%, 4.875%, 4.750% and 4.375%, respectively, per year, payable semi-annually.

In certain circumstances, the Convertible Unsecured Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of its common stock, at the Company's election, at their respective conversion rates (listed below as of December 31, 2013) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the "Convertible Unsecured Notes Indentures"). Prior to the close of business on the business day immediately preceding their respective conversion date (listed below), holders may convert their Convertible Unsecured Notes only under certain circumstances set forth in the Convertible Unsecured Notes Indentures. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding their respective maturity date, holders may convert their Convertible Unsecured Notes at any time. In addition, if the Company engages in certain corporate events as described in their respective Convertible Unsecured Notes Indenture, holders of the Convertible Unsecured Notes may require the Company to repurchase for cash all or part of the Convertible Unsecured Notes at a repurchase price equal to 100% of the principal amount of the Convertible Unsecured Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

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Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of December 31, 2013 are listed below.

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Conversion premium	17.5%	17.5%	17.5%	17.5%	15.0%
Closing stock price at issuance	\$16.28	\$16.20	\$16.46	\$16.91	\$17.53
Closing stock price date	January 19, 2011	March 22, 2011	March 8, 2012	October 3, 2012	July 15, 2013
Conversion price(1)	\$18.71	\$18.62	\$19.11	\$19.76	\$20.10
Conversion rate (shares per one thousand dollar principal amount)(1)	53.4477	53.7116	52.3287	50.6160	49.7448
Conversion dates	August 15, 2015	December 15, 2015	September 15, 2016	July 15, 2017	July 15, 2018

(1) Represents conversion price and conversion rate, as applicable, as of December 31, 2013, taking into account certain de minimis adjustments that will be made on the conversion date.

As of December 31, 2013, the principal amounts of each series of the Convertible Unsecured Notes exceeded the value of the underlying shares multiplied by the per share closing price of the Company's common stock.

The Convertible Unsecured Notes Indentures contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act and to provide financial information to the holders of the Convertible Unsecured Notes under certain circumstances. These covenants are subject to important limitations and exceptions that are described in the Convertible Unsecured Notes Indentures. As of December 31, 2013, the Company was in compliance in all material respects with the terms of the Convertible Unsecured Notes Indentures.

The Convertible Unsecured Notes are accounted for in accordance with Accounting Standards Codification ("ASC") 470-20. Upon conversion of any of the Convertible Unsecured Notes, the Company intends to pay the outstanding principal amount in cash and to the extent that the conversion value exceeds the principal amount, the Company has the option to pay in cash or shares of the Company's common stock (or a combination of cash and shares) in respect of the excess amount, subject to the requirements of the Convertible Unsecured Notes Indentures. The Company has determined that the embedded conversion options in the Convertible Unsecured Notes are not required to be separately accounted for as a derivative under GAAP. In accounting for the Convertible Unsecured Notes, the Company estimated at the time of issuance separate debt and equity components for each of the Convertible Unsecured Notes. An original issue discount equal to the equity components of the Convertible Unsecured Notes was recorded in "capital in excess of par value" in the accompanying consolidated balance sheet. Additionally, the issuance costs associated with the Convertible Unsecured Notes were allocated to the debt and equity components in proportion to the allocation of the proceeds and accounted for as debt issuance costs and equity issuance costs, respectively.

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The debt and equity component percentages, the issuance costs and the equity component amounts for each of the Convertible Unsecured Notes are listed below.

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Debt and equity component percentages, respectively(1)	93.0% and 7.0%	93.0% and 7.0%	97.0% and 3.0%	98.0% and 2.0%	99.8% and 0.2%
Debt issuance costs(1)	\$15,778	\$5,913	\$4,813	\$5,712	\$4,475
Equity issuance costs(1)	\$1,188	\$445	\$149	\$116	\$9
Equity component, net of issuance costs(2)	\$39,062	\$15,654	\$4,724	\$5,243	\$582

(1) At time of issuance.

(2) At time of issuance and as of December 31, 2013.

In addition to the original issue discount equal to the equity components of the Convertible Unsecured Notes, the 2018 Convertible Notes and the 2019 Convertible Notes were each issued at a discount. The Company records interest expense comprised of both stated interest expense as well as accretion of any original issue discount.

As of December 31, 2013, the components of the carrying value of the Convertible Unsecured Notes, the stated interest rate and the effective interest rate were as follows:

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Principal amount of debt	\$ 575,000	\$ 230,000	\$ 162,500	\$ 270,000	\$ 300,000
Original issue discount, net of accretion	(18,544)	(8,212)	(3,280)	(5,903)	(4,721)
Carrying value of debt	\$ 556,456	\$ 221,788	\$ 159,220	\$ 264,097	\$ 295,279
Stated interest rate	5.75%	5.125%	4.875%	4.750%	4.375%
Effective interest rate(1)	7.1%	6.4%	5.4%	5.2%	4.6%

(1) The effective interest rate of the debt component of the Convertible Unsecured Notes is equal to the stated interest rate plus the accretion of original issue discount.

For the years ended December 31, 2013, 2012 and 2011, the components of interest expense and cash paid for interest expense for the Convertible Unsecured Notes were as follows:

	For the Year Ended December 31,		
	2013	2012	2011
Stated interest expense	\$ 71,540	\$ 53,877	\$ 39,799
Accretion of original issue discount	13,508	11,099	8,433
Amortization of debt issuance costs	6,293	5,436	3,812

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Total interest expense \$ 91,341 \$ 70,412 \$ 52,044

Cash paid for interest expense \$ 62,568 \$ 48,833 \$ 25,039

Unsecured Notes

2018 Notes

In November 2013, the Company issued \$600,000 aggregate principal amount of senior unsecured notes that mature on November 30, 2018 (the "2018 Notes"). The 2018 Notes bear interest at a rate of 4.875% per year, payable semi-annually and all principal is due upon maturity. The 2018 Notes may be redeemed in whole or in part at any time at the Company's option at a redemption price equal to par

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plus a "make whole" premium, as determined in the indenture governing the 2018 Notes, and any accrued and unpaid interest. The 2018 Notes were issued at a discount at the time of issuance totaling \$3,312. The Company records interest expense comprised of both stated interest expense as well as any accretion of any original issue discount. Total proceeds from the issuance of the 2018 Notes, net of the original issue discount, underwriting discounts and offering costs, were \$586,014. See Note 16 for a subsequent event related to the 2018 Notes.

February 2022 Notes

In February 2012, the Company issued \$143,750 aggregate principal amount of senior unsecured notes that mature on February 15, 2022 (the "February 2022 Notes"). The February 2022 Notes bear interest at a rate of 7.00% per year, payable quarterly and all principal is due upon maturity. The February 2022 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after February 15, 2015, at a par redemption price of \$25.00 per security plus accrued and unpaid interest. Total proceeds from the issuance of the February 2022 Notes, net of underwriting discounts and offering costs, were \$138,338.

October 2022 Notes

In September 2012 and October 2012, the Company issued \$182,500 aggregate principal amount of senior unsecured notes that mature on October 1, 2022 (the "October 2022 Notes"). The October 2022 Notes bear interest at a rate of 5.875% per year, payable quarterly and all principal is due upon maturity. The October 2022 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after October 1, 2015, at a par redemption price of \$25.00 per security plus accrued and unpaid interest. Total proceeds from the issuance of the October 2022 Notes, net of underwriting discounts and offering costs, were \$176,054.

2040 Notes

In October 2010, the Company issued \$200,000 aggregate principal amount of senior unsecured notes that mature on October 15, 2040 (the "2040 Notes"). The 2040 Notes bear interest at a rate of 7.75% per year, payable quarterly and all principal is due upon maturity. The 2040 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after October 15, 2015, at a par redemption price of \$25.00 per security plus accrued and unpaid interest. Total proceeds from the issuance of the 2040 Notes, net of underwriting discounts and offering costs, were \$192,664.

2047 Notes

As part of the acquisition of Allied Capital Corporation ("Allied Capital") in April 2010 (the "Allied Acquisition"), the Company assumed \$230,000 aggregate principal amount of senior unsecured notes due on April 15, 2047 (the "2047 Notes" and together with the 2018 Notes, the February 2022 Notes, the October 2022 Notes and the 2040 Notes, the "Unsecured Notes"). The 2047 Notes bear interest at a rate of 6.875%, payable quarterly and all principal is due upon maturity. The 2047 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option, at a par redemption price of \$25.00 per security plus accrued and unpaid interest. As of December 31, 2013 and December 31, 2012 the outstanding principal was \$230,000 and the carrying value was \$ 181,429 and \$181,199, respectively. The carrying value represents the principal amount of the 2047 Notes less the unaccreted purchased discount initially recorded as a part of the Allied Acquisition.

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For the years ended December 31, 2013, 2012 and 2011, the components of interest expense and cash paid for interest expense for the Unsecured Notes were as follows:

	For the Year Ended December 31,		
	2013	2012	2011
Stated interest expense	\$ 55,509	\$ 43,357	\$ 38,578
Accretion of original issue discount	298	211	2,624
Amortization of debt issuance costs	1,129	917	242
Total interest expense	\$ 56,936	\$ 44,485	\$ 15,742

Cash paid for interest expense	\$ 52,097	\$ 42,070	\$ 49,920
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The Unsecured Notes contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act and to provide financial information to the holders of such notes under certain circumstances. These covenants are subject to important limitations and exceptions set forth in the indentures governing such notes. As of December 31, 2013, the Company was in compliance in all material respects with the terms of the respective indentures governing each of the Unsecured Notes.

The Convertible Unsecured Notes and the Unsecured Notes are the Company's senior unsecured obligations and rank senior in right of payment to its existing and future indebtedness that is expressly subordinated in right of payment to the Convertible Unsecured Notes and the Unsecured Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of its secured indebtedness (including existing unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

6. COMMITMENTS AND CONTINGENCIES

The Company has various commitments to fund investments in its portfolio as described below.

As of December 31, 2013 and 2012, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to fund which are at (or substantially at) the Company's discretion:

	As of December 31,	
	2013	2012
Total revolving and delayed draw commitments	\$ 834,444	\$ 441,630
Less: funded commitments	(87,073)	(82,121)
Total unfunded commitments	747,371	359,509
Less: commitments substantially at discretion of the Company	(16,000)	(6,000)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(1,660)	(571)
Total net adjusted unfunded revolving and delayed draw commitments	\$ 729,711	\$ 352,938

Included within the total revolving and delayed draw commitments as of December 31, 2013 were commitments to issue up to \$39,875 in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of December 31, 2013, the Company had \$16,293 in letters of credit issued and outstanding under these commitments on behalf of portfolio companies. In addition to these

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letters of credit included as a part of the total revolving and delayed draw commitments to portfolio companies, as of December 31, 2013 the Company also had \$27,000 of letters of credit issued and outstanding on behalf of other portfolio companies. For all these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. None of these letters of credit issued and outstanding are recorded as a liability on the Company's balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company. Of these letters of credit \$42,502 expire in 2014 and \$791 expire in 2015.

The Company also has commitments to co-invest in the SSLP for the Company's portion of the SSLP's commitments to fund delayed draw investments to certain portfolio companies of the SSLP. See Note 4 for more information.

As of December 31, 2013 and 2012, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

	As of December 31,	
	2013	2012
Total private equity commitments	\$ 59,500	\$ 131,042
Less: funded private equity commitments	(11,891)	(66,533)
Total unfunded private equity commitments	47,609	64,509
Less: private equity commitments substantially at discretion of the Company	(43,206)	(53,088)
Total net adjusted unfunded private equity commitments	\$ 4,403	\$ 11,421

In the ordinary course of business, the Company may sell certain of its investments to third party purchasers. In particular, in connection with the sale of certain controlled portfolio company equity investments (as well as certain other sales) the Company has, and may continue to do so in the future, agreed to indemnify such purchasers for future liabilities arising from the investments and the related sale transaction. Such indemnification provisions may give rise to future liabilities.

As of December 31, 2013, one of the Company's portfolio companies, Ciena Capital LLC ("Ciena"), had one non-recourse securitization Small Business Administration ("SBA") loan warehouse facility, which has reached its maturity date but remains outstanding. Ciena is working with the providers of the SBA loan warehouse facility with regard to the repayment of that facility. Allied Capital had previously issued a performance guaranty (which the Company succeeded to as a result of the Allied Acquisition) whereby the Company must indemnify the warehouse providers for any damages, losses, liabilities and related costs and expenses that they may incur as a result of Ciena's failure to perform any of its obligations as loan originator, loan seller or loan servicer under the warehouse facility. As of December 31, 2013, there are no known issues or claims with respect to this performance guaranty.

Lease Commitments

The Company is obligated under a number of operating leases and subleases for office spaces with terms ranging from less than one year to more than 15 years. Total rent expense incurred by the Company for the years ended December 31, 2013, 2012 and 2011 was \$3,687, \$3,958 and \$3,343, respectively.

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The following table shows future minimum payments under the Company's operating leases and subleases as of December 31, 2013:

For the Year Ending December 31,	Amount
2014	\$ 7,157
2015	5,903
2016	6,108
2017	6,279
2018	6,214
Thereafter	40,333
Total	\$ 71,994

For certain of its operating leases, the Company has entered into subleases including ones with Ares Management and IHAM, a wholly owned portfolio company of the Company. See Note 12 for further description of these subleases.

The following table shows future expected rental payments to be received under the Company's subleases as of December 31, 2013. The current allocations reflected below are as of December 31, 2013. The allocations in connection with the Company's subleases are subject to change and future review. Further, such allocations are subject to change depending on the composition of, and functions performed by, the staff in each office.

For the Year Ending December 31,	Amount
2014	\$ 3,545
2015	2,859
2016	2,963
2017	3,045
2018	2,955
Thereafter	20,011
Total	\$ 35,378

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows ASC 825-10, which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company's choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. The Company has not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value. With the exception of the line items entitled "other assets" and "debt," which are reported at amortized cost, all assets and liabilities approximate fair value on the balance sheet. The carrying value of the lines titled "interest receivable," "receivable for open trades," "payable for open trades," "accounts payable and other liabilities," "management and incentive fees payable" and "interest and facility fees payable" approximate fair value due to their short maturity.

The Company also follows ASC 820-10, which expands the application of fair value accounting. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure of fair value measurements. ASC 820-10 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Company to assume

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that the portfolio investment is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820-10, the Company has considered its principal market as the market in which the Company exits its portfolio investments with the greatest volume and level of activity. ASC 820-10 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with ASC 820-10, these inputs are summarized in the three broad levels listed below:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In addition to using the above inputs in investment valuations, the Company continues to employ the net asset valuation policy approved by the Company's board of directors that is consistent with ASC 820-10 (see Note 2). Consistent with the Company's valuation policy, it evaluates the source of inputs, including any markets in which the Company's investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. The Company's valuation policy considers the fact that because there is not a readily available market value for most of the investments in the Company's portfolio, the fair value of the investments must typically be determined using unobservable inputs.

The Company's portfolio investments (other than as discussed below in the following paragraph) are typically valued using two different valuation techniques. The first valuation technique is an analysis of the enterprise value ("EV") of the portfolio company. Enterprise value means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The primary method for determining EV uses a multiple analysis whereby appropriate multiples are applied to the portfolio company's EBITDA (net income before net interest expense, income tax expense, depreciation and amortization). EBITDA multiples are typically determined based upon review of market comparable transactions and publicly traded comparable companies, if any. The second method for determining EV uses a discounted cash flow analysis whereby future expected cash flows of the portfolio company are discounted to determine a present value using estimated discount rates (typically a weighted average cost of capital based on costs of debt and equity consistent with current market conditions). The EV analysis is performed to determine the value of equity investments, the value of debt investments in portfolio companies where the Company has control or could gain control through an option or warrant security, and to determine if there is credit impairment for debt investments. If debt investments are credit impaired, an EV analysis may be used to value such debt investments; however, in addition to the methods outlined above, other methods such as a liquidation or wind-down analysis may be utilized to estimate enterprise value. The second valuation technique is a yield analysis, which is typically performed for non-credit impaired debt investments in portfolio companies where the Company does not own a controlling equity position. To determine fair value using a yield analysis, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk. In the yield analysis, the Company considers the current contractual interest rate, the maturity and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the enterprise value of the portfolio company. As debt investments held by the Company are substantially illiquid with no active transaction market, the Company depends on primary market data,

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including newly funded transactions, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

For other portfolio investments such as investments in collateralized loan obligations and the SSLP Certificates, discounted cash flow analysis is the primary technique utilized to determine fair value. Expected future cash flows associated with the investment are discounted to determine a present value using a discount rate that reflects estimated market return requirements.

The following tables summarize the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 3 as of December 31, 2013 and 2012. The tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company's determination of fair values.

As of December 31, 2013

Asset Category	Fair Value	Primary Valuation Technique	Unobservable Input		Weighted Average
			Input	Range	
First lien senior secured loans	\$ 3,433,608	Yield Analysis	Market Yield	4.0% - 19.0%	8.4%
Second lien senior secured loans	1,319,191	Yield Analysis	Market Yield	6.1% - 25.3%	10.3%
Subordinated certificates of the SSLP	1,771,369	Discounted Cash Flow	Discount Rate	10.5% - 13.5%	12.3%
Senior subordinated debt	267,171	Yield Analysis	Market Yield	9.0% - 17.5%	11.7%
Preferred equity securities	229,006	EV Market Multiple Analysis	EBITDA Multiple	4.5x - 11.6x	8.3x
Other equity securities and other	612,552	EV Market Multiple Analysis	EBITDA Multiple	4.5x - 14.8x	8.6x
Total	\$ 7,632,897				

As of December 31, 2012

Asset Category	Fair Value	Primary Valuation Technique	Unobservable Input		Weighted Average
			Input	Range	
First lien senior secured loans	\$ 2,321,272	Yield Analysis	Market Yield	5.3% - 21.5%	9.2%
Second lien senior secured loans	1,233,872	Yield Analysis	Market Yield	8.3% - 21.9%	10.9%
Subordinated certificates of the SSLP	1,263,644	Discounted Cash Flow	Discount Rate	11.5% - 14.5%	13.5%
Senior subordinated debt	259,820	Yield Analysis	Market Yield	10.0% - 18.6%	14.9%
Preferred equity securities	250,118	EV Market Multiple Analysis	EBITDA Multiple	4.5x - 10.5x	8.1x
Other equity securities and other	585,931	EV Market Multiple Analysis	EBITDA Multiple	4.5x - 12.8x	7.4x
Total	\$ 5,914,657				

Changes in market yields, discount rates or EBITDA multiples, each in isolation, may change the fair value of certain of the Company's investments. Generally, an increase in market yields or discount rates or decrease in EBITDA multiples may result in a decrease in the fair value of certain of the Company's investments.

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Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Company may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, it could realize significantly less than the value at which the Company has recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

The following table presents fair value measurements of cash and cash equivalents and investments as of December 31, 2013:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 149,629	\$ 149,629	\$	\$
Investments	\$ 7,632,897	\$	\$	\$ 7,632,897

The following table presents fair value measurements of cash and cash equivalents and investments as of December 31, 2012:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 269,043	\$ 269,043	\$	\$
Investments	\$ 5,924,555	\$ 9,898	\$	\$ 5,914,657

The following table presents changes in investments that use Level 3 inputs as of and for the year ended December 31, 2013:

	As of and for the year ended December 31, 2013
Balance as of December 31, 2012	\$ 5,914,657
Net realized gains	63,629
Net unrealized losses	(5,612)
Purchases	3,493,227
Sales	(866,052)
Redemptions	(990,538)
Payment-in-kind interest and dividends	18,894
Accretion of discount on securities	4,692
Net transfers in and/or out of Level 3	

Balance as of December 31, 2013	\$ 7,632,897
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As of December 31, 2013, the net unrealized appreciation on the investments that use Level 3 inputs was \$95,494.

For the year ended December 31, 2013, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company's Level 3 assets still held as of December 31, 2013, and reported within the net unrealized gains (losses) from investments in the Company's consolidated statement of operations was \$(6,948).

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The following table presents changes in investments that use Level 3 inputs as of and for the year ended December 31, 2012:

	As of and for the year ended December 31, 2012
Balance as of December 31, 2011	\$ 5,094,506
Net realized gains	45,093
Net unrealized gains	110,494
Purchases	3,161,661
Sales	(667,550)
Redemptions	(1,862,848)
Payment-in-kind interest and dividends	25,036
Accretion of discount on securities	13,747
Net transfers in and/or out of Level 3	(5,482)
Balance as of December 31, 2012	\$ 5,914,657

As of December 31, 2012, the net unrealized appreciation on the investments that use Level 3 inputs was \$92,638.

For the year ended December 31, 2012, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company's Level 3 assets still held as of December 31, 2012, and reported within the net unrealized gains (losses) from investments in the Company's consolidated statement of operations was \$11,221.

Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfers occur.

Following are the carrying and fair values of the Company's debt obligations as of December 31, 2013 and 2012. Fair value is estimated by discounting remaining payments using applicable current market rates, which take into account changes in the Company's marketplace credit ratings, or market quotes, if available.

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	As of December 31,			
	2013		2012	
	Carrying value(1)	Fair value	Carrying value(1)	Fair value
Revolving Credit Facility	\$	\$	\$	\$
Revolving Funding Facility	185,000	185,000	300,000	303,209
SMBC Funding Facility				
February 2016 Convertible Notes (principal amount outstanding of \$575,000)	556,456(2)	620,960	548,521(2)	617,550
June 2016 Convertible Notes (principal amount outstanding of \$230,000)	221,788(2)	246,810	218,761(2)	243,797
2017 Convertible Notes (principal amount outstanding of \$162,500)	159,220(2)	172,289	158,312(2)	168,495
2018 Convertible Notes (principal amount outstanding of \$270,000)	264,096(2)	284,702	262,829(2)	272,813
2019 Convertible Notes (principal amount outstanding of \$300,000)	295,279(2)	311,169		
2018 Notes (principal amount outstanding of \$600,000)	596,757(3)	619,782		
February 2022 Notes (principal amount outstanding of \$143,750)	143,750	149,364	143,750	151,549
October 2022 Notes (principal amount outstanding of \$182,500)	182,500	181,770	182,500	179,361
2040 Notes (principal amount outstanding of \$200,000)	200,000	199,208	200,000	208,968
2047 Notes (principal amount outstanding of \$230,000)	181,429(4)	206,606	181,199(4)	225,558
	\$ 2,986,275(5)	\$ 3,177,660	\$ 2,195,872(5)	\$ 2,371,300

- (1) Except for the Convertible Unsecured Notes, the 2018 Notes and the 2047 Notes, all carrying values are the same as the principal amounts outstanding.
- (2) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes less the unaccreted discount initially recorded upon issuance of each respective series of the Convertible Unsecured Notes.
- (3) Represents the aggregate principal amount outstanding of the 2018 Notes less the unaccreted discount initially recorded upon issuance of the 2018 Notes.
- (4) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount.
- (5) Total principal amount of debt outstanding totaled \$3,078,750 and \$2,293,750 as of December 31, 2013 and 2012, respectively.

The following table presents fair value measurements of the Company's debt obligations as of December 31, 2013 and 2012:

Fair Value Measurements Using	As of December 31,	
	2013	2012
Level 1	\$ 736,948	\$ 765,436
Level 2	2,440,712	1,605,864

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Total	\$ 3,177,660	\$ 2,371,300
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The following table summarizes the total shares issued and proceeds received in public offerings of the Company's common stock net of underwriting discounts and offering costs for the years ended December 31, 2013 and 2012:

	Shares issued	Offering price per share(1)	Proceeds net of underwriting discounts and offering costs
2013			
December 2013 public offering	16,445	\$ 17.47	\$ 285,993
October 2013 public offering	12,650	\$ 16.98	\$ 214,339
April 2013 public offering	19,148	\$ 17.43	\$ 333,144
Total for the year ended December 31, 2013	48,243	\$	833,476
2012			
August 2012 public offering	25,875	\$ 16.55	\$ 427,566
January 2012 public offering	16,422	\$ 15.41	\$ 252,415
Total for the year ended December 31, 2012	42,297	\$	679,981

- (1) The shares were sold to the underwriters for a price equal to the offering price per share, which the underwriters were then permitted to sell at variable prices to the public.

The Company used the net proceeds from the 2013 and 2012 public equity offerings to repay outstanding indebtedness and for general corporate purposes, which included funding investments in accordance with its investment objective.

There were no sales of the Company's equity securities for the year ended December 31, 2011.

9. EARNINGS PER SHARE

The following information sets forth the computations of basic and diluted net increase in stockholders' equity resulting from operations per share for the years ended December 31, 2013, 2012 and 2011:

	For the Year Ended December 31,		
	2013	2012	2011
Net increase in stockholders' equity resulting from operations available to common stockholders	\$ 488,521	\$ 508,178	\$ 319,453
Weighted average shares of common stock outstanding basic and diluted	266,939	230,151	204,860
Basic and diluted net increase in stockholders' equity resulting from operations per share	\$ 1.83	\$ 2.21	\$ 1.56

For the purpose of calculating diluted net increase in stockholders' equity resulting from operations per share, the average closing price of the Company's common stock for the year ended December 31, 2013 as well as from the date of issuance of the 2019 Convertible Notes through December 31, 2013 was each less than the conversion price for each of the Convertible Unsecured Notes outstanding as of December 31, 2013. For the year ended December 31, 2012, the date of issuance of the 2018 Convertible Notes through December 31, 2012 and the date of issuance of the 2017 Convertible Notes through December 31, 2012, the average closing price of the Company's common stock for such period was each less than the conversion price for each of the Convertible Unsecured Notes outstanding as of December 31, 2012. Therefore, for all periods presented in the financial statements, the underlying shares for the intrinsic value of the embedded options in the Convertible Unsecured Notes have no impact on the computation of diluted net increase in stockholders' equity resulting from operations per share.

Table of Contents**10. INCOME AND EXCISE TAXES**

For income tax purposes, dividends paid and distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. Dividends paid per common share for the years ended December 31, 2013, 2012 and 2011 were taxable as follows (unaudited):

	For the Year Ended December 31,		
	2013	2012	2011
Ordinary income(1)	\$ 1.57	\$ 1.56	\$ 1.16
Capital gains		0.04	0.25
Total	\$ 1.57	\$ 1.60	\$ 1.41

(1) For the years ended December 31, 2013, 2012 and 2011, ordinary income included dividend income of approximately \$0.1082, \$0.0918 and \$0.0619, per share, respectively, that qualified to be taxed at the maximum capital gains rate. For certain eligible corporate shareholders, these dividends were eligible for the dividends received deduction.

The following reconciles net increase in stockholders' equity resulting from operations to taxable income for the years ended December 31, 2013, 2012 and 2011:

	For the Year Ended December 31,		
	2013	2012	2011
	(Estimated)(1)		
Net increase in stockholders' equity resulting from operations	\$ 488,521	\$ 508,178	\$ 319,453
Adjustments:			
Net unrealized (gain) loss on investments	5,610	(115,261)	40,192
Other income not currently taxable	(78,309)	(26,270)	(55,936)
Other income for tax but not book	51,868	55,723	73,657
Expenses not currently deductible	25,549	46,333	59,019
Other deductible expenses	(4,628)	(6,211)	(1,210)
Other realized gain/loss differences	(65,724)	(15,689)	(33,720)
Taxable income	\$ 422,887	\$ 446,803	\$ 401,455

(1) The calculation of estimated 2013 taxable income includes a number of estimated inputs, including information received from third parties and, as a result, actual 2013 taxable income will not be finally determined until the Company's 2013 tax return is filed in 2014 (and, therefore, such estimate is subject to change).

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Taxable income generally differs from net increase in stockholders' equity resulting from operations for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized gains or losses, as unrealized gains or losses are generally not included in taxable income until they are realized. In addition, on April 1, 2010, the Company acquired Allied Capital in a tax-free merger, which has caused certain merger-related items to vary in their deductibility for GAAP and tax purposes.

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Capital losses in excess of capital gains earned in a tax year may generally be carried forward and used to offset capital gains, subject to certain limitations. As of December 31, 2013, the Company estimates that it will have a capital loss carryforward of approximately \$129 million available for use in later tax years. Because of the loss limitation rules of the Code, some of the tax basis capital losses may be limited in their use. The unused balance will be carried forward and utilized as gains are realized, subject to such limitations. In addition to the capital loss carryforwards, the Company realized net losses totaling approximately \$0.3 billion from the Allied Capital portfolio since the Allied Acquisition through December 31, 2013, that have not yet been deducted for tax purposes as their deductibility in years since the Allied Acquisition was limited by the Code. While the Company's ability to utilize losses in the future depends upon a variety of factors that cannot be known in advance, substantially all of the Company's capital loss carryforwards and the net realized losses from the Allied Capital portfolio may become permanently unavailable due to limitations by the Code.

For 2013, the Company had estimated taxable income in excess of the distributions made from such taxable income during the year, and therefore, the Company has elected to carry forward the excess for distribution to shareholders in 2014. The amount carried forward to 2014 is estimated to be approximately \$244 million, although this amount will not be finalized until the 2013 tax returns are filed in 2014. For 2012, the Company had taxable income in excess of the distributions made from such taxable income during the year, and therefore, the Company elected to carry forward the excess for distribution to shareholders in 2013. The amount carried forward to 2013 was approximately \$246 million. For 2011, the Company had taxable income in excess of distributions made from such taxable income during the year, and therefore, the Company carried forward the excess for distribution to shareholders in 2012. The amount carried forward to 2012 was approximately \$177 million. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such income, the Company accrues excise tax on estimated excess taxable income. For the years ended December 31, 2013, 2012 and 2011, a net expense of \$10,277, \$7,937 and \$6,605, respectively, was recorded for U.S. federal excise tax.

As of December 31, 2013, the cost basis of investments for tax purposes was \$8.5 billion resulting in estimated gross unrealized gains and losses of \$0.3 billion and \$1.2 billion, respectively. As of December 31, 2012, the cost basis of investments for tax purposes was \$6.8 billion resulting in estimated gross unrealized gains and losses of \$0.3 billion and \$1.2 billion, respectively. As of December 31, 2013 and 2012, the cost of investments for tax purposes was greater than the amortized cost of investments for book purposes of \$7.5 billion and \$5.8 billion, respectively, primarily as a result of the Allied Acquisition. The Allied Acquisition qualified as a tax free merger, which resulted in the acquired assets retaining Allied Capital's cost basis at the merger date.

In general, the Company may make certain adjustments to the classification of stockholders' equity as a result of permanent book-to-tax differences, which may include merger-related items, differences in the book and tax basis of certain assets and liabilities, and nondeductible federal taxes, among other items. During the year ended December 31, 2013, the Company decreased accumulated overdistributed net investment income by \$14,106, increased accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets by \$26,151 and increased capital in excess of par value by \$12,045. During the year ended December 31, 2012, the Company decreased accumulated overdistributed net investment income by \$11,172, increased accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets by \$27,982 and increased capital in excess of par value by \$16,810. During the year ended December 31, 2011, the Company decreased accumulated overdistributed net investment income by \$7,474, increased accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets by \$126,234 and increased capital in excess of par value by \$118,760.

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Certain of the Company's consolidated subsidiaries are subject to U.S. federal and state income taxes. For the years ended December 31, 2013, 2012 and 2011, the Company recorded a tax expense of approximately \$3,828, \$3,235 and \$869, respectively, for these subsidiaries.

11. DIVIDENDS AND DISTRIBUTIONS

The following table summarizes the Company's dividends declared and payable during the years ended December 31, 2013, 2012 and 2011:

Date declared	Record date	Payment date	Per share amount	Total amount
November 5, 2013	December 16, 2013	December 31, 2013	\$ 0.38	\$ 112,307
November 5, 2013	December 16, 2013	December 31, 2013	\$ 0.05(1)	14,777
August 6, 2013	September 16, 2013	September 30, 2013	\$ 0.38	101,959
May 7, 2013	June 14, 2013	June 28, 2013	\$ 0.38	101,856
February 27, 2013	March 15, 2013	March 29, 2013	\$ 0.38	94,488
Total declared for 2013			\$ 1.57	\$ 425,387
November 5, 2012	December 14, 2012	December 28, 2012	\$ 0.38	\$ 94,360
November 5, 2012	December 14, 2012	December 28, 2012	\$ 0.05(1)	12,415
August 7, 2012	September 14, 2012	September 28, 2012	\$ 0.38	94,250
August 7, 2012	September 14, 2012	September 28, 2012	\$ 0.05(1)	12,401
May 8, 2012	June 15, 2012	June 29, 2012	\$ 0.37	82,094
February 28, 2012	March 15, 2012	March 30, 2012	\$ 0.37	81,974
Total declared for 2012			\$ 1.60	\$ 377,494
November 8, 2011	December 15, 2011	December 30, 2011	\$ 0.36	\$ 74,137
August 4, 2011	September 15, 2011	September 30, 2011	\$ 0.35	71,643
May 3, 2011	June 15, 2011	June 30, 2011	\$ 0.35	71,663
March 1, 2011	March 15, 2011	March 31, 2011	\$ 0.35	71,547
Total declared for 2011			\$ 1.41	\$ 288,990

(1) Represents an additional dividend.

The table above does not include an additional dividend of \$0.05 per share, payable, subject to the satisfaction of certain Maryland law requirements, on March 28, 2014 to stockholders of record as of March 14, 2014, which was previously declared on November 5, 2013.

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The Company has a dividend reinvestment plan that was amended effective March 28, 2012, whereby the Company may buy shares of its common stock in the open market or issue new shares in order to satisfy dividend reinvestment requests. Prior to the amendment, if the Company issued new shares to implement the dividend reinvestment plan, the issue price was equal to the closing price of its common stock on the dividend record date. As a result of the amendment, when the Company issues new shares in connection with the dividend reinvestment plan, the issue price is equal to the closing price of its common stock on the dividend payment date. Dividend reinvestment plan activity for the years ended December 31, 2013, 2012 and 2011, was as follows:

	2013	2012	2011
Shares issued	1,076	1,226	711
Average price per share	\$ 17.58	\$ 16.68	\$ 16.24
Shares purchased by plan agent for shareholders			785
Average price per share	\$	\$	\$ 14.71

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12. RELATED PARTY TRANSACTIONS

In accordance with the investment advisory and management agreement, the Company bears all costs and expenses of the operation of the Company and reimburses its investment adviser or its affiliates for certain of such costs and expenses incurred in the operation of the Company. For the years ended December 31, 2013, 2012 and 2011, the Company's investment adviser or its affiliates incurred such expenses totaling \$5,250, \$3,528 and \$4,646, respectively. As of December 31, 2013, \$1,572 was unpaid and such payable is included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.

The Company is party to an office lease pursuant to which it is leasing New York office facilities from a third party (the "43rd/44th Floor Space"). The Company has previously entered into separate subleases with Ares Management and IHAM, pursuant to which Ares Management and IHAM subleased 15% and 20%, respectively, of the Company's 43rd/44th Floor Space for a rent equal to 15% and 20%, respectively, of the base annual rent payable by the Company under the Company's lease for the 43rd/44th Floor Space, plus certain additional costs and expenses. In September 2013, these subleases were amended to provide that Ares Management and IHAM sublease approximately 35% and 18%, respectively, of the 43rd/44th Floor Space for a rent equal to 35% and 18%, respectively, of the base annual rent payable by the Company under the Company's lease for the 43rd/44th Floor Space, plus certain additional costs and expenses.

The Company is also party to an office lease pursuant to which it began leasing additional New York office space in early 2013 (the "42nd Floor Space"). The Company has entered into a sublease with Ares Management to sublease 100% of the 42nd Floor Space to Ares Management for a rent equal to 100% of the base annual rent payable by us under our lease for the 42nd Floor Space, plus certain additional costs and expenses.

The Company also is party to an office lease with a third party for office space in Washington D.C. The Company entered into an office sublease with Ares Management in September 2013, pursuant to which Ares Management subleases approximately 54% of the Washington, D.C. office space leased by the Company for a rent equal to 54% of the base annual rent payable by us under our office lease, plus certain additional costs and expenses.

For the years ended December 31, 2013, 2012 and 2011, amounts payable to the Company under these subleases described above totaled \$2,183, \$1,587 and \$812, respectively.

In September 2013, the Company also entered into two office subleases with Ares Management, pursuant to which (i) the Company subleases approximately 42% of Ares Management's Chicago office space for a rent equal to 42% of the base annual rent payable by Ares Management under its office lease, plus certain additional costs and expenses and (ii) the Company subleases approximately 7% of certain of Ares Management's Los Angeles office space for a rent equal to 7% of the base annual rent payable by Ares Management under such office lease, plus certain additional costs and expenses. For the year ended December 31, 2013, amounts payable under these subleases by the Company to Ares Management totaled \$185.

The current above allocations are as of December 31, 2013. The allocations in connection with the Company's subleases described above are subject to change and future review. These percentages are subject to change depending on the composition of, and functions performed by, the staff in each of these offices.

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In April 2012, the Company entered into an office sublease with Ares Commercial Real Estate Management LLC ("ACREM"), a wholly owned subsidiary of Ares Management and manager of Ares Commercial Real Estate Corporation, pursuant to which the Company was subleasing approximately 12% of ACREM's Chicago office space for a fixed rent equal to 12% of the base annual rent payable by ACREM under its office lease, plus certain additional costs and expenses. The Company's office sublease with ACREM was terminated on June 30, 2013. For the years ended December 31, 2013 and 2012, amounts payable under this sublease by the Company to ACREM totaled \$26 and \$55, respectively.

See Notes 3 and 4 for descriptions of other related party transactions.

13. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights as of and for the years ended December 31, 2013, 2012 and 2011:

Per Share Data:	As of and for the Year Ended		
	December 31, 2013	December 31, 2012	December 31, 2011
Net asset value, beginning of period(1)	\$ 16.04	\$ 15.34	\$ 14.92
Issuances of common stock	0.16	0.05	
Issuances of the Convertible Unsecured Notes		0.04	0.27
Net investment income for period(2)	1.61	1.52	1.38
Net realized and unrealized gains for period(2)	0.22	0.69	0.18
Net increase in stockholders' equity	1.99	2.30	1.83
Total distributions to stockholders	(1.57)	(1.60)	(1.41)
Net asset value at end of period(1)	\$ 16.46	\$ 16.04	\$ 15.34
Per share market value at end of period	\$ 17.77	\$ 17.50	\$ 15.45
Total return based on market value(3)	10.51%	23.62%	2.31%
Total return based on net asset value(4)	11.41%	14.34%	10.45%
Shares outstanding at end of period	297,971	248,653	205,130
Ratio/Supplemental Data:			
Net assets at end of period	\$ 4,904,444	\$ 3,988,346	\$ 3,147,265
Ratio of operating expenses to average net assets(5)(6)	10.03%	10.70%	10.94%
Ratio of net investment income to average net assets(5)(7)	9.86%	9.62%	8.97%
Portfolio turnover rate(5)	27%	45%	53%

(1) The net assets used equals the total stockholders' equity on the consolidated balance sheet.

(2) Weighted average basic per share data.

(3) For the year ended December 31, 2013, the total return based on market value equaled the increase of the ending market value at December 31, 2013 of \$17.77 per share from the ending market value at December 31, 2012 of \$17.50 per share plus the declared and payable dividends of \$1.57 per share for the year ended December 31, 2013, divided by the market value at December 31, 2012. For the year ended December 31, 2012, the total return based on market value equaled the increase of the ending market value at December 31, 2012 of \$17.50 per share from the ending market value at December 31, 2011 of \$15.45 per share plus the declared and payable dividends of \$1.60 per share for the year ended December 31, 2012, divided by the market value at December 31, 2011. For the year ended December 31, 2011, the total return based on market value for the year ended December 31, 2011 equaled the decrease of the ending market value at December 30, 2011 of \$15.45 per share from the ending market value at December 31, 2010 of \$16.48 per share plus the declared and payable dividends of \$1.41 per share for the year ended December 31, 2011, divided by the market value at December 31, 2010. Total return based on market value is not annualized. The Company's shares fluctuate in value. The

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Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

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- (4) For the year ended December 31, 2013, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.57 per share for the year ended December 31, 2013, divided by the beginning net asset value for the period. For the year ended December 31, 2012, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.60 per share for the year ended December 31, 2012 divided by the beginning net asset value for the period. For the year ended December 31, 2011, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.41 per share for the year ended December 31, 2011 divided by the beginning net asset value for the period. These calculations are adjusted for shares issued in connection with the dividend reinvestment plan, the issuance of common stock in connection with any equity offerings and the equity components of any convertible notes issued during the period. Total return based on net asset value is not annualized. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.
- (5) The ratios reflect an annualized amount.
- (6) For the year ended December 31, 2013, the ratio of operating expenses to average net assets consisted of 2.40% of base management fees, 2.80% of incentive fees, 3.94% of the cost of borrowing and 0.89% of other operating expenses. For the year ended December 31, 2012, the ratio of operating expenses to average net assets consisted of 2.38% of base management fees, 3.50% of incentive fees, 3.94% of the cost of borrowing and other operating expenses of 0.88%. For the year ended December 31, 2011, the ratio of operating expenses to average net assets consisted of 2.27% of base management fees, 3.57% of incentive fees, 3.89% of the cost of borrowing and other operating expenses of 1.21%. These ratios reflect annualized amounts.
- (7) The ratio of net investment income to average net assets excludes income taxes related to realized gains.

14. SELECTED QUARTERLY DATA (Unaudited)

	2013			
	Q4	Q3	Q2	Q1
Total investment income	\$ 233,742	\$ 246,801	\$ 206,123	\$ 195,055
Net investment income before net realized and unrealized gains (losses) and incentive compensation	\$ 145,003	\$ 161,421	\$ 126,951	\$ 119,182
Incentive compensation	\$ 33,493	\$ 35,199	\$ 33,374	\$ 20,085
Net investment income before net realized and unrealized gains (losses)	\$ 111,510	\$ 126,222	\$ 93,577	\$ 99,097
Net realized and unrealized gains (losses)	\$ 22,374	\$ 14,575	\$ 39,921	\$ (18,755)
Net increase in stockholders' equity resulting from operations	\$ 133,884	\$ 140,797	\$ 133,498	\$ 80,342
Basic and diluted earnings per common share	\$ 0.47	\$ 0.52	\$ 0.50	\$ 0.32
Net asset value per share as of the end of the quarter	\$ 16.46	\$ 16.35	\$ 16.21	\$ 15.98

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	2012			
	Q4	Q3	Q2	Q1
Total investment income	\$ 212,160	\$ 190,572	\$ 177,555	\$ 167,738
Net investment income before net realized and unrealized gains and incentive compensation	\$ 138,249	\$ 123,599	\$ 110,634	\$ 103,424
Incentive compensation	\$ 43,787	\$ 34,139	\$ 22,733	\$ 26,386
Net investment income before net realized and unrealized gains	\$ 94,462	\$ 89,460	\$ 87,901	\$ 77,038
Net realized and unrealized gains	\$ 80,682	\$ 47,095	\$ 3,031	\$ 28,509
Net increase in stockholders' equity resulting from operations	\$ 175,144	\$ 136,555	\$ 90,932	\$ 105,547
Basic and diluted earnings per common share	\$ 0.71	\$ 0.59	\$ 0.41	\$ 0.49
Net asset value per share as of the end of the quarter	\$ 16.04	\$ 15.74	\$ 15.51	\$ 15.47

	2011			
	Q4	Q3	Q2	Q1
Total investment income	\$ 187,123	\$ 167,365	\$ 144,307	\$ 135,691
Net investment income before net realized and unrealized gains (losses) and incentive compensation	\$ 121,990	\$ 108,517	\$ 85,509	\$ 78,764
Incentive compensation	\$ 29,531	\$ 10,159	\$ 41,746	\$ 30,941
Net investment income before net realized and unrealized gains (losses)	\$ 92,459	\$ 98,358	\$ 43,763	\$ 47,823
Net realized and unrealized gains (losses)	\$ 25,666	\$ (57,719)	\$ (6,840)	\$ 75,943
Net increase in stockholders' equity resulting from operations	\$ 118,125	\$ 40,639	\$ 36,923	\$ 123,766
Basic and diluted earnings per common share	\$ 0.58	\$ 0.20	\$ 0.18	\$ 0.61
Net asset value per share as of the end of the quarter	\$ 15.34	\$ 15.13	\$ 15.28	\$ 15.45

15. LITIGATION

The Company is party to certain lawsuits in the normal course of business. In addition, Allied Capital was involved in various legal proceedings that the Company assumed in connection with the Allied Acquisition. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the outcome of any such legal proceedings cannot at this time be predicted with certainty, the Company does not expect that these legal proceedings will materially affect its business, financial condition or results of operations.

On May 20, 2013, the Company was named as one of several defendants in an action filed in the United States District Court for the Eastern District of Pennsylvania by the bankruptcy trustee of DSI Renal Holdings LLC and two related companies. The complaint in the action alleges, among other things, that each of the named defendants participated in a purported "fraudulent transfer" involving the restructuring of a subsidiary of DSI Renal Holdings LLC. Among other things, the complaint seeks, jointly and severally from all defendants, (1) damages of approximately \$425 million, of which the complaint states the Company's individual share is approximately \$117 million, and (2) punitive damages. The Company is currently unable to assess with any certainty whether it may have any exposure in this action. The Company believes the claims are without merit and intends to vigorously defend itself in this action.

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16. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-K or would be required to be recognized in the Consolidated Financial Statements as of and for the year ended December 31, 2013, except as disclosed below.

In January 2014, the Company issued an additional \$150,000 aggregate principal amount of the 2018 Notes (the "Additional 2018 Notes") at a premium of 102.7% of their principal amount. Total proceeds from the issuance of the Additional 2018 Notes, net of underwriting discounts and offering costs, were approximately \$151,900.

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET****(in thousands, except per share data)**

	As of	
	March 31, 2014	December 31, 2013
	(unaudited)	
ASSETS		
Investments at fair value		
Non-controlled/non-affiliate investments	\$ 5,198,593	\$ 5,136,612
Non-controlled affiliate company investments	275,016	260,484
Controlled affiliate company investments	2,325,987	2,235,801
Total investments at fair value (amortized cost of \$7,711,474 and \$7,537,403 respectively)	7,799,596	7,632,897
Cash and cash equivalents	146,639	149,629
Interest receivable	141,248	123,981
Receivable for open trades	6,920	128,566
Other assets	105,120	106,431
Total assets	\$ 8,199,523	\$ 8,141,504
LIABILITIES		
Debt	\$ 3,058,693	\$ 2,986,275
Management and incentive fees payable	122,849	139,208
Accounts payable and other liabilities	77,263	68,649
Interest and facility fees payable	41,383	42,828
Payable for open trades	769	100
Total liabilities	3,300,957	3,237,060
Commitments and contingencies (Note 7)		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.001 per share, 500,000 common shares authorized 298,270 and 297,971 common shares issued and outstanding, respectively	298	298
Capital in excess of par value	4,987,734	4,982,477
Accumulated overdistributed net investment income	(24,576)	(8,785)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets	(152,995)	(165,040)
Net unrealized gain on investments and foreign currency transactions	88,105	95,494
Total stockholders' equity	4,898,566	4,904,444
Total liabilities and stockholders' equity	\$ 8,199,523	\$ 8,141,504

NET ASSETS PER SHARE	\$	16.42	\$	16.46
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See accompanying notes to consolidated financial statements.

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Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS****(in thousands, except per share data)**

	For the three months ended	
	March 31, 2014	March 31, 2013
	(unaudited)	(unaudited)
INVESTMENT INCOME:		
From non-controlled/non-affiliate company investments:		
Interest income from investments	\$ 99,781	\$ 85,122
Capital structuring service fees	14,323	4,104
Dividend income	7,976	4,024
Management and other fees		314
Other income	7,048	6,195
Total investment income from non-controlled/non-affiliate company investments	129,128	99,759
From non-controlled affiliate company investments:		
Interest income from investments	2,900	6,016
Capital structuring service fees	650	
Dividend income	2,672	603
Other income	327	91
Total investment income from non-controlled affiliate company investments	6,549	6,710
From controlled affiliate company investments:		
Interest income from investments	70,843	53,039
Capital structuring service fees	5,925	1,887
Dividend income	20,078	27,462
Management and other fees	5,952	4,184
Other income	1,244	2,014
Total investment income from controlled affiliate company investments	104,042	88,586
Total investment income	239,719	195,055
EXPENSES:		
Interest and credit facility fees	52,493	39,347
Base management fees	30,084	23,218
Incentive fees	29,253	20,085
Administrative fees	3,743	2,592
Other general and administrative	6,430	6,912
Total expenses	122,003	92,154
NET INVESTMENT INCOME BEFORE INCOME TAXES	117,716	102,901
Income tax expense, including excise tax	5,380	3,804
NET INVESTMENT INCOME	112,336	99,097

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NET REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS:			
Net realized gains (losses):			
Non-controlled/non-affiliate company investments		10,148	10,651
Non-controlled affiliate company investments		38	17
Controlled affiliate company investments		1,768	1,010
Foreign currency transactions		163	
Net realized gains		12,117	11,678
Net unrealized gains (losses):			
Non-controlled/non-affiliate company investments		(14,879)	5,949
Non-controlled affiliate company investments		14,919	(1,353)
Controlled affiliate company investments		(7,414)	(35,029)
Foreign currency transactions		(15)	
Net unrealized losses		(7,389)	(30,433)
Net realized and unrealized gains (losses) on investments and foreign currency transactions		4,728	(18,755)
REALIZED LOSSES ON EXTINGUISHMENT OF DEBT		(72)	
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$	116,992	\$ 80,342
BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 10)	\$	0.39	\$ 0.32
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (see Note 10)		297,972	248,658

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of March 31, 2014
(dollar amounts in thousands)
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Investment Funds and Vehicles							
CIC Flex, LP(9)	Investment partnership	Limited partnership units (0.94 units)		9/7/2007	\$ 811	\$ 3,561(2)	
Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	487	838(2)	
Dynamic India Fund IV, LLC(8)(9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	2,903	
HCI Equity, LLC(7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	112	411	
Imperial Capital Private Opportunities, LP(9)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	5,914	12,548(2)	
Partnership Capital Growth Fund I, L.P.(9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	1,403	3,631(2)	
Partnership Capital Growth Investors III, L.P.(9)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	1,843	1,999(2)	
Piper Jaffray Merchant Banking Fund I, L.P.(9)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	828	767(2)	
Senior Secured Loan Fund LLC(7)(10)	Co-investment vehicle	Subordinated certificates (\$1,814,766 par due 12/2024) Membership interest (87.50% interest)	8.23% (Libor + 8.00%/Q)(26)	10/30/2009 10/30/2009	1,814,766	1,841,987	
					1,814,766	1,841,987	
VSC Investors LLC(9)	Investment company	Membership interest (1.95% interest)		1/24/2008	695	1,267(2)	
					1,831,681	1,869,912	38.17%
Healthcare Services							
Alegeus Technologies Holdings Corp.	Benefits administration and transaction processing provider	Preferred stock (2,997 shares)		12/13/2013	3,087	2,702	

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		Common stock (3 shares)		12/13/2013	3	27
					3,090	2,729
ATI Physical Therapy Holdings, LLC	Outpatient rehabilitation services provider	Class C common stock (51,005 shares)		12/13/2013	53	55
AxelaCare Holdings, Inc. and AxelaCare Investment Holdings, L.P.	Provider of home infusion services	First lien senior secured loan (\$4,430 par due 4/2019)	5.75% (Libor + 4.50%/Q)	4/12/2013	4,430	4,430(2)(25)
		Preferred units (8,218,160 units)		4/12/2013	822	820(2)
		Common units (83,010 units)		4/12/2013	8	7(2)
					5,260	5,257

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
California Forensic Medical Group, Incorporated	Correctional facility healthcare operator	First lien senior secured loan (\$53,504 par due 11/2018)	9.25% (Libor + 8.00%/Q)	11/16/2012	53,504	53,504(3)(25)	
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,423(2)	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC(6)	Healthcare analysis services provider	First lien senior secured revolving loan (\$144 par due 10/2018)	6.25% (Base Rate + 3.00%/Q)	10/4/2013	144	144(2)(25)	
		Class A common stock (9,679 shares)		6/15/2007	2,543	4,449(2)	
		Class C common stock (1,546 shares)		6/15/2007		711(2)	
					2,687	5,304	
Dialysis Newco, Inc.	Dialysis provider	First lien senior secured loan (\$1,823 par due 8/2020)	5.25% (Libor + 4.25%/Q)	8/16/2013	1,823	1,823(2)(25)	
		First lien senior secured loan (\$13,676 par due 8/2020)	5.25% (Libor + 4.25%/Q)	8/16/2013	13,676	13,676(2)(25)	
		Second lien senior secured loan (\$56,500 par due 2/2021)	9.75% (Libor + 8.50%/Q)	8/16/2013	56,500	58,195(2)(25)	
					71,999	73,694	
DNAnexus, Inc.	Bioinformatics company	First lien senior secured loan (\$5,000 par due 10/2017)	9.25%	3/21/2014	4,752	5,000(2)	
		Warrants to purchase up to 454,546 units of Series C preferred stock		3/21/2014		(2)	
					4,752	5,000	
Genocoea Biosciences, Inc.	Vaccine discovery technology company	First lien senior secured loan (\$10,000 par due 4/2017)	8.00%	9/30/2013	9,818	10,000(2)	
		Common stock (34,500 shares)		9/30/2013		654(2)	
					9,818	10,654	
GI Advo Opco, LLC	Residential behavioral treatment services provider	First lien senior secured loan (\$14,523 par due 6/2017)	6.00% (Libor + 4.75%/Q)	12/13/2013	14,922	14,523(25)	
		First lien senior secured loan (\$280 par due 6/2017)	7.00% (Base Rate + 3.75%/Q)	12/13/2013	288	280(25)	

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					15,210	14,803
Global Healthcare Exchange, LLC and GHX Ultimate Parent Corp.	On-demand supply chain automation solutions provider	First lien senior secured loan (\$125,000 par due 3/2020)	10.00% (Libor + 9.00%/Q)	3/11/2014	123,835	125,000(2)(25)
		Class A common stock (2,475 shares)		3/11/2014	2,475	2,475(2)
		Class B common stock (938 shares)		3/11/2014	25	25(2)
					126,335	127,500
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,846(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan (\$112,000 par due 6/2020)	9.25% (Libor + 8.25%/Q)	12/27/2012	112,000	112,000(2)(25)	
LM Acquisition Holdings, LLC(8)	Developer and manufacturer of medical equipment	Class A units (426 units)		9/27/2013	1,000	1,024(2)	
MC Acquisition Holdings I, LLC	Healthcare professional provider	Class A units (1,000,000 units)		1/17/2014	1,000	1,000(2)	
Monte Nido Holdings, LLC	Outpatient eating disorder treatment provider	First lien senior secured loan (\$44,750 par due 12/2019)	7.75% (Libor + 6.75%/Q)	12/20/2013	44,750	44,750(2)(19)(25)	
MW Dental Holding Corp.	Dental services provider	First lien senior secured loan (\$1,000 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	1,000	1,000(2)(25)	
		First lien senior secured loan (\$35,004 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	35,004	35,004(2)(25)	
		First lien senior secured loan (\$48,609 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	48,609	48,609(3)(25)	
		First lien senior secured loan (\$9,771 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	9,771	9,771(4)(25)	
					94,384	94,384	
Napa Management Services Corporation	Anesthesia management services provider	First lien senior secured loan (\$66,734 par due 2/2019)	6.00% (Libor + 5.00%/Q)	4/15/2011	66,734	66,734(2)(22)(25)	
		First lien senior secured loan (\$33,266 par due 2/2019)	6.00% (Libor + 5.00%/Q)	4/15/2011	33,206	33,266(3)(22)(25)	
		Common units (5,345 units)		4/15/2011	5,623	8,717(2)	
					105,563	108,717	
National Healing Corporation and National Healing Holding Corp.	Wound care service and equipment provider	Second lien senior secured loan (\$10,000 par due 2/2020)	9.25% (Libor + 8.00%/Q)	12/13/2013	10,285	10,200(25)	
		Preferred stock (869,565 shares)		12/13/2013	1,296	1,462	
					11,581	11,662	
Netsmart Technologies, Inc. and NS Holdings, Inc.	Healthcare technology provider	First lien senior secured loan (\$2,817 par due 12/2017)	8.75% (Libor + 7.50%/Q)	12/18/2012	2,817	2,817(2)(17)(25)	
		First lien senior secured loan (\$36,027 par due 12/2017)	8.75% (Libor + 7.50%/Q)	12/18/2012	36,027	36,027(2)(17)(25)	
				6/21/2010	2,500	3,715(2)	

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		Common stock (2,500,000 shares)			41,344	42,559
New Trident Holdcorp, Inc.	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan (\$80,000 par due 7/2020)	10.25% (Libor + 9.00%/Q)	8/6/2013	78,505	80,000(2)(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	Provider of technology-enabled solutions to pharmacies	First lien senior secured loan (\$20,869 par due 11/2018)	8.50% (Libor + 7.50%/Q)	11/21/2013	20,869	20,869(2)(25)	
		Limited liability company membership interest (1.57%)		11/21/2013	1,000	1,031(2)	
					21,869	21,900	
PerfectServe, Inc.	Communications software platform provider for hospitals and physician practices	First lien senior secured loan (\$3,500 par due 4/2017)	10.00%	12/26/2013	3,467	3,500(2)	
		Warrants to purchase up to 34,113 units of Series C preferred stock		12/26/2013		70(2)	
					3,467	3,570	
PG Mergersub, Inc. and PGA Holdings, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Second lien senior secured loan (\$2,368 par due 10/2018)	8.25% (Libor + 7.00%/M)	12/13/2013	2,435	2,368(25)	
		Second lien senior secured loan (\$21,316 par due 10/2018)	8.25% (Libor + 7.00%/M)	4/19/2012	21,316	21,316(2)(25)	
		Preferred stock (333 shares)		3/12/2008	125	18(2)	
		Common stock (16,667 shares)		3/12/2008	167	892(2)	
					24,043	24,594	
Physiotherapy Associates Holdings, Inc.	Outpatient rehabilitation physical therapy provider	Class A common stock (100,000 shares)		12/13/2013	3,090	3,090	
POS I Corp. (fka Vantage Oncology, Inc.)	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	1,043(2)	
RCHP, Inc.	Operator of general acute care hospitals	First lien senior secured loan (\$4,875 par due 11/2018)	7.00% (Libor + 5.75%/Q)	11/4/2011	4,875	4,875(2)(25)	
		First lien senior secured loan (\$60,365 par due 11/2018)	7.00% (Libor + 5.75%/Q)	11/4/2011	60,344	60,365(3)(25)	
		First lien senior secured loan (\$9,975 par due 11/2018)	7.00% (Libor + 5.75%/Q)	11/4/2011	9,975	9,975(4)(25)	
		Second lien senior secured loan (\$85,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	85,000	85,850(2)(25)	

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				160,194	161,065
Reed Group, Ltd.	Medical disability management services provider	Equity interests	4/1/2010		(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	First lien senior secured loan (\$3,200 par due 7/2015)	11.00%	6/28/2012	3,191	3,200(2)	
		Warrants to purchase up to 99,094 shares of Series C preferred stock		6/26/2012	38	29(2)	
					3,229	3,229	
Sage Products Holdings III, LLC	Patient infection control and preventive care solutions provider	Second lien senior secured loan (\$75,000 par due 6/2020)	9.25% (Libor + 8.00%/Q)	12/13/2012	75,000	75,000(2)(25)	
Sorbent Therapeutics, Inc.	Orally-administered drug developer	First lien senior secured loan (\$6,370 par due 9/2016)	10.25%	4/23/2013	6,370	6,370(2)	
		Warrant to purchase up to 727,272 shares of Series C Preferred Stock		4/23/2013		25(2)	
					6,370	6,395	
SurgiQuest, Inc.	Medical device company	First lien senior secured revolving loan (\$2,200 par due 9/2014)	8.50%	9/28/2012	2,200	2,200(2)	
		First lien senior secured loan (\$5,726 par due 10/2017)	10.00%	9/28/2012	5,603	5,726(2)	
		First lien senior secured loan (\$2,000 par due 10/2017)	10.69%	9/28/2012	1,957	2,000(2)	
		Warrants to purchase up to 54,672 shares of Series D-4 convertible preferred stock		9/28/2012		(2)	
					9,760	9,926	
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	First lien senior secured loan (\$29,925 par due 12/2019)	7.25% (Base Rate + 4.00%/Q)	12/31/2013	29,925	29,925(2)(25)	
Young Innovations, Inc.	Dental supplies and equipment manufacturer	First lien senior secured loan (\$9,445 par due 1/2019)	5.75% (Libor + 4.50%/Q)	1/31/2013	9,445	9,445(3)(25)	
		First lien senior secured loan (\$8 par due 1/2019)	6.75% (Base Rate + 3.50%/Q)	1/31/2013	8	8(3)(25)	
		First lien senior secured loan (\$12,958 par due 1/2019)	5.75% (Libor + 4.50%/Q)	1/31/2013	12,958	12,958(4)(25)	
		First lien senior secured loan (\$12 par due 1/2019)	6.75% (Base Rate + 3.50%/Q)	1/31/2013	12	12(4)(25)	

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					22,423	22,423	
					1,148,989	1,160,025	23.68%

Business Services							
2329497 Ontario Inc.(8)	Provider of outsourced data center infrastructure and related services	Second lien senior secured loan (\$45,000 par due 6/2019)	10.50% (Libor + 9.25%/M)	12/13/2013	43,496	41,557(25)	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Access CIG, LLC	Records and information management services provider	First lien senior secured loan (\$988 par due 10/2017)	7.00% (Libor + 5.75%/M)	10/5/2012	988	988(2)(25)	
BlackArrow, Inc.	Advertising and data solutions software platform provider for the television and video industry	First lien senior secured loan (\$8,000 par due 9/2017)	9.25%	3/13/2014	7,723	7,920(2)	
		Warrants to purchase up to 517,386 shares of Series C preferred stock		3/13/2014		76(2)	
					7,723	7,996	
BluePay Processing, Inc.	Technology-enabled payment processing solutions provider	First lien senior secured loan (\$5,970 par due 8/2019)	5.00% (Libor + 4.00%/Q)	8/30/2013	5,970	5,970(2)(25)	
		First lien senior secured loan (\$15 par due 8/2019)	6.25% (Base Rate + 3.00%/Q)	8/30/2013	15	15(2)(25)	
					5,985	5,985	
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.(6)	Payroll and accounting services provider to the entertainment industry	First lien senior secured loan (\$12,934 par due 12/2017)	5.75% (Libor + 4.75%/Q)	12/24/2012	12,934	12,934(2)(18)(25)	
		First lien senior secured loan (\$44,671 par due 12/2017)	5.75% (Libor + 4.75%/Q)	12/24/2012	44,671	44,671(3)(18)(25)	
		Class A membership units (2,500,000 units)		12/24/2012	2,500	4,634(2)	
		Class B membership units (2,500,000 units)		12/24/2012	2,500	4,634(2)	
					62,605	66,873	
CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)		12/15/2011	2,500	3,758(2)	
CitiPostal Inc.(7)	Document storage and management services	First lien senior secured revolving loan (\$2,500 par due 12/2014)	6.50% (Libor + 4.50%/M)	4/1/2010	2,500	2,500(2)(25)	
		First lien senior secured loan (\$53,846 par due 12/2014)		4/1/2010	52,041	41,500(2)(24)	
		Senior subordinated loan (\$21,027 par due 12/2015)		4/1/2010	13,038	(2)(24)	
		Common stock (37,024 shares)		4/1/2010			

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					67,579	44,000
Command Alkon, Inc.	Software solutions provider to the ready-mix concrete industry	Second lien senior secured loan (\$10,000 par due 3/2018)	8.75% (Libor + 7.50%/Q)	9/28/2012	10,000	10,000(2)(25)
		Second lien senior secured loan (\$26,500 par due 5/2019)	8.75% (Libor + 7.50%/S)	9/28/2012	26,500	26,500(2)(25)
					36,500	36,500
Coverall North America, Inc.	Commercial janitorial services provider	Letter of credit facility		1/17/2013		(29)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
First Insight, Inc.	SaaS company providing merchandising and pricing solutions to companies worldwide	First lien senior secured loan (\$3,500 par due 4/2017)	9.50%	3/20/2014	3,396	3,465(2)	
		Warrants to purchase up to 122,827 shares of Series C preferred stock		3/20/2014		7(2)	
					3,396	3,472	
GHS Interactive Security, LLC and LG Security Holdings, LLC	Originates residential security alarm contracts	First lien senior secured loan (\$3,915 par due 5/2018)	7.50% (Libor + 6.00%/S)	12/13/2013	3,973	3,954(25)	
		Class A membership units (1,560,000 units)		12/13/2013	1,607	432	
					5,580	4,386	
HCPPro, Inc. and HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Senior subordinated loan (\$9,100 par due 8/2014)		3/5/2013	2,691	(2)(24)	
		Class A units (14,293,110 units)		6/26/2008	12,793	(2)	
					15,484		
IfByPhone Inc.	Voice-based marketing automation software provider	First lien senior secured loan (\$1,333 par due 11/2015)	11.00%	10/15/2012	1,300	1,333(2)	
		First lien senior secured loan (\$733 par due 1/2016)	11.00%	10/15/2012	733	733(2)	
		Warrant to purchase up to 124,300 shares of Series C preferred stock		10/15/2012	88	61(2)	
					2,121	2,127	
Investor Group Services, LLC(6)	Business consulting for private equity and corporate clients	Limited liability company membership interest (8.5% interest)		6/22/2006		630	
IronPlanet, Inc.	Online auction platform provider for used heavy equipment	First lien senior secured revolving loan (\$5,000 par due 9/2015)	8.00%	9/24/2013	5,000	5,000(2)	
		First lien senior secured loan (\$7,500 par due 7/2017)	9.25%	9/24/2013	7,172	7,350(2)	
		Warrant to purchase to up to 133,333 shares of Series C preferred stock		9/24/2013	214	242(2)	

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				12,386	12,592
Itel Laboratories, Inc.	Data services provider for building materials to property insurance industry	Preferred units (1,798,391 units)	6/29/2012	1,000	1,143(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Keynote Systems, Inc. and Hawaii Ultimate Parent Corp., Inc.	Web and mobile cloud performance testing and monitoring services provider	First lien senior secured loan (\$183,175 par due 2/2020)	9.50% (Libor + 8.50%/S)	8/22/2013	183,175	183,175(2)(25)	
		Class A common stock (2,970 shares)		8/22/2013	2,970	3,924(2)	
		Class B common stock (1,956,522 shares)		8/22/2013	30	40(2)	
					186,175	187,139	
Market Track Holdings, LLC	Business media consulting services company	Preferred stock (1,500 shares)		12/13/2013	1,982	2,097	
		Common stock (15,000 shares)		12/13/2013	1,982	2,097	
					3,964	4,194	
MSC.Software Corporation and Maximus Holdings, LLC	Provider of software simulation tools and related services	First lien senior secured loan (\$42,187 par due 11/2017)	8.50% (Libor + 7.25%/Q)	12/13/2013	43,357	43,242(21)(25)	
		Warrants to purchase up to 1,050,013 shares of common stock		12/13/2013	424	1,506	
					43,781	44,748	
Multi-Ad Services, Inc.(6)	Marketing services and software provider	Preferred units (1,725,280 units)		4/1/2010	788	2,178	
		Common units (1,725,280 units)		4/1/2010			
					788	2,178	
MVL Group, Inc.(7)	Marketing research provider	Senior subordinated loan (\$33,576 par due 7/2012)		4/1/2010	30,266	2,485(2)(24)	
		Junior subordinated loan (\$185 par due 7/2012)		4/1/2010		(2)(24)	
		Common stock (560,716 shares)		4/1/2010		(2)	
					30,266	2,485	
NComputing, Inc.	Desktop virtualization hardware and software technology service provider	Warrant to purchase up to 462,726 shares of Series C preferred stock		3/20/2013		45(2)	
		Mortgage services		7/31/2008	3,248	2,145(2)(24)	

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Pillar Processing LLC, PHL Investors, Inc., and PHL Holding Co.(6)		First lien senior secured loan (\$3,993 par due 11/2018)			
		First lien senior secured loan (\$7,375 par due 5/2019)	11/20/2007	5,592	(2)(24)
		Class A common stock (576 shares)	7/31/2012	3,768	(2)
				12,608	2,145
Platform Acquisition, Inc.	Data center and managed cloud services provider	Common stock (48,604 shares)	12/13/2013	7,536	7,919
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common units (1,972 units)	3/2/2012	1,000	955(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
PSSI Holdings, LLC	Provider of mission-critical outsourced cleaning and sanitation services to the food processing industry	First lien senior secured loan (\$956 par due 6/2018)	6.00% (Libor + 5.00%/S)	8/7/2013	956	956(2)(25)	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	177(2)	
Rainstor, Inc.	Database solution provider designed to manage Big Data for large enterprises at the lowest total cost	First lien senior secured loan (\$2,500 par due 4/2016)	11.25%	3/28/2013	2,446	2,500(2)	
		Warrant to purchase up to 142,210 shares of Series C preferred stock		3/28/2013	88	70(2)	
					2,534	2,570	
Ship Investor & Cy S.C.A.(8)	Payment processing company	Common stock (936,693 shares)		12/13/2013	2,698	2,774	
Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (45.98% interest)		5/20/2011		1,620(2)	
TOA Technologies, Inc.	Cloud based, mobile workforce management applications provider	First lien senior secured loan (\$12,242 par due 11/2016)	10.25%	10/31/2012	11,843	12,242(2)	
		Warrant to purchase up to 2,509,770 shares of Series D preferred stock		10/31/2012	605	1,189(2)	
					12,448	13,431	
Tripwire, Inc.	IT security software provider	First lien senior secured loan (\$84,950 par due 5/2018)	7.00% (Libor + 5.75%/Q)	5/23/2011	84,950	84,950(2)(25)	
		First lien senior secured loan (\$49,875 par due 5/2018)	7.00% (Libor + 5.75%/Q)	5/23/2011	49,875	49,875(3)(25)	
		First lien senior secured loan (\$9,975 par due 5/2018)	7.00% (Libor + 5.75%/Q)	5/23/2011	9,975	9,975(4)(25)	
		Class B common stock (2,655,638 shares)		5/23/2011	30	84(2)	
		Class A common stock (2,970 shares)		5/23/2011	2,970	8,348(2)	
					147,800	153,232	
Velocity Holdings Corp.	Hosted enterprise resource planning application	Common units (1,713,546 units)		12/13/2013	4,503	4,597	

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management
services provider

Venturehouse-Cibernet Investors, LLC	Financial settlement services for intercarrier wireless roaming	Equity interest	4/1/2010		(2)
VSS-Tranzact Holdings, LLC(6)	Management consulting services	Common membership interest (5.98% interest)	10/26/2007	10,204	8,677

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
X Plus Two Solutions, Inc. and X Plus One Solutions, Inc.	Provider of open and integrated software for digital marketing optimization	First lien senior secured revolving loan (\$8,600 par due 9/2014)	8.50%	4/1/2013	8,600	8,600(2)	
		First lien senior secured loan (\$6,788 par due 3/2017)	10.00%	4/1/2013	6,470	6,788(2)	
		First lien senior secured loan (\$2,000 par due 10/2017)	10.00%	3/28/2014	1,781	1,820(2)	
		Warrant to purchase up to 586,178 shares of Series C preferred stock		3/28/2014	180	180(2)	
		Warrant to purchase up to 999,167 shares of Series C preferred stock		4/1/2013	284	306(2)	
						17,315	17,694
					752,169	689,543	14.07%
Services-Other							
Capital Investments and Ventures Corp.	SCUBA diver training and certification provider	First lien senior secured loan (\$24,080 par due 8/2018)	7.00% (Libor + 5.75%/Q)	8/9/2012	24,080	24,080(3)(25)	
		First lien senior secured loan (\$8,565 par due 8/2018)	7.00% (Libor + 5.75%/Q)	8/9/2012	8,565	8,565(4)(25)	
					32,645	32,645	
Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	First lien senior secured loan (\$13,571 par due 12/2014)	6.25% (Libor + 5.25%/Q)	12/10/2010	13,571	13,571(2)(15)(25)	
		First lien senior secured loan (\$714 par due 12/2014)	7.50% (Base Rate + 4.25%/S)	12/10/2010	714	714(2)(15)(25)	
		Second lien senior secured loan (\$35,798 par due 12/2015)	15.23% (Libor + 10.00% Cash, 5.00% PIK/Q)	12/10/2010	35,798	34,008(2)	
		Second lien senior secured loan (\$10,790 par due 12/2015)	15.23% (Libor + 10.00% Cash, 5.00% PIK/Q)	12/10/2010	10,790	10,250(2)	
		Warrants to purchase up to 654,618 shares		12/10/2010		(2)	
						60,873	58,543
				11/30/2012	2,850	2,565(2)(25)	

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Competitor Group, Inc. and Calera XVI, LLC	Endurance sports media and event operator	First lien senior secured revolving loan (\$2,850 par due 11/2018)	10.00% (Base Rate + 6.75%/Q)				
		First lien senior secured revolving loan (\$900 par due 11/2018)	9.00% (Libor + 7.75%/Q)	11/30/2012	900	810(2)(25)	
		First lien senior secured loan (\$24,300 par due 11/2018)	10.00% (Libor + 7.75% Cash, 1.00% PIK /Q)	11/30/2012	24,300	21,870(2)(25)	
		First lien senior secured loan (\$29,755 par due 11/2018)	10.00% (Libor + 7.75% Cash, 1.00% PIK /Q)	11/30/2012	29,756	26,780(3)(25)	
		Membership units (2,500,000 units)		11/30/2012	2,513	371(2)	
						60,319	52,396

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC(6)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan		3/13/2014			(2)(27)
		First lien senior secured loan (\$24,500 par due 3/2019)	8.25% (Libor + 7.00%/Q)	3/13/2014	24,500	24,500(2)(25)	
		Class A preferred units (2,475,000 units)		3/13/2014	2,475	2,475(2)	
		Class B common units (275,000 units)		3/13/2014	275	275(2)	
					27,250	27,250	
Fox Hill Holdings, Inc.	Third party claims administrator on behalf of insurance carriers	First lien senior secured loan (\$60,519 par due 6/2018)	6.75% (Libor + 5.75%/Q)	1/31/2014	60,519	60,519(2)(25)	
		First lien senior secured loan (\$7,135 par due 6/2018)	8.00% (Base Rate + 4.75%/Q)	10/31/2013	7,135	7,135(2)(25)	
						67,654	67,654
ISS #2, LLC	Provider of repairs, refurbishments and services to the broader industrial end user markets	First lien senior secured loan (\$14,913 par due 6/2018)	6.50% (Libor + 5.50%/Q)	6/5/2013	14,913	14,913(2)(25)	
		First lien senior secured loan (\$44,662 par due 6/2018)	6.50% (Libor + 5.50%/Q)	6/5/2013	44,662	44,662(3)(25)	
						59,575	59,575
Massage Envy, LLC	Franchisor in the massage industry	First lien senior secured loan (\$28,989 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	28,989	28,989(2)(25)	
		First lien senior secured loan (\$48,973 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	48,973	48,973(3)(25)	
		Common stock (3,000,000 shares)		9/27/2012	3,000	3,595(2)	
						80,962	81,557
McKenzie Sports Products, LLC	Designer, manufacturer and distributor of taxidermy forms and supplies	First lien senior secured loan (\$37 par due 3/2017)	7.00% (Base Rate + 3.75%/M)	3/30/2012	37	37(2)(25)	
		First lien senior secured loan (\$7,698 par due 3/2017)	5.75% (Libor + 4.75%/Q)	3/30/2012	7,698	7,698(2)(25)	
		First lien senior secured loan (\$42 par due 3/2017)	7.00% (Base Rate + 3.75%/M)	3/30/2012	42	42(4)(25)	

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		3/2017				
		First lien senior secured loan (\$8,797 par due 3/2017)	5.75% (Libor + 4.75%/Q)	3/30/2012	8,797	8,797(4)(25)
					16,574	16,574
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$140,000 par due 5/2020)	8.00% (Libor + 7.00%/Q)	5/14/2013	140,000	140,000(2)(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
The Dwyer Group(6)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$39,900 par due 6/2018)	11.75%	12/22/2010	40,099	39,900(2)	
		Series A preferred units (13,292,377 units)	8.00% PIK	12/22/2010	4,614	14,576(2)	
					44,713	54,476	
Wash Multifamily Laundry Systems, LLC	Laundry service and equipment provider	Second lien senior secured loan (\$78,000 par due 2/2020)	7.75% (Libor + 6.75%/S)	6/26/2012	78,000	78,000(2)(25)	
					668,565	668,670	13.65%
Education							
American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured revolving loan (\$5,000 par due 3/2019)	5.50% (Libor + 4.50%/Q)	3/18/2011	5,000	5,000(2)(25)	
		First lien senior secured loan (\$54,161 par due 3/2019)	5.50% (Libor + 4.50%/Q)	3/18/2011	54,161	54,161(3)(25)	
		First lien senior secured loan (\$4,480 par due 3/2019)	5.50% (Libor + 4.50%/Q)	3/18/2011	4,480	4,480(4)(25)	
					63,641	63,641	
Campus Management Corp. and Campus Management Acquisition Corp.(6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	6,873(2)	
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation(6)	Developer, manufacturer and retailer of educational products	Preferred stock (99,492 shares)	12.00% PIK	8/1/2011	10,633	10,633(2)	
		Common stock (50,800 shares)		8/1/2011		1,127(2)	
					10,633	11,760	
Infilaw Holding, LLC	Operator of for-profit law schools	First lien senior secured revolving loan		8/25/2011		(27)	
		First lien senior secured loan (\$1 par due	9.50% (Libor + 8.50%/Q)	8/25/2011	1	1(2)(25)	

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8/2016)				
First lien senior secured	9.50%	8/25/2011	14,290	14,290(3)(25)
loan (\$14,290 par due	(Libor + 8.50%/Q)			
8/2016)				
Series A preferred units		8/25/2011	124,890	124,890(2)
(124,890 units)				
Series B preferred units		10/19/2012	9,245	11,476(2)
(3.91 units)				
			148,426	150,657

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan (\$14,990 par due 6/2015)		4/24/2013	14,531	12,741(2)(24)	
		First lien senior secured loan (\$40,035 par due 6/2015)		4/24/2013	38,809	34,029(3)(24)	
		Series B preferred stock (1,750,000 shares)		8/5/2010	5,000	(2)	
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	(2)	
		Common stock (20 shares)		6/7/2010		(2)	
					59,029	46,770	
Lakeland Tours, LLC	Educational travel provider	First lien senior secured revolving loan		10/4/2011		(2)(27)	
		First lien senior secured loan (\$82,989 par due 12/2016)	8.50% (Libor + 7.50%/Q)	10/4/2011	82,930	82,989(2)(14)(25)	
		First lien senior secured loan (\$1,661 par due 12/2016)	5.25% (Libor + 4.25%/Q)	10/4/2011	1,660	1,661(2)(25)	
		First lien senior secured loan (\$7,962 par due 12/2016)	5.25% (Libor + 4.25%/Q)	10/4/2011	7,947	7,962(3)(25)	
		First lien senior secured loan (\$40,362 par due 12/2016)	8.50% (Libor + 7.50%/Q)	10/4/2011	40,283	40,362(3)(14)(25)	
		Common stock (5,000 shares)		10/4/2011	5,000	4,720(2)	
							137,820
PIH Corporation	Franchisor of education-based early childhood centers	First lien senior secured revolving loan (\$621 par due 6/2016)	7.25% (Libor + 6.25%/M)	12/13/2013	621	621(25)	
		First lien senior secured loan (\$38,075 par due 6/2016)	7.25% (Libor + 6.25%/M)	12/13/2013	39,081	38,837(25)	
					39,702	39,458	
R3 Education, Inc. and EIC Acquisitions Corp.	Medical school operator	Preferred stock (8,800 shares)		7/30/2008	2,200	1,936(2)	
		Common membership interest (26.27% interest)		9/21/2007	15,800	29,307(2)	
		Warrants to purchase up to 27,890 shares		12/8/2009		(2)	
					18,000	31,243	

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RuffaloCODY, LLC	Provider of student fundraising and enrollment management services	First lien senior secured loan (\$24,933 par due 5/2019)	5.50% (Libor + 4.25%/Q)	5/29/2013	24,933	24,933(2)(25)	
		First lien senior secured loan (\$634 par due 5/2019)	5.50% (Libor + 4.25%/Q)	5/29/2013	634	634(2)(25)	
		First lien senior secured loan (\$1,453 par due 5/2019)	6.50% (Base Rate + 3.25%/Q)	5/29/2013	1,453	1,453(2)(25)	
					27,020	27,020	
					514,791	515,116	10.51%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Energy							
Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan (\$2,000 par due 7/2017)	9.50%	2/26/2014	1,914	1,940(2)	
		First lien senior secured loan (\$3,000 par due 7/2017)	9.62%	12/16/2013	2,737	2,910(2)	
		Series B preferred stock (74,449 shares)		2/26/2014	250	250(2)	
		Warrants to purchase up to 59,524 units of Series B preferred stock		12/16/2013	146	128(2)	
					5,047	5,228	
Bicent (California) Holdings LLC	Gas turbine power generation facilities operator	Senior subordinated loan (\$50,000 par due 2/2021)	8.25% (Libor + 7.25%/Q)	2/6/2014	50,000	50,000(2)(25)	
Brush Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$89,752 par due 8/2020)	6.25% (Libor + 5.25%/Q)	8/1/2013	89,752	89,752(2)(25)	
Centinela Funding, LLC	Solar power generation facility developer and operator	Senior subordinated loan (\$56,000 par due 11/2020)	10.00% (Libor + 8.75%/Q)	11/14/2012	56,000	56,000(2)(25)	
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	First lien senior secured loan (\$7,500 par due 2/2017)	10.00%	7/25/2013	7,438	7,500(2)	
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock		7/25/2013		39(2)(8)	
					7,438	7,539	
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant operator	Second lien senior secured loan (\$10,000 par due 2/2020)	9.25% (Libor + 8.25%/Q)	2/20/2014	9,605	9,750(2)(25)	
Panda Sherman Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$32,500 par due 9/2018)	9.00% (Libor + 7.50%/Q)	9/14/2012	32,500	32,500(2)(25)	
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$20,000 par due 4/2019)	7.25% (Libor + 6.00%/Q)	4/3/2013	19,827	20,000(2)(25)	
Panda Temple Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$60,000 par due 7/2018)	11.50% (Libor + 10.00%/Q)	7/17/2012	58,469	60,000(2)(25)	
Sunrun Solar Owner Holdco X, LLC	Residential solar energy provider	First lien senior secured loan (\$59,423 par due 6/2019)	9.50% (Libor + 8.25%/Q)	6/7/2013	59,423	59,423(2)(25)	
				11/27/2013	28,441	28,656(2)(25)	

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Sunrun Solar Owner Holdco XIII, LLC	Residential solar energy provider	First lien senior secured loan (\$28,656 par due 12/2019)	9.50% (Libor + 8.25%/Q)
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				416,502	418,848	8.55%
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Financial Services

AllBridge Financial, LLC(7)	Asset management services	Equity interests	4/1/2010	5,077	10,115	
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Callidus Capital Corporation(7)	Asset management services	Common stock (100 shares)		4/1/2010	3,000	1,730	
Ciena Capital LLC(7)	Real estate and small business loan servicer	First lien senior secured revolving loan (\$14,000 par due 12/2014)	6.00%	11/29/2010	14,000	14,000(2)	
		First lien senior secured loan (\$26,000 par due 12/2016)	12.00%	11/29/2010	26,000	26,000(2)	
		Equity interests		11/29/2010	53,374	12,969(2)	
					93,374	52,969	
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28,000 par due 5/2018)	12.75%	5/10/2012	28,000	28,000(2)	
Cook Inlet Alternative Risk, LLC	Risk management services	Senior subordinated loan (\$1,500 par due 9/2015)	9.00%	9/30/2011	1,500	1,500(2)	
Gordian Acquisition Corp.	Financial services firm	Common stock (526 shares)		11/30/2012		(2)	
Imperial Capital Group LLC	Investment services	Class A common units (23,130 units)		5/10/2007	11,248	15,252(2)	
		2006 Class B common units (7,578 units)		5/10/2007	2	4(2)	
		2007 Class B common units (945 units)		5/10/2007		(2)	
					11,250	15,256	
Ivy Hill Asset Management, L.P.(7)(9)	Asset management services	Member interest (100.00% interest)		6/15/2009	170,961	264,941	
					313,162	374,511	7.64%
Consumer Products Non-durable							
Gilchrist & Soames, Inc.	Personal care manufacturer	First lien senior secured revolving loan (\$3,650 par due 12/2014)	7.25% (Base Rate + 4.00%/M)	4/1/2010	3,650	3,650(2)(25)	
		First lien senior secured revolving loan (\$5,050 par due 12/2014)	6.25% (Libor + 5.00%/M)	4/1/2010	5,050	5,050(2)(25)	
		First lien senior secured loan (\$22,624 par due 12/2014)	13.44% Cash, 2.00% PIK	4/1/2010	22,621	21,945(2)	

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					31,321	30,645
Implus Footcare, LLC	Provider of footwear and other accessories	Preferred stock (455 shares)	6.00% PIK	10/31/2011	5,248	5,248(2)
		Common stock (455 shares)		10/31/2011	455	992(2)
					5,703	6,240
Insight Pharmaceuticals Corporation(6)	OTC drug products manufacturer	Second lien senior secured loan (\$19,310 par due 8/2017)	13.25% (Libor + 11.75%/Q)	8/26/2011	19,172	19,310(2)(25)
		Class A common stock (155,000 shares)		8/26/2011	6,035	10,713(2)
		Class B common stock (155,000 shares)		8/26/2011	6,035	10,713(2)
					31,242	40,736

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of over-the-counter healthcare products	Warrants to purchase up to 1,654,678 shares of common stock		7/27/2011		334(2)	
		Warrants to purchase up to 1,489 shares of preferred stock		7/27/2011		1,167(2)	
						1,501	
Oak Parent, Inc.	Manufacturer of athletic apparel	First lien senior secured loan (\$31,024 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	30,921	31,024(3)(25)	
		First lien senior secured loan (\$81 par due 4/2018)	9.25% (Base Rate + 6.00%/Q)	4/2/2012	81	81(3)(25)	
		First lien senior secured loan (\$8,768 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	8,738	8,768(4)(25)	
		First lien senior secured loan (\$23 par due 4/2018)	9.25% (Base Rate + 6.00%/Q)	4/2/2012	23	23(4)(25)	
						39,763	39,896
PG-ACP Co-Invest, LLC	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units (1,000,000 units)		8/29/2012	1,000	1,570(2)	
Shock Doctor, Inc. and BRP Hold 14, LLC	Developer, marketer and distributor of sports protection equipment and accessories.	First lien senior secured revolving loan (\$2,073 par due 3/2020)	10.00% (Base Rate + 6.75%/Q)	3/14/2014	2,073	2,073(2)(25)	
		First lien senior secured loan (\$7,871 par due 3/2020)	10.00% (Base Rate + 6.75%/Q)	3/14/2014	7,871	7,871(2)(25)	
		First lien senior secured loan (\$80,000 par due 3/2020)	10.00% (Base Rate + 6.75%/Q)	3/14/2014	80,000	80,000(2)(25)	
		Class A preferred units (50,000 units)		3/14/2014	5,000	5,000(2)	
					94,944	94,944	
The Step2 Company, LLC	Toy manufacturer	Second lien senior secured loan (\$25,600 par due 4/2015)	10.00%	4/1/2010	25,181	25,600(2)	
		Second lien senior secured loan (\$4,500 par due 4/2015)	10.00%	3/13/2014	4,500	4,500(2)	
		Second lien senior secured loan (\$33,290 par due 4/2015)		4/1/2010	30,802	14,238(2)(24)	
		Common units (1,116,879 units)		4/1/2010	24		
		Warrants to purchase up to 3,157,895 units		4/1/2010			

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					60,507	44,338
The Thymes, LLC(7)	Cosmetic products manufacturer	Preferred units (6,283 units)	8.00% PIK	6/21/2007	3,935	3,519
		Common units (5,400 units)		6/21/2007		7,855
					3,935	11,374

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Woodstream Corporation	Pet products manufacturer	First lien senior secured loan (\$8,313 par due 8/2016)	6.00% (Libor + 5.00%/Q)	4/18/2012	8,313	8,313(4)(25)	
		Senior subordinated loan (\$80,000 par due 2/2017)	11.50%	4/18/2012	77,576	80,000(2)	
		Common stock (4,254 shares)		1/22/2010	1,222	2,881(2)	
					87,111	91,194	
					355,526	362,438	7.40%
Restaurants and Food Services							
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	Restaurant owner and operator	First lien senior secured loan (\$28,581 par due 12/2018)	9.25% (Libor + 8.25%/Q)	11/27/2006	28,581	28,581(2)(20)(25)	
		First lien senior secured loan (\$10,919 par due 12/2018)	9.25% (Libor + 8.25%/Q)	11/27/2006	10,922	10,919(3)(20)(25)	
		Promissory note (\$17,055 par due 12/2018)	13.00% PIK	11/27/2006	13,770	16,925(2)	
		Warrants to purchase up to 23,750 units of Series D common stock		12/18/2013	24	(2)	
					53,297	56,425	
Benihana, Inc.	Restaurant owner and operator	First lien senior secured loan (\$4,900 par due 2/2018)	6.75% (Libor + 5.50%/Q)	8/21/2012	4,900	4,900(4)(25)	
Garden Fresh Restaurant Corp.	Restaurant owner and operator	First lien senior secured revolving loan		10/3/2013		(2)(27)	
		First lien senior secured loan (\$43,367 par due 7/2018)	10.00% (Libor + 8.50%/M)	10/3/2013	43,367	43,367(2)(25)	
					43,367	43,367	
Hojeij Branded Foods, Inc.	Airport restaurant operator	First lien senior secured revolving loan (\$450 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	450	450(2)(25)(28)	
		First lien senior secured loan (\$27,500 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	27,074	27,500(2)(25)	
		Warrants to purchase up to 7.5% of membership interest		2/15/2012		344(2)	
				2/15/2012	669	4,965(2)	

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Warrants to purchase
up to 324 shares of
Class A common stock

28,193 33,259

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Orion Foods, LLC (fka Hot Stuff Foods, LLC)(7)	Convenience food service retailer	First lien senior secured revolving loan (\$400 par due 9/2014)	10.75% (Base Rate + 7.50%/M)	4/1/2010	400	400(2)(25)	
		First lien senior secured loan (\$32,698 par due 9/2014)	10.00% (Libor + 8.50%/Q)	4/1/2010	32,698	32,698(2)(25)	
		Second lien senior secured loan (\$19,129 par due 9/2014)	14.00%	4/1/2010	733	4,147(2)	
		Preferred units (10,000 units)		10/28/2010			(2)
		Class A common units (25,001 units)		4/1/2010			(2)
		Class B common units (1,122,452 units)		4/1/2010			(2)
							33,831
OTG Management, LLC	Airport restaurant operator	First lien senior secured loan (\$6,250 par due 12/2017)	8.75% (Libor + 7.25%/Q)	1/2/2014	6,250	6,250(2)(25)	
		First lien senior secured loan (\$25,000 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	25,000	25,000(2)(25)	
		First lien senior secured loan (\$11,325 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	11,325	11,325(2)(25)	
		Common units (3,000,000 units)		1/5/2011	3,000	2,120(2)	
		Warrants to purchase up to 7.73% of common units		6/19/2008	100	4,229(2)	
					45,675	48,924	
Performance Food Group, Inc. and Wellspring Distribution Corp	Food service distributor	Second lien senior secured loan (\$39,525 par due 11/2019)	6.25% (Libor + 5.25%/Q)	5/14/2013	39,351	39,675(2)(25)	
		Class A non-voting common stock (1,366,120 shares)		5/3/2008	6,303	6,621(2)	
					45,654	46,296	
PMI Holdings, Inc.	Restaurant owner and operator	Preferred stock (46,025 shares)		12/13/2013	378	624	
		Common stock (22,401 shares)		12/13/2013	687	870	
					1,065	1,494	
Restaurant Holding Company, LLC	Fast food restaurant operator	First lien senior secured loan (\$37,500 par due 2/2019)	8.75% (Libor + 7.75%/M)	3/13/2014	37,130	37,500(2)(25)	
S.B. Restaurant Company				4/1/2010		(2)	

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Restaurant owner and operator	Preferred stock (46,690 shares) Warrants to purchase up to 257,429 shares of common stock	4/1/2010	(2)
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293,112	309,410	6.31%
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Manufacturing Cambrios Technologies Corporation	Nanotechnology-based solutions for electronic devices and computers	First lien senior secured loan (\$2,576 par due 8/2015)	12.00%	8/7/2012	2,576	2,576(2)	
		Warrants to purchase up to 400,000 shares of Series D-4 convertible preferred stock		8/7/2012		6(2)	
					2,576	2,582	
Component Hardware Group, Inc.	Commercial equipment	First lien senior secured revolving loan (\$187 par due 7/2019)	6.75% (Base Rate + 3.50%/Q)	7/1/2013	187	187(2)(25)	
		First lien senior secured loan (\$23,583 par due 7/2019)	5.50% (Libor + 4.50%/M)	7/1/2013	23,583	23,583(2)(25)	
					23,770	23,770	
Harvey Tool Company, LLC and Harvey Tool Holding, LLC	Cutting tool provider to the metalworking industry	First lien senior secured revolving facility (\$198 par due 3/2019)	5.75% (Libor + 4.75%/Q)	3/28/2014	198	198(2)(25)	
		First lien senior secured loan (\$25,000 par due 3/2020)	5.75% (Libor + 4.75%/Q)	3/28/2014	25,000	25,000(2)(25)	
		Class A membership units (750 units)		3/28/2014	750	750(2)	
					25,948	25,948	
Mac Lean-Fogg Company	Provider of intelligent transportation systems products in the traffic and rail industries	Senior subordinated loan (\$100,621 par due 10/2023)	9.50% Cash, 1.50% PIK	10/31/2013	100,621	100,621(2)	
MWI Holdings, Inc.	Engineered springs, fasteners, and other precision components	First lien senior secured loan (\$38,274 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	38,274	38,274(2)(25)	
		First lien senior secured loan (\$10,000 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	10,000	10,000(4)(25)	
					48,274	48,274	
NetShape Technologies, Inc.	Metal precision engineered components	First lien senior secured revolving loan (\$784 par due 12/2014)	7.50% (Libor + 6.50%/Q)	4/1/2010	784	784(2)(25)	
Pelican Products, Inc.	Flashlights	First lien senior secured loan (\$2,311 par due 7/2018)	7.25% (Base Rate + 4.00%/Q)	7/13/2012	2,311	2,311(4)(25)	
		Second lien senior secured loan (\$32,000 par due 6/2019)	12.25% (Base Rate + 9.00%/Q)	7/13/2012	32,000	32,640(2)(25)	

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					34,311	34,951
Protective Industries, Inc. dba Caplugs	Plastic protection products	First lien senior secured loan (\$995 par due 10/2019) Preferred stock (2,379,361 shares)	6.75% (Libor + 5.75%/M)	11/30/2012	995	995(2)(25)
				5/23/2011	1,298	5,601(2)
					2,293	6,596
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Saw Mill PCG Partners LLC	Metal precision engineered components manufacturer	Common units (1,000 units)		1/30/2007	1,000	(2)	
SSH Environmental Industries, Inc. and SSH Non-Destructive Testing, Inc.	Magnetic sensors and supporting sensor products	First lien senior secured loan (\$10,568 par due 12/2016)	9.00% (Libor + 7.50%/Q)	3/23/2012	10,436	10,568(2)(25)	
TPTM Merger Corp.	Time temperature indicator products	First lien senior secured loan (\$25,870 par due 9/2018)	6.25% (Libor + 5.25%/Q)	9/12/2013	25,870	25,870(2)(25)	
					275,883	279,964	5.72%
Containers Packaging							
ICSH, Inc.	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan		8/31/2011		(2)(27)	
		First lien senior secured loan (\$27,670 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	27,706	27,670(2)(25)	
		First lien senior secured loan (\$61,358 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	61,358	61,358(3)(25)	
		First lien senior secured loan (\$14,680 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	14,680	14,680(4)(25)	
					103,744	103,708	
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$142,500 par due 12/2018)	8.50% (Libor + 7.50%/Q)	12/14/2012	142,500	142,500(2)(25)	
		Common stock (50,000 shares)		12/14/2012	5,000	7,650(2)	
					147,500	150,150	
Pregis Corporation, Pregis Intellipack Corp., and Pregis Innovative Packaging Inc.	Provider of a broad range of highly-customized, tailored protective packaging solutions	First lien senior secured loan (\$970 par due 3/2017)	7.75% (Libor + 6.25%/M)	4/25/2012	970	970(2)(25)	
		First lien senior secured loan (\$5 par due 3/2017)	8.50% (Base Rate + 5.25%/Q)	4/25/2012	5	5(2)(25)	
					975	975	

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					252,219	254,833	5.20%
Automotive Services							
Driven Brands, Inc. and Driven Holdings, LLC	Automotive aftermarket car care franchisor	First lien senior secured loan (\$980 par due 3/2017)	6.00% (Libor + 5.00%/Q)	12/16/2011	980	980(2)(25)	
		First lien senior secured loan (\$20 par due 3/2017)	7.25% (Base Rate + 4.00%/Q)	12/16/2011	20	20(2)(25)	
		Preferred stock (247,500 units)		12/16/2011	2,475	2,910(2)	
		Common stock (25,000 units)		12/16/2011	25	1,376(2)	
					3,500	5,286	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Eckler Industries, Inc.	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$4,200 par due 7/2017)	8.25% (Base Rate + 5.00%/Q)	7/12/2012	4,200	4,200(2)(25)	
		First lien senior secured loan (\$296 par due 7/2017)	8.25% (Base Rate + 5.00%/M)	7/12/2012	296	296(2)(25)	
		First lien senior secured loan (\$7,826 par due 7/2017)	7.25% (Libor + 6.00%/S)	7/12/2012	7,826	7,826(2)(25)	
		First lien senior secured loan (\$30,448 par due 7/2017)	7.25% (Libor + 6.00%/Q)	7/12/2012	30,448	30,448(3)(25)	
		Series A preferred stock (1,800 shares)		7/12/2012	1,800	1,870(2)	
		Common stock (20,000 shares)			200	(2)	
						44,770	44,640
EcoMotors, Inc.	Engine developer	First lien senior secured loan (\$5,000 par due 10/2016)	10.83%	12/28/2012	4,878	5,000(2)	
		First lien senior secured loan (\$5,000 par due 6/2017)	10.83%	12/28/2012	4,862	5,000(2)	
		First lien senior secured loan (\$4,458 par due 7/2016)	10.13%	12/28/2012	4,367	4,458(2)	
		Warrant to purchase up to 321,888 shares of Series C Preferred Stock		12/28/2012		43(2)	
						14,107	14,501
Service King Paint & Body, LLC	Collision repair site operators	First lien senior secured loan (\$13,968 par due 8/2017)	4.00% (Libor + 3.00%/Q)	8/20/2012	13,968	13,968(2)(25)	
		First lien senior secured loan (\$119,033 par due 8/2017)	6.00% (Libor + 5.00%/Q)	8/20/2012	119,033	119,033(2)(16)(25)	
		First lien senior secured loan (\$10,000 par due 8/2017)	6.00% (Libor + 5.00%/Q)	8/20/2012	10,000	10,000(3)(16)(25)	
		First lien senior secured loan (\$9,593 par due 8/2017)	4.00% (Libor + 3.00%/Q)	8/20/2012	9,593	9,593(4)(25)	
		Membership interest		8/20/2012	5,000	7,140(2)	
						157,594	159,734
					219,971	224,161	4.58%

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Retail

Fulton Holdings Corp.	Airport restaurant operator	First lien senior secured loan (\$43,000 par due 5/2018)	8.50%	5/10/2013	43,000	43,000(2)(12)
		First lien senior secured loan (\$40,000 par due 5/2018)	8.50%	5/28/2010	40,000	40,000(3)(12)
		Common stock (19,672 shares)		5/28/2010	1,461	2,020(2)
					84,461	85,020

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Paper Source, Inc. and Pine Holdings, Inc.	Retailer of fine and artisanal papers, gifts, gift wrap, greeting cards and envelopes	First lien senior secured loan (\$8,930 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/23/2013	8,930	8,930(2)(25)	
		First lien senior secured loan (\$9,975 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/23/2013	9,975	9,975(4)(25)	
		Class A common stock (36,364 shares)		9/23/2013	6,000	7,205(2)	
					24,905	26,110	
Things Remembered Inc. and TRM Holdings Corporation	Personalized gifts retailer	First lien senior secured loan (\$14,775 par due 5/2018)	8.00% (Libor + 6.50%/Q)	5/24/2012	14,775	14,775(4)(25)	
					124,141	125,905	2.57%
Chemicals							
Argotec, LLC	Thermoplastic polyurethane films	First lien senior secured revolving loan (\$1,000 par due 5/2018)	7.00% (Base Rate + 3.75%/M)	5/31/2013	1,000	1,000(2)(25)	
		First lien senior secured loan (\$74 par due 5/2019)	7.00% (Base Rate + 3.75%/Q)	5/31/2013	74	74(2)(25)	
		First lien senior secured loan (\$5,714 par due 5/2019)	5.75% (Libor + 4.75%/M)	5/31/2013	5,714	5,714(2)(25)	
					6,788	6,788	
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	First lien senior secured loan (\$17,685 par due 5/2018)	6.75% (Libor + 5.50%/Q)	12/13/2013	18,180	17,773(25)	
K2 Pure Solutions Nocal, L.P.	Chemical Producer	First lien senior secured revolving loan (\$2,256 par due 8/2019)	8.13% (Libor + 7.13%/M)	8/19/2013	2,256	2,211(2)(25)	
		First lien senior secured loan (\$21,500 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	21,500	21,070(2)(25)	
		First lien senior secured loan (\$40,000 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	40,000	39,200(3)(25)	
		First lien senior secured loan (\$20,000 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	20,000	19,600(4)(25)	
					83,756	82,081	
					108,724	106,642	2.18%

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Aerospace and Defense

Cadence Aerospace, LLC (fka PRV Aerospace, LLC)	Aerospace precision components manufacturer	First lien senior secured loan (\$4,447 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	4,415	4,447(4)(25)
		Second lien senior secured loan (\$79,657 par due 5/2019)	10.50% (Libor + 9.25%/Q)	5/10/2012	79,657	77,267(2)(25)
					84,072	81,714
ILC Industries, LLC	Designer and manufacturer of protective cases and technically advanced lighting systems	First lien senior secured loan (\$18,582 par due 7/2018)	8.00% (Libor + 6.50%/Q)	7/13/2012	18,298	18,582(4)(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Senior preferred stock (775 shares)	8.00% PIK	1/17/2008	113	112(2)	
		Common stock (1,885,195 shares)		1/17/2008	2,291	1,961(2)	
					2,404	2,073	
					104,774	102,369	2.09%
Commercial Real Estate Finance							
10th Street, LLC and New 10th Street, LLC(7)	Real estate holding company	First lien senior secured loan (\$24,895 par due 11/2019)	7.00% Cash, 1.00% PIK	3/31/2014	24,895	24,895(2)	
		Senior subordinated loan (\$26,520 par due 11/2019)	7.00% Cash, 1.00% PIK	4/1/2010	26,520	26,520(2)	
		Member interest (10.00% interest)		4/1/2010	594	7,100	
		Option (25,000 units)		4/1/2010	25	25	
					52,034	58,540	
American Commercial Coatings, Inc.	Real estate property	Commercial mortgage loan (\$2,178 par due 12/2025)	8.75% (Libor + 7.25%/Q)	4/1/2010	636	1,350(25)	
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010	1,026	3,936	
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010			
Crescent Hotels & Resorts, LLC and affiliates(7)	Hotel operator	Senior subordinated loan (\$2,236 par due 9/2011)		4/1/2010		(2)(24)	
		Senior subordinated loan (\$2,092 par due 6/2017)		4/1/2010		(2)(24)	
		Common equity interest		4/1/2010			
NPH, Inc.	Hotel property	Real estate equity interests		4/1/2010	5,291	5,577	
					58,987	69,403	1.42%

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Printing, Publishing and Media

Batanga, Inc.	Independent digital media company	First lien senior secured revolving loan (\$3,750 par due 4/2014)	8.50%	10/31/2012	3,750	3,750(2)(23)
		First lien senior secured loan (\$4,513 par due 11/2016)	9.60%	10/31/2012	4,513	4,607(2)(23)
		First lien senior secured loan (\$4,500 par due 9/2017)	9.60%	10/31/2012	4,500	4,500(2)(23)
					12,763	12,857
Earthcolor Group, LLC	Printing management services	Limited liability company interests (9.30%)		5/18/2012		
Encompass Digital Media, Inc.	Provider of outsourced network origination and transmission services for media companies	First lien senior secured loan (\$19,602 par due 8/2017)	6.75% (Libor + 5.50%/Q)	12/13/2013	20,142	19,798(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	First lien senior secured loan (\$20,778 par due 3/2017)	9.00% (Libor + 7.50%/Q)	3/16/2011	20,778	20,363(2)(25)	
		First lien senior secured loan (\$9,650 par due 3/2017)	9.00% (Libor + 7.50%/Q)	3/16/2011	9,650	9,457(4)(25)	
		Preferred stock (10,663 shares)		9/29/2006	1,066	2,918(2)	
		Common stock (15,393 shares)		9/29/2006	3	7(2)	
						31,497	32,745
					64,402	65,400	1.34%
Oil and Gas							
Geotrace Technologies, Inc.	Reservoir processing and development	Warrants to purchase up to 69,978 shares of common stock		4/1/2010	88	(2)	
		Warrants to purchase up to 210,453 shares of preferred stock		4/1/2010	2,805	638(2)	
					2,893	638	
UL Holding Co., LLC and Universal Lubricants, LLC(6)	Petroleum product manufacturer	Second lien senior secured loan (\$48,337 par due 12/2014)		4/30/2012	44,861	34,957(2)(24)	
		Second lien senior secured loan (\$5,092 par due 12/2014)		4/30/2012	4,755	3,683(2)(24)	
		Second lien senior secured loan (\$5,056 par due 12/2014)		4/30/2012	4,668	3,657(2)(24)	
		Class A common units (151,236 units)		6/17/2011	1,512	(2)	
		Class B-5 common units (599,200 units)		6/17/2011	5,472	(2)	
		Class B-4 common units (50,000 units)		4/25/2008	500	(2)	
		Class C common units (758,546 units)		4/25/2008		(2)	
							61,768
					64,661	42,935	0.88%
Transportation							
PODS Funding Corp. II				3/12/2014	4,103	4,103(25)	

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Storage and warehousing	First lien senior secured loan (\$4,103 par due 12/2018)	8.25% (Base Rate + 5.00%/Q)				
	First lien senior secured loan (\$35,763 par due 12/2018)	7.00% (Libor + 6.00%/Q)	12/19/2013	35,763	35,763(25)	

39,866 39,866

United Road Towing, Inc. Towing company Warrants to purchase up to 607 shares 4/1/2010

39,866 39,866 0.81%

Health Clubs

Athletic Club Holdings, Inc.	Premier health club operator	First lien senior secured loan (\$34,000 par due 3/2019)	7.25% (Libor + 6.00%/M)	10/11/2007	34,000	34,000(2)(13)(25)
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CFW Co-Invest, L.P. and NCP Curves, L.P.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4,152	2,964(2)	
		Limited partnership interest (2,218,235 shares)		7/31/2012	2,218	1,583(2)(8)	
					6,370	4,547	
					40,370	38,547	0.79%
Telecommunications							
American Broadband Communications, LLC, American Broadband Holding Company, and Cameron Holdings of NC, Inc.	Broadband communication services	Warrants to purchase up to 378 shares		11/7/2007		6,402	
		Warrants to purchase up to 200 shares		9/1/2010		3,388	
						9,790	
EUNetworks Group Limited(8)	Broadband bandwidth infrastructure provider	First lien senior secured loan (\$14,925 par due 5/2019)	7.50% (Libor + 6.50%/Q)	12/13/2013	21,110	21,177(25)	
Quantance, Inc.	Designer of semiconductor products to the mobile wireless market	First lien senior secured loan (\$3,500 par due 9/2016)	10.25%	8/23/2013	3,410	3,500(2)	
		Warrant to purchase up to 130,432 shares of Series D Preferred Stock		8/23/2013	74	74(2)	
					3,484	3,574	
Startec Equity, LLC(7)	Communication services	Member interest		4/1/2010		191	
Wilcon Holdings LLC	Communications infrastructure provider (data center/fiber market)	Class A common stock (2,000,000 shares)		12/13/2013	1,829	1,561	
					26,423	36,293	0.74%

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Environmental Services

Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products	First lien senior secured loan (\$1,470 par due 10/2016)	9.26%	3/28/2013	1,415	1,470(2)	
		Warrant to purchase 322,422 shares of Series D preferred stock		3/28/2013		6(2)	
					1,415	1,476	
RE Community Holdings II, Inc. and Pegasus Community Energy, LLC.	Operator of municipal recycling facilities	Preferred stock (1,000 shares)		3/1/2011	8,839	(2)	
Waste Pro USA, Inc	Waste management services	Preferred Class A common equity (611,615 shares)		11/9/2006	12,263	28,818(2)	
					22,517	30,294	0.62%

Food and Beverage

Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior units (50,000 units)		10/5/2007	5,000	5,817	
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated loan (\$2,992 par due 6/2015)	17.50% PIK	2/6/2008	2,992	2,992(2)	
		Preferred stock (6,258 shares)		9/1/2006	2,567	2,448(2)	
					5,559	5,440	
Distant Lands Trading Co.	Coffee manufacturer	Class A common stock (1,294 shares)		4/1/2010	980	(2)	
		Class A-1 common stock (2,157 shares)		4/1/2010		(2)	
					980		
					11,539	11,257	0.23%
Wholesale Distribution							
BECO Holding Company, Inc.	Wholesale distributor of first response fire protection equipment and related parts	Common stock (25,000 shares)		7/30/2010	2,500	3,254(2)	
					2,500	3,254	0.07%
					\$ 7,711,474	\$ 7,799,596	159.22%

- (1) Other than the Company's investments listed in footnote 7 below (subject to the limitations set forth therein), the Company does not "Control" any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, the Company would "Control" a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of March 31, 2014 represented 159% of the Company's net assets or 95% of the Company's total assets, are subject to legal restrictions on sales.
- (2) These assets are pledged as collateral for the Revolving Credit Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).
- (3) These assets are owned by the Company's consolidated subsidiary Ares Capital CP Funding LLC ("Ares Capital CP"), are pledged as collateral for the Revolving Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).

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- (4) These assets are owned by the Company's consolidated subsidiary Ares Capital JB Funding LLC ("ACJB"), are pledged as collateral for the SMBC Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).
- (5) Investments without an interest rate are non-income producing.
- (6) As defined in the Investment Company Act, the Company is deemed to be an "Affiliated Person" of a portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the three months ended March 31, 2014 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

Company	Purchase (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
Apple & Eve, LLC and US Juice Partners, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 613
Campus Management Corp. and Campus Management Acquisition Corp	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,536
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.	\$	\$ 768	\$ 5,000	\$ 1,108	\$	\$ 83	\$ 131	\$	\$ 1,226
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	\$ 27,250	\$	\$	\$ 107	\$ 590	\$	\$ 9	\$	\$
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC	\$ 144	\$	\$	\$	\$	\$	\$ 8	\$	\$ 504
The Dwyer Group	\$ 14,418	\$ 1,583	\$	\$ 1,038	\$ 60	\$ 2,186	\$ 179	\$	\$ (2,028)
ELC Acquisition Corp. and ELC Holdings Corporation	\$	\$	\$	\$	\$	\$ 347	\$	\$	\$ (218)
Insight Pharmaceuticals Corporation	\$	\$	\$	\$ 647	\$	\$	\$	\$	\$ 6,948
Investor Group Services, LLC	\$	\$	\$	\$	\$	\$ 56	\$	\$	\$ (3)
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$ 424
Pillar Processing LLC and PHL Holding Co.	\$	\$ 1,004	\$	\$	\$	\$	\$	\$	\$ (172)
Soteria Imaging Services, LLC	\$	\$	\$	\$	\$	\$	\$	\$ 38	\$
VSS-Tranzact Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,440
UL Holding Co., LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 649

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(7)

As defined in the Investment Company Act, the Company is deemed to be both an "Affiliated Person" and "Control" this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the three months ended March 31, 2014 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

Company	Purchases	Redemption (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC and New 10th Street, LLC]	\$ 24,895	\$	\$	\$ 868	\$ 455	\$	\$	\$	\$ (158)
AllBridge Financial, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 396
Callidus Capital Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$ 17
Ciena Capital LLC	\$	\$	\$	\$ 990	\$	\$	\$	\$	\$ 2,043
Citipostal, Inc.	\$	\$ 2,691	\$	\$ 49	\$	\$	\$ 6	\$	\$ 1,690
HCI Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 78
Hot Light Brands, Inc.	\$	\$ 90	\$	\$	\$	\$	\$	\$ 144	\$ (163)
Ivy Hill Asset Management, L.P.	\$	\$	\$	\$	\$	\$ 20,000	\$	\$	\$ (15,412)
Orion Foods, LLC	\$ 400	\$ 27,530	\$	\$ 1,236	\$	\$	\$ 205	\$ 1,624	\$ 1,633
Senior Secured Loan Fund LLC*	\$ 87,508	\$ 17,933	\$	\$ 67,700	\$ 5,470	\$	\$ 6,985	\$	\$ 1,044
Startec Equity, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 191
The Thymes, LLC	\$	\$	\$ 840	\$	\$	\$	\$ 78	\$	\$ 1,227

*

Together with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE"), the Company co-invests through the Senior Secured Loan Fund LLC d/b/a the "Senior Secured Loan Program" (the "SSLP"). The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required); therefore, although the Company owns more than 25% of the voting securities of the SSLP, the Company does not believe that it has control over the SSLP (for purposes of the Investment Company Act or otherwise) because, among other things, these "voting securities" do not afford the Company the right to elect directors of the SSLP or any other special rights (see Note 4 to the consolidated financial statements).

(8)

Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(9)

Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(10)

In the first quarter of 2011, the staff of the Securities and Exchange Commission (the "Staff") informally communicated to certain business development companies the Staff's belief that certain entities, which would be classified as an "investment company" under the Investment Company Act but for the exception from the definition of "investment company" set forth in Rule 3a-7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) under the Investment Company Act) (i.e., not eligible to be included in a BDC's 70% "qualifying assets" basket). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the "Concept Release") which stated that "[a]s a general matter, the Commission presently does not believe that Rule 3a-7 issuers are the type of small, developing and financially troubled businesses in which the U.S. Congress intended BDCs primarily to invest" and requested comment on whether or not a 3a-7 issuer should be considered an "eligible portfolio company". The Company provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a BDC to treat as "eligible portfolio companies" entities that rely on the 3a-7 exception. However, given the current uncertainty in this area (including the language in the Concept Release) and subsequent discussions with the Staff, the Company has, solely for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified such entities, which include the SSLP, as "non-qualifying assets" should the Staff ultimately disagree with the Company's position.

(11)

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Variable rate loans to the Company's 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 annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the interest rate in effect on the date presented.

(12)

In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 6.00% on \$12 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(13)

In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on \$15 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(14)

In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.25% on \$58 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(15)

In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.13% on \$17 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(16)

In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.75% on \$115 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into

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"first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

- (17) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.13% on \$55 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (18) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$27 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (19) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.75% on \$25 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (20) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.00% on \$22 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (21) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 0.75% on \$45 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (22) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$72 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (23) The Company is entitled to receive a fixed fee upon the occurrence of certain events as defined in the credit agreement governing the Company's debt investment in the portfolio company. The fair value of such fee is included in the fair value of the debt investment.
- (24) Loan was on non-accrual status as of March 31, 2014.
- (25) Loan includes interest rate floor feature.
- (26) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SSLP's loan portfolio, which may result in a return to the Company greater than the contractual stated interest rate.
- (27) As of March 31, 2014, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (28) As of March 31, 2014, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (29) As of March 31, 2014, no amounts were funded by the Company under this letter of credit facility; however, there were letters of credit issued and outstanding through a financial intermediary under the letter of credit facility. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2013
(dollar amounts in thousands)

Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Investment Funds and Vehicles							
CIC Flex, LP(9)	Investment partnership	Limited partnership units (0.94 units)		9/7/2007	\$ 867	\$ 2,851(2)	
Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	826	1,177(2)	
Dynamic India Fund IV, LLC(9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	3,285	
HCI Equity, LLC(7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	112	334	
Imperial Capital Private Opportunities, LP(9)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	3,315	10,231(2)	
Partnership Capital Growth Fund I, L.P.(9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	1,411	3,939(2)	
Partnership Capital Growth Investors III, L.P.(9)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2,804	2,588(2)	
Piper Jaffray Merchant Banking Fund I, L.P.(9)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	632	563(2)	
Senior Secured Loan Fund LLC(7)(10)	Co-investment vehicle	Subordinated certificates (\$1,745,192 par due 12/2024) Membership interest (87.50% interest)	8.24% (Libor + 8.00%/Q)(26)	10/30/2009 10/30/2009	1,745,192	1,771,369	
					1,745,192	1,771,369	
VSC Investors LLC(9)	Investment company	Membership interest (1.95% interest)		1/24/2008	745	1,211(2)	
					1,760,726	1,797,548	36.65%
Healthcare Services							
Alegeus Technologies Holdings Corp.	Benefits administration and transaction processing provider	Preferred stock (2,997 shares)		12/13/2013	3,087	3,087	
				12/13/2013	3	3	

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Common stock (3 shares)

				3,090	3,090	
ATI Physical Therapy Holdings, LLC	Outpatient rehabilitation services provider	Class C common stock (51,005 shares)		12/13/2013	53	53
AxelaCare Holdings, Inc. and AxelaCare Investment Holdings, L.P.	Provider of home infusion services	First lien senior secured loan (\$4,458 par due 4/2019)	5.75% (Libor + 4.50%/Q)	4/12/2013	4,458	4,458(2)(25)
		Preferred units (8,218,160 units)		4/12/2013	822	855(2)
		Common units (83,010 units)		4/12/2013	8	9(2)
					5,288	5,322
California Forensic Medical Group, Incorporated	Correctional facility healthcare operator	First lien senior secured loan (\$53,640 par due 11/2018)	9.25% (Libor + 8.00%/Q)	11/16/2012	53,640	53,640(3)(25)
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,546(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC(6)	Healthcare analysis services provider	Class A common stock (9,679 shares)		6/15/2007	2,543	4,014(2)	
		Class C common stock (1,546 shares)		6/15/2007		641(2)	
					2,543	4,655	
Dialysis Newco, Inc.	Dialysis provider	First lien senior secured loan (\$15,509 par due 8/2020)	5.25% (Libor + 4.25%/Q)	8/16/2013	15,509	15,509(2)(25)	
		Second lien senior secured loan (\$56,500 par due 2/2021)	9.75% (Libor + 8.50%/Q)	8/16/2013	56,500	56,500(2)(25)	
					72,009	72,009	
Genocea Biosciences, Inc.	Vaccine discovery technology company	First lien senior secured loan (\$10,000 par due 4/2017)	8.00%	9/30/2013	9,805	10,000(2)	
		Warrant to purchase up to 689,655 shares of Series C convertible preferred stock		9/30/2013		(2)	
					9,805	10,000	
GI Advo Opco, LLC	Residential behavioral treatment services provider	First lien senior secured loan (\$15,005 par due 6/2017)	6.00% (Libor + 4.75%/Q)	12/13/2013	15,448	15,455(25)	
		First lien senior secured loan (\$13 par due 6/2017)	7.00% (Base Rate + 3.75%/Q)	12/13/2013	13	13(25)	
					15,461	15,468	
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,758(2)	
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	Second lien senior secured loan (\$112,000 par due 6/2019)	10.25% (Libor + 9.00%/Q)	12/27/2012	112,000	112,000(2)(25)	
JHP Group Holdings, Inc.	Manufacturer of speciality pharmaceutical products	Series A preferred stock (1,000,000 shares)	6.00% PIK	2/19/2013	272	2,673(2)	
LM Acquisition Holdings, LLC(8)	Developer and manufacturer of medical equipment	Class A units (426 units)		9/27/2013	1,000	1,195(2)	

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Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	First lien senior secured loan (\$134,115 par due 3/2018)	9.00% (Libor + 8.00%/Q)	9/15/2010	134,721	135,457(2)(25)
		First lien senior secured loan (\$56,134 par due 3/2018)	9.00% (Libor + 8.00%/Q)	9/15/2010	56,134	56,695(3)(25)
		First lien senior secured loan (\$4,668 par due 3/2018)	9.00% (Libor + 8.00%/Q)	3/6/2012	4,668	4,715(4)(25)
					195,523	196,867
Monte Nido Holdings, LLC	Outpatient eating disorder treatment provider	First lien senior secured loan (\$44,750 par due 12/2019)	7.75% (Libor + 6.75%/Q)	12/20/2013	44,750	44,750(2)(19)(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
MW Dental Holding Corp.	Dental services provider	First lien senior secured revolving loan (\$4,500 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	4,500	4,500(2)(25)	
		First lien senior secured loan (\$12,582 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	12,582	12,582(2)(25)	
		First lien senior secured loan (\$12,460 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	12,460	12,460(2)(25)	
		First lien senior secured loan (\$48,757 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	48,757	48,757(3)(25)	
		First lien senior secured loan (\$9,800 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	9,800	9,800(4)(25)	
							88,099
Napa Management Services Corporation	Anesthesia management services provider	First lien senior secured loan (\$23,496 par due 4/2018)	6.50% (Libor + 5.25%/Q)	4/15/2011	23,496	23,496(2)(25)	
		First lien senior secured loan (\$33,266 par due 4/2018)	6.50% (Libor + 5.25%/Q)	4/15/2011	33,203	33,266(3)(25)	
		Common units (5,000 units)		4/15/2011	5,000	8,896(2)	
					61,699	65,658	
National Healing Corporation and National Healing Holding Corp.	Wound care service and equipment provider	Second lien senior secured loan (\$10,000 par due 2/2020)	9.25% (Libor + 8.00%/S)	12/13/2013	10,297	10,301(25)	
		Preferred stock (869,565 shares)		12/13/2013	1,296	1,296	
					11,593	11,597	
Netsmart Technologies, Inc. and NS Holdings, Inc.	Healthcare technology provider	First lien senior secured loan (\$2,833 par due 12/2017)	7.25% (Libor + 6.00%/Q)	12/18/2012	2,833	2,833(2)(17)(25)	
		First lien senior secured loan (\$36,259 par due 12/2017)	7.25% (Libor + 6.00%/Q)	12/18/2012	36,259	36,259(2)(17)(25)	
		Common stock (2,500,000 shares)		6/21/2010	2,500	2,710(2)	
					41,592	41,802	
New Trident Holdcorp, Inc.	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan (\$80,000 par due 7/2020)	10.25% (Libor + 9.00%/Q)	8/6/2013	78,465	80,000(2)(25)	
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	Provider of technology-enabled solutions to pharmacies	First lien senior secured loan (\$21,000 par due 11/2018)	8.50% (Libor + 7.50%/Q)	11/21/2013	21,000	21,000(2)(25)	

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Limited liability company membership interest (1.57% interest)	11/21/2013	1,000	1,000(2)
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22,000 22,000

PerfectServe, Inc.	Communications software platform provider for hospitals and physician practices	First lien senior secured loan (\$3,500 par due 4/2017)	10.00%	12/26/2013	3,465	3,500
		Warrants to purchase up to 34,113 units of Series C preferred stock		12/26/2013		50
					3,465	3,550

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
PG Mergersub, Inc. and PGA Holdings, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Second lien senior secured loan (\$2,368 par due 10/2018)	8.25% (Libor + 7.00%/Q)	4/19/2012	2,439	2,376(25)	
		Second lien senior secured loan (\$21,316 par due 10/2018)	8.25% (Libor + 7.00%/Q)	4/19/2012	21,316	21,380(2)(25)	
		Preferred stock (333 shares)		3/12/2008	125	16(2)	
		Common stock (16,667 shares)		3/12/2008	167	825(2)	
					24,047	24,597	
Physiotherapy Associates Holdings, Inc.	Outpatient rehabilitation physical therapy provider	Class A common stock (100,000 shares)		12/13/2013	3,090	3,090	
POS I Corp. (fka Vantage Oncology, Inc.)	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	1,375(2)	
RCHP, Inc.	Operator of general acute care hospitals	First lien senior secured loan (\$14,887 par due 11/2018)	7.00% (Libor + 5.75%/Q)	11/4/2011	14,888	14,664(2)(25)	
		First lien senior secured loan (\$60,518 par due 11/2018)	7.00% (Libor + 5.75%/Q)	11/4/2011	60,496	59,611(3)(25)	
		Second lien senior secured loan (\$85,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	85,000	85,000(2)(25)	
						160,384	159,275
Reed Group, Ltd.	Medical disability management services provider	Equity interests		4/1/2010		(2)	
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	First lien senior secured loan (\$3,800 par due 7/2015)	11.00%	6/28/2012	3,787	3,800(2)	
		Warrants to purchase up to 99,094 shares of Series C preferred stock		6/26/2012	38	29(2)	
						3,825	3,829
Sage Products Holdings III, LLC	Patient infection control and preventive care solutions provider	Second lien senior secured loan (\$75,000 par due 6/2020)	9.25% (Libor + 8.00%/Q)	12/13/2012	75,000	75,000(2)(25)	
Sorbent Therapeutics, Inc.	Orally-administered drug developer	First lien senior secured loan (\$6,500 par due 9/2016)	10.25%	4/23/2013	6,500	6,500(2)	

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Warrant to purchase up to 727,272 shares of Series C preferred stock			4/23/2013	25(2)
			6,500	6,525
Soteria Imaging Services, LLC(6)	Outpatient medical imaging provider	Preferred member units (1,823,179 units)	4/1/2010	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
SurgiQuest, Inc.	Medical device company	First lien senior secured loan (\$6,281 par due 10/2017)	10.00%	9/28/2012	6,133	6,281(2)	
		First lien senior secured loan (\$2,000 par due 10/2017)	10.69%	9/28/2012	1,953	2,000(2)	
		Warrants to purchase up to 54,672 shares of Series D-4 convertible preferred stock		9/28/2012			(2)
					8,086	8,281	
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	First lien senior secured loan (\$30,000 par due 12/2019)	6.00% (Libor + 5.00%/Q)	12/31/2013	30,000	30,000(2)(25)	
Young Innovations, Inc.	Dental supplies and equipment manufacturer	First lien senior secured loan (\$9,697 par due 1/2019)	5.75% (Libor + 4.50%/Q)	1/31/2013	9,697	9,697(3)(25)	
		First lien senior secured loan (\$32 par due 1/2019)	6.75% (Base Rate + 3.50%/Q)	1/31/2013	32	32(3)(25)	
		First lien senior secured loan (\$13,304 par due 1/2019)	5.75% (Libor + 4.50%/Q)	1/31/2013	13,304	13,304(4)(25)	
		First lien senior secured loan (\$44 par due 1/2019)	6.75% (Base Rate + 3.50%/Q)	1/31/2013	44	44(4)(25)	
					23,077	23,077	
					1,163,140	1,172,781	23.91%
Business Services							
2329497 Ontario Inc.(8)	Provider of outsourced data center infrastructure and related services	Second lien senior secured loan (\$42,333 par due 6/2019)	10.50% (Libor + 9.25%/M)	12/13/2013	43,551	43,603(25)	
Access CIG, LLC	Records and information management services provider	First lien senior secured loan (\$992 par due 10/2017)	7.00% (Libor + 5.75%/M)	10/5/2012	992	992(2)(25)	
BluePay Processing, Inc.	Technology-enabled payment processing solutions provider	First lien senior secured loan (\$6,000 par due 8/2019)	5.00% (Libor + 4.00%/Q)	8/30/2013	6,000	6,000(2)(25)	
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.(6)	Payroll and accounting services provider to the entertainment industry	First lien senior secured loan (\$18,107 par due 12/2017)	7.25% (Libor + 6.25%/Q)	12/24/2012	18,107	18,107(2)(18)(25)	
				12/24/2012	45,267	45,267(3)(18)(25)	

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		First lien senior secured loan (\$45,267 par due 12/2017)	7.25% (Libor + 6.25%/Q)			
		Class A membership units (2,500,000 units)		12/24/2012	2,500	4,021(2)
		Class B membership units (2,500,000 units)		12/24/2012	2,500	4,021(2)
					68,374	71,416
CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)		12/15/2011	2,500	3,658(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CitiPostal Inc.(7)	Document storage and management services	First lien senior secured revolving loan (\$3,500 par due 12/2014)	6.50% (Libor + 4.50%/M)	4/1/2010	3,500	3,500(2)(25)	
		First lien senior secured loan (\$53,731 par due 12/2014)		4/1/2010	53,731	41,501(2)(24)	
		Senior subordinated loan (\$20,193 par due 12/2015)		4/1/2010	13,038	(2)(24)	
		Common stock (37,024 shares)		4/1/2010			
					70,269	45,001	
Command Alkon, Inc.	Software solutions provider to the ready-mix concrete industry	Second lien senior secured loan (\$10,000 par due 3/2018)	8.75% (Libor + 7.50%/M)	9/28/2012	10,000	10,000(2)(25)	
		Second lien senior secured loan (\$34,000 par due 5/2019)	8.75% (Libor + 7.50%/Q)	9/28/2012	34,000	34,000(2)(25)	
					44,000	44,000	
Coverall North America, Inc.	Commercial janitorial services provider	Letter of credit facility		1/17/2013		(2)(29)	
eCommerce Industries, Inc.	Business critical enterprise resource planning software provider	First lien senior secured loan (\$19,936 par due 10/2016)	8.00% (Libor + 6.75%/Q)	12/13/2013	19,936	20,217(22)(25)	
GHS Interactive Security, LLC and LG Security Holdings, LLC	Originates residential security alarm contracts	First lien senior secured loan (\$2,091 par due 5/2018)	7.50% (Libor + 6.00%/Q)	12/13/2013	2,153	2,153(25)	
		Class A membership units (1,560,000 units)		12/13/2013	1,607	1,607	
					3,760	3,760	
HCPPro, Inc. and HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Senior subordinated loan (\$9,004 par due 8/2014)		3/5/2013	2,692	(2)(24)	
		Class A units (14,293,110 units)		6/26/2008	12,793	(2)	
					15,485		
IfByPhone Inc.	Voice-based marketing automation software provider	First lien senior secured loan (\$1,533 par due 11/2015)	11.00%	10/15/2012	1,490	1,533(2)	
		First lien senior secured loan (\$833 par due 1/2016)	11.00%	10/15/2012	833	833(2)	
				10/15/2012	88	64(2)	

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Warrant to purchase up to 124,300 shares of Series C preferred stock			2,411	2,430
Investor Group Services, LLC(6)	Business consulting for private equity and corporate clients	Limited liability company membership interest (8.5% interest)	6/22/2006	633

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
IronPlanet, Inc.	Online auction platform provider for used heavy equipment	First lien senior secured revolving loan (\$5,000 par due 9/2015)	8.00%	9/24/2013	5,000	5,000(2)	
		First lien senior secured loan (\$7,500 par due 7/2017)	9.25%	9/24/2013	7,155	7,275(2)	
		Warrant to purchase to up to 133,333 shares of Series C preferred stock		9/24/2013	214	246(2)	
					12,369	12,521	
Itel Laboratories, Inc.	Data services provider for building materials to property insurance industry	Preferred units (1,798,391 units)		6/29/2012	1,000	995(2)	
Keynote Systems, Inc. and Hawaii Ultimate Parent Corp., Inc.	Web and mobile cloud performance testing and monitoring services provider	First lien senior secured loan (\$164,587 par due 2/2020)	9.50% (Libor + 8.50%/Q)	8/22/2013	164,587	164,587(2)(25)	
		Class A common stock (2,970 shares)		8/22/2013	2,970	3,429(2)	
		Class B common stock (1,956,522 shares)		8/22/2013	30	35(2)	
					167,587	168,051	
Market Track Holdings, LLC	Business media consulting services company	Preferred stock (1,500 shares)		12/13/2013	1,982	1,982	
		Common stock (15,000 shares)		12/13/2013	1,982	1,982	
					3,964	3,964	
MSC.Software Corporation and Maximus Holdings, LLC	Provider of software simulation tools and related services	First lien senior secured loan (\$42,750 par due 11/2017)	8.50% (Libor + 7.25%/Q)	12/13/2013	44,015	44,033(21)(25)	
		Warrants to purchase up to 1,050,013 shares of common stock		12/13/2013	424	424	
					44,439	44,457	
Multi-Ad Services, Inc.(6)	Marketing services and software provider	Preferred units (1,725,280 units)		4/1/2010	788	1,754	
		Common units (1,725,280 units)		4/1/2010			
					788	1,754	

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MVL Group, Inc.(7)	Marketing research provider	Junior subordinated loan (\$185 par due 7/2012)		4/1/2010		(2)(24)
		Senior subordinated loan (\$33,337 par due 7/2012)		4/1/2010	30,265	2,485(2)(24)
		Common stock (560,716 shares)		4/1/2010		(2)
					30,265	2,485
NComputing, Inc.	Desktop virtualization hardware and software technology service provider	First lien senior secured loan (\$6,500 par due 7/2016)	10.50%	3/20/2013	6,500	6,695(2)
		Warrant to purchase up to 462,726 shares of Series C preferred stock		3/20/2013		56(2)
					6,500	6,751

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Pillar Processing LLC, PHL Investors, Inc., and PHL Holding Co.(6)	Mortgage services	First lien senior secured loan (\$4,658 par due 11/2018)		7/31/2008	3,982	3,321(2)(24)	
		First lien senior secured loan (\$7,375 par due 5/2019)		11/20/2007	5,862	(2)(24)	
		Class A common stock (576 shares)		7/31/2012	3,768	(2)	
					13,612	3,321	
Platform Acquisition, Inc.	Data center and managed cloud services provider	Common stock (48,604 shares)		12/13/2013	7,536	7,536	
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common units (1,972 units)		3/2/2012	1,000	879(2)	
PSSI Holdings, LLC	Provider of mission-critical outsourced cleaning and sanitation services to the food processing industry	First lien senior secured loan (\$1,000 par due 6/2018)	6.00% (Libor + 5.00%/Q)	8/7/2013	1,000	1,000(2)(25)	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	154(2)	
Rainstor, Inc.	Database solutions provider	First lien senior secured loan (\$2,800 par due 4/2016)	11.25%	3/28/2013	2,735	2,800(2)	
		Warrant to purchase up to 142,210 shares of Series C preferred stock		3/28/2013	88	70(2)	
					2,823	2,870	
Summit Business Media Parent Holding Company LLC	Business media consulting services	Limited liability company membership interest (45.98% interest)		5/20/2011		1,458(2)	
TOA Technologies, Inc.	Cloud based, mobile workforce management applications provider	First lien senior secured loan (\$12,567 par due 11/2016)	10.25%	10/31/2012	12,124	12,567(2)	
		Warrant to purchase up to 2,509,770 shares of Series D preferred stock		10/31/2012	605	1,201(2)	
					12,729	13,768	
Tripwire, Inc.	IT security software provider	First lien senior secured loan (\$74,684 par due 5/2018)	7.50% (Libor + 6.25%/Q)	5/23/2011	74,684	74,684(2)(25)	
		First lien senior secured loan (\$10,266 par due 5/2018)	7.50% (Libor + 6.25%/Q)	5/23/2011	10,266	10,266(2)(25)	
				5/23/2011	49,875	49,875(3)(25)	

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First lien senior secured loan (\$49,875 par due 5/2018)	7.50% (Libor + 6.25%/Q)			
First lien senior secured loan (\$9,975 par due 5/2018)	7.50% (Libor + 6.25%/Q)	5/23/2011	9,975	9,975(4)(25)
Class B common stock (2,655,638 shares)		5/23/2011	30	84(2)
Class A common stock (2,970 shares)		5/23/2011	2,970	8,315(2)
			147,800	153,199

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Venturehouse-Ciberneta Investors, LLC	Financial settlement services for intercarrier wireless roaming	Equity interest		4/1/2010		(2)	
VSS-Tranzact Holdings, LLC(6)	Management consulting services	Common membership interest (5.98% interest)		10/26/2007	10,204	5,236	
VTE Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,500,000 units)		12/13/2013	3,862	3,862	
Worldpay (UK) Limited, Worldpay ECommerce Limited, Ship US Bidco, Inc., Ship Investor & Cy S.C.A.(8)	Payment processing company	First lien senior secured loan (\$5,341 par due 10/2017)	6.00% (Libor + 4.75%/Q)	12/13/2013	5,432	5,394(25)	
		Common stock (936,693 shares)		12/13/2013	2,698	2,732	
					8,129	8,126	
X Plus Two Solutions, Inc. and X Plus One Solutions, Inc.	Provider of open and integrated software for digital marketing optimization	First lien senior secured revolving loan (\$8,600 par due 9/2014)	8.50%	4/1/2013	8,600	8,600(2)	
		First lien senior secured loan (\$7,000 par due 3/2017)	10.00%	4/1/2013	6,645	6,860(2)	
		Warrant to purchase up to 999,167 shares of Series C preferred stock		4/1/2013	284	299(2)	
					15,529	15,759	
					768,665	699,856	14.27%
Services Other							
Capital Investments and Ventures Corp.	SCUBA diver training and certification provider	First lien senior secured loan (\$24,512 par due 8/2018)	7.00% (Libor + 5.75%/Q)	8/9/2012	24,512	24,512(3)(25)	
		First lien senior secured loan (\$8,719 par due 8/2018)	7.00% (Libor + 5.75%/Q)	8/9/2012	8,719	8,719(4)(25)	
					33,231	33,231	
				12/10/2010	14,286	14,286(2)(15)(25)	

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Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	First lien senior secured loan (\$14,286 par due 12/2014)	6.25% (Libor + 5.25%/Q)			
		Second lien senior secured loan (\$35,283 par due 12/2015)	15.24% (Libor + 10.00% Cash, 5.00% PIK/Q)	12/10/2010	35,283	34,225(2)
		Second lien senior secured loan (\$10,649 par due 12/2015)	15.26% (Libor + 10.00% Cash, 5.00% PIK/Q)	12/10/2010	10,649	10,330(2)
		Warrants to purchase up to 654,618 shares		12/10/2010		979(2)
				60,218	59,820	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Competitor Group, Inc. and Calera XVI, LLC	Endurance sports media and event operator	First lien senior secured revolving loan (\$2,850 par due 11/2018)	10.00% (Base Rate + 6.75%/Q)	11/30/2012	2,850	2,508(2)(25)	
		First lien senior secured revolving loan (\$900 par due 11/2018)	9.00% (Libor + 7.75%/Q)	11/30/2012	900	792(2)(25)	
		First lien senior secured loan (\$24,380 par due 11/2018)	10.00% (Libor + 7.75% Cash, 1.00% PIK /Q)	11/30/2012	24,380	21,454(2)(25)	
		First lien senior secured loan (\$29,853 par due 11/2018)	10.00% (Libor + 7.75% Cash, 1.00% PIK /Q)	11/30/2012	29,853	26,271(3)(25)	
		Membership units (2,500,000 units)		11/30/2012	2,513	17(2)(9)	
					60,496	51,042	
Fox Hill Holdings, Inc.	Third party claims administrator on behalf of insurance carriers	First lien senior secured loan (\$7,442 par due 6/2018)	6.75% (Libor + 5.75%/Q)	10/31/2013	7,442	7,442(2)(25)	
		First lien senior secured loan (\$39 par due 6/2018)	8.00% (Base Rate + 4.75%/Q)	10/31/2013	39	39(2)(25)	
					7,481	7,481	
ISS #2, LLC	Provider of repairs, refurbishments and services to the broader industrial end user markets	First lien senior secured loan (\$14,950 par due 6/2018)	6.50% (Libor + 5.50%/Q)	6/5/2013	14,950	14,950(2)(25)	
		First lien senior secured loan (\$44,775 par due 6/2018)	6.50% (Libor + 5.50%/Q)	6/5/2013	44,775	44,775(3)(25)	
					59,725	59,725	
Massage Envy, LLC	Franchisor in the massage industry	First lien senior secured loan (\$29,177 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	29,177	29,177(2)(25)	
		First lien senior secured loan (\$49,291 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	49,291	49,291(3)(25)	
		Common stock (3,000,000 shares)		9/27/2012	3,000	3,532(2)	
					81,468	82,000	
McKenzie Sports Products, LLC	Designer, manufacturer and distributor of taxidermy forms and supplies	First lien senior secured loan (\$8,140 par due 3/2017)	5.75% (Libor + 4.75%/M)	3/30/2012	8,140	8,140(2)(25)	
				3/30/2012	9,302	9,302(4)(25)	

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		First lien senior secured loan (\$9,302 par due 3/2017)	5.75% (Libor + 4.75%/M)		17,442	17,442
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$140,000 par due 5/2020)	9.00% (Libor + 7.75%/Q)	5/14/2013	140,000	140,000(2)(25)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
The Dwyer Group(6)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$25,686 par due 6/2018)	12.00% Cash, 1.50% PIK	12/22/2010	25,686	25,686(2)	
		Series A preferred units (13,292,377 units)	8.00% PIK	12/22/2010	6,859	18,650(2)	
					32,545	44,336	
Wash Multifamily Laundry Systems, LLC	Laundry service and equipment provider	Second lien senior secured loan (\$78,000 par due 2/2020)	9.75% (Libor + 8.50%/Q)	6/26/2012	78,000	78,000(2)(25)	
					570,606	573,077	11.69%
Education							
American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured revolving loan (\$2,250 par due 3/2019)	6.00% (Libor + 5.00%/Q)	3/18/2011	2,250	2,250(2)(25)	
		First lien senior secured loan (\$56,236 par due 3/2019)	6.00% (Libor + 5.00%/Q)	3/18/2011	56,236	56,236(3)(25)	
		First lien senior secured loan (\$4,651 par due 3/2019)	6.00% (Libor + 5.00%/Q)	3/18/2011	4,651	4,651(4)(25)	
					63,137	63,137	
Campus Management Corp. and Campus Management Acquisition Corp.(6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	3,337(2)	
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation(6)	Developer, manufacturer and retailer of educational products	Preferred stock (99,492 shares)	12.00% PIK	8/1/2011	10,286	10,286(2)	
		Common stock (50,800 shares)		8/1/2011		1,345(2)	
					10,286	11,631	
Infilaw Holding, LLC	Operator of for-profit law schools	First lien senior secured revolving loan		8/25/2011		(2)(27)	
		First lien senior secured loan (\$1 par due	9.50% (Libor + 8.50%/Q)	8/25/2011	1	1(2)(25)	

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8/2016)					
First lien senior secured loan (\$14,362 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	14,362	14,362(3)(25)	
Series A preferred units (124,890 units)	9.50% (Libor + 8.50%/Q)	8/25/2011	124,890	124,890(2)(25)	
Series B preferred units (3.91 units)		10/19/2012	9,245	11,060(2)	
			148,498	150,313	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan (\$39,459 par due 6/2015)		4/24/2013	39,385	35,514(3)(24)		
		First lien senior secured loan (\$14,774 par due 6/2015)		4/24/2013	14,746	13,297(4)(24)		
		Series B preferred stock (1,750,000 shares)		8/5/2010	5,000	(2)		
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	(2)		
		Common stock (20 shares)		6/7/2010		(2)		
					59,820	48,811		
Lakeland Tours, LLC	Educational travel provider	First lien senior secured revolving loan		10/4/2011		(2)(27)		
		First lien senior secured loan (\$83,140 par due 12/2016)	8.50% (Libor + 7.50%/Q)	10/4/2011	83,067	83,131(2)(14)(25)		
		First lien senior secured loan (\$1,585 par due 12/2016)	5.25% (Libor + 4.25%/Q)	10/4/2011	1,585	1,585(2)(25)		
		First lien senior secured loan (\$40,362 par due 12/2016)	8.50% (Libor + 7.50%/Q)	10/4/2011	40,277	40,362(3)(14)(25)		
		First lien senior secured loan (\$8,297 par due 12/2016)	5.25% (Libor + 4.25%/Q)	10/4/2011	8,280	8,297(3)(25)		
		Common stock (5,000 shares)		10/4/2011	5,000	5,117(2)		
							138,209	138,492
PIH Corporation	Franchisor of education-based early childhood centers	First lien senior secured revolving loan (\$621 par due 6/2016)	7.25% (Libor + 6.25%/M)	12/13/2013	621	621(25)		
		First lien senior secured loan (\$39,062 par due 6/2016)	7.25% (Libor + 6.25%/M)	12/13/2013	39,570	39,594(25)		
					40,191	40,215		
R3 Education, Inc. and EIC Acquisitions Corp.	Medical school operator	Preferred stock (8,800 shares)		7/30/2008	2,200	1,936(2)		
		Common membership interest (26.27% interest)		9/21/2007	15,800	29,584(2)		
		Warrants to purchase up to 27,890 shares		12/8/2009		(2)		
					18,000	31,520		

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RuffaloCODY, LLC	Provider of student fundraising and enrollment management services	First lien senior secured loan (\$634 par due 5/2019)	6.50% (Base Rate + 3.25%/Q)	5/29/2013	634	634(2)(25)	
		First lien senior secured loan (\$24,996 par due 5/2019)	5.50% (Libor + 4.25%/Q)	5/29/2013	24,996	24,996(2)(25)	
					25,630	25,630	
					514,291	513,086	10.46%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Energy Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan (\$3,000 par due 7/2017)	9.62%	12/16/2013	2,721	2,850(2)	
		Warrants to purchase up to 59,524 units of Series B preferred stock		12/16/2013	146	146(2)	
					2,867	2,996	
Brush Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$89,892 par due 8/2020)	6.25% (Libor + 5.25%/Q)	8/1/2013	89,892	89,892(2)(25)	
Centinela Funding, LLC	Solar power generation facility developer and operator	Senior subordinated loan (\$56,000 par due 11/2020)	10.00% (Libor + 8.75%/Q)	11/14/2012	56,000	56,000(2)(25)	
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	First lien senior secured loan (\$7,500 par due 2/2017)	10.00%	7/25/2013	7,433	7,500(2)	
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock		7/25/2013		34(2)(8)	
					7,433	7,534	
La Paloma Generating Company, LLC	Natural gas fired, combined cycle plant operator	Second lien senior secured loan (\$68,000 par due 8/2018)	10.25% (Libor + 8.75%/M)	8/9/2011	67,060	67,320(2)(25)	
Panda Sherman Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$32,500 par due 9/2018)	9.00% (Libor + 7.50%/Q)	9/14/2012	32,500	32,500(2)(25)	
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$20,000 par due 4/2019)	7.25% (Libor + 6.00%/Q)	4/3/2013	19,820	20,000(2)(25)	
Panda Temple Power, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$60,000 par due 7/2018)	11.50% (Libor + 10.00%/Q)	7/17/2012	58,402	60,000(2)(25)	
Sunrun Solar Owner Holdco X, LLC	Residential solar energy provider	First lien senior secured loan (\$59,749 par due 6/2019)	9.50% (Libor + 8.25%/Q)	6/7/2013	59,749	59,749(2)(25)	
Sunrun Solar Owner Holdco XIII, LLC	Residential solar energy provider	First lien senior secured loan (\$19,300 par due 12/2019)	9.50% (Libor + 7.25% Cash, 1.00% PIK /Q)	11/27/2013	19,079	19,300(2)(25)	
					412,802	415,291	8.47%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	Restaurant owner and operator	First lien senior secured loan (\$33,581 par due 12/2018)	10.50% (Base Rate + 7.25%/Q)	11/27/2006	33,581	33,581(2)(20)(25)	
		First lien senior secured loan (\$10,919 par due 12/2018)	10.50% (Base Rate + 7.25%/Q)	11/27/2006	10,922	10,919(3)(20)(25)	
		Promissory note (\$16,558 par due 12/2018)	13.00% PIK	11/27/2006	13,273	15,997(2)	
		Warrants to purchase up to 23,750 units of Series D common stock		12/18/2013	24	(2)	
					57,800	60,497	
Benihana, Inc.	Restaurant owner and operator	First lien senior secured loan (\$4,925 par due 2/2018)	6.75% (Libor + 5.50%/Q)	8/21/2012	4,925	4,925(4)(25)	
Garden Fresh Restaurant Corp.	Restaurant owner and operator	First lien senior secured revolving loan		10/3/2013		(2)(27)	
		First lien senior secured loan (\$43,750 par due 7/2018)	10.00% (Libor + 8.50%/M)	10/3/2013	43,750	43,750(2)(25)	
					43,750	43,750	
Hojiej Branded Foods, Inc.	Airport restaurant operator	First lien senior secured revolving loan (\$450 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	450	450(2)(25)(28)	
		First lien senior secured loan (\$12,500 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	12,500	12,500(2)(25)	
		First lien senior secured loan (\$15,000 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	14,543	15,000(2)(25)	
		Warrants to purchase up to 7.5% of membership interest		2/15/2012		299(2)	
		Warrants to purchase up to 324 shares of Class A common stock		2/15/2012	669	4,307(2)	
					28,162	32,556	
Orion Foods, LLC (fka Hot Stuff Foods, LLC)(7)	Convenience food service retailer	First lien senior secured revolving loan (\$9,500 par due 9/2014)	10.75% (Base Rate + 7.50%/M)	4/1/2010	9,500	9,500(2)(25)	
		First lien senior secured loan (\$33,037 par due 9/2014)	10.00% (Libor + 8.50%/Q)	4/1/2010	33,037	33,037(3)(25)	
		Second lien senior secured loan (\$37,552 par due 9/2014)		4/1/2010	18,423	20,205(2)(24)	
				10/28/2010		(2)	

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Preferred units (10,000 units)		
Class A common units (25,001 units)	4/1/2010	(2)
Class B common units (1,122,452 units)	4/1/2010	(2)

60,960 62,742

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
OTG Management, LLC	Airport restaurant operator	First lien senior secured loan (\$25,000 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	25,000	25,000(2)(25)	
		First lien senior secured loan (\$7,075 par due 12/2017)	8.75% (Libor + 7.25%/Q)	12/11/2012	7,075	7,075(2)(25)	
		Common units (3,000,000 units)		1/5/2011	3,000	3,638(2)	
		Warrants to purchase up to 7.73% of common units		6/19/2008	100	7,257(2)	
					35,175	42,970	
Performance Food Group, Inc. and Wellspring Distribution Corp	Food service distributor	Second lien senior secured loan (\$74,625 par due 11/2019)	6.25% (Libor + 5.25%/Q)	5/14/2013	74,282	74,850(2)(25)	
		Class A non-voting common stock (1,366,120 shares)		5/3/2008	6,303	6,529(2)	
					80,585	81,379	
PMI Holdings, Inc.	Restaurant owner and operator	Preferred stock (46,025 shares)		12/13/2013	687	687	
		Common stock (22,401 shares)		12/13/2013	379	379	
					1,066	1,066	
Restaurant Holding Company, LLC	Fast food restaurant operator	First lien senior secured loan (\$60,125 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/17/2012	59,303	58,922(3)(25)	
		First lien senior secured loan (\$9,250 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/17/2012	9,122	9,065(4)(25)	
					68,425	67,987	
S.B. Restaurant Company	Restaurant owner and operator	Preferred stock (46,690 shares)		4/1/2010		(2)	
		Warrants to purchase up to 257,429 shares of common stock		4/1/2010		(2)	
					380,848	397,872	8.11%

Financial Services

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AllBridge Financial, LLC(7)	Asset management services	Equity interests		4/1/2010	5,077	9,718
Callidus Capital Corporation(7)	Asset management services	Common stock (100 shares)		4/1/2010	3,000	1,713
Ciena Capital LLC(7)	Real estate and small business loan servicer	First lien senior secured revolving loan (\$14,000 par due 12/2014)	6.00%	11/29/2010	14,000	14,000(2)
		First lien senior secured loan (\$26,000 par due 12/2016)	12.00%	11/29/2010	26,000	26,000(2)
		Equity interests		11/29/2010	53,374	10,926(2)
						93,374
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28,000 par due 5/2018)	12.75%	5/10/2012	28,000	28,000(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Cook Inlet Alternative Risk, LLC	Risk management services	Senior subordinated loan (\$1,750 par due 9/2015)	9.00%	9/30/2011	1,750	1,750(2)	
Gordian Acquisition Corp.	Financial services firm	Common stock (526 shares)		11/30/2012		(2)	
Imperial Capital Group LLC	Investment services	2006 Class B common units (2,526 units)		5/10/2007	3	5(2)	
		2007 Class B common units (315 units)		5/10/2007		1(2)	
		Class A common units (7,710 units)		5/10/2007	14,997	19,672(2)	
					15,000	19,678	
Ivy Hill Asset Management, L.P. (7)(9)	Asset management services	Member interest (100.00% interest)		6/15/2009	170,961	280,353	
					317,162	392,138	8.00%

Consumer Products Non-durable

Gilchrist & Soames, Inc.	Personal care manufacturer	First lien senior secured revolving loan (\$8,700 par due 12/2014)	6.25% (Libor + 5.00%/M)	4/1/2010	8,700	8,700(2)(25)	
		First lien senior secured loan (\$22,508 par due 12/2014)	13.44% Cash, 2.00% PIK	4/1/2010	22,504	21,833(2)	
					31,204	30,533	
Implus Footcare, LLC	Provider of footwear and other accessories	Preferred stock (455 shares)	6.00% PIK	10/31/2011	5,172	5,172(2)	
		Common stock (455 shares)		10/31/2011	455	170(2)	
					5,627	5,342	
Insight Pharmaceuticals Corporation(6)	OTC drug products manufacturer	Second lien senior secured loan (\$19,310 par due 8/2017)	13.25% (Libor + 11.75%/Q)	8/26/2011	19,165	19,310(2)(25)	
		Class A common stock (155,000 shares)		8/26/2011	6,035	7,234(2)	
		Class B common stock (155,000 shares)		8/26/2011	6,035	7,234(2)	
					31,235	33,778	
Matrixx Initiatives, Inc. and Wonder Holdings Acquisition Corp.	Developer and marketer of over-the-counter	Warrants to purchase up to 1,654,678 shares of common stock		7/27/2011		1,219(2)	

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healthcare products	Warrants to purchase up to 1,489 shares of preferred stock	7/27/2011	1,144(2)
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2,363

Oak Parent, Inc.	Manufacturer of athletic apparel	First lien senior secured loan (\$31,295 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	31,184	31,294(3)(25)
		First lien senior secured loan (\$86 par due 4/2018)	9.25% (Base Rate + 6.00%/S)	4/2/2012	85	86(3)(25)
		First lien senior secured loan (\$8,844 par due 4/2018)	7.50% (Libor + 7.00%/Q)	4/2/2012	8,813	8,844(4)(25)
		First lien senior secured loan (\$24 par due 4/2018)	9.25% (Base Rate + 6.00%/S)	4/2/2012	24	24(4)(25)
					40,106	40,248

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
PG-ACP Co-Invest, LLC	Supplier of medical uniforms, specialized medical footwear and accessories	Class A membership units (1,000,000 units)		8/29/2012	1,000	1,526(2)	
The Step2 Company, LLC	Toy manufacturer	Second lien senior secured loan (\$25,600 par due 4/2015)	10.00%	4/1/2010	25,089	25,088(2)	
		Second lien senior secured loan (\$32,865 par due 4/2015)	10.00%	4/1/2010	30,802	26,292(2)	
		Common units (1,116,879 units)		4/1/2010	24		
		Warrants to purchase up to 3,157,895 units		4/1/2010			
					55,915	51,380	
The Thymes, LLC(7)	Cosmetic products manufacturer	Preferred units (6,283 units)	8.00% PIK	6/21/2007	4,696	4,221	
		Common units (5,400 units)		6/21/2007		6,687	
					4,696	10,908	
Woodstream Corporation	Pet products manufacturer	First lien senior secured loan (\$8,465 par due 8/2016)	6.00% (Libor + 5.00%/Q)	4/18/2012	8,465	8,465(4)(25)	
		Senior subordinated loan (\$80,000 par due 2/2017)	11.50%	4/18/2012	77,412	80,000(2)	
		Common stock (4,254 shares)		1/22/2010	1,222	2,685(2)	
						87,099	91,150
					256,882	267,228	5.45%
Containers Packaging							
ICSH, Inc.	Industrial container manufacturer, reconditioner and servicer	First lien senior secured revolving loan		8/31/2011		(2)(27)	
		First lien senior secured loan (\$27,740 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	27,777	27,740(2)(25)	
		First lien senior secured loan (\$61,518 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	61,518	61,518(3)(25)	
		First lien senior secured loan (\$14,718 par due 8/2016)	7.00% (Libor + 6.00%/Q)	8/31/2011	14,718	14,718(4)(25)	

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					104,013	103,976
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$142,500 par due 12/2018)	8.50% (Libor + 7.50%/Q)	12/14/2012	142,500	142,500(2)(25)
		Common stock (50,000 shares)		12/14/2012	5,000	7,223(2)
					147,500	149,723

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Pregis Corporation, Pregis Intellipack Corp., and Pregis Innovative Packaging Inc.	Provider of highly-customized, tailored protective packaging solutions	First lien senior secured loan (\$975 par due 3/2017)	7.75% (Libor + 6.25%/M)	4/25/2012	975	975(2)(25)	
		First lien senior secured loan (\$5 par due 3/2017)	8.50% (Base Rate + 5.25%/Q)	4/25/2012	5	5(2)(25)	
					980	980	
					252,493	254,679	5.19%
Manufacturing							
Cambrios Technologies Corporation	Nanotechnology-based solutions for electronic devices and computers	First lien senior secured loan (\$3,030 par due 8/2015)	12.00%	8/7/2012	3,030	3,030(2)	
		Warrants to purchase up to 400,000 shares of Series D-4 convertible preferred stock		8/7/2012		6(2)	
					3,030	3,036	
Component Hardware Group, Inc.	Commercial equipment	First lien senior secured loan (\$23,701 par due 7/2019)	5.50% (Libor + 4.50%/M)	7/1/2013	23,701	23,701(2)(25)	
Lighting Science Group Corporation	Advanced lighting products	Letter of credit facility		9/20/2011		(2)(29)	
Mac Lean-Fogg Company	Provider of intelligent transportation systems products in the traffic and rail industries	Senior subordinated loan (\$100,251 par due 10/2023)	9.50% Cash, 1.50% PIK	10/31/2013	100,251	100,251(2)	
MWI Holdings, Inc.	Provider of engineered springs, fasteners, and other precision components	First lien senior secured loan (\$38,274 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	38,274	38,274(2)(25)	
		First lien senior secured loan (\$10,000 par due 3/2019)	9.38% (Libor + 8.13%/Q)	6/15/2011	10,000	10,000(4)(25)	
					48,274	48,274	
NetShape Technologies, Inc.	Metal precision engineered components	First lien senior secured revolving loan (\$538 par due 12/2014)	7.50% (Libor + 6.50%/Q)	4/1/2010	538	538(2)(25)	
Pelican Products, Inc.	Flashlights	First lien senior secured loan (\$2,317 par due 7/2018)	6.25% (Libor + 5.00%/Q)	7/13/2012	2,317	2,317(4)(25)	
				7/13/2012	32,000	32,000(2)(25)	

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		Second lien senior secured loan (\$32,000 par due 6/2019)	11.50% (Libor + 10.00%/Q)		34,317	34,317
Protective Industries, Inc. dba Caplugs	Plastic protection products	First lien senior secured loan (\$997 par due 10/2019)	6.75% (Libor + 5.75%/Q)	11/30/2012	997	997(2)(25)
		Preferred stock (2,379,361 shares)		5/23/2011	1,298	4,837(2)
					2,295	5,834
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1,000	(2)

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
SSH Environmental Industries, Inc. and SSH Non-Destructive Testing, Inc.	Magnetic sensors and supporting sensor products	First lien senior secured loan (\$11,140 par due 12/2016)	9.00% (Libor + 7.50%/Q)	3/23/2012	10,990	11,140(2)(25)	
TPTM Merger Corp.	Time temperature indicator products	First lien senior secured revolving loan (\$950 par due 9/2018)	6.25% (Libor + 5.25%/Q)	9/12/2013	950	950(2)(25)	
		First lien senior secured revolving loan (\$540 par due 9/2018)	7.50% (Base Rate + 4.25%/Q)	9/12/2013	540	540(2)(25)	
		First lien senior secured loan (\$25,935 par due 9/2018)	6.25% (Libor + 5.25%/Q)	9/12/2013	25,935	25,935(2)(25)	
					27,425	27,425	
					251,821	254,516	5.19%
Automotive Services							
Driven Holdings, LLC	Automotive aftermarket car care franchisor	Preferred stock (247,500 units)		12/16/2011	2,475	2,852(2)	
		Common stock (25,000 units)		12/16/2011	25	808(2)	
					2,500	3,660	
Eckler Industries, Inc.	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$2,000 par due 7/2017)	8.25% (Base Rate + 5.00%/Q)	7/12/2012	2,000	2,000(2)(25)	
		First lien senior secured loan (\$8,172 par due 7/2017)	7.25% (Libor + 6.00%/M)	7/12/2012	8,172	8,172(2)(25)	
		First lien senior secured loan (\$30,609 par due 7/2017)	7.25% (Libor + 6.00%/M)	7/12/2012	30,609	30,609(3)(25)	
		Series A preferred stock (1,800 shares)		7/12/2012	1,800	2,031(2)	
		Common stock (20,000 shares)		7/12/2012	200	116(2)	
					42,781	42,928	
EcoMotors, Inc.	Engine developer	First lien senior secured loan (\$5,000 par due 10/2016)	10.83%	12/28/2012	4,869	5,000(2)	
		First lien senior secured loan (\$5,000 par due 6/2017)	10.83%	12/28/2012	4,853	5,000(2)	
		First lien senior secured loan (\$4,833 par due 7/2016)	10.13%	12/28/2012	4,724	4,833(2)	

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Warrant to purchase up to 321,888 shares of Series C preferred stock	12/28/2012	43(2)
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14,446	14,876
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
Service King Paint & Body, LLC	Collision repair site operators	First lien senior secured loan (\$7,617 par due 8/2017)	4.00% (Libor + 3.00%/Q)	8/20/2012	7,617	7,617(2)(25)		
		First lien senior secured loan (\$46,898 par due 8/2017)	6.00% (Libor + 5.00%/Q)	8/20/2012	46,898	46,898(2)(16)(25)		
		First lien senior secured loan (\$6,398 par due 8/2017)	4.00% (Libor + 3.00%/Q)	8/20/2012	6,398	6,398(2)(25)		
		First lien senior secured loan (\$72,135 par due 8/2017)	6.00% (Libor + 5.00%/Q)	8/20/2012	72,135	72,135(2)(16)(25)		
		First lien senior secured loan (\$9,646 par due 8/2017)	4.00% (Libor + 3.00%/Q)	8/20/2012	9,646	9,646(4)(25)		
		First lien senior secured loan (\$10,000 par due 8/2017)	6.00% (Libor + 5.00%/Q)	8/20/2012	10,000	10,000(3)(16)(25)		
		Membership interest		8/20/2012	5,000	6,948(2)		
						157,694	159,642	
						217,421	221,106	4.51%
Retail								
Fulton Holdings Corp.(12)	Airport restaurant operator	First lien senior secured loan (\$43,000 par due 5/2018)	8.50%	5/10/2013	43,000	43,000(2)(12)		
		First lien senior secured loan (\$40,000 par due 5/2018)	8.50%	5/28/2010	40,000	40,000(3)(12)		
		Common stock (19,672 shares)		5/28/2010	1,461	2,086(2)		
				84,461	85,086			
Paper Source, Inc. and Pine Holdings, Inc.	Retailer of fine and artisanal papers, gifts, gift wrap, greeting cards and envelopes	First lien senior secured loan (\$18,952 par due 9/2018)	7.25% (Libor + 6.25%/Q)	9/23/2013	18,952	18,952(2)(25)		
		Class A common stock (36,364 shares)		9/23/2013	6,000	6,660(2)		
					24,952	25,612		
Things Remembered Inc. and TRM Holdings Corporation	Personalized gifts retailer	First lien senior secured loan (\$14,813 par due 5/2018)	8.00% (Libor + 6.50%/Q)	5/24/2012	14,813	14,813(4)(25)		
					124,226	125,511	2.56%	

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Aerospace and Defense

Cadence Aerospace, LLC (fka PRV Aerospace, LLC)	Aerospace precision components manufacturer	First lien senior secured loan (\$4,459 par due 5/2018)	6.50% (Libor + 5.25%/Q)	5/15/2012	4,425	4,459(4)(25)
		First lien senior secured loan (\$65 par due 5/2018)	7.50% (Base Rate + 4.25%/Q)	5/15/2012	65	65(4)(25)
		Second lien senior secured loan (\$79,657 par due 5/2019)	10.50% (Libor + 9.25%/Q)	5/10/2012	79,657	77,267(2)(25)

84,147 81,791

ILC Industries, LLC	Designer and manufacturer of protective cases and technically advanced lighting systems	First lien senior secured loan (\$19,192 par due 7/2018)	8.00% (Libor + 6.50%/Q)	7/13/2012	18,885	19,192(4)(25)
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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Senior preferred stock (775 shares)	8.00% PIK	1/17/2008	111	111(2)	
		Common stock (1,885,195 shares)		1/17/2008	2,291	1,722(2)	
					2,402	1,833	
					105,434	102,816	2.10%
Chemicals							
Argotec, LLC	Thermoplastic polyurethane films	First lien senior secured revolving loan (\$625 par due 5/2018)	7.00% (Base Rate + 3.75%/M)	5/31/2013	625	625(2)(25)	
		First lien senior secured loan (\$5,788 par due 5/2019)	5.75% (Libor + 4.75%/M)	5/31/2013	5,788	5,788(2)(25)	
		First lien senior secured loan (\$74 par due 5/2019)	7.00% (Base Rate + 3.75%/Q)	5/31/2013	74	74(2)(25)	
					6,487	6,487	
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	First lien senior secured loan (\$17,730 par due 5/2018)	6.75% (Libor + 5.50%/Q)	12/13/2013	18,256	18,262(25)	
K2 Pure Solutions Nocal, L.P.	Chemical producer	First lien senior secured revolving loan (\$2,256 par due 8/2019)	8.13% (Libor + 7.13%/M)	8/19/2013	2,256	2,211(2)(25)	
		First lien senior secured loan (\$41,500 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	41,500	40,670(2)(25)	
		First lien senior secured loan (\$40,000 par due 8/2019)	7.00% (Libor + 6.00%/M)	8/19/2013	40,000	39,200(3)(25)	
					83,756	82,081	
					108,499	106,830	2.18%
Transportation							
Eberle Design, Inc.	Provider of intelligent transportation systems products in the traffic and rail	First lien senior secured loan (\$30,500 par due 8/2018)	7.50% (Libor + 6.25%/Q)	8/26/2013	30,359	30,500(2)(25)	

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industries

PODS Funding Corp. II	Storage and warehousing	First lien senior secured loan (\$35,897 par due 12/2018)	7.00% (Libor + 6.00%/Q)	12/19/2013	35,897	35,897(25)
United Road Towing, Inc.	Towing company	Warrants to purchase up to 607 shares		4/1/2010		
					66,256	66,397
						1.35%

Printing, Publishing and Media

Batanga, Inc.	Independent digital media company	First lien senior secured revolving loan (\$3,000 par due 4/2014)	8.50%	10/31/2012	3,000	3,000(2)(23)
		First lien senior secured loan (\$4,936 par due 11/2016)	9.60%	10/31/2012	4,936	5,030(2)(23)
		First lien senior secured loan (\$4,500 par due 9/2017)	9.60%	10/31/2012	4,500	4,500(2)(23)
					12,436	12,530

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Earthcolor Group, LLC	Printing management services	Limited liability company interests (9.30%)		5/18/2012			
Encompass Digital Media, Inc.	Provider of outsourced network origination and transmission services for media companies	First lien senior secured loan (\$19,651 par due 8/2017)	6.75% (Libor + 5.50%/Q)	12/13/2013	20,233	20,241(25)	
The Teaching Company, LLC and The Teaching Company Holdings, Inc.	Education publications provider	First lien senior secured loan (\$20,886 par due 3/2017)	9.00% (Libor + 7.50%/Q)	9/29/2006	20,886	20,469(2)(25)	
		First lien senior secured loan (\$9,701 par due 3/2017)	9.00% (Libor + 7.50%/Q)	9/29/2006	9,701	9,507(4)(25)	
		Preferred stock (10,663 shares)		9/29/2006	1,066	2,282(2)	
		Common stock (15,393 shares)		9/29/2006	3	5(2)	
					31,656	32,263	
					64,325	65,034	1.33%
Commercial Real Estate Finance							
10th Street, LLC(6)	Real estate holding company	Senior subordinated loan (\$26,250 par due 11/2014)	8.93% Cash, 4.07% PIK	4/1/2010	26,250	26,250(2)	
		Member interest (10.00% interest)		4/1/2010	594	7,257	
		Option (25,000 units)		4/1/2010	25	25	
					26,869	33,532	
American Commercial Coatings, Inc.	Real estate property	Commercial mortgage loan (\$2,275 par due 12/2025)	8.75% (Libor + 7.50%/Q)	4/1/2010	664	1,500(25)	
Cleveland East Equity, LLC	Hotel operator	Real estate equity interests		4/1/2010	1,026	5,305	
Commons R-3, LLC	Real estate developer	Real estate equity interests		4/1/2010			
Crescent Hotels & Resorts, LLC and affiliates(7)	Hotel operator	Senior subordinated loan (\$2,236 par due 9/2011)		4/1/2010		(2)(24)	
		Senior subordinated loan (\$2,092 par due 6/2017)		4/1/2010		(2)(24)	
		Common equity interest		4/1/2010			

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Hot Light Brands, Inc.(7)	Real estate holding company	First lien senior secured loan (\$31,384 par due 2/2011)	4/1/2010	90	253(2)(24)	
		Common stock (93,500 shares)	4/1/2010		(2)	
				90	253	
NPH, Inc.	Hotel property	Real estate equity interests	4/1/2010	5,291	5,532	
				33,940	46,122	0.94%
Oil and Gas						
Geotrace Technologies, Inc.	Reservoir processing and development	Warrants to purchase up to 69,978 shares of common stock	4/1/2010	88	(2)	
		Warrants to purchase up to 210,453 shares of preferred stock	4/1/2010	2,805	638(2)	
				2,893	638	

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
UL Holding Co., LLC and Universal Lubricants, LLC(6)	Petroleum product manufacturer	Second lien senior secured loan (\$10,093 par due 12/2014)		4/30/2012	9,519	7,260(2)(24)	
		Second lien senior secured loan (\$42,812 par due 12/2014)		4/30/2012	40,097	30,795(2)(24)	
		Second lien senior secured loan (\$4,994 par due 12/2014)		4/30/2012	4,668	3,592(2)(24)	
		Class A common units (151,236 units)		6/17/2011	1,512	(2)	
		Class B-5 common units (599,200 units)		4/25/2008	5,472	(2)	
		Class B-4 common units (50,000 units)		6/17/2011	500	(2)	
		Class C common units (758,546 units)		4/25/2008		(2)	
							61,768
					64,661	42,285	0.86%
Health Clubs							
Athletic Club Holdings, Inc.	Premier health club operator	First lien senior secured loan (\$34,000 par due 3/2019)	7.25% (Libor + 6.00%/M)	10/11/2007	34,000	34,000(2)(13)(25)	
CFW Co-Invest, L.P. and NCP Curves, L.P.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4,152	2,913(2)	
		Limited partnership interest (2,218,235 shares)		7/31/2012	2,218	1,556(2)	
					6,370	4,469	
					40,370	38,469	0.78%
Telecommunications							
American Broadband Communications, LLC, American Broadband Holding Company, and Cameron Holdings of NC, Inc.	Broadband communication services	Warrants to purchase up to 378 shares		11/7/2007		6,833(2)	
		Warrants to purchase up to 200 shares		9/1/2010		3,615(2)	
					0	10,448	

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EUNetworks Group Limited(8)	Broadband bandwidth infrastructure provider	First lien senior secured loan (\$20,567 par due 5/2019)	7.50% (Libor + 6.50%/Q)	12/13/2013	21,192	21,185(25)	
Quantance, Inc.	Designer of semiconductor products to the mobile wireless market	First lien senior secured loan (\$3,500 par due 9/2016)	10.25%	8/23/2013	3,402	3,465(2)	
		Warrant to purchase up to 130,432 shares of Series D preferred stock		8/23/2013	74	74(2)	
					3,476	3,539	
Startec Equity, LLC(7)	Communication services	Member interest		4/1/2010			
Wilcon Holdings LLC	Communications infrastructure provider	Class A common stock (2,000,000 shares)		12/13/2013	1,829	1,829	
					26,497	37,001	0.75%

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Company(1)	Business Description	Investment	Interest(5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Environmental Services							
Genomatica, Inc.	Developer of a biotechnology platform for the production of chemical products	First lien senior secured loan (\$1,500 par due 10/2016)	9.26%	3/28/2013	1,439	1,500(2)	
		Warrant to purchase 322,422 shares of Series D preferred stock			3/28/2013		6(2)
					1,439	1,506	
RE Community Holdings II, Inc. and Pegasus Community Energy, LLC.	Operator of municipal recycling facilities	Preferred stock (1,000 shares)		3/1/2011	8,839	532(2)	
Waste Pro USA, Inc	Waste management services	Preferred Class A common equity (611,615 shares)		11/9/2006	12,263	27,898(2)	
					22,541	29,936	0.61%
Food and Beverage							
Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior units (50,000 units)		10/5/2007	5,000	5,205	
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated loan (\$2,750 par due 6/2015)	17.50% PIK	2/6/2008	2,750	2,750(2)	
		Preferred stock (6,258 shares)		9/1/2006	2,567	2,260(2)	
					5,317	5,010	
Distant Lands Trading Co.	Coffee manufacturer	Class A common stock (1,294 shares)		4/1/2010	980	(2)	
		Class A-1 common stock (2,157 shares)		4/1/2010		(2)	
					980		
					11,297	10,215	0.21%
Wholesale Distribution							
BECO Holding Company, Inc.	Wholesale distributor of first response fire protection equipment and related parts	Common stock (25,000 shares)		7/30/2010	2,500	3,103(2)	

2,500 3,103 0.06%

\$ 7,537,403 \$ 7,632,897 155.63%

-
- (1) Other than the Company's investments listed in footnote 7 below (subject to the limitations set forth therein), the Company does not "Control" any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, the Company would "Control" a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of December 31, 2013 represented 156% of the Company's net assets or 94% of the Company's total assets, are subject to legal restrictions on sales.
- (2) These assets are pledged as collateral for the Revolving Credit Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).
- (3) These assets are owned by the Company's consolidated subsidiary Ares Capital CP, are pledged as collateral for the Revolving Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).
- (4) These assets are owned by the Company's consolidated subsidiary Ares Capital JB Funding LLC ("ACJB"), are pledged as collateral for the SMBC Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).
- (5) Investments without an interest rate are non income producing.

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(6)

As defined in the Investment Company Act, the Company is deemed to be an "Affiliated Person" of a portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the year ended December 31, 2013 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
10th Street, LLC	\$	\$	\$	\$ 3,361	\$	\$	\$	\$	\$ 6,781
Apple & Eve, LLC and US Juice Partners, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,807
Campus Management Corp. and Campus Management Acquisition Corp	\$	\$	\$	\$	\$	\$	\$	\$	\$ (3,252)
Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C.	\$	\$	6,626	\$ 30,000	\$ 6,177	\$	\$ 128	\$ 154	\$ 3,042
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC	\$	\$	16,195	\$	\$ 875	\$ 395	\$ 1,047	\$ 10	\$ 615
The Dwyer Group	\$	\$	\$	\$ 3,458	\$	\$ 522	\$	\$	\$ 4,166
ELC Acquisition Corp. and ELC Holdings Corporation	\$	\$	1,682	\$	\$	\$ 6,121	\$	\$	\$ (2,667)
Insight Pharmaceuticals Corporation	\$	\$	\$	\$ 2,623	\$	\$	\$	\$	\$ (2,114)
Investor Group Services, LLC	\$	\$	\$	\$	\$	\$ 176	\$	\$ 142	\$ (78)
Multi-Ad Services, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	\$ (283)
Pillar Processing LLC and PHL Holding Co.	\$	\$	3,527	\$	\$	\$	\$	\$ 46	\$ (707)
Soteria Imaging Services, LLC	\$	\$	2,049	\$	\$	\$	\$	\$ (1,448)	\$ 1,208
VSS-Tranzact Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,584
UL Holding Co., LLC	\$	\$	295	\$	\$ 3,037	\$	\$	\$ 49	\$ (13,225)

(7)

As defined in the Investment Company Act, the Company is deemed to be both an "Affiliated Person" and "Control" this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the period for the year ended December 31, 2013 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
AllBridg Financial, LLC	\$	\$	598	\$	\$	\$ 864	\$	\$	\$ 2,503
AWTP, LLC	\$	\$	10,333	\$ 1,237	\$	\$	\$ 269	\$ 8,740	\$ (4,580)
Callidus Capital Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$ (6)
Ciena Capital LLC	\$	\$	6,000	\$ 4,495	\$	\$	\$	\$	\$ (7,691)
Citipostal, Inc.	\$ 4,000	\$ 4,738	\$	\$ 5,473	\$	\$	\$ (321)	\$	\$ (13,787)
Crescent Hotels & Resorts, LLC and affiliates	\$	\$	\$	\$	\$	\$	\$	\$ 194	\$
HCI Equity, LLC	\$	\$	340	\$	\$	\$	\$	\$	\$ 227
HCP Acquisition Holdings, LLC	\$ 6,696	\$	3,559	\$	\$	\$	\$	\$ (809)	\$ (3,137)
Hot Light Brands, Inc.	\$	\$	1,573	\$	\$	\$	\$	\$	\$ 698
Ivy Hill Asset Management, L.P.	\$	\$	\$	\$	\$	\$ 72,407	\$	\$	\$ (13,904)
MVL Group, Inc.	\$	\$	5,176	\$ 11	\$	\$	\$	\$	\$ 1,525
Orion Foods, LLC	\$ 2,700	\$ 6,712	\$	\$ 4,285	\$	\$	\$ 808	\$	\$ 7,669
Senior Secured Loan Fund LLC*	\$ 652,458	\$ 145,153	\$	\$ 224,867	\$ 43,119	\$	\$ 23,491	\$ 7,082	\$ 421
The Thymes, LLC	\$	\$	\$	\$	\$	\$ 410	\$	\$	\$ 3,460

*

Together with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE"), the Company co invests through the Senior Secured Loan Fund LLC d/b/a the "Senior Secured Loan Program" (the "SSLP"). The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required); therefore, although the Company owns more than 25% of the voting securities of the SSLP, the Company does not believe that it has control over the

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SSLP (for purposes of the Investment Company Act or otherwise) because, among other things, these "voting securities" do not afford the Company the right to elect directors of the SSLP or any other special rights (see Note 4 to the consolidated financial statements).

- (8) Non U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (9) Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (10) In the first quarter of 2011, the staff of the Securities and Exchange Commission (the "Staff") informally communicated to certain business development companies the Staff's belief that certain entities, which would be classified as an "investment company" under the Investment Company Act but for the exception from the definition of "investment company" set forth in Rule 3a 7 promulgated under the Investment Company Act, could not be treated as eligible portfolio companies (as defined in Section 2(a)(46) under the Investment Company Act) (i.e., not eligible to be included in a BDC's 70% "qualifying assets" basket). Subsequently, in August 2011 the Securities and Exchange Commission issued a concept release (the "Concept Release") which stated that "[a]s a general matter, the Commission presently does not believe that Rule 3a 7 issuers are the type of small, developing and financially troubled businesses in which the U.S. Congress intended BDCs primarily to invest" and requested comment on whether or not a 3a 7 issuer should be considered an "eligible portfolio company". The Company provided a comment letter in respect of the Concept Release and continues to believe that the language of Section 2(a)(46) of the Investment Company Act permits a BDC to treat as "eligible portfolio companies" entities that rely on the 3a 7 exception. However, given the current uncertainty in this area (including the language in the Concept Release) and subsequent discussions with the Staff, the Company has, solely

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for purposes of calculating the composition of its portfolio pursuant to Section 55(a) of the Investment Company Act, identified such entities, which include the SSLP, as "non qualifying assets" should the Staff ultimately disagree with the Company's position.

- (11) Variable rate loans to the Company's 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 annually (A), semi annually (S), quarterly (Q), bi monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the interest rate in effect on the date presented.
- (12) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 6.00% on \$12 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (13) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on \$17 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (14) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.25% on \$60 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (15) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.13% on \$18 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (16) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$97 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (17) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.13% on \$55 million aggregate principal amount of a "first out" tranche of the portfolio company's senior term debt previously syndicated by the Company into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (18) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.00% on \$27 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (19) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.75% on \$25 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (20) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.00% on \$23 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (21) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 0.75% on \$45 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (22) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.75% on \$36 million aggregate principal amount of a "first out" tranche of the portfolio company's first lien senior secured loans, whereby the "first

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out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

- (23) The Company is entitled to receive a fixed fee upon the occurrence of certain events as defined in the credit agreement governing the Company's debt investment in the portfolio company. The fair value of such fee is included in the fair value of the debt investment.
- (24) Loan was on non accrual status as of December 31, 2013.
- (25) Loan includes interest rate floor feature.
- (26) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SSLP's loan portfolio, which may result in a return to the Company greater than the contractual stated interest rate.
- (27) As of December 31, 2013, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (28) As of December 31, 2013, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.
- (29) As of December 31, 2013, no amounts were funded by the Company under this letter of credit facility; however, there were letters of credit issued and outstanding through a financial intermediary under the letter of credit facility. See Note 7 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the Three Months Ended March 31, 2014

(in thousands, except per share data)

(unaudited)

	Common Stock			Accumulated Net Investment Income	Accumulated Realized Loss on Investments, Foreign Currency Transactions, and Extinguishment of Debt and Other Assets	Net Unrealized Gain on Investments and Foreign Currency Transactions	Total Stockholders' Equity
	Shares	Amount	Capital in Excess of Par Value				
Balance at December 31, 2013	297,971	\$ 298	\$ 4,982,477	\$ (8,785)	\$ (165,040)	\$ 95,494	\$ 4,904,444
Shares issued in connection with dividend reinvestment plan	299		5,257				5,257
Net increase in stockholders' equity resulting from operations				112,336	12,045	(7,389)	116,992
Dividends declared and payable (\$0.43 per share)				(128,127)			(128,127)
Balance at March 31, 2014	298,270	\$ 298	\$ 4,987,734	\$ (24,576)	\$ (152,995)	\$ 88,105	\$ 4,898,566

See accompanying notes to consolidated financial statements.

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	For the three months ended	
	March 31, 2014	March 31, 2013
	(unaudited)	(unaudited)
OPERATING ACTIVITIES:		
Net increase in stockholders' equity resulting from operations	\$ 116,992	\$ 80,342
Adjustments to reconcile net increase in stockholders' equity resulting from operations:		
Realized losses on extinguishment of debt	72	
Net realized gains on investments and foreign currency transactions	(12,117)	(11,678)
Net unrealized losses on investments and foreign currency transactions	7,389	30,433
Net accretion of discount on investments	(339)	(1,566)
Increase in payment-in-kind interest and dividends	(2,900)	(6,110)
Collections of payment-in-kind interest and dividends	1,611	1,198
Amortization of debt issuance costs	3,948	3,497
Accretion of discount on notes payable	3,718	3,256
Depreciation	210	205
Proceeds from sales and repayments of investments	790,066	237,033
Purchases of investments	(828,092)	(351,275)
Changes in operating assets and liabilities:		
Interest receivable	(17,267)	(6,993)
Other assets	(674)	(7,706)
Management and incentive fees payable	(16,359)	(18,985)
Accounts payable and other liabilities	8,614	(3,916)
Interest and facility fees payable	(1,445)	(2,627)
Net cash provided by (used in) operating activities	53,427	(54,892)
FINANCING ACTIVITIES:		
Borrowings on debt	254,050	397,000
Repayments and repurchases of debt	(185,424)	(417,000)
Debt issuance costs	(2,319)	(1,609)
Dividends paid	(122,724)	(90,091)
Net cash used in financing activities	(56,417)	(111,700)
CHANGE IN CASH AND CASH EQUIVALENTS	(2,990)	(166,592)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	149,629	269,043
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 146,639	\$ 102,451

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Supplemental Information:

Interest paid during the period	\$	45,224	\$	32,997
Taxes, including excise tax, paid during the period	\$	12,880	\$	10,329
Dividends declared and payable for the period	\$	128,127	\$	94,488

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2014

(unaudited)

**(in thousands, except per share data, percentages and as otherwise indicated;
for example, with the words "million," "billion" or otherwise)**

1. ORGANIZATION

Ares Capital Corporation (the "Company" or "ARCC") is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. The Company has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). The Company has elected to be treated as a regulated investment company, or a "RIC", under the Internal Revenue Code of 1986, as amended (the "Code") and operates in a manner so as to qualify for the tax treatment applicable to RICs.

The Company's investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company invests primarily in first lien senior secured loans (including "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, the Company also makes equity investments.

The Company is externally managed by Ares Capital Management LLC ("Ares Capital Management" or the Company's "investment adviser"), a wholly owned subsidiary of Ares Management LLC ("Ares Management"), a global alternative asset manager and a Securities and Exchange Commission ("SEC") registered investment adviser. Ares Operations LLC ("Ares Operations" or the Company's "administrator"), a wholly owned subsidiary of Ares Management, provides the administrative services necessary for the Company to operate.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles or ("GAAP"), and include the accounts of the Company and its consolidated subsidiaries. The consolidated financial statements reflect all adjustments and reclassifications that, in the opinion of management, are necessary for the fair presentation of the results of the operations and financial condition as of and for the periods presented. All significant intercompany balances and transactions have been eliminated.

Interim financial statements are prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period presented, have been included. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2014.

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Cash and Cash Equivalents

Cash and cash equivalents include funds from time to time deposited with financial institutions and short-term, liquid investments in a money market fund. Cash and cash equivalents are carried at cost which approximates fair value.

Concentration of Credit Risk

The Company places its cash and cash equivalents with financial institutions and, at times, cash held in money market accounts may exceed the Federal Deposit Insurance Corporation insured limit.

Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment without regard to unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized.

Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, the Company looks at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (i.e., substantially all of the Company's investments) are valued at fair value as determined in good faith by the Company's board of directors, based on, among other things, the input of the Company's investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of the Company's board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions) and under a valuation policy and a consistently applied valuation process. The valuation process is conducted at the end of each fiscal quarter, and a minimum of 50% of the Company's portfolio at fair value is subject to review by an independent valuation firm each quarter. In addition, the Company's independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, the Company's investment valuation process within the context of performing the integrated audit.

As part of the valuation process, the Company may take into account the following types of factors, if relevant, in determining the fair value of the Company's investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company considers the pricing indicated by the external event to corroborate its valuation.

Because there is not a readily available market value for most of the investments in its portfolio, the Company values substantially all of its portfolio investments at fair value as determined in good faith by its board of directors, as described herein. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ significantly from the values that would have been used had a ready

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market existed for such investments and may differ materially from the values that the Company may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, the Company could realize significantly less than the value at which the Company has recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

The Company's board of directors undertakes a multi-step valuation process each quarter, as described below:

The Company's quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with the Company's portfolio management team.

Preliminary valuations are reviewed and discussed with the Company's investment adviser's management and investment professionals, and then valuation recommendations are presented to the Company's board of directors.

The audit committee of the Company's board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms who review a minimum of 50% of the Company's portfolio at fair value.

The Company's board of directors discusses valuations and ultimately determines the fair value of each investment in the Company's portfolio without a readily available market quotation in good faith based on, among other things, the input of the Company's investment adviser, audit committee and, where applicable, independent third-party valuation firms.

See Note 8 for more information on the Company's valuation process.

Interest and Dividend Income Recognition

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on securities purchased are accreted/amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current. The Company may make exceptions to this if the loan has sufficient collateral value and is in the process of collection.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

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Payment-in-Kind Interest

The Company has loans in its portfolio that contain payment-in-kind ("PIK") provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To maintain the Company's status as a RIC, this non-cash source of income must be paid out to stockholders in the form of dividends, even though the Company has not yet collected the cash.

Capital Structuring Service Fees and Other Income

The Company's investment adviser seeks to provide assistance to its portfolio companies and in return the Company may receive fees for capital structuring services. These fees are generally only available to the Company as a result of the Company's underlying investments, are normally paid at the closing of the investments, are generally non-recurring and are recognized as revenue when earned upon closing of the investment. The services that the Company's investment adviser provides vary by investment, but generally include reviewing existing credit facilities, arranging bank financing, arranging equity financing, structuring financing from multiple lenders, structuring financing from multiple equity investors, restructuring existing loans, raising equity and debt capital, and providing general financial advice, which concludes upon closing of the investment. Any services of the above nature subsequent to the closing would generally generate a separate fee payable to the Company. In certain instances where the Company is invited to participate as a co-lender in a transaction and does not provide significant services in connection with the investment, a portion of loan fees paid to the Company in such situations will be deferred and amortized over the estimated life of the loan. The Company may also take a seat on the board of directors of a portfolio company, or observe the meetings of the board of directors without taking a formal seat.

Other income includes fees for management and consulting services, loan guarantees, commitments, amendments and other services rendered by the Company to portfolio companies. Such fees are recognized as income when earned or the services are rendered.

Foreign Currency Translation

The Company's books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) Fair value of investment securities, other assets and liabilities at the exchange rates prevailing at the end of the period.
- (2) Purchases and sales of investment securities, income and expenses at the exchange rates prevailing on the respective dates of such transactions, income or expenses.

Results of operations based on changes in foreign exchange rates are separately disclosed in the statement of operations, if any. Foreign security and currency translations may involve certain considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices more volatile than those of comparable U.S. companies or U.S. government securities.

Accounting for Derivative Instruments

The Company does not utilize hedge accounting and instead marks its derivatives to market in the consolidated statement of operations.

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Equity Offering Expenses

The Company's offering costs, excluding underwriters' fees, are charged against the proceeds from equity offerings when received.

Debt Issuance Costs

Debt issuance costs are amortized over the life of the related debt instrument using the straight line method, which closely approximates the effective yield method.

Income Taxes

The Company has elected to be treated as a RIC under the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to its stockholders at least 90% of its investment company taxable income, as defined by the Code, for each year. The Company, among other things, has made and intends to continue to make the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal corporate-level income taxes.

Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as such taxable income is earned.

Certain of the Company's consolidated subsidiaries are subject to U.S. federal and state corporate-level income taxes.

Dividends to Common Stockholders

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by the Company's board of directors each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are generally distributed, although the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Company's board of directors authorizes, and the Company declares, a cash dividend, then the Company's stockholders who have not "opted out" of the Company's dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of the Company's common stock, rather than receiving the cash dividend. The Company intends to use primarily newly issued shares to implement the dividend reinvestment plan (so long as the Company is trading at a premium to net asset value). If the Company's shares are trading at a significant enough discount to net asset value and the Company is otherwise permitted under applicable law to purchase such shares, the Company intends to purchase shares in the open market in connection with the Company's obligations under the dividend reinvestment plan. However, the Company reserves the right to issue new shares of the Company's common stock in connection with the Company's obligations under the dividend reinvestment plan even if the Company's shares are trading below net asset value.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of actual and contingent assets and

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liabilities at the date of the financial statements and the reported amounts of income or loss and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of investments.

3. AGREEMENTS

Investment Advisory and Management Agreement

The Company is party to an investment advisory and management agreement (the "investment advisory and management agreement") with Ares Capital Management. Subject to the overall supervision of the Company's board of directors, Ares Capital Management provides investment advisory and management services to the Company. For providing these services, Ares Capital Management receives a fee from the Company consisting of two components a base management fee and an incentive fee.

The base management fee is calculated at an annual rate of 1.5% based on the average value of the Company'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.

The incentive fee has two parts. The first part is calculated and payable quarterly in arrears based on the Company's 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 the Company 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 incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that the Company has not yet received in cash. The Company's investment adviser is not under any obligation to reimburse the Company for any part of the incentive fees it received that was based on accrued interest that the Company never actually received.

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. Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a quarter where the Company incurs a loss. For example, if the Company receives pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, the Company will pay the applicable incentive fee even if the Company 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 the Company's net assets (defined as total assets less indebtedness and before taking into account any 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, the Company may be able to invest its funds in debt instruments that provide for a higher return, which may increase the Company's pre-incentive fee net investment income and make it easier for the Company's investment adviser to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income. To the extent the Company has retained pre-incentive fee net investment income that has been used to calculate this part of the incentive fee, it is also included in the amount of the Company'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.

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The Company pays its investment adviser an incentive fee with respect to the Company's pre-incentive fee net investment income in each calendar quarter as follows:

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

100% of the Company'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. The Company refers to this portion of its 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 the Company'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 the Company's pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

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

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

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in the Company's portfolio when sold and (b) 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 (a) the net sales price of each investment in the Company's portfolio when sold is less than (b) 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 (a) the valuation of each investment in the Company's portfolio as of the applicable Capital Gains Fee calculation date and (b) the accreted or amortized cost basis of such investment.

Notwithstanding the foregoing, as a result of an amendment to the capital gains portion of the incentive fee under the investment advisory and management agreement that was adopted on June 6, 2011, if the Company is required by GAAP to record an investment at its fair value as of the time of acquisition instead of at the actual amount paid for such investment by the Company (including, for example, as a result of the application of the acquisition method of accounting), then solely for the purposes of calculating the Capital Gains Fee, the "accreted or amortized cost basis" of an investment shall be an amount (the "Contractual Cost Basis") equal to (1) (x) the actual amount paid by the Company for such investment plus (y) any amounts recorded in the Company's financial statements as required by GAAP that are attributable to the accretion of such investment plus (z) any other adjustments made to the cost basis included in the Company's financial statements, including PIK interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in the Company's financial statements as required by GAAP that are attributable to the amortization of such investment, whether such calculated Contractual Cost Basis is higher or lower than the fair value of such investment (as determined in accordance with GAAP) at the time of acquisition.

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The Company defers cash payment of any incentive fee otherwise earned by the Company's investment adviser if during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made the sum of (a) the aggregate distributions to the Company's stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) is less than 7.0% of the Company's net assets (defined as total assets less indebtedness) at the beginning of such period. Any deferred incentive fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under the investment advisory and management agreement.

The Capital Gains Fee payable to the Company's investment adviser as calculated under the investment advisory and management agreement (as described above) for the three months ended March 31, 2014 was \$0. However, in accordance with GAAP, the Company had cumulatively accrued a capital gains incentive fee of \$64,447 as of March 31, 2014 that is not currently due under the investment advisory and management agreement. GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the Capital Gains Fee plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires the Company to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual Capital Gains Fees paid or capital gains incentive fees accrued under GAAP in all prior periods. As of March 31, 2014, the Company has paid Capital Gains Fees since inception totaling \$33,411, of which \$17,425 was paid in the first quarter of 2014. The resulting accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future.

For the three months ended March 31, 2014, base management fees were \$30,084, incentive fees related to pre-incentive fee net investment income were \$28,318 and accrued incentive fees related to capital gains calculated in accordance with GAAP were \$935. As of March 31, 2014, \$122,849 was included in "management and incentive fees payable" in the accompanying consolidated balance sheet, of which \$58,402 was currently payable to the Company's investment adviser under the investment advisory and management agreement.

For the three months ended March 31, 2013, base management fees were \$23,218, incentive fees related to pre-incentive fee net investment income were \$23,836, and the reduction of incentive fees related to capital gains calculated in accordance with GAAP was \$3,751.

Administration Agreement

The Company is party to an administration agreement, referred to herein as the "administration agreement", with its administrator, Ares Operations. Pursuant to the administration agreement, Ares Operations furnishes the Company with office equipment and clerical, bookkeeping and record keeping services at the Company's office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, the Company's required administrative services, which include, among other things, providing assistance in accounting, legal, compliance, operations, investor relations and technology being responsible for the financial records that the Company is required to maintain and preparing reports to its stockholders and reports filed with the SEC. In addition, Ares Operations assists the Company in determining and publishing its net asset value, assists the Company

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in providing managerial assistance to its portfolio companies, oversees the preparation and filing of the Company's tax returns and the printing and dissemination of reports to its stockholders, and generally oversees the payment of its expenses and the performance of administrative and professional services rendered to the Company by others. Payments under the Company's administration agreement are equal to an amount based upon its allocable portion of Ares Operations' overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under the administration agreement, including the Company's allocable portion of the compensation of certain of its officers (including the Company's chief compliance officer, chief financial officer, chief accounting officer, general counsel, treasurer and assistant treasurer) and their respective staffs. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

For the three months ended March 31, 2014 and 2013, the Company incurred \$3,743 and \$2,592, respectively, in administrative fees. As of March 31, 2014, \$3,743 of these fees were unpaid and included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.

4. INVESTMENTS

As of March 31, 2014 and December 31, 2013, investments consisted of the following:

	As of			
	March 31, 2014		December 31, 2013	
	Amortized Cost(1)	Fair Value	Amortized Cost(1)	Fair Value
First lien senior secured loans	\$ 3,548,296	\$ 3,521,722	\$ 3,405,597	\$ 3,377,608
Second lien senior secured loans	1,223,409	1,197,169	1,335,761	1,319,191
Subordinated certificates of the SSLP(2)	1,814,766	1,841,987	1,745,192	1,771,369
Senior subordinated debt	429,304	388,018	364,094	323,171
Preferred equity securities	231,413	236,765	226,044	229,006
Other equity securities	457,332	603,073	453,732	600,214
Commercial real estate	6,954	10,862	6,983	12,338
Total	\$ 7,711,474	\$ 7,799,596	\$ 7,537,403	\$ 7,632,897

(1) The amortized cost represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

(2) The proceeds from these certificates were applied to co-investments with GE Global Sponsor Finance LLC and General Electric Capital Corporation to fund first lien senior secured loans to 46 and 47 different borrowers as of March 31, 2014 and December 31, 2013, respectively.

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The industrial and geographic compositions of the Company's portfolio at fair value as of March 31, 2014 and December 31, 2013 were as follows:

Industry	As of	
	March 31, 2014	December 31, 2013
Investment Funds and Vehicles(1)	24.0%	23.7%
Healthcare Services	14.9	15.4
Business Services	8.8	9.2
Other Services	8.6	7.5
Education	6.6	6.7
Energy	5.4	5.4
Financial Services	4.8	5.1
Consumer Products	4.7	3.5
Restaurants and Food Services	4.0	5.2
Manufacturing	3.6	3.3
Containers and Packaging	3.3	3.3
Automotive Services	2.9	2.9
Retail	1.6	1.6
Chemicals	1.4	1.4
Aerospace and Defense	1.3	1.4
Other	4.1	4.4
Total	100.0%	100.0%

-
- (1) Includes the Company's investment in the SSLP, which had made first lien senior secured loans to 46 and 47 different borrowers as of March 31, 2014 and December 31, 2013, respectively. The portfolio companies in the SSLP are in industries similar to the companies in the Company's portfolio.

Geographic Region	As of	
	March 31, 2014	December 31, 2013
West(1)	52.0%	50.0%
Midwest	16.5	15.8
Southeast	13.7	13.6
Mid Atlantic	13.6	15.9
International	2.0	3.7
Northeast	2.2	1.0
Total	100.0%	100.0%

-
- (1)

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Includes the Company's investment in the SSLP, which represented 23.6% and 23.2% of the total investment portfolio at fair value as of March 31, 2014 and December 31, 2013, respectively.

As of March 31, 2014, 3.2% of total investments at amortized cost (or 1.9% of total investments at fair value) were on non-accrual status. As of December 31, 2013, 3.1% of total investments at amortized cost (or 2.1% of total investments at fair value) were on non-accrual status.

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The Company co-invests in first lien senior secured loans of middle market companies with GE Global Sponsor Finance LLC and General Electric Capital Corporation (together, "GE") through an unconsolidated Delaware limited liability company, the Senior Secured Loan Fund LLC (d/b/a the "Senior Secured Loan Program") or the "SSLP". The SSLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SSLP must be approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required). The Company provides capital to the SSLP in the form of subordinated certificates (the "SSLP Certificates").

As of March 31, 2014 and December 31, 2013, GE and the Company had agreed to make \$11.0 billion of capital available to the SSLP, of which approximately \$8.8 billion and \$8.7 billion in aggregate principal amount, respectively, was funded. As of March 31, 2014 and December 31, 2013, the Company had agreed to make available to the SSLP approximately \$2.3 billion, of which approximately \$1.8 billion and \$1.7 billion in aggregate principal amount, respectively, was funded. Investment of any unfunded amount must be approved by the investment committee of the SSLP described above.

As of March 31, 2014 and December 31, 2013, the SSLP had total assets of \$8.9 billion and \$8.7 billion, respectively. As of March 31, 2014 and December 31, 2013, GE's investment in the SSLP consisted of senior notes of \$6.8 billion and \$6.7 billion, respectively, and SSLP Certificates of \$259.3 million and \$249.3 million, respectively. The SSLP Certificates are junior in right of payment to the senior notes held by GE. As of March 31, 2014 and December 31, 2013, the Company and GE owned 87.5% and 12.5%, respectively, of the outstanding SSLP Certificates.

The SSLP's portfolio consisted of first lien senior secured loans to 46 and 47 different borrowers as of March 31, 2014 and December 31, 2013, respectively. As of March 31, 2014 and December 31, 2013, the portfolio was comprised of all first lien senior secured loans to U.S. middle-market companies. As of March 31, 2014 and December 31, 2013, one loan was on non-accrual status, representing 1.0% and 1.0%, respectively, of the total loans at principal amount in the SSLP. As of March 31, 2014 and December 31, 2013, the largest loan to a single borrower in the SSLP's portfolio in aggregate principal amount was \$348.8 million and \$321.7 million, respectively, and the five largest loans to borrowers in the SSLP totaled \$1.5 billion as of the end of both such periods. The portfolio companies in the SSLP are in industries similar to the companies in the Company's portfolio. Additionally, as of March 31, 2014 and December 31, 2013, the SSLP had commitments to fund various delayed draw investments to certain of its portfolio companies of \$282.2 million and \$510.4 million, respectively, which had been approved by the SSLP investment committee. As of March 31, 2014 and December 31, 2013, the Company had commitments to co-invest in the SSLP for its portion of the SSLP's commitments to fund such delayed draw investments of up to \$49.2 million and \$85.1 million, respectively.

The amortized cost and fair value of the SSLP Certificates held by the Company were \$1.8 billion and \$1.8 billion, respectively, as of March 31, 2014 and \$1.7 billion and \$1.8 billion, respectively, as of December 31, 2013. The SSLP Certificates pay a weighted average coupon of approximately LIBOR plus 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SSLP Certificates that is greater than the contractual coupon. The Company's yield on its investment in the SSLP at fair value was 14.3% and 14.8% as of March 31, 2014 and December 31, 2013, respectively. For the three months ended March 31, 2014 and 2013, the Company earned interest income of \$67.7 million and \$48.6 million, respectively, from its investment in the SSLP Certificates. The Company is also entitled to certain fees in connection with the SSLP. For the three months ended March 31, 2014 and 2013, in connection with

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the SSLP, the Company earned capital structuring service, sourcing and other fees totaling \$12.5 million and \$7.9 million, respectively.

Ivy Hill Asset Management, L.P.

Ivy Hill Asset Management, L.P. ("IHAM") is an asset management services company and an SEC-registered investment adviser. The Company has made investments in IHAM, its wholly owned portfolio company and previously made investments in certain vehicles managed by IHAM. As of March 31, 2014, IHAM had assets under management ("IHAM AUM")⁽¹⁾ of approximately \$2.8 billion and managed 13 vehicles and served as the sub-manager/sub-servicer for three other vehicles (these vehicles managed or sub-managed/sub-serviced by IHAM are collectively referred to as the "IHAM Vehicles"). IHAM earns fee income from managing the IHAM Vehicles and has also invested in certain of these vehicles as part of its business strategy. As of March 31, 2014 and December 31, 2013, IHAM had total investments of \$205 million and \$170 million, respectively. For the three months ended March 31, 2014 and 2013, IHAM had management fee income of \$7 million and \$5 million, respectively, and other investment-related income of \$6 million and \$12 million, respectively.

The amortized cost and fair value of the Company's investment in IHAM was \$171.0 million and \$264.9 million, respectively, as of March 31, 2014, and \$171.0 million and \$280.4 million, respectively, as of December 31, 2013. For the three months ended March 31, 2014 and 2013, the Company received distributions consisting entirely of dividend income from IHAM of \$20.0 million and \$27.4 million, respectively. The dividend income for the three months ended March 31, 2014 and March 31, 2013 included additional dividends of \$10.0 million and \$17.4 million, respectively, in addition to the quarterly dividend generally paid by IHAM. IHAM paid the additional dividends out of accumulated earnings that had previously been retained by IHAM.

From time to time, IHAM or certain IHAM Vehicles may purchase investments from, or sell investments to, the Company. For any such sales or purchases by the IHAM Vehicles to or from the Company, the IHAM Vehicles must obtain approval from third parties unaffiliated with the Company or IHAM, as applicable. During the three months ended March 31, 2014 and 2013, neither IHAM nor any of the IHAM Vehicles purchased any investments from the Company. The Company purchased investments from certain of the IHAM Vehicles totaling \$10.4 million and \$91.5 million during the three months ended March 31, 2014 and 2013, respectively.

IHAM is party to an administration agreement, referred to herein as the "IHAM administration agreement," with Ares Operations. Pursuant to the IHAM administration agreement, Ares Operations provides IHAM with, among other things, office facilities, equipment, clerical, bookkeeping and record keeping services, services relating to the marketing and sale of interests in vehicles managed by IHAM, services of, and oversight of, custodians, depositories, accountants, attorneys, underwriters and such other persons in any other capacity deemed to be necessary. Under the IHAM administration agreement, IHAM reimburses Ares Operations for all of the actual costs associated with such services, including Ares Operations' allocable portion of overhead and the cost of its officers, employees and respective staff in performing its obligations under the IHAM administration agreement.

5. DEBT

In accordance with the Investment Company Act, with certain limited exceptions, the Company is only allowed to borrow amounts such that its asset coverage, calculated pursuant to the Investment

(1) IHAM AUM refers to the assets of the vehicles managed, sub-managed and sub-serviced by IHAM. It includes drawn and undrawn amounts, including certain amounts that are subject to regulatory leverage restrictions and/or borrowing base restrictions. IHAM AUM amounts are as of March 31, 2014 and are unaudited. Certain amounts are preliminary and remain subject to change, and differences may arise due to rounding.

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Company Act, is at least 200% after such borrowing. As of March 31, 2014 the Company's asset coverage was 260%.

The Company's outstanding debt as of March 31, 2014 and December 31, 2013 were as follows:

	As of			As of		
	March 31, 2014			December 31, 2013		
	Total Aggregate Principal Amount Committed/ Outstanding(1)	Principal Amount Outstanding	Carrying Value	Total Aggregate Principal Amount Committed/ Outstanding(1)	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	\$ 1,170,000(2)	\$	\$	\$ 1,060,000	\$	\$
Revolving Funding Facility	620,000(3)	100,000	100,000	620,000	185,000	185,000
SMBC Funding Facility	400,000			400,000		
February 2016 Convertible Notes	575,000	575,000	558,534(4)	575,000	575,000	556,456(4)
June 2016 Convertible Notes	230,000	230,000	222,577(4)	230,000	230,000	221,788(4)
2017 Convertible Notes	162,500	162,500	159,455(4)	162,500	162,500	159,220(4)
2018 Convertible Notes	270,000	270,000	264,424(4)	270,000	270,000	264,097(4)
2019 Convertible Notes	300,000	300,000	295,488(4)	300,000	300,000	295,279(4)
2018 Notes	750,000	750,000	750,825(5)	600,000	600,000	596,756(5)
February 2022 Notes	143,750	143,750	143,750	143,750	143,750	143,750
October 2022 Notes	182,500	182,500	182,500	182,500	182,500	182,500
2040 Notes	200,000	200,000	200,000	200,000	200,000	200,000
2047 Notes	229,557	229,557	181,140(6)	230,000	230,000	181,429(6)
Total	\$ 5,233,307	\$ 3,143,307	\$ 3,058,693	\$ 4,973,750	\$ 3,078,750	\$ 2,986,275

-
- (1) Subject to borrowing base and leverage restrictions. Represents the total aggregate amount committed or outstanding, as applicable, under such instrument.
- (2) Provides for a feature that allows the Company, under certain circumstances, to increase the size of the Revolving Credit Facility to a maximum of \$1,755,000.
- (3) Provides for a feature that allows the Company and Ares Capital CP, under certain circumstances, to increase the size of the Revolving Funding Facility to a maximum of \$865,000.
- (4) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below) less the unaccreted discount initially recorded upon issuance of the Convertible Unsecured Notes. The total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019

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Convertible Notes was \$16,466, \$7,423, \$3,045, \$5,576 and \$4,512, respectively, as of March 31, 2014. The total unaccreted discount for the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes was \$18,544, \$8,212, \$3,280, \$5,903 and \$4,721 respectively, as of December 31, 2013.

(5)

As of March 31, 2014, represents the aggregate principal amount outstanding plus the net unamortized premium of \$825 that was initially recorded upon the issuances of the 2018 Notes. As of December 31, 2013, represents the aggregate principal amount less the unaccreted discount of \$3,244 initially recognized on the first issuance of the 2018 Notes.

(6)

Represents the aggregate principal amount outstanding less the unaccreted purchased discount discount initially recorded as a part of the Allied Acquisition (as defined below). The total unaccreted purchased discount for the 2047 Notes was \$48,417 and \$48,571 as of March 31, 2014 and December 31, 2013, respectively.

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The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount, of all the Company's outstanding debt as of March 31, 2014 were 5.4% and 7.6 years, respectively, and as of December 31, 2013 were 5.3% and 7.9 years, respectively.

Revolving Credit Facility

The Company is party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), which allows the Company to borrow up to \$1,170,000 at any one time outstanding. The end of the revolving period and the stated maturity date for the Revolving Credit Facility are May 4, 2018 and May 4, 2019, respectively. The Revolving Credit Facility also includes a feature that allows, under certain circumstances, for an increase in the size of the facility to a maximum of \$1,755,000. The Revolving Credit Facility generally requires payments of interest at the end of each LIBOR interest period, but no less frequently than quarterly, on LIBOR based loans, and monthly payments of interest on other loans. From the end of the revolving period to the stated maturity date, the Company is required to repay outstanding principal amounts under the Revolving Credit Facility on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period.

Under the Revolving Credit Facility, the Company is required to comply with various covenants, reporting requirements and other customary requirements for similar revolving credit facilities, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) maintaining a certain minimum stockholders' equity, (e) maintaining a ratio of total assets (less total liabilities other than indebtedness) to total indebtedness of the Company and its consolidated subsidiaries of not less than 2.0:1.0, (f) limitations on pledging certain unencumbered assets, and (g) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. These covenants are subject to important limitations and exceptions that are described in the documents governing the Revolving Credit Facility. Borrowings under the Revolving Credit Facility (and the incurrence of certain other permitted debt) are also subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio that are pledged as collateral. As of March 31, 2014, the Company was in compliance in all material respects with the terms of the Revolving Credit Facility.

As of March 31, 2014 and December 31, 2013, there were no amounts outstanding under the Revolving Credit Facility. The Revolving Credit Facility also provides for a sub-limit for the issuance of letters of credit for up to an aggregate amount of \$200,000. As of March 31, 2014 and December 31, 2013, the Company had \$26,801 and \$47,898, respectively, in letters of credit issued through the Revolving Credit Facility. The amount available for borrowing under the Revolving Credit Facility is reduced by any letters of credit issued. As of March 31, 2014, there was \$1,143,199 available for borrowing (net of letters of credit issued) under the Revolving Credit Facility.

Since May 2, 2013, subject to certain exceptions, the interest rate charged on the Revolving Credit Facility is based on LIBOR plus an applicable spread of 2.00% or a "base rate" (as defined in the agreements governing the Revolving Credit Facility) plus an applicable spread of 1.00%. From May 5, 2012 through May 1, 2013, the interest rate charged on the Revolving Credit Facility was based on LIBOR plus an applicable spread of 2.25% or a "base rate" plus an applicable spread of 1.25%. As of March 31, 2014, the one, two, three and six month LIBOR was 0.15%, 0.19%, 0.23% and 0.33%, respectively. As of December 31, 2013, the one, two, three and six month LIBOR was 0.17%, 0.21%, 0.25% and 0.35%, respectively. In addition to the stated interest expense on the Revolving Credit Facility, the Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Revolving Credit Facility. Since May 2, 2013, the Company is also required to pay a letter of credit fee of 2.25% per annum on letters of credit issued. From May 5, 2012 through May 1, 2013, the letter of credit fee was 2.50%.

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The Revolving Credit Facility is secured by certain assets in the Company's portfolio and excludes investments held by Ares Capital CP under the Revolving Funding Facility and those held by ACJB under the SMBC Funding Facility, each as discussed below, and certain other investments.

For the three months ended March 31, 2014 and 2013, the components of interest and credit facility fees expense for the Revolving Credit Facility were as follows:

	For the three months ended March 31,	
	2014	2013
Facility fees	\$ 1,184	\$ 1,090
Amortization of debt issuance costs	672	805
Total interest and credit facility fees expense	\$ 1,856	\$ 1,895

Revolving Funding Facility

The Company's consolidated subsidiary, Ares Capital CP Funding LLC ("Ares Capital CP"), is party to a revolving funding facility (as amended, the "Revolving Funding Facility"), which allows Ares Capital CP to borrow up to \$620,000 at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are April 18, 2015 and April 18, 2017, respectively. The Revolving Funding Facility also includes a feature that allows, under certain circumstances, for an increase in the Revolving Funding Facility to a maximum of \$865,000.

Amounts available to borrow under the Revolving Funding Facility are subject to a borrowing base that applies different advance rates to different types of assets held by Ares Capital CP. Ares Capital CP is also subject to limitations with respect to the loans securing the Revolving Funding Facility, including restrictions on sector concentrations, loan size, payment frequency and status, collateral interests, loans with fixed rates and loans with certain investment ratings, as well as restrictions on portfolio company leverage, which may also affect the borrowing base and therefore amounts available to borrow. The Company and Ares Capital CP are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the agreements governing the Revolving Funding Facility. As of March 31, 2014, the Company and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

As of March 31, 2014 and December 31, 2013, there was \$100,000 and \$185,000 outstanding, respectively, under the Revolving Funding Facility. Since January 25, 2013, the interest charged on the Revolving Funding Facility is based on applicable spreads ranging from 2.25% to 2.50% over LIBOR and ranging from 1.25% to 1.50% over "base rate" (as defined in the agreements governing the Revolving Funding Facility) in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. From January 18, 2012 through January 24, 2013, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus an applicable spread of 2.50% or on a "base rate" plus an applicable spread of 1.50%. As of March 31, 2014 and December 31, 2013, the interest rate in effect was based on one month LIBOR, which was 0.15% and 0.17%, respectively. Ares Capital CP is also required to pay a commitment fee of between 0.50% and 1.75% per annum depending on the size of the unused portion of the Revolving Funding Facility.

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For the three months ended March 31, 2014 and 2013, the components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Funding Facility were as follows:

	For the three months ended March 31,	
	2014	2013
Stated interest expense	\$ 173	\$ 474
Facility fees	1,812	1,607
Amortization of debt issuance costs	507	503

Total interest and credit facility fees expense	\$ 2,492	\$ 2,584
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Cash paid for interest expense	\$ 1,523	\$ 2,146
Average stated interest rate	2.41%	2.51%
Average outstanding balance	\$ 28,667	\$ 75,467

SMBC Funding Facility

The Company's consolidated subsidiary, Ares Capital JB Funding LLC ("ACJB"), is party to a revolving funding facility (as amended, the "SMBC Funding Facility") with ACJB, as the borrower, and Sumitomo Mitsui Banking Corporation ("SMBC"), as the administrative agent, collateral agent, and lender, which allows ACJB to borrow up to \$400,000 at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 14, 2016 and September 14, 2021, respectively. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement.

Amounts available to borrow under the SMBC Funding Facility are subject to a borrowing base that applies an advance rate to assets held by ACJB. The Company and ACJB are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the documents governing the SMBC Funding Facility. As of March 31, 2014, the Company and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

As of March 31, 2014 and December 31, 2013, there were no amounts outstanding under the SMBC Funding Facility. Since December 19, 2013, subject to certain exceptions, the interest rate charged on the SMBC Funding Facility is based on one month LIBOR plus an applicable spread of 2.00% or a "base rate" (as defined in the agreements governing the SMBC Funding Facility) plus an applicable spread of 1.00%. Prior to and including December 19, 2013, subject to certain exceptions, the interest rate charged on the SMBC Funding Facility was based on one month LIBOR plus an applicable spread of 2.125% or a "base rate" (as defined in the agreements governing the SMBC Funding Facility) plus an applicable spread of 1.125%. As of March 31, 2014 and December 31, 2013, one-month LIBOR was 0.15% and 0.17%, respectively. ACJB was not required to pay a commitment fee until September 15, 2013 and through December 19, 2013, at which time ACJB was required to pay a commitment fee of up to 0.50% per annum depending on the size of the unused portion of the SMBC Funding Facility. From December 20, 2013 through March 14, 2014, ACJB was required to pay a commitment fee of up to 0.75% per annum depending on the size of the unused portion of the SMBC Funding Facility. After March 14, 2014, ACJB is required to pay a commitment fee of between 0.35% and 0.875% per annum depending on the size of the unused portion of the SMBC Funding Facility.

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For the three months ended March 31, 2014 and 2013, the components of interest and credit facility fees expense for the SMBC Funding Facility were as follows:

	For the three months ended March 31,	
	2014	2013
Facility fees	\$ 368	\$
Amortization of debt issuance costs	280	235
Total interest and credit facility fees expense	\$ 648	\$ 235

Cash paid for interest expense	\$	\$ 15
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Convertible Unsecured Notes

In January 2011, the Company issued \$575,000 aggregate principal amount of unsecured convertible senior notes that mature on February 1, 2016 (the "February 2016 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In March 2011, the Company issued \$230,000 aggregate principal amount of unsecured convertible senior notes that mature on June 1, 2016 (the "June 2016 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In March 2012, the Company issued \$162,500 aggregate principal amount of unsecured convertible senior notes that mature on March 15, 2017 (the "2017 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In the fourth quarter of 2012, the Company issued \$270,000 aggregate principal amount of unsecured convertible senior notes that mature on January 15, 2018 (the "2018 Convertible Notes"), unless previously converted or repurchased in accordance with their terms. In July 2013, the Company issued \$300,000 aggregate principal amount of unsecured convertible senior notes that mature on January 15, 2019 (the "2019 Convertible Notes" and together with the February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes and the 2018 Convertible Notes, the "Convertible Unsecured Notes"), unless previously converted or repurchased in accordance with their terms. The Company does not have the right to redeem the Convertible Unsecured Notes prior to maturity. The February 2016 Convertible Notes, the June 2016 Convertible Notes, the 2017 Convertible Notes, the 2018 Convertible Notes and the 2019 Convertible Notes bear interest at a rate of 5.750%, 5.125%, 4.875%, 4.750% and 4.375%, respectively, per year, payable semi-annually.

In certain circumstances, the Convertible Unsecured Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of its common stock, at the Company's election, at their respective conversion rates (listed below as of March 31, 2014) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the "Convertible Unsecured Notes Indentures"). Prior to the close of business on the business day immediately preceding their respective conversion date (listed below), holders may convert their Convertible Unsecured Notes only under certain circumstances set forth in the Convertible Unsecured Notes Indentures. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding their respective maturity date, holders may convert their Convertible Unsecured Notes at any time. In addition, if the Company engages in certain corporate events as described in their respective Convertible Unsecured Notes Indenture, holders of the Convertible Unsecured Notes may require the Company to repurchase for cash all or part of the Convertible Unsecured Notes at a repurchase price equal to 100% of the principal amount of the Convertible Unsecured Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

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Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of March 31, 2014 are listed below.

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Conversion premium	17.5%	17.5%	17.5%	17.5%	15.0%
Closing stock price at issuance	\$16.28	\$16.20	\$16.46	\$16.91	\$17.53
Closing stock price date	January 19, 2011	March 22, 2011	March 8, 2012	October 3, 2012	July 15, 2013
Conversion price(1)	\$18.62	\$18.53	\$19.05	\$19.70	\$20.05
Conversion rate (shares per one thousand dollar principal amount)(1)	53.6914	53.9565	52.5068	50.7591	49.8854
Conversion dates	August 15, 2015	December 15, 2015	September 15, 2016	July 15, 2017	July 15, 2018

- (1) Represents conversion price and conversion rate, as applicable, as of March 31, 2014, taking into account certain de minimis adjustments that will be made on the conversion date.

As of March 31, 2014, the principal amounts of each series of the Convertible Unsecured Notes exceeded the value of the underlying shares multiplied by the per share closing price of the Company's common stock.

The Convertible Unsecured Notes Indentures contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act and to provide financial information to the holders of the Convertible Unsecured Notes under certain circumstances. These covenants are subject to important limitations and exceptions that are described in the Convertible Unsecured Notes Indentures. As of March 31, 2014, the Company was in compliance in all material respects with the terms of the Convertible Unsecured Notes Indentures.

The Convertible Unsecured Notes are accounted for in accordance with Accounting Standards Codification ("ASC") 470-20. Upon conversion of any of the Convertible Unsecured Notes, the Company intends to pay the outstanding principal amount in cash and to the extent that the conversion value exceeds the principal amount, the Company has the option to pay in cash or shares of the Company's common stock (or a combination of cash and shares) in respect of the excess amount, subject to the requirements of the Convertible Unsecured Notes Indentures. The Company has determined that the embedded conversion options in the Convertible Unsecured Notes are not required to be separately accounted for as a derivative under GAAP. In accounting for the Convertible Unsecured Notes, the Company estimated at the time of issuance separate debt and equity components for each of the Convertible Unsecured Notes. An original issue discount equal to the equity components of the Convertible Unsecured Notes was recorded in "capital in excess of par value" in the accompanying consolidated balance sheet. Additionally, the issuance costs associated with the Convertible Unsecured Notes were allocated to the debt and equity components in proportion to the allocation of the proceeds and accounted for as debt issuance costs and equity issuance costs, respectively.

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The debt and equity component percentages, the issuance costs and the equity component amounts for each of the Convertible Unsecured Notes are listed below.

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Debt and equity component percentages, respectively(1)	93.0% and 7.0%	93.0% and 7.0%	97.0% and 3.0%	98.0% and 2.0%	99.8% and 0.2%
Debt issuance costs(1)	\$15,778	\$5,913	\$4,813	\$5,712	\$4,475
Equity issuance costs(1)	\$1,188	\$445	\$149	\$116	\$9
Equity component, net of issuance costs(2)	\$39,062	\$15,654	\$4,724	\$5,243	\$582

(1) At time of issuance.

(2) At time of issuance and as of March 31, 2014.

In addition to the original issue discount equal to the equity components of the Convertible Unsecured Notes, the 2018 Convertible Notes and the 2019 Convertible Notes were each issued at a discount. The Company records interest expense comprised of both stated interest expense as well as accretion of any original issue discount.

As of March 31, 2014, the components of the carrying value of the Convertible Unsecured Notes, the stated interest rate and the effective interest rate were as follows:

	February 2016 Convertible Notes	June 2016 Convertible Notes	2017 Convertible Notes	2018 Convertible Notes	2019 Convertible Notes
Principal amount of debt	\$ 575,000	\$ 230,000	\$ 162,500	\$ 270,000	\$ 300,000
Original issue discount, net of accretion	(16,466)	(7,423)	(3,045)	(5,576)	(4,512)
Carrying value of debt	\$ 558,534	\$ 222,577	\$ 159,455	\$ 264,424	\$ 295,488
Stated interest rate	5.750%	5.125%	4.875%	4.750%	4.375%
Effective interest rate(1)	7.2%	6.5%	5.5%	5.2%	4.7%

(1) The effective interest rate of the debt component of the Convertible Unsecured Notes is equal to the stated interest rate plus the accretion of original issue discount.

For the three months ended March 31, 2014 and 2013, the components of interest expense and cash paid for interest expense for the Convertible Unsecured Notes were as follows:

	For the three months ended March 31,	
	2014	2013
Stated interest expense	\$ 19,680	\$ 16,399
Accretion of original issue discount	3,638	3,200
Amortization of debt issuance costs	1,761	1,605

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Total interest expense \$ 25,079 \$ 21,204

Cash paid for interest expense \$ 33,357 \$ 20,492

Unsecured Notes

2018 Notes

In November 2013, the Company issued \$600,000 aggregate principal amount of senior unsecured notes that mature on November 30, 2018 (the "2018 Notes"). The 2018 Notes bear interest at a rate of 4.875% per year, payable semi-annually and all principal is due upon maturity. The 2018 Notes may be

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redeemed in whole or in part at any time at the Company's option at a redemption price equal to par plus a "make whole" premium, as determined in the indenture governing the 2018 Notes, and any accrued and unpaid interest. The 2018 Notes were issued at a discount at the time of issuance totaling \$3,312. The Company records interest expense comprised of both stated interest expense as well as any accretion of any original issue discount. Total proceeds from the issuance of the 2018 Notes, net of the original issue discount, underwriting discounts and offering costs, were \$586,014.

In January 2014, the Company issued an additional \$150,000 aggregate principal amount of the 2018 Notes at a premium of 102.7% of their principal amount (the "Additional 2018 Notes"). The original issue premium recognized upon issuance of the Additional 2018 Notes totaled \$4,050. Total proceeds from the issuance of the Additional 2018 Notes, net of underwriting discounts and offering costs, were approximately \$151,900.

February 2022 Notes

In February 2012, the Company issued \$143,750 aggregate principal amount of senior unsecured notes that mature on February 15, 2022 (the "February 2022 Notes"). The February 2022 Notes bear interest at a rate of 7.00% per year, payable quarterly and all principal is due upon maturity. The February 2022 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after February 15, 2015, at a par redemption price of \$25.00 per security plus accrued and unpaid interest. Total proceeds from the issuance of the February 2022 Notes, net of underwriting discounts and offering costs, were \$138,338.

October 2022 Notes

In September 2012 and October 2012, the Company issued \$182,500 aggregate principal amount of senior unsecured notes that mature on October 1, 2022 (the "October 2022 Notes"). The October 2022 Notes bear interest at a rate of 5.875% per year, payable quarterly and all principal is due upon maturity. The October 2022 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after October 1, 2015, at a par redemption price of \$25.00 per security plus accrued and unpaid interest. Total proceeds from the issuance of the October 2022 Notes, net of underwriting discounts and offering costs, were \$176,054.

2040 Notes

In October 2010, the Company issued \$200,000 aggregate principal amount of senior unsecured notes that mature on October 15, 2040 (the "2040 Notes"). The 2040 Notes bear interest at a rate of 7.75% per year, payable quarterly and all principal is due upon maturity. The 2040 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after October 15, 2015, at a par redemption price of \$25.00 per security plus accrued and unpaid interest. Total proceeds from the issuance of the 2040 Notes, net of underwriting discounts and offering costs, were \$192,664.

2047 Notes

As part of the acquisition of Allied Capital Corporation ("Allied Capital") in April 2010 (the "Allied Acquisition"), the Company assumed \$230,000 aggregate principal amount of senior unsecured notes due on April 15, 2047 (the "2047 Notes" and together with the 2018 Notes, the February 2022 Notes, the October 2022 Notes and the 2040 Notes, the "Unsecured Notes"). The 2047 Notes bear interest at a rate of 6.875%, payable quarterly and all principal is due upon maturity. The 2047 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option, at a par redemption price of \$25.00 per security plus accrued and unpaid interest. During the three months ended March 31, 2014, the Company purchased \$443 aggregate principal amount of the 2047 Notes and

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as a result of these transactions, the Company recognized a realized loss of \$72. As of March 31, 2014 and December 31, 2013, the outstanding principal was \$229,557 and \$230,000, respectively, and the carrying value was \$181,140 and \$181,429, respectively. The carrying value represents the principal amount of the 2047 Notes less the unaccreted purchased discount initially recorded as a part of the Allied Acquisition.

For the three months ended March 31, 2014 and 2013, the components of interest expense and cash paid for interest expense for the Unsecured Notes were as follows:

	For the three months ended March 31,	
	2014	2013
Stated interest expense	\$ 21,610	\$ 13,024
Net accretion of original issue discount/premium	80	56
Amortization of debt issuance costs	728	349
Total interest expense	\$ 22,418	\$ 13,429

Cash paid for interest expense	\$ 10,344	\$ 10,344
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The Unsecured Notes contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act and to provide financial information to the holders of such notes under certain circumstances. These covenants are subject to important limitations and exceptions set forth in the indentures governing such notes. As of March 31, 2014, the Company was in compliance in all material respects with the terms of the respective indentures governing each of the Unsecured Notes.

The Convertible Unsecured Notes and the Unsecured Notes are the Company's senior unsecured obligations and rank senior in right of payment to its existing and future indebtedness that is expressly subordinated in right of payment to the Convertible Unsecured Notes and the Unsecured Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of its secured indebtedness (including existing unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

6. DERIVATIVE INSTRUMENTS

The Company may enter into forward currency contracts from time to time to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. Forward contracts are considered undesignated derivative instruments.

Certain information related to the Company's derivative financial instruments is presented below as of March 31, 2014:

Description	Notional Amount	As of March 31, 2014		Balance Sheet Location
		Maturity Date	Fair Value	
Foreign currency forward contract	CAD45,000	6/30/2014	\$ 19	Accounts payable and other liabilities
Foreign currency forward contract	€ 15,000	6/30/2014	19	Accounts payable and other liabilities
Total			\$ 38	

Table of Contents**7. COMMITMENTS AND CONTINGENCIES**

The Company has various commitments to fund investments in its portfolio as described below.

As of March 31, 2014 and December 31, 2013, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to fund which are at (or substantially at) the Company's discretion:

	March 31, 2014	As of December 31, 2013
Total revolving and delayed draw commitments	\$ 762,444	\$ 834,444
Less: funded commitments	(82,765)	(87,073)
Total unfunded commitments	679,679	747,371
Less: commitments substantially at discretion of the Company	(6,000)	(16,000)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(1,660)	(1,660)
Total net adjusted unfunded revolving and delayed draw commitments	\$ 672,019	\$ 729,711

Included within the total revolving and delayed draw commitments as of March 31, 2014 were commitments to issue up to \$41,875 in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of March 31, 2014, the Company had \$16,952 in letters of credit issued and outstanding under these commitments on behalf of portfolio companies. In addition to these letters of credit included as a part of the total revolving and delayed draw commitments to portfolio companies, as of March 31, 2014 the Company also had \$5,284 of letters of credit issued and outstanding on behalf of other portfolio companies. For all these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. None of these letters of credit issued and outstanding are recorded as a liability on the Company's balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company. Of these letters of credit \$16,003 expire in 2014 and \$6,233 expire in 2015.

The Company also has commitments to co-invest in the SSLP for the Company's portion of the SSLP's commitments to fund delayed draw investments to certain portfolio companies of the SSLP. See Note 4 for more information.

As of March 31, 2014 and December 31, 2013, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

	March 31, 2014	As of December 31, 2013
Total private equity commitments	\$ 59,500	\$ 59,500
Less: funded private equity commitments	(12,096)	(11,891)
Total unfunded private equity commitments	47,404	47,609
Less: private equity commitments substantially at discretion of the Company	(43,206)	(43,206)
Total net adjusted unfunded private equity commitments	\$ 4,198	\$ 4,403

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In the ordinary course of business, the Company may sell certain of its investments to third party purchasers. In particular, in connection with the sale of certain controlled portfolio company equity investments (as well as certain other sales) the Company has, and may continue to do so in the future, agreed to indemnify such purchasers for future liabilities arising from the investments and the related sale transaction. Such indemnification provisions have given rise to liabilities in the past and may do so in the future.

As of March 31, 2014, one of the Company's portfolio companies, Ciena Capital LLC ("Ciena"), had one non-recourse securitization Small Business Administration ("SBA") loan warehouse facility, which has reached its maturity date but remains outstanding. Ciena is working with the providers of the SBA loan warehouse facility with regard to the repayment of that facility. Allied Capital had previously issued a performance guaranty (which the Company succeeded to as a result of the Allied Acquisition) whereby the Company must indemnify the warehouse providers for any damages, losses, liabilities and related costs and expenses that they may incur as a result of Ciena's failure to perform any of its obligations as loan originator, loan seller or loan servicer under the warehouse facility. As of March 31, 2014, there are no known issues or claims with respect to this performance guaranty.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows ASC 825-10, which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company's choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. The Company has not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value. With the exception of the line items entitled "other assets" and "debt," which are reported at amortized cost, all assets and liabilities approximate fair value on the balance sheet. The carrying value of the lines titled "interest receivable," "receivable for open trades," "payable for open trades," "accounts payable and other liabilities," "management and incentive fees payable" and "interest and facility fees payable" approximate fair value due to their short maturity.

The Company also follows ASC 820-10, which expands the application of fair value accounting. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure of fair value measurements. ASC 820-10 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Company to assume that the portfolio investment is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820-10, the Company has considered its principal market as the market in which the Company exits its portfolio investments with the greatest volume and level of activity. ASC 820-10 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with ASC 820-10, these inputs are summarized in the three broad levels listed below:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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In addition to using the above inputs in investment valuations, the Company continues to employ the net asset valuation policy approved by the Company's board of directors that is consistent with ASC 820-10 (see Note 2). Consistent with the Company's valuation policy, it evaluates the source of inputs, including any markets in which the Company's investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. The Company's valuation policy considers the fact that because there is not a readily available market value for most of the investments in the Company's portfolio, the fair value of the investments must typically be determined using unobservable inputs.

The Company's portfolio investments (other than as discussed below in the following paragraph) are typically valued using two different valuation techniques. The first valuation technique is an analysis of the enterprise value ("EV") of the portfolio company. Enterprise value means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The primary method for determining EV uses a multiple analysis whereby appropriate multiples are applied to the portfolio company's EBITDA (net income before net interest expense, income tax expense, depreciation and amortization). EBITDA multiples are typically determined based upon review of market comparable transactions and publicly traded comparable companies, if any. The Company may also employ other valuation multiples to determine EV, such as revenues or, in the case of certain portfolio companies in the energy industry, kilowatt capacity. The second method for determining EV uses a discounted cash flow analysis whereby future expected cash flows of the portfolio company are discounted to determine a present value using estimated discount rates (typically a weighted average cost of capital based on costs of debt and equity consistent with current market conditions). The EV analysis is performed to determine the value of equity investments, the value of debt investments in portfolio companies where the Company has control or could gain control through an option or warrant security, and to determine if there is credit impairment for debt investments. If debt investments are credit impaired, an EV analysis may be used to value such debt investments; however, in addition to the methods outlined above, other methods such as a liquidation or wind-down analysis may be utilized to estimate enterprise value. The second valuation technique is a yield analysis, which is typically performed for non-credit impaired debt investments in portfolio companies where the Company does not own a controlling equity position. To determine fair value using a yield analysis, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk. In the yield analysis, the Company considers the current contractual interest rate, the maturity and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the enterprise value of the portfolio company. As debt investments held by the Company are substantially illiquid with no active transaction market, the Company depends on primary market data, including newly funded transactions, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

For other portfolio investments such as investments in collateralized loan obligations and the SSLP Certificates, discounted cash flow analysis is the primary technique utilized to determine fair value. Expected future cash flows associated with the investment are discounted to determine a present value using a discount rate that reflects estimated market return requirements.

The following tables summarize the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 3 as of March 31, 2014 and December 31, 2013.

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The tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company's determination of fair values.

As of March 31, 2014

Asset Category	Fair Value	Valuation Techniques	Unobservable Input		Weighted Average
			Input	Estimated Range	
First lien senior secured loans	\$ 3,521,722	Yield analysis	Market yield	4.0% - 19.0%	8.4%
Second lien senior secured loans	1,197,169	Yield analysis	Market yield	6.1% - 17.5%	9.6%
Subordinated Certificates of the SSLP	1,841,987	Discounted cash flow	Discount rate	10.0% - 13.0%	11.5%
Senior subordinated debt	388,018	Yield analysis	Market yield	8.3% - 17.5%	10.8%
Preferred equity securities	236,765	EV market multiple analysis	EBITDA multiple	4.5x - 16.8x	8.6x
Other equity securities and other	613,935	EV market multiple analysis	EBITDA multiple	4.5x - 14.5x	8.8x
Total	\$ 7,799,596				

As of December 31, 2013

Asset Category	Fair Value	Primary Valuation Technique	Unobservable Input		Weighted Average
			Input	Range	
First lien senior secured loans	\$ 3,377,608	Yield analysis	Market yield	4.0% - 19.0%	8.4%
Second lien senior secured loans	1,319,191	Yield analysis	Market yield	6.1% - 25.3%	10.3%
Subordinated certificates of the SSLP	1,771,369	Discounted cash flow	Discount rate	10.5% - 13.5%	12.3%
Senior subordinated debt	323,171	Yield analysis	Market yield	9.0% - 17.5%	11.4%
Preferred equity securities	229,006	EV market multiple analysis	EBITDA multiple	4.5x - 11.6x	8.3x
Other equity securities and other	612,552	EV market multiple analysis	EBITDA multiple	4.5x - 14.8x	8.6x
Total	\$ 7,632,897				

Changes in market yields, discount rates or EBITDA multiples, each in isolation, may change the fair value of certain of the Company's investments. Generally, an increase in market yields or discount rates or decrease in EBITDA multiples may result in a decrease in the fair value of certain of the Company's investments.

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Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Company may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, it could realize significantly less than the value at which the Company has recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

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The following table presents fair value measurements of cash and cash equivalents, investments and derivatives as of March 31, 2014:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 146,639	\$ 146,639	\$	\$
Investments	\$ 7,799,596	\$ 654	\$	\$ 7,798,942
Derivatives	\$ (38)	\$	\$ (38)	\$

The following table presents fair value measurements of cash and cash equivalents and investments as of December 31, 2013:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 149,629	\$ 149,629	\$	\$
Investments	\$ 7,632,897	\$	\$	\$ 7,632,897

The following table presents changes in investments that use Level 3 inputs as of and for the three months ended March 31, 2014:

	As of and for the three months ended March 31, 2014
Balance as of December 31, 2013	\$ 7,632,897
Net realized gains	11,954
Net unrealized losses	(8,028)
Purchases	828,761
Sales	(182,737)
Redemptions	(487,144)
Payment-in-kind interest and dividends	2,900
Net accretion of discount on securities	339
Net transfers in and/or out of Level 3	

Balance as of March 31, 2014 \$ 7,798,942

As of March 31, 2014, the net unrealized appreciation on the investments that use Level 3 inputs was \$87,468.

For the three months ended March 31, 2014, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company's Level 3 assets still held as of March 31, 2014, and reported within the net unrealized gains (losses) from investments in the Company's consolidated statement of operations was \$(3,718).

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The following table presents changes in investments that use Level 3 inputs as of and for the three months ended March 31, 2013:

	As of and for the three months ended March 31, 2013
Balance as of December 31, 2012	\$ 5,914,657
Net realized gains	3,116
Net unrealized losses	(21,967)
Purchases	355,135
Sales	(45,600)
Redemptions	(182,558)
Payment-in-kind interest and dividends	6,110
Net accretion of discount on securities	1,566
Net transfers in and/or out of Level 3	
Balance as of March 31, 2013	\$ 6,030,459

As of March 31, 2013, the net unrealized appreciation on the investments that use Level 3 inputs was \$70,671.

For the three months ended March 31, 2013, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company's Level 3 assets still held as of March 31, 2013, and reported within the net unrealized gains (losses) from investments in the Company's consolidated statement of operations was \$(21,886).

Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfers occur.

Following are the carrying and fair values of the Company's debt obligations as of March 31, 2014 and December 31, 2013. Fair value is estimated by discounting remaining payments using applicable

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current market rates, which take into account changes in the Company's marketplace credit ratings, or market quotes, if available.

	As of			
	March 31, 2014		December 31, 2013	
	Carrying value(1)	Fair value	Carrying value(1)	Fair value
Revolving Credit Facility	\$		\$	
Revolving Funding Facility		100,000		185,000
SMBC Funding Facility				185,000
February 2016 Convertible Notes (principal amount outstanding of \$575,000)		558,534(2)		556,456(2)
June 2016 Convertible Notes (principal amount outstanding of \$230,000)		222,577(2)		221,788(2)
2017 Convertible Notes (principal amount outstanding of \$162,500)		159,455(2)		159,220(2)
2018 Convertible Notes (principal amount outstanding of \$270,000)		264,424(2)		264,096(2)
2019 Convertible Notes (principal amount outstanding of \$300,000)		295,488(2)		295,279(2)
2018 Notes (principal amount outstanding of \$750,000 and \$600,000, respectively)		750,825(3)		596,757(3)
February 2022 Notes (principal amount outstanding of \$143,750)		143,750		143,750
October 2022 Notes (principal amount outstanding of \$182,500)		182,500		182,500
2040 Notes (principal amount outstanding of \$200,000)		200,000		200,000
2047 Notes (principal amount outstanding of \$229,557 and \$230,000, respectively)		181,140(4)		181,429(4)
	\$	3,058,693(5)	\$	3,302,687
			\$	2,986,275(5)
			\$	3,177,660

-
- (1) Except for the Convertible Unsecured Notes, the 2018 Notes and the 2047 Notes, all carrying values are the same as the principal amounts outstanding.
- (2) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes less the unaccreted discount initially recorded upon issuance of each respective series of the Convertible Unsecured Notes.
- (3) As of March 31, 2014, represents the aggregate principal amount outstanding plus the net unamortized premium that was initially recorded upon the issuances of the 2018 Notes. As of December 31, 2013, represents the aggregate principal amount outstanding of the 2018 Notes less the unaccreted discount initially recognized on the first issuance of the 2018 Notes.
- (4) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount.
- (5) Total principal amount of debt outstanding totaled \$3,143,307 and \$3,078,750 as of March 31, 2014 and December 31, 2013, respectively.

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The following table presents fair value measurements of the Company's debt obligations as of March 31, 2014 and December 31, 2013:

Fair Value Measurements Using	As of	
	March 31, 2014	December 31, 2013
Level 1	\$ 762,855	\$ 736,948
Level 2	2,539,832	2,440,712
Total	\$ 3,302,687	\$ 3,177,660

9. STOCKHOLDERS' EQUITY

There were no sales of the Company's equity securities for the three months ended March 31, 2014 and 2013.

10. EARNINGS PER SHARE

The following information sets forth the computations of basic and diluted net increase in stockholders' equity resulting from operations per share for the three months ended March 31, 2014 and 2013:

	For the three months ended March 31,	
	2014	2013
Net increase in stockholders' equity resulting from operations available to common stockholders:	\$ 116,992	\$ 80,342
Weighted average shares of common stock outstanding basic and diluted	297,972	248,658
Basic and diluted net increase in stockholders' equity resulting from operations per share:	\$ 0.39	\$ 0.32

For the purpose of calculating diluted net increase in stockholders' equity resulting from operations per share, the average closing price of the Company's common stock for the three months ended March 31, 2014 and 2013 was each less than the conversion price for each of the Convertible Unsecured Notes outstanding as of March 31, 2014 and 2013, respectively. Therefore, for all periods presented in the financial statements, the underlying shares for the intrinsic value of the embedded options in the Convertible Unsecured Notes have no impact on the computation of diluted net increase in stockholders' equity resulting from operations per share.

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The following table summarizes the Company's dividends declared and payable for the three months ended March 31, 2014 and 2013:

Date Declared	Record Date	Payment Date	Per Share	
			Amount	Total Amount
November 5, 2013	March 14, 2014	March 28, 2014	\$ 0.05(1)	\$ 14,899
February 26, 2014	March 14, 2014	March 31, 2014	0.38	113,228
Total declared and payable for the three months ended March 31, 2014			\$ 0.43	\$ 128,127
February 27, 2013	March 15, 2013	March 29, 2013	\$ 0.38	\$ 94,488
Total declared and payable for the three months ended March 31, 2013			\$ 0.38	\$ 94,488

(1) Represents an additional dividend.

The Company has a dividend reinvestment plan, whereby the Company may buy shares of its common stock in the open market or issue new shares in order to satisfy dividend reinvestment requests. Prior to the amendment, if the Company issued new shares to implement the dividend reinvestment plan, the issue price was equal to the closing price of its common stock on the dividend record date. As a result of the amendment, when the Company issues new shares in connection with the dividend reinvestment plan, the issue price is equal to the closing price of its common stock on the dividend payment date. Dividend reinvestment plan activity for the three months ended March 31, 2014 and 2013, was as follows:

	For the three months ended March 31,	
	2014	2013
Shares issued	299	243
Average price per share	\$ 17.61	\$ 18.10

12. RELATED PARTY TRANSACTIONS

In accordance with the investment advisory and management agreement, the Company bears all costs and expenses of the operation of the Company and reimburses its investment adviser or its affiliates for certain of such costs and expenses incurred in the operation of the Company. For the three months ended March 31, 2014 and 2013, the Company's investment adviser or its affiliates incurred such expenses totaling \$1,449 and \$1,215, respectively. As of March 31, 2014, \$3,021 was unpaid and such payable is included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.

The Company is party to office leases pursuant to which it is leasing office facilities from third parties. For certain of these office leases, the Company has also entered into separate subleases with Ares Management and IHAM, pursuant to which Ares Management and IHAM sublease a portion of these leases. For the three months ended March 31, 2014 and 2013, amounts payable to the Company under these subleases totaled \$698 and \$418, respectively.

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Ares Management has also entered into separate subleases with the Company, pursuant to which the Company subleases certain office leases from Ares Management. For the three months ended March 31, 2014 and 2013, amounts payable to Ares Management under these subleases totaled \$92 and \$13, respectively.

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See Note 3 and 15 for descriptions of other related party transactions.

13. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights as of and for the three months ended March 31, 2014 and 2013:

Per Share Data:	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Net asset value, beginning of period(1)	\$ 16.46	\$ 16.04
Net investment income for period(2)	0.38	0.40
Net realized and unrealized gains (losses) for period(2)	0.01	(0.08)
Net increase in stockholders' equity	0.39	0.32
Total distributions to stockholders	(0.43)	(0.38)
Net asset value at end of period(1)	\$ 16.42	\$ 15.98
Per share market value at end of period	\$ 17.62	\$ 18.10
Total return based on market value(3)	1.58%	5.60%
Total return based on net asset value(4)	2.37%	2.00%
Shares outstanding at end of period	298,270	248,896
Ratio/Supplemental Data:		
Net assets at end of period	\$ 4,898,566	\$ 3,978,597
Ratio of operating expenses to average net assets(5)(6)	10.09%	9.33%
Ratio of net investment income to average net assets(5)(7)	9.29%	10.03%
Portfolio turnover rate(5)	35%	15%

(1) The net assets used equals the total stockholders' equity on the consolidated balance sheet.

(2) Weighted average basic per share data.

(3) For the three months ended March 31, 2014, the total return based on market value equaled the decrease of the ending market value at March 31, 2014 of \$17.62 per share from the ending market value at December 31, 2013 of \$17.77 per share plus the declared and payable dividends of \$0.43 per share for the three months ended March 31, 2014, divided by the market value at December 31, 2013. For the three months ended March 31, 2013, the total return based on market value equaled the increase of the ending market value at March 31, 2013 of \$18.10 per share from the ending market value at December 31, 2012 of \$17.50 per share plus the declared and payable dividends of \$0.38 per share for the three months ended March 31, 2013, divided by the market value at December 31, 2012. Total return based on market value is not annualized. The Company's shares fluctuate in value. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

(4) For the three months ended March 31, 2014, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$0.43 per share for the three months ended March 31, 2014, divided by the beginning net asset value at January 1, 2014. For the three months ended March 31, 2013, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$0.38 per share for the three months ended March 31, 2013, divided by the beginning net asset value at January 1, 2013. These calculations are adjusted for shares issued in connection with the dividend reinvestment plan, the issuance of common stock in connection with any equity offerings and the equity components of any convertible notes issued during the period. Total return based on net asset value is not annualized. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

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- (5) The ratios reflect an annualized amount.
- (6) For the three months ended March 31, 2014, the ratio of operating expenses to average net assets consisted of 2.49% of base management fees, 2.42% of incentive fees, 4.34% of the cost of borrowing and 0.84% of other operating expenses. For the three months ended March 31, 2013, the ratio of operating expenses to average net assets consisted of 2.35% of base management fees, 2.03% of incentive fees, 3.99% of the cost of borrowing and 0.96% of other operating expenses. These ratios reflect annualized amounts.
- (7) The ratio of net investment income to average net assets excludes income taxes related to realized gains.

14. LITIGATION

The Company is party to certain lawsuits in the normal course of business. In addition, Allied Capital was involved in various legal proceedings that the Company assumed in connection with the Allied Acquisition. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the outcome of any such legal proceedings cannot at this time be predicted with certainty, the Company does not expect that these legal proceedings will materially affect its business, financial condition or results of operations.

On May 20, 2013, the Company was named as one of several defendants in an action filed in the United States District Court for the Eastern District of Pennsylvania (the "Pennsylvania Court") by the bankruptcy trustee of DSI Renal Holdings LLC and two related companies. On March 17, 2014 the action was transferred to the United States District Court for the District of Delaware pursuant to a motion filed by the defendants and granted by the Pennsylvania Court. The complaint in the action alleges, among other things, that each of the named defendants participated in a purported "fraudulent transfer" involving the restructuring of a subsidiary of DSI Renal Holdings LLC. Among other things, the complaint seeks, jointly and severally from all defendants, (1) damages of approximately \$425 million, of which the complaint states the Company's individual share is approximately \$117 million, and (2) punitive damages. The Company is currently unable to assess with any certainty whether it may have any exposure in this action. The Company believes the claims are without merit and intends to vigorously defend itself in this action.

15. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the Consolidated Financial Statements as of and for the three months ended March 31, 2014, except as disclosed below.

In May 2014, the Company entered into an office sublease with Ares Management pursuant to which the Company subleases approximately 74% of certain office space in Dallas, Texas for a rent equal to 74% of the base annual rent payable by Ares Management under the office lease, plus certain additional costs and expenses.

In May 2014, the Company and Ares Capital CP entered into an amendment to the Revolving Funding Facility. The amendment, among other things, (1) extended the reinvestment period from April 18, 2015 to May 14, 2017, (2) extended the stated maturity date from April 18, 2017 to May 14, 2019 and (3) reduced the range of commitment fees paid depending on the size of the unused portion of the Revolving Funding Facility from between 0.50% and 1.75% per annum to 0.50% and 1.50% per annum. Commitments under the amended Revolving Funding Facility were reduced from the pre-amendment commitments of \$620 million to \$540 million.

In May 2014, the Company increased total commitments under the Revolving Credit Facility by \$80 million from \$1,170 million to \$1,250 million.

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PART C

Other information

ITEM 25. FINANCIAL STATEMENTS AND EXHIBITS

- (1) Financial Statements

The following statements of Ares Capital Corporation (the "Company" or the "Registrant") are included in Part B of this Registration Statement:

Audited Annual Financial Statements

Reports of Independent Registered Public Accounting Firm

<u>Consolidated Balance Sheet as of December 31, 2013 and 2012</u>	<u>F-2</u>
<u>Consolidated Statement of Operations for the years ended December 31, 2013, 2012 and 2011</u>	<u>F-3</u>
<u>Consolidated Statement of Operations for the years ended December 31, 2013, 2012 and 2011</u>	<u>F-4</u>
<u>Consolidated Schedules of Investments as of December 31, 2013 and 2012</u>	<u>F-5</u>
<u>Consolidated Statement of Stockholders' Equity for the years ended December 31, 2013, 2012 and 2011</u>	<u>F-53</u>
<u>Consolidated Statement of Cash Flows for the years ended December 31, 2013, 2012 and 2011</u>	<u>F-54</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-55</u>

Interim Unaudited Financial Statements

<u>Consolidated Balance Sheet as of March 31, 2014 (unaudited) and December 31, 2013</u>	<u>F-93</u>
<u>Consolidated Statement of Operations for the three months ended March 31, 2014 (unaudited) and March 31, 2013 (unaudited)</u>	<u>F-94</u>
<u>Consolidated Schedule of Investments as of March 31, 2014 (unaudited) and December 31, 2013</u>	<u>F-95</u>
<u>Consolidated Statement of Stockholders' Equity for the three months ended March 31, 2014 (unaudited)</u>	<u>F-149</u>
<u>Consolidated Statement of Cash Flows for the three months ended March 31, 2014 (unaudited) and March 31, 2013 (unaudited)</u>	<u>F-150</u>
<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>F-151</u>

- (2) Exhibits
- (a) Articles of Amendment and Restatement, as amended(1)
- (b) Second Amended and Restated Bylaws, as amended(2)
- (c) Not Applicable
- (d)(1) Form of Stock Certificate(3)
- (d)(2) Statement of Eligibility of Trustee on Form T-1(4)
- (d)(3) Form of Subscription Certificate(5)
- (d)(4) Indenture, dated June 16, 2006, between Allied Capital Corporation and The Bank of New York, as trustee(6)
- (d)(5) Form of Note under the Indenture, dated June 16, 2006, between Allied Capital Corporation and The Bank of New York, as trustee (contained in Exhibit (d)(4) to this Registration Statement)(6)
- (d)(6) Third Supplemental Indenture, dated as of March 28, 2007, between Allied Capital Corporation and The Bank of New York, as

trustee(7)

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- (d)(7) Form of 6.875% Notes due 2047(7)
- (d)(8) Fourth Supplemental Indenture, dated as of April 1, 2010, among Ares Capital Corporation, Allied Capital Corporation and The Bank of New York Mellon, as trustee(8)
- (d)(9) Indenture, dated as of October 21, 2010, between Ares Capital Corporation and U.S. Bank National Association, as trustee(9)
- (d)(10) First Supplemental Indenture, dated as of October 21, 2010, relating to the 7.75% Senior Notes due 2040, between Ares Capital Corporation and U.S. Bank National Association, as trustee(9)
- (d)(11) Form of 7.75% Senior Notes due 2040(9)
- (d)(12) Second Supplemental Indenture, dated as of February 2, 2012, relating to the 7.00% Senior Notes due 2022, between Ares Capital Corporation and U.S. Bank National Association, as trustee(10)
- (d)(13) Form of 7.00% Senior Notes due 2022(10)
- (d)(14) Third Supplemental Indenture, dated as of September 25, 2012, relating to the 5.875% Senior Notes due 2022, between Ares Capital Corporation and U.S. Bank National Association, as trustee(11)
- (d)(15) Form of 5.875% Senior Notes due 2022(11)
- (d)(16) Fourth Supplemental Indenture, dated as of November 19, 2013, relating to the 4.875% Senior Notes due 2018, between Ares Capital Corporation and U.S. Bank National Association, as trustee(12)
- (d)(17) Form of 4.875% Senior Notes due 2018(12)
- (d)(18) Indenture, dated as of January 25, 2011, between Ares Capital Corporation and U.S. Bank National Association, as trustee(13)
- (d)(19) Form of 5.75% Convertible Senior Notes due 2016(13)
- (d)(20) Indenture, dated as of March 28, 2011, between Ares Capital Corporation and U.S. Bank National Association, as trustee(14)
- (d)(21) Form of 5.125% Convertible Senior Notes due 2016(14)
- (d)(22) Indenture, dated as of March 14, 2012, between Ares Capital Corporation and U.S. Bank National Association, as trustee(15)
- (d)(23) Form of 4.875% Convertible Senior Notes due 2017(15)
- (d)(24) Indenture, dated as of October 10, 2012, between Ares Capital Corporation and U.S. Bank National Association, as trustee(16)
- (d)(25) Form of 4.75% Convertible Senior Notes due 2018(16)
- (d)(26) Indenture, dated as of July 19, 2013, between Ares Capital Corporation and U.S. Bank National Association, as trustee(17)
- (d)(27) Form of 4.375% Convertible Senior Notes due 2019(17)
- (e) Dividend Reinvestment Plan of Ares Capital Corporation(18)
- (f) Not Applicable

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- (g) Restated Investment Advisory and Management Agreement, dated as of June 6, 2011, between Registrant and Ares Capital Management LLC(19)
- (h)(1) Form of Underwriting Agreement for Equity Securities(4)
- (h)(2) Form of Underwriting Agreement for Debt Securities(4)
- (i) Not Applicable
- (j) Amended and Restated Custodian Agreement, dated as of May 15, 2009, between Ares Capital Corporation and U.S. Bank National Association(20)
- (k)(1) Amended and Restated Administration Agreement, dated as of June 1, 2007, between Ares Capital Corporation and Ares Operations LLC(21)
- (k)(2) Trademark License Agreement between Ares Capital Corporation and Ares Management LLC(22)
- (k)(3) Form of Indemnification Agreement between Ares Capital Corporation and directors and certain officers(23)
- (k)(4) Form of Indemnification Agreement between Ares Capital Corporation and members of Ares Capital Management LLC investment committee(23)
- (k)(5) Amended and Restated Purchase and Sale Agreement, dated as of January 22, 2010, among Ares Capital Corporation, as seller, and Ares Capital CP Funding Holdings LLC, as purchaser(24)
- (k)(6) Amendment No. 1 to Amended and Restated Purchase and Sale Agreement, dated as of June 7, 2012, among Ares Capital Corporation, as seller, and Ares Capital CP Funding Holdings LLC, as purchaser(25)
- (k)(7) Second Tier Purchase and Sale Agreement, dated as of January 22, 2010, among Ares Capital CP Funding Holdings LLC, as seller, and Ares Capital CP Funding LLC, as purchaser(24)
- (k)(8) Amendment No. 1 to Second Tier Purchase and Sale Agreement, dated as of June 7, 2012, among Ares Capital CP Funding Holdings LLC, as seller, and Ares Capital CP Funding LLC, as purchaser(25)
- (k)(9) Amended and Restated Sale and Servicing Agreement, dated as of January 22, 2010, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wachovia Bank, National Association, as note purchaser, U.S. Bank National Association, as trustee and collateral custodian, and Wells Fargo Securities, LLC, as agent(24)
- (k)(10) Amendment No. 1 to the Amended and Restated Sale and Servicing Agreement, dated as of May 6, 2010, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank, as note purchaser, U.S. Bank National Association, as trustee and collateral custodian, and Wells Fargo Securities, LLC, as agent(26)
- (k)(11) Amendment No. 2 to the Amended and Restated Sale and Servicing Agreement, dated as of January 18, 2011, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank, as note purchaser, U.S. Bank National Association, as trustee and collateral custodian, and Wells Fargo Securities, LLC, as agent(27)

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- (k)(12) Amendment No. 3 to the Amended and Restated Sale and Servicing Agreement, dated as of October 13, 2011, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and as transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, U.S. Bank National Association, as trustee, collateral custodian and bank, and Wells Fargo Securities, LLC, as agent(28)
- (k)(13) Amendment No. 4 to the Amended and Restated Sale and Servicing Agreement, dated as of January 18, 2012, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as collateral custodian, trustee and bank(29)
- (k)(14) Amendment No. 5 to the Amended and Restated Sale and Servicing Agreement, dated as of June 7, 2012, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as collateral custodian, trustee and bank(25)
- (k)(15) Amendment No. 6 to the Loan and Servicing Agreement, dated as of January 25, 2013, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Securities, LLC, as agent, and Wells Fargo Bank, National Association, as swingline lender, and the other lenders party thereto(30)
- (k)(16) Omnibus Amendment, dated as of May 14, 2014, among Ares Capital CP Funding LLC, Ares Capital CP Funding Holdings LLC, Ares Capital Corporation, Wells Fargo Bank, National Association, as swingline lender and as a lender, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as trustee, bank and collateral custodian (amending the Loan and Servicing Agreement, dated as of January 22, 2010, the Amended and Restated Purchase and Sale Agreement, dated as of January 22, 2010, and the Second Tier Purchase and Sale Agreement, dated as of January 22, 2010)(31)
- (k)(17) Fourth Amended and Restated Senior Secured Revolving Credit Agreement, dated as of March 31, 2014, among Ares Capital Corporation, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent(32)
- (k)(18) Loan and Servicing Agreement, dated as of January 20, 2012, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, collateral agent and lender, and U.S. Bank National Association, as collateral custodian and bank(33)
- (k)(19) Purchase and Sale Agreement, dated as of January 20, 2012, between Ares Capital JB Funding LLC, as purchaser, and Ares Capital Corporation, as seller(33)
- (k)(20) Omnibus Amendment No. 1, dated as of September 14, 2012, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012, and the Purchase and Sale Agreement, dated as of January 20, 2012)(34)

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- (k)(21) Omnibus Amendment No. 2, dated as of December 20, 2013, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012, and the Purchase and Sale Agreement, dated as of January 20, 2012)(35)
- (l)(1) Opinion and Consent of Venable LLP, Maryland counsel for Ares Capital Corporation(4)
- (l)(2) Opinion and Consent of Proskauer Rose LLP, counsel for Ares Capital Corporation(4)
- (m) Not Applicable
- (n)(1) Consent of independent registered public accounting firm for Ares Capital Corporation*
- (n)(2) Report of independent registered public accounting firm for Ares Capital Corporation, regarding "senior securities" table contained herein(4)
- (o) Not Applicable
- (p) Not Applicable
- (q) Not Applicable
- (r) Code of Ethics(23)
- 99.1 Statement of Computation of Ratio of Earnings to Fixed Charges(4)
- 99.2 Form of Preliminary Prospectus Supplement For Common Stock Offerings(36)
- 99.3 Form of Preliminary Prospectus Supplement For Preferred Stock Offerings(36)
- 99.4 Form of Preliminary Prospectus Supplement For Debt Offerings(36)
- 99.5 Form of Preliminary Prospectus Supplement For Rights Offerings(36)
- 99.6 Form of Preliminary Prospectus Supplement For Warrant Offerings(36)
- 99.7 Form of Preliminary Prospectus Supplement For Unit Offerings(36)
- 99.8 Form of Preliminary Prospectus Supplement For Retail Notes Offerings*
- 99.9 Form of Preliminary Prospectus Supplement For Institutional Notes Offerings*

*

Filed herewith.

- (1) Incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q (File No. 814-00663) for the quarter ended September 30, 2012, filed on November 5, 2012.
- (2) Incorporated by reference to Exhibit 3.2 to the Registrant's Form 10-Q (File No. 814-00663) for the quarter ended June 30, 2010, filed on August 5, 2010.
- (3)

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Incorporated by reference to Exhibit (d) to the Registrant's pre-effective Amendment No. 2 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-114656), filed on September 28, 2004.

(4)

Incorporated by reference to Exhibits (d)(2), (h)(1), (h)(2), (l)(1), (l)(2), (n)(2) and 99.1 to the Registrant's Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-195748), filed on May 7, 2014.

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- (5) Incorporated by reference to Exhibit (d)(4) to the Registrant's pre-effective Amendment No. 2 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-149139), filed on April 9, 2008.
- (6) Incorporated by reference to Exhibit d.2 to Allied Capital's Registration Statement under the Securities Act of 1933, as amended, on Form N-2/A (File No. 333-133755), filed on June 21, 2006.
- (7) Incorporated by reference to Exhibits d.8 and d.9, as applicable, to Allied Capital's post-effective Amendment No. 3 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2/A (File No. 333-133755), filed on March 28, 2007.
- (8) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on April 7, 2010.
- (9) Incorporated by reference to Exhibits 4.1, 4.2 and 4.3, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on October 22, 2010.
- (10) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on February 2, 2012.
- (11) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on September 25, 2012.
- (12) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on November 19, 2013.
- (13) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on January 28, 2011.
- (14) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on March 28, 2011.
- (15) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on March 14, 2012.
- (16) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on October 10, 2012.
- (17) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on July 19, 2013.
- (18) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on February 27, 2012.
- (19) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on June 8, 2011.
- (20) Incorporated by reference to Exhibit (j) to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-158211), filed on May 28, 2009.

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- (21) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q (File No. 814-00663) for the quarter ended June 30, 2007, filed on August 9, 2007.
- (22) Incorporated by reference to Exhibit (k)(3) to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-114656), filed on September 17, 2004.

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- (23) Incorporated by reference to Exhibits (k)(3), (k)(4) and (r), as applicable, to the Registrant's Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-188175), filed on April 26, 2013.
- (24) Incorporated by reference to Exhibits 10.2 through 10.4, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on January 25, 2010.
- (25) Incorporated by reference to Exhibits 10.1 through 10.3, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on June 8, 2012.
- (26) Incorporated by reference to Exhibit 10.5 to the Registrant's Form 10-Q (File No. 814-00663) for the quarter ended March 31, 2010, filed on May 10, 2010.
- (27) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on January 19, 2011.
- (28) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on October 14, 2011.
- (29) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on January 19, 2012.
- (30) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on January 28, 2013.
- (31) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on May 15, 2014.
- (32) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on April 1, 2014.
- (33) Incorporated by reference to Exhibits 10.1 and 10.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on January 24, 2012.
- (34) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on September 17, 2012.
- (35) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on December 23, 2013.
- (36) Incorporated by reference to Exhibits 99.2, 99.3, 99.4, 99.5, 99.6 and 99.7, as applicable, to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-181563), filed on July 19, 2012.

Table of Contents**ITEM 26. MARKETING ARRANGEMENTS**

The information contained under the heading "Plan of Distribution" on this Registration Statement is incorporated herein by reference and any information concerning any underwriters for a particular offering will be contained in the prospectus supplement related to that offering.

ITEM 27. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Commission registration fee	\$ 386,400*
NASDAQ Global Select Market Additional Listing Fee	\$ 65,000(1)
FINRA filing fee	\$ 189,287
Accounting fees and expenses	\$ 30,000(1)
Legal fees and expenses	\$ 350,000(1)
Printing	\$ 50,000(1)
Miscellaneous fees and expenses	\$ 25,000(1)

Total	\$ 1,095,687(1)
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*

\$237,529 of this amount has been offset against a filing fee associated with unsold securities registered under a previous registration statement.

(1)

These amounts are estimates.

ITEM 28. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL*Direct Subsidiaries*

The following list sets forth each of our subsidiaries, the state or country under whose laws the subsidiary is organized, and the percentage of voting securities or membership interests owned by us in such subsidiary:

10th Street Equity, LLC (Delaware)	100%
A.C. Corporation (Delaware)	100%
AC Notes Holdings LLC (Delaware)	100%
ARCC S2 LLC (f/k/a/ AC Postle, LLC) (Delaware)	100%
Alaris Consulting, LLC (Delaware)	100%
Allbridge Equity, LLC (Delaware)	100%
Allied Asset Holdings, LLC (Delaware)	100%
Allied Capital Holdings LLC (Delaware)	100%
ARCC Imperial POF LLC (f/k/a Amerex Equity LLC) (Delaware)	100%
Amerex Equity Corporation (Delaware)	100%
ARCC AXC LLC (Delaware)	100%
ARCC BB Corp. (Delaware)	100%
ARCC BM LLC (Delaware)	100%
ARCC C&C Corp. (Delaware)	100%
ARCC CCS, Inc. (Delaware)	100%
ARCC CIC Flex Corporation (Delaware)	100%

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ARCC CLPB Corporation (Delaware)	100%
ARCC Covestia Corp. (Delaware)	100%
ARCC Crescent LLC (Delaware)	100%
ARCC ECG LLC (Delaware)	100%
ARCC GAC LLC (Delaware)	100%
ARCC GF, LLC (Delaware)	100%

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ARCC HBF LLC (Delaware)	100%
ARCC IGS Corp. (Delaware)	100%
ARCC Imperial Corporation (Delaware)	100%
ARCC JTC LLC (Delaware)	100%
ARCC LVCG Investors LLC (Delaware)	100%
ARCC OTG Corp. (Delaware)	100%
ARCC PCGI III AIV Blocker, Inc. (Delaware)	100%
ARCC PJMB LLC (Delaware)	100%
ARCC RB LLC	100%
ARCC SK Blocker Corp. (Delaware)	100%
ARCC NPA Corp. (f/k/a ARCC PSSI Corp.) (Delaware)	100%
ARCC HT Corp. (f/k/a ARCC Sage Inc.) (Delaware)	100%
ARCC TTL Corp. (Delaware)	100%
ARCC Universal Corp. (Delaware)	100%
ARCC VTH Corp. (Delaware)	100%
ARCC ABB LLC (Delaware)	100%
ARCC FD Corp. (Delaware)	100%
Ares Capital CP Funding Holdings LLC (Delaware)	100%
Ares Capital JB Funding LLC (Delaware)	100%
Aviation Properties Corporation (Delaware)	100%
Binks Equity Corp. (Delaware)	100%
Calder Capital Partners LLC (Delaware)	100%
Calder Equity, LLC (Delaware)	100%
Calder Investment Partners LLC (Delaware)	100%
Cleveland East Equity, LLC (Delaware)	100%
Conectel, Inc. (Delaware)	100%
Crescent Equity Corp. (Delaware)	86.26%
Dynamic Equity, LLC (Delaware)	100%
Financial Pacific Company (Washington)	92.76%
Foresite Equity, LLC (Delaware)	100%
GlobalCom Equity, LLC (Delaware)	100%
IAT Equity, LLC (Delaware)	100%
Ivy Hill Asset Management GP, LLC (Delaware)	100%
Multiad Equity Corp. (Delaware)	86.26%
NPH, Inc. (Maryland)	100%
RWI, LLC (Delaware)	100%
S2 Equity Corp. (Delaware)	86.26%
Slate Equity, LLC (Delaware)	100%
SMF II Equity, LLC (Delaware)	100%
Soteria Mezzanine Corporation (Delaware)	86.26%
Stag Equity, LLC (Delaware)	100%
Startec Equity, LLC (Delaware)	100%
Subfractional Motors, Inc. (Delaware)	100%
ARCC PCP G.P., LLC (Delaware)	100%
ARCC PCP L.P., LLC (Cayman Islands)	100%

Table of Contents*Indirect Subsidiaries*

The following list sets forth each of our indirect subsidiaries, the state under whose laws the subsidiary is organized, and the percentage of voting securities or membership interests owned by the sole member of such subsidiary:

A.C. Management Services, LLC (Delaware)	100%
AC Finance LLC (Delaware)	100%
ACGP I, LLC (Delaware)	100%
ACE Products Holding Corp. (Delaware)	100%
Allied Crescent Equity, LLC (Delaware)	100%
AMP Admin LLC (Delaware)	100%
ARCC Imperial LLC (Delaware)	100%
Ares Capital CP Funding LLC (Delaware)	100%
Crescent Sliver Equity LLC (Delaware)	100%
HCI Equity, LLC (Illinois)	100%
PCP GHS Holdings, Inc. (Delaware)	100%
PCP Wilcon Holdings, Inc. (Delaware)	100%
PCP European Investment Holdings S.à.r.l. (Luxembourg)	100%

Each of our direct and indirect subsidiaries listed above is consolidated for financial reporting purposes.

In addition, we may be deemed to control certain portfolio companies. See "Portfolio Companies" in the Prospectus.

ITEM 29. NUMBER OF HOLDERS OF SECURITIES

The following table sets forth the approximate number of record holders of the Company's common stock and each class of the Company's senior securities (including bank loans) as of March 31, 2014.

TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Common stock, \$0.001 par value	1,789 (including Cede & Co.)
Revolving Credit Facility	18
Revolving Funding Facility	3
SMBC Funding Facility	1
February 2016 Convertible Notes	56
June 2016 Convertible Notes	51
2017 Convertible Notes	34
2018 Convertible Notes	38
2019 Convertible Notes	19
2018 Notes	65
February 2022 Notes	67
October 2022 Notes	60
2040 Notes	66
2047 Notes	79

ITEM 30. INDEMNIFICATION

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or

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services or (b) active and deliberate dishonesty established by a final adjudication as being material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the Investment Company Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the Investment Company Act, to obligate us to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her status as a present or former director or officer and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law and the Investment Company Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made or threatened to be made a party to a proceeding by reason of his or her service in that capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in that capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit us to, with the approval of the board of directors or a duly authorized committee thereof, indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the Investment Company Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office. In addition to the indemnification provided for in our bylaws, we have entered into indemnification agreements with each of our current directors and certain of our officers and with members of our investment adviser's investment committee and we intend to enter into indemnification agreements with each of our future directors, members of our investment adviser's investment committee and certain of our officers. The indemnification agreements attempt to provide these directors and senior officers the maximum indemnification permitted under Maryland law and the Investment Company Act. The agreements provide, among other things, for the advancement of expenses and indemnification for liabilities which such person may incur by reason of his or her status as a present or former director or officer or member of our investment adviser's investment committee in any action or proceeding arising out of the performance of such person's services as a present or former director or officer or member of our investment adviser's investment committee.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or are threatened to be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met

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the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

The investment advisory and management agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, our investment adviser Ares Capital Management and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our investment adviser's services under the investment advisory and management agreement or otherwise as an investment adviser of the Company.

The administration agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, Ares Operations and its officers, manager, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Ares Operations' services under the administration agreement or otherwise as administrator for the Company.

Insofar as indemnification for liability arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

ITEM 31. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

A description of any other business, profession, vocation or employment of a substantial nature in which Ares Capital Management, and each partner, director or executive officer of Ares Capital Management, is or has been, during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the sections entitled "Management." Additional information regarding Ares Capital Management and its officers and directors are set forth in its Form ADV, as filed with the Securities and Exchange Commission (SEC File No. 801-63168), and is incorporated herein by reference.

ITEM 32. LOCATION OF ACCOUNTS AND RECORDS

All accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the rules thereunder are maintained at the offices of:

- (1) the Company, Ares Capital Corporation, 245 Park Avenue, 44th Floor, New York, New York 10167;
- (2) the transfer agent, Computershare Shareowner Services LLC, P.O. Box 30170, College Station, TX 77842;

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- (3) the custodian, U.S. Bank National Association, Corporate Trust Services, One Federal Street, 3rd Floor, Boston, Massachusetts 02110; and
- (4) our investment adviser, Ares Capital Management LLC, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

ITEM 33. MANAGEMENT SERVICES

Not Applicable.

ITEM 34. UNDERTAKINGS

The Registrant undertakes:

- (1) to suspend the offering of shares until the prospectus is amended if (a) subsequent to the effective date of its registration statement, the net asset value declines more than ten percent from its net asset value as of the effective date of the registration statement or (b) the net asset value increases to an amount greater than the net proceeds as stated in the prospectus.
- (2) if the securities being registered are to be offered to existing stockholders pursuant to warrants or rights, and any securities not taken by stockholders are to be reoffered to the public, to supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer, the transactions by underwriters during the subscription period, the amount of unsubscribed securities to be purchased by underwriters, and the terms of any subsequent reoffering thereof. If any public offering by the underwriters of the securities being registered is to be made on terms differing from those set forth on the cover page of the prospectus, the Registrant shall undertake to file a post-effective amendment to set forth the terms of such offering;
- (3) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (a) to include any prospectus required by Section 10(a)(3) of the Securities Act;
 - (b) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and
 - (c) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.
- (4) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof;
- (5) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;
- (6)

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that, for the purpose of determining liability under the Securities Act to any purchaser, if the Registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 497(b), (c), (d) or (e) under the Securities Act as part of a registration statement relating to an offering, other than prospectuses filed in reliance on Rule 430A under the Securities Act, shall be deemed to be part of and included in the registration statement as of the date it is

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first used after effectiveness, *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supercede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use;

- (7) that for the purpose of determining liability of the Registrant under the Securities Act to any purchaser in the initial distribution of securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:
- (a) any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 497 under the Securities Act;
 - (b) the portion of any advertisement pursuant to Rule 482 under the Securities Act relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and
 - (c) any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser;
- (8) to file a post-effective amendment to the registration statement, and to suspend any offers or sales pursuant the registration statement until such post-effective amendment has been declared effective under the 1933 Act, in the event its shares of common stock are trading below its net asset value per share and either (a) the Registrant receives, or has been advised by its independent registered accounting firm that it will receive, an audit report reflecting substantial doubt regarding the Registrant's ability to continue as a going concern or (b) the Registrant has concluded that a fundamental change has occurred in its financial position or results of operations;
- (9) to file, at the time of each offering of securities, appropriate legality opinions by post-effective amendment to the registration statement;
- (10) to file a post-effective amendment to the registration statement with respect to any offerings of subscription rights to purchase shares of our common stock; and
- (11) to file a post-effective amendment to the registration statement with respect to any offerings of units.

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SIGNATURE	TITLE	DATE
*		
_____ Frank E. O'Bryan	Director	June 26, 2014
*		
_____ Antony P. Ressler	Director	June 26, 2014
*		
_____ Robert L. Rosen	Director	June 26, 2014
*		
_____ Bennett Rosenthal	Chairman and Director	June 26, 2014
*		
_____ Eric B. Siegel	Director	June 26, 2014

*By: /s/ JOSHUA M. BLOOMSTEIN

Joshua M. Bloomstein
Attorney-in-fact
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EXHIBIT INDEX

- (a) Articles of Amendment and Restatement, as amended(1)
- (b) Second Amended and Restated Bylaws, as amended(2)
- (c) Not Applicable
- (d)(1) Form of Stock Certificate(3)
- (d)(2) Statement of Eligibility of Trustee on Form T-1(4)
- (d)(3) Form of Subscription Certificate(5)
- (d)(4) Indenture, dated June 16, 2006, between Allied Capital Corporation and The Bank of New York, as trustee(6)
- (d)(5) Form of Note under the Indenture, dated June 16, 2006, between Allied Capital Corporation and The Bank of New York, as trustee (contained in Exhibit (d)(4) to this Registration Statement)(6)
- (d)(6) Third Supplemental Indenture, dated as of March 28, 2007, between Allied Capital Corporation and The Bank of New York, as trustee(7)
- (d)(7) Form of 6.875% Notes due 2047(7)
- (d)(8) Fourth Supplemental Indenture, dated as of April 1, 2010, among Ares Capital Corporation, Allied Capital Corporation and The Bank of New York Mellon, as trustee(8)
- (d)(9) Indenture, dated as of October 21, 2010, between Ares Capital Corporation and U.S. Bank National Association, as trustee(9)
- (d)(10) First Supplemental Indenture, dated as of October 21, 2010, relating to the 7.75% Senior Notes due 2040, between Ares Capital Corporation and U.S. Bank National Association, as trustee(9)
- (d)(11) Form of 7.75% Senior Notes due 2040(9)
- (d)(12) Second Supplemental Indenture, dated as of February 2, 2012, relating to the 7.00% Senior Notes due 2022, between Ares Capital Corporation and U.S. Bank National Association, as trustee(10)
- (d)(13) Form of 7.00% Senior Notes due 2022(10)
- (d)(14) Third Supplemental Indenture, dated as of September 25, 2012, relating to the 5.875% Senior Notes due 2022, between Ares Capital Corporation and U.S. Bank National Association, as trustee(11)
- (d)(15) Form of 5.875% Senior Notes due 2022(11)
- (d)(16) Fourth Supplemental Indenture, dated as of November 19, 2013, relating to the 4.875% Senior Notes due 2018, between Ares Capital Corporation and U.S. Bank National Association, as trustee(12)
- (d)(17) Form of 4.875% Senior Notes due 2018(12)
- (d)(18) Indenture, dated as of January 25, 2011, between Ares Capital Corporation and U.S. Bank National Association, as trustee(13)

(d)(19) Form of 5.75% Convertible Senior Notes due 2016(13)

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- (d)(20) Indenture, dated as of March 28, 2011, between Ares Capital Corporation and U.S. Bank National Association, as trustee(14)
- (d)(21) Form of 5.125% Convertible Senior Notes due 2016(14)
- (d)(22) Indenture, dated as of March 14, 2012, between Ares Capital Corporation and U.S. Bank National Association, as trustee(15)
- (d)(23) Form of 4.875% Convertible Senior Notes due 2017(15)
- (d)(24) Indenture, dated as of October 10, 2012, between Ares Capital Corporation and U.S. Bank National Association, as trustee(16)
- (d)(25) Form of 4.75% Convertible Senior Notes due 2018(16)
- (d)(26) Indenture, dated as of July 19, 2013, between Ares Capital Corporation and U.S. Bank National Association, as trustee(17)
- (d)(27) Form of 4.375% Convertible Senior Notes due 2019(17)
- (e) Dividend Reinvestment Plan of Ares Capital Corporation(18)
- (f) Not Applicable
- (g) Restated Investment Advisory and Management Agreement, dated as of June 6, 2011, between Registrant and Ares Capital Management LLC(19)
- (h)(1) Form of Underwriting Agreement for Equity Securities(4)
- (h)(2) Form of Underwriting Agreement for Debt Securities(4)
- (i) Not Applicable
- (j) Amended and Restated Custodian Agreement, dated as of May 15, 2009, between Ares Capital Corporation and U.S. Bank National Association(20)
- (k)(1) Amended and Restated Administration Agreement, dated as of June 1, 2007, between Ares Capital Corporation and Ares Operations LLC(21)
- (k)(2) Trademark License Agreement between Ares Capital Corporation and Ares Management LLC(22)
- (k)(3) Form of Indemnification Agreement between Ares Capital Corporation and directors and certain officers(23)
- (k)(4) Form of Indemnification Agreement between Ares Capital Corporation and members of Ares Capital Management LLC investment committee(23)
- (k)(5) Amended and Restated Purchase and Sale Agreement, dated as of January 22, 2010, among Ares Capital Corporation, as seller, and Ares Capital CP Funding Holdings LLC, as purchaser(24)
- (k)(6) Amendment No. 1 to Amended and Restated Purchase and Sale Agreement, dated as of June 7, 2012, among Ares Capital Corporation, as seller, and Ares Capital CP Funding Holdings LLC, as purchaser(25)
- (k)(7) Second Tier Purchase and Sale Agreement, dated as of January 22, 2010, among Ares Capital CP Funding Holdings LLC, as seller, and Ares Capital CP Funding LLC, as purchaser(24)
- (k)(8) Amendment No. 1 to Second Tier Purchase and Sale Agreement, dated as of June 7, 2012, among Ares Capital CP Funding Holdings LLC, as seller, and Ares Capital CP Funding LLC, as purchaser(25)

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- (k)(9) Amended and Restated Sale and Servicing Agreement, dated as of January 22, 2010, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wachovia Bank, National Association, as note purchaser, U.S. Bank National Association, as trustee and collateral custodian, and Wells Fargo Securities, LLC, as agent(24)
- (k)(10) Amendment No. 1 to the Amended and Restated Sale and Servicing Agreement, dated as of May 6, 2010, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank, as note purchaser, U.S. Bank National Association, as trustee and collateral custodian, and Wells Fargo Securities, LLC, as agent(26)
- (k)(11) Amendment No. 2 to the Amended and Restated Sale and Servicing Agreement, dated as of January 18, 2011, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank, as note purchaser, U.S. Bank National Association, as trustee and collateral custodian, and Wells Fargo Securities, LLC, as agent(27)
- (k)(12) Amendment No. 3 to the Amended and Restated Sale and Servicing Agreement, dated as of October 13, 2011, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and as transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, U.S. Bank National Association, as trustee, collateral custodian and bank, and Wells Fargo Securities, LLC, as agent(28)
- (k)(13) Amendment No. 4 to the Amended and Restated Sale and Servicing Agreement, dated as of January 18, 2012, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as collateral custodian, trustee and bank(29)
- (k)(14) Amendment No. 5 to Amended and Restated Sale and Servicing Agreement, dated as of June 7, 2012, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as collateral custodian, trustee and bank(25)
- (k)(15) Amendment No. 6 to the Loan and Servicing Agreement, dated as of January 25, 2013, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Securities, LLC, as agent, and Wells Fargo Bank, National Association, as swingline lender, and the other lenders party thereto(30)
- (k)(16) Omnibus Amendment, dated as of May 14, 2014, among Ares Capital CP Funding LLC, Ares Capital CP Funding Holdings LLC, Ares Capital Corporation, Wells Fargo Bank, National Association, as swingline lender and as a lender, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as trustee, bank and collateral custodian (amending the Loan and Servicing Agreement, dated as of January 22, 2010, the Amended and Restated Purchase and Sale Agreement, dated as of January 22, 2010, and the Second Tier Purchase and Sale Agreement, dated as of January 22, 2010)(31)
- (k)(17) Fourth Amended and Restated Senior Secured Revolving Credit Agreement, dated as of March 31, 2014, among Ares Capital Corporation, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent(32)

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- (k)(18) Loan and Servicing Agreement, dated as of January 20, 2012, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, collateral agent and lender, and U.S. Bank National Association, as collateral custodian and bank(33)
 - (k)(19) Purchase and Sale Agreement, dated as of January 20, 2012, between Ares Capital JB Funding LLC, as purchaser, and Ares Capital Corporation, as seller(33)
 - (k)(20) Omnibus Amendment No. 1, dated as of September 14, 2012, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012, and the Purchase and Sale Agreement, dated as of January 20, 2012)(34)
 - (k)(21) Omnibus Amendment No. 2, dated as of December 20, 2013, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012, and the Purchase and Sale Agreement, dated as of January 20, 2012)(35)
 - (l)(1) Opinion and Consent of Venable LLP, Maryland counsel for Ares Capital Corporation(4)
 - (l)(2) Opinion and Consent of Proskauer Rose LLP, counsel for Ares Capital Corporation(4)
 - (m) Not Applicable
 - (n)(1) Consent of independent registered public accounting firm for Ares Capital Corporation*
 - (n)(2) Report of independent registered public accounting firm for Ares Capital Corporation, regarding "senior securities" table contained herein(4)
 - (o) Not Applicable
 - (p) Not Applicable
 - (q) Not Applicable
 - (r) Code of Ethics(23)
 - 99.1 Statement of Computation of Ratio of Earnings to Fixed Charges(4)
 - 99.2 Form of Preliminary Prospectus Supplement For Common Stock Offerings(36)
 - 99.3 Form of Preliminary Prospectus Supplement For Preferred Stock Offerings(36)
 - 99.4 Form of Preliminary Prospectus Supplement For Debt Offerings(36)
 - 99.5 Form of Preliminary Prospectus Supplement For Rights Offerings(36)
 - 99.6 Form of Preliminary Prospectus Supplement For Warrant Offerings(36)
 - 99.7 Form of Preliminary Prospectus Supplement For Unit Offerings(36)
 - 99.8 Form of Preliminary Prospectus Supplement For Retail Notes Offerings*
 - 99.9 Form of Preliminary Prospectus Supplement For Institutional Notes Offerings*
-

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*

Filed herewith.

(1)

Incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q (File No. 814-00663) for the quarter ended September 30, 2012, filed on November 5, 2012.

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- (2) Incorporated by reference to Exhibit 3.2 to the Registrant's Form 10-Q (File No. 814-00663) for the quarter ended June 30, 2010, filed on August 5, 2010.
- (3) Incorporated by reference to Exhibit (d) to the Registrant's pre-effective Amendment No. 2 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-114656), filed on September 28, 2004.
- (4) Incorporated by reference to Exhibits (d)(2), (h)(1), (h)(2), (l)(1), (l)(2), (n)(2) and 99.1 to the Registrant's Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-195748), filed on May 7, 2014.
- (5) Incorporated by reference to Exhibit (d)(4) to the Registrant's pre-effective Amendment No. 2 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-149139), filed on April 9, 2008.
- (6) Incorporated by reference to Exhibit d.2 to Allied Capital's Registration Statement under the Securities Act of 1933, as amended, on Form N-2/A (File No. 333-133755), filed on June 21, 2006.
- (7) Incorporated by reference to Exhibits d.8 and d.9, as applicable, to Allied Capital's post-effective Amendment No. 3 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2/A (File No. 333-133755), filed on March 28, 2007.
- (8) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on April 7, 2010.
- (9) Incorporated by reference to Exhibits 4.1, 4.2 and 4.3, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on October 22, 2010.
- (10) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on February 2, 2012.
- (11) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on September 25, 2012.
- (12) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on November 19, 2013.
- (13) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on January 28, 2011.
- (14) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on March 28, 2011.
- (15) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on March 14, 2012.
- (16) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on October 10, 2012.
- (17)

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Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on July 19, 2013.

(18) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on February 27, 2012.

(19) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on June 8, 2011.

(20) Incorporated by reference to Exhibit (j) to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-158211), filed on May 28, 2009.

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- (21) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q (File No. 814-00663) for the quarter ended June 30, 2007, filed on August 9, 2007.
- (22) Incorporated by reference to Exhibit (k)(3) to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-114656), filed on September 17, 2004.
- (23) Incorporated by reference to Exhibits (k)(3), (k)(4) and (r), as applicable, to the Registrant's Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-188175), filed on April 26, 2013.
- (24) Incorporated by reference to Exhibits 10.2 through 10.4, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on January 25, 2010.
- (25) Incorporated by reference to Exhibits 10.1 through 10.3, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on June 8, 2012.
- (26) Incorporated by reference to Exhibit 10.5 to the Registrant's Form 10-Q (File No. 814-00663) for the quarter ended March 31, 2010, filed on May 10, 2010.
- (27) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on January 19, 2011.
- (28) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on October 14, 2011.
- (29) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on January 19, 2012.
- (30) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on January 28, 2013.
- (31) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on May 15, 2014.
- (32) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on April 1, 2014.
- (33) Incorporated by reference to Exhibits 10.1 and 10.2, as applicable, to the Registrant's Form 8-K (File No. 814-00663), filed on January 24, 2012.
- (34) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on September 17, 2012.
- (35) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 814-00663), filed on December 23, 2013.
- (36) Incorporated by reference to Exhibits 99.2, 99.3, 99.4, 99.5, 99.6 and 99.7, as applicable, to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-181563), filed on July 19, 2012.