Apollo Global Management LLC
Form S-1/A
March 22, 2010
Table of Contents

As filed with the Securities and Exchange Commission on March 22, 2010

Registration No. 333-150141

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 4

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

APOLLO GLOBAL MANAGEMENT, LLC

(Exact name of registrant as specified in its charter)

Delaware	6282	20-8880053
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Apollo Global Management, LLC

9 West 57th Street, 43rd Floor

New York, New York 10019

(212) 515-3200

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

John J. Suydam, Esq.

Chief Legal Officer

Apollo Global Management, LLC

9 West 57th Street, 43rd Floor

New York, New York 10019

(212) 515-3200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of Communications to:

Monica K. Thurmond, Esq.

O Melveny & Myers LLP

7 Times Square

New York, New York 10036

(212) 326-2000

Approximate date of commencement of proposed sale to public: As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, 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, 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 this Form is a post-effective amendment filed pursuant to Rule 462(d) 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, check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Class A shares sold in the Rule 144A Offering	$522,543,560	$20,536 (2)
New Class A shares to be sold by Apollo Global Management, LLC and the selling shareholders	$50,000,000	$3,565

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.
(2) Previously paid in 2008 in connection with prior filings of this Registration Statement.

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 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 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated March 22, 2010

PROSPECTUS

Apollo Global Management, LLC

35,624,540 Class A Shares

Representing Class A Limited Liability Company Interests

This prospectus relates solely to the resale of up to an aggregate of 35,624,540 Class A shares, representing Class A limited liability company interests of Apollo Global Management, LLC, by the selling shareholders identified in this prospectus (which term as used in this prospectus includes pledgees, donees, transferees or other successors-in-interest). The selling shareholders acquired the Class A shares in the exempt offerings, both of which closed on August 8, 2007 and which we refer to as the Private Offering Transactions. We are registering the offer and sale of the Class A shares to satisfy registration rights we have granted to the selling shareholders. We intend to apply to list our Class A shares on the New York Stock Exchange, or the NYSE, under the symbol . The listing is subject to approval of our application. Until our Class A shares are regularly traded on the NYSE, we expect that the selling shareholders initially will sell their shares at prices between $ and $ per share, if any shares are sold.

The selling shareholders may offer the shares from time to time as they may determine through public or private transactions or through other means described in the section entitled Plan of Distribution at prevailing market prices, at prices different than prevailing market prices or at privately negotiated prices.

We will not receive any of the proceeds from the sale of these Class A shares by the selling shareholders. We have agreed to pay all expenses relating to registering the securities. The selling shareholders will pay any brokerage commissions and/or similar charges incurred for the sale of these Class A shares.

Investing in our Class A shares involves risks. You should read the section entitled Risk Factors beginning on page 36 for a discussion of certain risk factors that you should consider before investing in our Class A shares. These risks include:

Apollo Global Management, LLC is managed by our manager, which is controlled and owned by our managing partners. Our manager and its affiliates have limited fiduciary duties to us and our shareholders, which may permit them to favor their own interests to the detriment of us and our shareholders.

Our Class A shareholders will have only limited voting rights on matters affecting our businesses and will have no right to elect our manager.

Our organizational documents do not limit our ability to enter into new lines of businesses, and we may expand into new investment strategies, geographic markets and businesses without shareholder consent, each of which may result in additional risks and uncertainties in our businesses.

As discussed in Material Tax Considerations Material U.S. Federal Tax Considerations, Apollo Global Management, LLC will be treated as a partnership for U.S. Federal income tax purposes and you may therefore be subject to taxation on your allocable share of items of income, gain, loss, deduction and credit of Apollo Global Management, LLC. You may not receive cash distributions equal to your allocable share of our net taxable income or even in an amount sufficient to pay the tax liability that results from that income.

Members of the United States Congress have introduced legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. If this or any similar legislation or regulation were to be enacted and to apply to us, we would incur a material increase in our tax liability, which could result in a reduction in the value of our Class A shares.

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.

Prospectus dated , 2010.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

Table of Contents

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In considering the performance information relating to our funds contained herein, prospective Class A shareholders should bear in mind that the performance of our funds is not indicative of the possible performance of our Class A shares and is also not necessarily indicative of the future results of our funds, even if fund investments were in fact liquidated on the dates indicated, and there can be no assurance that our funds will continue to achieve, or that future funds will achieve, comparable results.

In addition, an investment in our Class A shares is not an investment in any of the Apollo funds, and the assets and revenues of our funds are not directly available to us. As a result of deconsolidation of most of our funds, we will not be consolidating those funds in our financial statements for periods after either August 1, 2007 or November 30, 2007.

This prospectus is solely an offer with respect to Class A shares, and is not an offer directly or indirectly of any securities of any of our funds.

The distribution of this prospectus and the offering and sale of the Class A shares in certain jurisdictions may be restricted by law. We require persons into whose possession this prospectus comes to inform themselves about and to observe any such restrictions. This prospectus does not constitute an offer of, or an invitation to purchase, any of the Class A shares in any jurisdiction in which such offer or invitation would be unlawful.

Table of Contents

VALUATION AND RELATED DATA

This prospectus contains valuation data relating to the Apollo funds and related data that have been derived from such funds. When considering the valuation and related data presented in this prospectus, you should bear in mind that the historical results of the private equity and capital markets funds that Apollo has managed or sponsored in the past are not indicative of the future results that you should expect from the Apollo funds or from us.

T ERMS USED IN THIS PROSPECTUS

When used in this prospectus, unless the context otherwise requires:

AAA refers to AP Alternative Assets, L.P., a Guernsey limited partnership that generally invests alongside our private equity funds and directly in our capital markets funds and in other transactions that we sponsor and manage; the common units of AAA are listed on Euronext Amsterdam N.V. s Euronext Amsterdam by NYSE Euronext, which we refer to as Euronext Amsterdam ;

AAA Investments refers to AAA Investments, L.P., a Guernsey limited partnership through which AAA s investments are made;

AAOF refers to Apollo Asia Opportunity Master Fund, L.P., our Asian credit-oriented hedge fund, together with its feeder funds;

ACLF refers to Apollo Credit Liquidity Fund, L.P.;

AIC refers to Apollo Investment Corporation, our publicly traded business development company;

AIE I and AIE II mean AP Investment Europe Limited and Apollo Investment Europe II, L.P., respectively;

AMH refers to Apollo Management Holdings, L.P., a Delaware limited partnership owned by APO Corp. and Holdings;

APO Corp. refers to APO Corp., a Delaware corporation and a wholly-owned subsidiary of Apollo Global Management, LLC;

Apollo, we, us, our and the company refer collectively to Apollo Global Management, LLC and its subsidiaries, including the Ap Operating Group and all of its subsidiaries;

Apollo funds and our funds refer to the funds, alternative asset companies and other entities that are managed by the Apollo Operating Group;

Apollo Operating Group refers to (i) the limited partnerships through which our managing partners currently operate our businesses and (ii) one or more limited partnerships formed for the purpose of, among other activities, holding certain of our gains or losses on our principal investments in the funds, which we refer to as our principal investments ;

Apollo Real Estate refers to the entities that manage the Apollo Real Estate Investment Funds, a series of private real estate oriented funds initially established in 1993; our managing partners maintain a minority interest in Apollo Real Estate, but neither they nor we exert any managerial control;

Ares refers to Ares Corporate Opportunity Fund, which Apollo established in 1997 to invest predominantly in capital markets-based securities, including senior bank loans and high-yield and mezzanine debt, and other related funds; our managing partners maintain a minority interest in Ares, but neither they nor we exert any managerial control;

Artus refers to Apollo/Artus Investors 2007-1, L.P.;

Assets Under Management, or AUM, refers to the assets we manage or with respect to which we have control, including capital we have the right to call from our investors pursuant to their capital commitments to various funds. Our AUM equals the sum of:

(i) the fair value of our private equity investments plus the capital that we are entitled to call from our investors pursuant to the terms of their capital commitments plus non-recallable capital to the extent a fund is within the commitment period in which management fees are calculated based on total commitments to the fund;

(ii) the net asset value, or NAV, of our capital markets funds, other than collateralized senior credit opportunity funds (such as Artus, which we measure by using the mark-to-market value of the aggregate principal amount of the underlying collateralized loan obligations), plus used or available leverage and/or capital commitments;

(iii) the gross asset values of our real estate entities and the structured portfolio vehicle investments included within the funds we manage, which includes the leverage used by such structured portfolio vehicles;

(iv) the incremental value associated with the reinsurance investments of the funds we manage; and

(v) the fair value of any other assets that we manage plus unused credit facilities, including capital commitments for investments that may require pre-qualification before investment plus any other capital commitments available for investment that are not otherwise included in the clauses above.

During the year ended December 31, 2009, the company refined its definition of AUM to reflect leveraged products that had not been identified in our previous AUM definition. Prior period AUM amounts have been recalculated utilizing the above definition.

Fee-generating AUM consists of assets that we manage and on which we earn management fees or monitoring fees pursuant to management agreements on a basis that varies among the Apollo funds. Management fees are normally based on net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, stockholders equity, invested capital or capital contributions, e defined in the applicable management agreement. Monitoring fees for AUM purposes are based on the total value of certain structured portfolio vehicle investments, which normally include leverage, less any portion of such total value that is already considered in fee-generating AUM.

Non-fee generating AUM consists of assets that do not produce management fees or monitoring fees. These assets generally consist of the following: (a) fair value above invested capital for those funds that earn management fees based on invested capital, (b) net asset values related to general partner and co-investment ownership, (c) unused credit facilities, (d) available commitments on those funds that generate management fees on invested capital and (e) structured portfolio vehicle investments that do not generate monitoring fees. We use non-fee generating AUM combined with fee-generating AUM as a performance measurement of our investment activities, as well as to monitor fund size in relation to professional resource and infrastructure needs. Non-fee generating AUM includes assets on which we could earn carried interest income.

Our AUM measure includes assets under management for which we charge either no or nominal fees. Our definition of AUM is not based on any definition of assets under management contained in our operating agreement or in any of our Apollo fund management agreements.

carried interest, incentive income and carried interest income refer to interests granted to Apollo by an Apollo fund that entitle Apollo to receive allocations, distributions or fees calculated by reference to the performance of such fund or its underlying investments;

COF I and COF II mean Apollo Credit Opportunity Fund I, L.P. and Apollo Credit Opportunity Fund II, L.P., respectively;

co-founded means the individuals who joined Apollo in 1990, the year in which the company commenced business operations;

contributing partners refers to those of our partners (and their related parties) who indirectly own (through Holdings) Apollo Operating Group units;

Table of Contents

credit opportunity funds refers to our COF I, COF II, ACLF and Artus capital markets funds;

distressed funds refers to our SVF, VIF and SOMA capital markets funds;

EPF refers to Apollo European Principal Finance Fund, L.P., our European non-performing loan fund, together with its feeder funds;

feeder funds refer to funds that operate by placing substantially all of their assets in, and conducting substantially all of their investment and trading activities through, a master fund, which is designed to facilitate collective investment by the participating feeder funds. With respect to certain of our funds that are organized in a master-feeder structure, the feeder funds are permitted to make investments outside the master fund when deemed appropriate by the fund s investment manager;

Fund I, Fund II, Fund III, Fund IV, Fund V, Fund VI, and Fund VII mean Apollo Investment Fund, L.P., AIF II, L.P., Apo Investment Fund III, L.P., Apollo Investment Fund IV, L.P., Apollo Investment Fund V, L.P., Apollo Investment Fund VI, L.P. and Apollo Investment Fund VII, L.P., respectively, together with their parallel funds, as applicable;

global distressed and hedge funds refers to certain of our capital markets funds, including SVF, VIF, SOMA and AAOF, certain of our separately managed accounts and our metals trading fund;

gross IRR of a fund represents the cumulative investment-related cash flows for all of the investors in the fund on the basis of the actual timing of investment inflows and outflows (for unrealized investment assuming disposition on December 31, 2009 or other date specified) aggregated on a gross basis quarterly, and the return is annualized and compounded before management fees, carried interest and certain other fund expenses (including interest incurred by the fund itself) and measures the returns on the fund s investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund s investors;

Holdings means AP Professional Holdings, L.P., a Cayman Islands exempted limited partnership through which our managing partners and our contributing partners hold their Apollo Operating Group units;

IRS refers to the Internal Revenue Service;

managing partners refers to Messrs. Leon Black, Joshua Harris and Marc Rowan collectively and, when used in reference to holdings of interests in Apollo or Holdings, includes certain related parties of such individuals;

metals trading fund refers to Apollo Metals Trading Fund, L.P. and its feeder funds;

MIA represents a mirrored investment account established to mirror Funds I and II for investments in debt securities;

multiple of invested capital means (i) with respect to a given investment as of any date, the actual amount realized with respect to such investment plus the estimated fair market value of the remaining interest in such investment as of such date divided by the total capital invested in such investment through such date, and (ii) with respect to a fund as of any date, the aggregate actual amount realized in respect of such fund s investments plus the estimated fair market value of the fund s remaining interests in such investments as of such date divided by the lesser of the total capital invested in such investments and the total committed capital of such fund;

net IRR of a fund means the gross IRR applicable to all investors, including related parties which may not pay fees, net of management fees, organizational expenses, transaction costs, and certain other fund expenses (including interest incurred by the fund itself) and realized carried interest all offset to the extent of interest income, and measures returns based on amounts that, if distributed, would be paid to investors of the fund; to the extent that an Apollo private equity fund exceeds all requirements detailed within the applicable fund agreement, the estimated unrealized value is adjusted such that a percentage of up to 20.0% of the unrealized gain is allocated to the general partner, thereby reducing the balance attributable to fund investors;

Table of Contents

net return since inception, unless noted otherwise, represents the calculated return that is based on a fund s net cumulative change in net assets as a percentage of aggregate capital contributions from the inception of such fund through December 31, 2009. The calculated returns are geometrically linked based on capital contributions, distributions and dividend reinvestments, as applicable;

net return for Value Funds, SOMA and AAOF represents the calculated return that is based on month-to-month changes in net assets and is calculated using the returns that have been geometrically linked based on capital contributions, distributions and dividend reinvestments, as applicable;

our manager means AGM Management, LLC, a Delaware limited liability company that is controlled by our managing partners;

Palmetto refers to Apollo Palmetto Strategic Partnership, L.P.;

permanent capital means capital of funds that do not have redemption provisions or a requirement to return capital to investors upon exiting the investments made with such capital, except as required by applicable law, which currently consist of AAA, Apollo Investment Corporation and AP Investment Europe Limited; such funds may be required, or elect, to return all or a portion of capital gains and investment income;

private equity investments refers to (i) direct or indirect investments in existing and future private equity funds managed or sponsored by Apollo, (ii) direct or indirect co-investments with existing and future private equity funds managed or sponsored by Apollo, (iii) direct or indirect investments in securities which are not immediately capable of resale in a public market that Apollo identifies but does not pursue through its private equity funds, and (iv) investments of the type described in (i) through (iii) above made by Apollo funds;

SOMA refers to Apollo Special Opportunities Managed Account, L.P.;

SVF refers to Apollo Strategic Value Master Fund, L.P., together with its feeder funds;

total annualized return means the total compound annual rate of return for a security or index based on the change in market price, assuming the reinvestment of all dividends;

Value Funds refers to the SVF and VIF funds combined; and

VIF refers to Apollo Value Investment Master Fund, L.P., together with its feeder funds.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary sets forth the material terms of this offering, but does not contain all of the information that you should consider before investing in our Class A shares. You should read the entire prospectus carefully, including the section entitled Risk Factors, our financial statements and the related notes and management s discussion and analysis thereof included elsewhere in this prospectus, before making an investment decision to purchase our Class A shares.

Apollo

Founded in 1990, Apollo is a leading global alternative asset manager. We are contrarian, value-oriented investors in private equity, credit-oriented capital markets and real estate, with significant distressed expertise. We have a flexible mandate in the majority of the funds we manage that enables the funds to invest opportunistically across a company s capital structure. We raise, invest and manage funds on behalf of some of the world s most prominent pension and endowment funds, as well as other institutional and individual investors. As of December 31, 2009, we had Assets Under Management, or AUM, of $53.6 billion in our private equity, capital markets and real estate businesses. Our latest private equity fund, Fund VII, held a final closing in December 2008, raising a total of $14.7 billion. We have consistently produced attractive long-term investment returns in our private equity funds, generating a 39% gross IRR and a 26% net IRR on a compound annual basis from inception through December 31, 2009. A number of our capital markets funds have also performed well since their inception through December 31, 2009.

Apollo is led by our managing partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 20 years and lead a team of 398 employees, including 135 investment professionals, as of December 31, 2009. This team possesses a broad range of transaction, financial, managerial and investment skills. We have offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. We operate our private equity, capital markets and real estate businesses in an integrated manner, which we believe distinguishes us from other alternative asset managers. Our investment professionals frequently share information across disciplines, which contributes to our library of industry knowledge. We believe that this collaboration, including market insight, management, banking and consultant contacts, as well as investment opportunities, enables us to more successfully invest across a company s capital structure. This platform and the depth and experience of our investment team have enabled us to deliver strong long-term investment performance in our funds throughout a range of economic cycles. For example, Apollo s most successful private equity funds (in terms of net IRR), Funds I, II, MIA and Fund V, were initiated during economic downturns. Funds I, II and MIA, which generated a combined gross IRR of 47% and a combined net IRR of 37% on a compound annual basis since inception through the date of the disposition of their final investment on September 30, 2004, were initiated during the economic downturn of 1990 through 1993 and Fund V, which generated a gross IRR of 62% and a net IRR of 46% on a compound annual basis since inception through December 31, 2009, was initiated during the economic downturn of 2001 through late 2003. We began investing our latest private equity fund, Fund VII, in January 2008 in the midst of the current economic downturn. Similarly, with respect to our capital markets business, our flagship Value Funds, which were launched in 2003 and 2006, have also delivered attractive returns since inception across economic cycles.

Our objective is to achieve superior long-term risk-adjusted returns for our fund investors. The majority of our investment funds are designed to invest capital over periods of seven or more years from inception, thereby allowing us to generate attractive long-term returns throughout economic cycles. Our investment approach is value-oriented, focusing on nine core industries in which we have considerable knowledge, and emphasizing downside protection and the preservation of capital. We are frequently contrarian in our investment approach, which is reflected in a number of ways, including:

- our willingness to invest in industries that our competitors typically avoid;

Table of Contents

the often complex structures we employ in some of our investments, including our willingness to pursue difficult corporate carve-out transactions;

our experience investing during periods of uncertainty or distress in the economy or financial markets when many of our competitors simply reduce their investment activity;

our orientation towards sole sponsored transactions when other firms have opted to partner with others; and

our willingness to undertake transactions that have substantial business, regulatory or legal complexity.

We have successfully applied this investment philosophy over our 20-year history, allowing us to identify what we believe to be attractive investment opportunities, deploy capital across the balance sheet of industry leading, or franchise, businesses, and create value throughout economic cycles.

Since the onset of the current global economic crisis, which we believe began in the third quarter of 2007, we have been relying on our deep industry, credit and financial structuring experience, coupled with our strengths as value-oriented, distressed investors, to deploy a significant amount of new capital. As examples of this, from the beginning of the second quarter of 2008 and through December 31, 2009, we have invested approximately $12 billion of capital across our private equity and capital markets funds focused on control distressed and buyout investments, leveraged loan portfolios and mezzanine, non-control distressed and non-performing loans. In addition, from the beginning of the third quarter of 2007 through December 31, 2009, the funds managed by Apollo have acquired approximately $8.5 billion in face value of distressed debt at discounts to par value and purchased over $25 billion in face value of leveraged senior loans at discounts to par value from financial institutions. Since we purchased these leveraged loan portfolios from highly motivated sellers, we were able to secure attractive long-term, low cost financing and select credits of companies well known to Apollo. For the year ended December 31, 2009, the benchmark S&P/LSTA Leveraged Loan Index, which includes a group of securities we believe is similar to those owned by our funds, had a net return of approximately 52%, and the performance of our leveraged loan investments has exceeded this benchmark during this period.

As in prior market downturns, we have been purchasing distressed securities and continue to opportunistically build positions in high quality companies with stressed balance sheets in industries where we have expertise such as cable, chemicals, packaging and transportation. Our approach towards investing in distressed situations often requires us to purchase particular debt securities as prices are declining, since this allows us both to reduce our average cost and accumulate sizable positions which may enhance our ability to influence any restructuring plans and maximize the value of our distressed investments. As a result, our investment approach may produce negative short-term unrealized returns in certain of the funds we manage. However, we concentrate on generating attractive, long-term, risk-adjusted realized returns for our fund investors, and we therefore do not overly depend on short-term results and quarterly fluctuations in the unrealized fair value of the holdings in our funds.

In addition to deploying capital in new investments, we have been depending on our 20 years of experience to enhance value in the current investment portfolio of the funds we manage. We have been relying on our restructuring and capital markets experience to work proactively with our funds portfolio company management teams to generate cost and working capital savings, reduce capital expenditures, and optimize capital structures through several means such as debt exchange offers and the purchase of portfolio company debt at discounts to par value. For example, as of December 31, 2009, Fund VI and its underlying portfolio companies purchased or retired approximately $17.2 billion in face value of debt and captured approximately $8.4 billion of discount to par value of debt in portfolio companies such as CEVA Logistics, Harrah s Entertainment, Realogy and Momentive Performance Materials. In certain situations, such as CEVA Logistics, funds managed by Apollo are the largest owner of the total outstanding debt of the portfolio company. In addition to the attractive return profile

Table of Contents

associated with these portfolio company debt purchases, we believe that building positions as senior creditors within the existing portfolio companies is strategic to the existing equity ownership positions. Additionally, the portfolio companies of Fund VI have implemented over $2.7 billion of cost savings programs on an aggregate basis from the date we acquired them through December 31, 2009, which we believe will positively impact their operating profitability.

Since the beginning of 2007, we have experienced significant globalization and expansion of our investment management activities. We have grown our global network by opening offices in Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. Since the beginning of 2007, we have also launched a new private equity fund and a commercial real estate finance company, as well as several new capital markets funds and leveraged investment vehicles with a combined AUM of $32.6 billion as of December 31, 2009. In addition, in order to more fully leverage our long history of investing in the real estate sector, we have hired a senior management team and established a dedicated real estate investment business. Similar to the creation of our real estate business, we expect to continue to grow our company by applying our value-oriented approach across related investment categories which we believe have synergies with our core business and provide attractive opportunities for us to continue to expand our equity base.

We had total AUM of $53.6 billion as of December 31, 2009 consisting of $34.0 billion in our private equity business, $19.1 billion in our capital markets business, and $0.5 billion in our real estate business. See Risk Factors Risks Related to Our Businesses We may not be successful in raising new funds or in raising more capital for certain of our funds. We have grown our total AUM at a 36.5% compound annual growth rate, or CAGR, from December 31, 2004 to December 31, 2009. In addition, we benefit from mandates with long-term capital commitments in both our private equity and capital markets businesses. Our long-lived capital base allows us to invest assets with a long-term focus, which is an important component in generating attractive returns for our investors. We believe our long-term capital also leaves us well-positioned during economic downturns, when the fundraising environment for alternative assets has historically been more challenging than during periods of economic expansion. In addition, our permanent capital vehicles are able to grow organically through continuous investment and reinvestment of capital, which we believe provides us with stability and with a valuable potential source of long-term income. As of December 31, 2009, approximately 90% of our AUM was in funds with a contractual life at inception of seven years or more, and 12% was in permanent capital vehicles with unlimited duration, as highlighted in the chart below:

We expect our growth in AUM to continue over time by creating value in our funds existing private equity and capital markets investments, continuing to deploy our available capital in what we believe are attractive investment opportunities, and raising new funds and investment vehicles as market opportunities present themselves. See Risk Factors Risks Related to Our Businesses We may not be successful in raising new funds or in raising more capital for certain of our funds.

3

Table of Contents

Our Businesses

We have three business segments: private equity, capital markets and real estate. We also manage (i) AAA, a publicly listed permanent capital vehicle, which invests substantially all of its capital in or alongside Apollo-sponsored entities, funds, and other investments, and (ii) Palmetto, a separately managed account established to facilitate investments by a third-party institutional investor directly in Apollo-sponsored funds and other transactions. The diagram below summarizes our current businesses:

(1) All data is as of December 31, 2009. The chart does not reflect legal entities or assets managed by former affiliates.
(2) Includes three funds that are denominated in Euros and translated into U.S. dollars at an exchange rate of 1.00 to $1.43 as of December 31, 2009.
(3) Includes proceeds from the initial public offering and concurrent private placement by Apollo Commercial Real Estate Finance, Inc., which closed on September 29, 2009, as well as the formation of AGRE CMBS Fund L.P., which raised equity capital during 2009. The proceeds from Apollo Commercial Real Estate Finance Inc. s initial public offering are net of issuance costs.

As a global alternative asset manager, we earn ongoing management and transaction and advisory fees. We also earn income based on the performance of our funds, and investment income from our investments as general partner and other direct investments. Carried interest from our private equity and certain of our capital markets funds allocates to us a portion of the investment gains that are generated on third-party capital that we invest and typically equals 20% of the returns generated net of fund expenses. Our ability to generate carried interest is an important element of our business and has historically accounted for a significant portion of our income.

Our financial results are highly variable, since carried interest (which generally constitutes a large portion of the income from the funds we manage), and the transaction and advisory fees that we receive, can vary significantly from quarter to quarter and year to year. We manage our business and monitor our performance with a focus on long-term performance, an approach that mirrors the investment horizons of the funds we manage and is driven by the investment returns of our funds.

Table of Contents

Private Equity

Our private equity business had total and fee-generating AUM of $34.0 billion and $28.1 billion as of December 31, 2009, respectively. Our private equity business grew total and fee-generating AUM by a 28.3% and 46.5% CAGR, respectively, from December 31, 2004 through December 31, 2009. From our inception in 1990 through December 31, 2009, our private equity business invested approximately $30.7 billion of equity capital. As of December 31, 2009, our private equity funds had $13.0 billion of uncalled capital commitments, providing us with a significant source of capital for future investment activities. Since inception through December 31, 2009, the returns of our private equity funds have performed in the top quartile for all U.S. buyout funds, as measured by Thomson Financial. Our private equity funds have generated a gross IRR of 39% and a net IRR of 26% on a compound annual basis from inception through December 31, 2009, as compared with a total annualized return of 6% for the S&P 500 Index over the same period. In addition, since our inception, our private equity funds (excluding Fund VII, which closed less than 36 months prior to the valuation date) have achieved a 2.3x average multiple of invested capital. See The Historical Investment Performance of Our Funds for reasons why our historical private equity returns are not indicative of the future results you should expect from our current or future funds or from us.

As a result of our long history of successful private equity investing across market cycles, we believe we have developed a unique set of skills which we rely on to make new investments and to maximize the value of our existing investments. As an example, through our experience with traditional private equity buyouts, we apply a highly disciplined approach towards structuring and executing these types of transactions, the key tenets of which include acquiring companies at below industry average purchase price multiples, and establishing flexible capital structures with long-term debt maturities and few, if any, financial maintenance covenants. We believe our adherence to these tenets has enabled us to construct our private equity portfolios with companies that are well-positioned to withstand market declines and thrive during times of economic recovery, allowing us to deliver attractive long-term returns to investors in our funds.

We believe we have a demonstrated ability to quickly adapt to changing market environments and capitalize on market dislocations through our traditional and distressed buyout approach. In prior periods of strained financial liquidity and economic recession, our private equity funds have made attractive private equity investments by buying the debt of quality businesses (which we refer to as classic distressed debt), converting that debt to equity, creating value through active management, and ultimately monetizing the investment. This combination of traditional buyout investing with a distressed option has been successful throughout prior economic cycles and has allowed our funds to achieve attractive long-term rates of return in different economic and market environments. In addition, during prior economic downturns we have relied on our restructuring experience and worked closely with our funds portfolio companies to maximize the value of our funds investments. For example, during the economic downturn during 2001-2003, we successfully restructured several of the portfolio companies in Fund IV that were experiencing financial difficulties, and as a result, Fund IV was able to produce a multiple of invested capital of nearly 1.8x. During this same time period, we relied on our credit market expertise to deploy approximately 54% of the capital from Fund V, primarily in distressed for control situations, and this fund generated a gross IRR of 62% and a net IRR of 46% on a compound annual basis as of December 31, 2009. See The Historical Investment Performance of Our Funds for a discussion of the reasons we do not believe our future IRRs will be similar to the IRRs for Fund V.

Table of Contents

The following charts summarize the breakdown of our funds private equity investments by type and industry from our inception through December 31, 2009.

Private Equity Investments by Type

Private Equity Investments by Industry

* Includes investments in special purpose entities that invest in debt-related securities of companies included in multiple industries.

Capital Markets

Since Apollo s founding in 1990, we believe our capital markets expertise has served as an integral component of our company s growth and success. Our credit-oriented capital markets operations commenced in 1990 with the management of a $3.5 billion high-yield bond and leveraged loan portfolio. Since that time, our capital markets activities have grown significantly, and leverage Apollo s integrated platform and utilize the same disciplined, value-oriented investment philosophy that we employ with respect to our private equity funds. Our capital markets operations are led by James Zelter, who has served as the managing partner of the capital markets business since April 2006. Our capital markets business had total and fee-generating AUM of $19.1 billion and $14.9 billion, respectively, as of December 31, 2009 and grew its total and fee-generating AUM by a 65.1% and 57.3% CAGR, respectively, from December 31, 2004 through December 31, 2009.

Our credit-oriented capital markets funds have been established to capitalize upon the library of information which is generated as a result of Apollo s integrated platform and deep industry expertise. We seek to participate in high margin capital markets businesses where our industry expertise and library of information can be used to generate attractive investment returns. As depicted in the chart below, our capital markets activities span a broad range of the credit spectrum, including non-performing loans, distressed debt, mezzanine debt, senior bank loans and value-oriented fixed income.

Table of Contents

The value-oriented fixed income segment of the capital markets spectrum is the most recent investment area for Apollo, and it is characterized by its ability to generate attractive risk-adjusted returns relative to traditional fixed income investments. An example of our value-oriented fixed income investments is Athene Asset Management LLC, or Athene Asset Management . We recently established Athene Asset Management, which is substantially owned by a subsidiary of Apollo, to provide asset management services to Athene Life Re Ltd., or Athene Life Re, and other third parties. Athene Life Re is an Apollo sponsored vehicle we formed recently to focus on opportunities in the life reinsurance sector. Athene Life Re sources, analyzes and negotiates the acquisition of fixed annuity policies from primary insurance companies. As of December 31, 2009, Athene Asset Management had over $800 million of AUM.

As of December 31, 2009, our capital markets funds included six global distressed and hedge funds with total AUM of $2.4 billion, three mezzanine funds with total AUM of $4.3 billion, four credit opportunity funds with total AUM of $9.3 billion, and a European non-performing loan fund with total AUM of $1.9 billion. Our capital markets segment also includes separately managed accounts and Athene Asset Management.

Global Distressed and Hedge Funds

We currently manage six global distressed and hedge funds with total AUM of $2.4 billion as of December 31, 2009, that primarily invest in North America, Europe and Asia. Our global distressed and hedge funds utilize similar valued-oriented investment philosophies as our private equity business and are focused on capitalizing on our substantial industry and credit knowledge and network of industry relationships.

Our distressed funds employ similar investment strategies, seeking to identify and capitalize on absolute-value driven investment opportunities. Utilizing flexible investment strategies, these funds primarily focus on investments in distressed companies before, during and after a restructuring, as well as undervalued securities with catalysts. Investments are executed primarily through the purchase or sale of senior secured bank debt, second lien debt, high yield debt, trade claims, credit derivatives, preferred stock and equity.

We have been expanding our international presence and have launched new initiatives to capitalize on capital markets-oriented investment opportunities in Europe and Asia. Our Asian credit-oriented hedge fund is an investment vehicle that seeks to generate attractive risk-adjusted returns throughout economic cycles by capitalizing on investment opportunities in the Asian markets, excluding Japan, and targeting event-driven volatility across capital structures, as well as opportunities to develop proprietary platforms.

Our metals trading fund was established recently to leverage Apollo s long-standing experience in the metals sector and capitalize upon what we perceive to be inefficiencies in metals-related derivatives, securities and resource companies. The fund s strategy has a long/short directional approach to alpha generation through investments primarily in aluminum, copper, lead, nickel, platinum, palladium, silver, tin, zinc, gold and mining-related securities. This fund began trading on a limited basis in March 2009 with $40 million of capital from Apollo, and we have begun to raise capital from third-party investors for this fund.

Mezzanine Funds

As of December 31, 2009, we managed one U.S. and two European-based mezzanine funds and related investment vehicles with total AUM of $4.3 billion as of December 31, 2009. AIC, a U.S.-based permanent capital vehicle, is a publicly traded, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended, or the Investment Company Act, and to be treated for tax purposes as a regulated investment company under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code . AIC raised over $900 million of permanent investment capital through its initial public offering on the NASDAQ in April 2004. Since that time, AIC has successfully completed several secondary offerings and raised approximately

$1.7 billion of incremental permanent investment capital. AIC s primary focus is to generate both current income and capital appreciation primarily through investments in U.S. senior and subordinated loans, other debt securities and private equity. Our European mezzanine funds, which are unregistered private closed-end investment funds, were established to more fully capitalize upon mezzanine and subordinated debt opportunities with a primary focus in Western Europe.

Senior Credit Funds

We manage senior credit funds, which currently comprise four credit opportunity funds, with total AUM of $9.3 billion as of December 31, 2009. We established our credit opportunity funds, which are primarily oriented towards the acquisition of leveraged loans and other performing senior debt, in late 2007 and 2008 with some of our largest investors in order to capitalize upon the supply-demand imbalances in the leveraged finance market. We have been actively investing these funds since they were formed, and together with our private equity funds, as of December 31, 2009 we have deployed approximately $22.0 billion, including leverage, in credit opportunity investments. We believe our credit opportunity funds benefit from the broad range of investment opportunities that arise as a result of our integrated business model and deep industry and credit expertise. As the opportunity set continues to evolve, we expect we will continue to offer the credit opportunity fund series to capitalize primarily upon senior credit opportunities in the market.

Non-Performing Loan Fund

In May 2007, we launched a European non-performing loan fund. Non-performing loans, or NPLs, are loans held by financial institutions that are in default of principal or interest payments for 90 days or more. We anticipate substantial growth in the European NPL market as financial institutions face increasing pressure to improve their balance sheets and make new loans. Currently, our European non-performing loan fund has ten investments in the United Kingdom, Spain and Portugal. In December 2009, the fund closed with 1.3 billion ($1.9 billion) in total commitments.

Strategic Investment Vehicles

In addition to the funds described above, we manage two investment vehicles, AAA and Palmetto, which have been established to invest either directly in or alongside our private equity and capital markets funds and certain other transactions that we sponsor and manage.

AP Alternative Assets, L.P. (AAA)

AAA issued approximately $1.9 billion of equity capital in its initial global offering in June 2006 to invest alongside our private equity funds and directly in our capital markets funds and certain other transactions that we sponsor and manage. The common units of AAA, which represent limited partner interests, are listed on Euronext Amsterdam. On June 1, 2007, AAA s investment vehicle, AAA Investments, entered into a credit facility that provided for a $900 million revolving line of credit, thus increasing the amount of cash that AAA Investments has available for making investments and funding its liquidity and working capital needs. AAA may incur additional indebtedness from time to time, subject to availability in the credit markets, among other things. In connection with AAA s ongoing liquidity management and deleveraging strategy, the revolving credit facility was permanently reduced to $612.5 million. In October 2009, AAA Investments repaid $225.0 million to the lenders in return for the right for AAA Investments or one of its affiliates to purchase its debt in the future at a discount to par value, subject to certain conditions. In December 2009 and February 2010, AAA Investments purchased $25.0 million and $37.5 million, respectively, of its own debt for a purchase price of 85% of par value.

Since its formation, AAA has allowed us to quickly target certain investment opportunities by capitalizing new investment vehicles formed by Apollo in advance of a lengthier third-party fundraising process. AAA

Investments was the initial investor in one of our mezzanine funds, two of our global distressed and hedge funds, and our non-performing loan fund. AAA Investments current portfolio also includes private equity co-investments in Fund VI and Fund VII portfolio companies, certain opportunistic investments and temporary cash investments. AAA may also invest in additional funds and other opportunistic investments identified by Apollo Alternative Assets, L.P., the investment manager of AAA. As of December 31, 2009, AAA Investments had total investments of approximately $1.6 billion.

Due to the recent market volatility and significant tightening of the credit markets, particularly during the fourth quarter of 2008 and first quarter of 2009, AAA Investments took certain steps in an effort to ensure that it continues to maintain appropriate cash reserves. As part of this process, beginning in the fourth quarter of 2008 and continuing into the third quarter of 2009, AAA Investments exercised the right to opt-out of new co-investments alongside Fund VI and Fund VII, as permitted by its co-investment agreements. AAA Investments opt-out decisions are made on a case-by-case basis taking into consideration reserves and liquidity at the time of the potential co-investment transaction. Beginning in the third quarter of 2009, AAA Investments resumed making co-investments alongside the private equity funds. In the fourth quarter of 2009, the co-investment agreements with Fund VI and Fund VII were amended. The co-investment agreement with Fund VI was amended to provide that no new co-investments will be made, and only follow-on investments that are expected to protect AAA Investments interests in its existing portfolio companies will be made going forward. The co-investment agreement with Fund VII was amended to provide that where a follow-on investment is made with Fund VII for reasons other than to protect AAA Investments interest in an existing portfolio company, it will be made at the co-investment percentage that has been set by the board of directors of AAA s managing general partner for the relevant year (or, if lower, at the percentage necessary to ensure that AAA Investments and Fund VII continue to hold the relevant portfolio company in the same proportions as it is then owned by each of them). The board of directors of AAA s managing general partner continues to set the Fund VII co-investment percentage for new co-investments at the beginning of each calendar year.

Separately Managed Account

Palmetto is a separately managed account, or SMA, for a single investor. As of December 31, 2009, the capital commitments to Palmetto were $759.0 million, which included a capital commitment of $750 million from one institutional investor that is a large state pension fund, and $9.0 million of current commitments from Apollo. Palmetto was established to facilitate investments by such third-party investor directly in our private equity and capital markets funds and certain other transactions that we sponsor and manage. As of December 31, 2009, Palmetto had committed approximately $415 million for investments primarily in our European non-performing loan fund, our private equity funds and SVF.

Institutional investors are expressing increasing levels of interest in SMAs, since these accounts can provide investors with greater levels of transparency, liquidity, and control over their investments as compared to more traditional investment funds. Consequently, we expect our AUM through SMAs to continue to grow over time. For example, in 2009 we established two new SMAs that invest alongside SVF and from which we earn fees.

Real Estate

We have assembled a dedicated team to pursue real estate investment opportunities, which we expect will benefit from Apollo s long-standing history of investing in real estate-related sectors such as hotels and lodging, leisure, and logistics. Our real estate group, which includes seven investment professionals as of December 31, 2009, is led by Joseph Azrack, who joined Apollo in 2008 with 30 years of real estate investment management experience, serving most recently as President and CEO of Citi Property Investors.

We believe our dedicated real estate platform will benefit from, and contribute to, Apollo s integrated platform, which will further expand Apollo s deep real estate industry knowledge and relationships, and also provide structuring expertise. For example, we recently formed ACREFI Management, LLC, an indirect subsidiary of Apollo Global Management, LLC, that serves as the manager for Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI), or ARI, a newly organized commercial real estate finance company that has been formed primarily to originate, invest in, acquire, and manage senior performing commercial real estate mortgage loans, commercial mortgage backed securities, or CMBS, commercial real estate corporate debt and loans and other real estate-related investments in the United States. On September 29, 2009, ARI completed the initial public offering of 10 million shares of its common stock, at a price to the public of $20.00 per share, for gross proceeds of $200 million, and a concurrent private placement of 500,000 shares of its common stock to Apollo and certain of its affiliates at a price per share equal to the initial public offering price. The proceeds to ARI from the initial public offering and the concurrent private placement, net of related issuance costs, were approximately $208 million.

In addition to ARI, we may seek to serve as the manager or sponsor a series of real estate funds that focus on other opportunistic investments in distressed debt and equity recapitalization transactions, including corporate real estate, distress for control situations, and the acquisition and recapitalization of real estate portfolios, platforms, and operating companies, including non-performing and deeply discounted loans.

In December 2009, we launched AGRE CMBS Fund L.P., a real estate investment vehicle formed to invest principally in CMBS and leverage those investments by borrowing from the Federal Reserve Bank of New York s Term Asset-Backed Securities Loan Facility, or TALF.

Competitive Strengths

Over our 20-year history, we have grown to be one of the largest alternative asset managers in the world, which we attribute to the following competitive strengths:

- ***Our Investment Process and Approach to Investing Have Delivered a Strong Track Record***. Our track record of generating attractive long-term risk-adjusted private equity fund returns is a key differentiating factor for our fund investors and, we believe, will allow us to continue to expand our AUM and capitalize new investment vehicles. See The Historical Investment Performance of Our Funds for reasons why our historical returns are not indicative of the future results you should expect from our current or future funds or from us. Some of the elements that have enabled us to generate these attractive returns include:

  - Our flexibility to invest throughout market cycles and across the capital structure We have consistently invested capital on behalf of our investors throughout economic cycles by focusing on opportunities that we believe are often overlooked by other investors. We believe that our expertise in capital markets, focus on core industry sectors and investment experience allows us to respond quickly to changing environments. Our private equity funds have had success investing in buyouts and credit opportunities during both expansionary and recessionary economic periods.

  - Our deep industry expertise and focus on complex transactions We have substantial expertise in nine core industry sectors and our funds have invested in over 300 companies since inception. Our core industry sectors are chemicals; commodities; consumer and retail; distribution and transportation; financial and business services; manufacturing and industrial; media and leisure; packaging and materials; and satellite and wireless. We believe that situational and structural complexity often hides compelling value that competitors may lack the inclination or ability to uncover, and that our industry expertise and comfort with complexity help drive our performance.

  - Our investment edge creates proprietary investment opportunities We believe our industry expertise allows us to create strategic platforms and approach new investments as a strategic buyer with synergies, cross-selling opportunities and economies of scale advantages over other purely financial sponsors. Our funds have been the sole financial sponsor in 16 of their last 18 private equity portfolio company transactions.

Our collaboration with portfolio company management teams We possess two decades of experience working with management teams to help create significant long-term value for the portfolio companies of our funds. We believe we add value to our funds investments by working closely with the portfolio company management teams in a number of ways, such as generating cost and working capital savings and optimizing capital structures. For example, as of December 31, 2009, Fund VI and its underlying portfolio companies purchased or retired approximately $17.2 billion of debt and captured approximately $8.4 billion of discount to par value of debt. In addition, from the date of acquisition through December 31, 2009, Fund VI portfolio companies have implemented over $2.7 billion of cost savings programs on an aggregate basis, which we believe will positively impact their operating profitability.

Our Integrated Business Model. Generally, we operate our global franchise as an integrated investment platform with a free flow of information across our businesses. Each of our businesses contributes to and draws from what we refer to as our library of information and experience, thereby providing investment opportunities and intellectual capital to the other businesses, which we believe enables our funds to successfully invest across a company s capital structure. See Risk Factors Risks Related to Our Businesses Possession of material, non-public information could prevent Apollo funds from undertaking advantageous transactions; our internal controls could fail; we could determine to establish information barriers.

Our Strong, Longstanding Investor Relationships. We manage capital for hundreds of investors in our private equity funds, which include many of the world s most prominent pension funds, university endowments, financial institutions and individuals. Most of our private equity investors are invested in multiple Apollo private equity funds, and many have invested in one or more of our capital markets funds, including as seed investors in new strategies. We believe that our deep investor relationships have facilitated the growth of our existing businesses and will assist us with the launch of new businesses and investment offerings, thereby increasing our fee-generating AUM.

Long-Term Capital Base. A significant portion of our $53.6 billion of AUM as of December 31, 2009 was long-term in nature. As of December 31, 2009, approximately 90% of our AUM was in funds with a contractual life at inception of seven years or more, including 12% that was in permanent capital vehicles with unlimited duration. Our long-lived capital base allows us to invest assets with a long-term focus, which we believe is an important component in generating attractive returns for our investors. We believe our long-term capital also leaves us well-positioned during economic downturns, when the fundraising environment for alternative assets has historically been more challenging than during periods of economic expansion. In addition, our permanent capital vehicles are able to grow organically through continuous investment and reinvestment of capital, which we believe provides us with stability and with a valuable potential source of long-term income and the ability to invest in growth opportunities throughout economic cycles.

The Continuity of Our Strong Management Team and Reputation. Our managing partners actively participate in the oversight of the investment activities of our funds, have worked together for more than 20 years and lead a team of 135 investment professionals as of December 31, 2009 who possess a broad range of transaction, financial, managerial and investment skills. We have developed a strong reputation in the market as an investor and partner who can make significant contributions to a business or investing decision, and we believe the longevity of our management team is a key competitive advantage.

Alignment of Interests with Investors in Our Funds and Shareholders. Fundamental to our business model is the alignment of interests of our professionals with those of the investors in our funds, and with those of our shareholders. From our inception through December 31, 2009, our professionals have committed or invested an estimated $1.0 billion of their own capital to our funds. In addition, our practice is to allocate a portion of the management fees and incentive income payable by our funds to our professionals, which we believe serves to incentivize those employees to generate superior risk-adjusted investment returns. Also, the majority of our employees own restricted share units, or RSUs, which vest over time, and our managing partners and contributing partners will own % of the company after giving effect to the IPO (as defined below in Recent Developments). We expect to continue to increase the equity ownership held by our employees over time through additional grants of RSUs in lieu of cash compensation. We believe that the alignment of interests with our shareholders and fund investors helps us to raise new funds, continue to execute our growth strategy and deliver earnings to our shareholders.

Growth Strategy

Our growth and investment returns have been supported by an institutionalized and strategic organizational structure designed to promote teamwork, industry specialization, longevity of capital, compliance and regulatory excellence and internal systems and processes. Our ability to grow our AUM and revenues depends on our performance and on our ability to attract new capital and fund investors, which we have done successfully over the last 20 years.

The following are key elements of our growth strategy:

- continuing to achieve long-term returns in our funds;
- continuing our commitment to our fund investors;
- raising additional investment capital for our current businesses;
- expanding into new investment strategies, markets and businesses; and
- capitalize upon the benefits of being a public company, including the pursuit of complementary and strategic acquisitions.

We cannot assure you that our funds or our current businesses will be successful in raising the capital described above or that any capital they do raise will be on terms favorable to us or consistent with terms of capital that they have previously raised. See Risk Factors Risks Related to Our Businesses We may not be successful in raising new funds or in raising more capital for certain of our funds and Risk Factors Risks Related to Our Business Changes in the debt financing markets have negatively impacted the ability of our funds and their portfolio companies to obtain attractive financing for their investments and have increased the cost of such financing if it is obtained, which could lead to lower-yielding investments and potentially decreasing our net income for a more detailed discussion of the risks.

Performance Results

Our revenues and other income consist principally of (i) management fees, which are based upon a percentage of the committed or invested capital (in the case of our private equity funds and certain of our capital markets funds), adjusted assets (in the case of AAA), gross invested capital or fund net asset value (in the case of the rest of our capital markets funds) and stockholders equity (in the case of ARI), (ii) transaction and advisory fees received from private equity and certain capital markets portfolio companies in respect of business and transaction consulting services that we provide, as well as advisory services provided to a capital markets fund, (iii) income based on the performance of our funds, which consists of allocations, distributions or fees from our private equity funds, AAA and our capital markets funds, and (iv) investment income from our investments as general partner and other direct investments primarily in the form of net gains from investment activities as well as interest and dividend income. Carried interest from our private equity funds and certain of our capital markets funds entitles us to an allocation of a portion of the income and gains from that fund and is as much as 20% of

Table of Contents

the net realized income and gains that are achieved by the funds net of fund expenses, generally subject to an annual preferred return for the limited partners of 8% with a catch-up allocation to us thereafter. The general partner of each of the funds accrues for its portion of carried interest at each balance sheet date for any changes in value of the funds underlying investments. For example, if one of our private equity funds were to exceed the preferred return threshold and generate $100 million of profits net of allocable fees and expenses from a given investment, our carried interest would entitle us to receive as much as $20 million of these net profits less appropriate compensation expense for our investment professionals.

Carried interest from most of our capital markets funds is as much as 20% of either the fund s income and gain or the yearly appreciation of the fund s net asset value. For such capital markets funds, we accrue carried interest on both realized and unrealized gains, subject to any applicable hurdles and high-water marks. Certain of our capital markets funds are subject to a preferred return. Our ability to generate carried interest is an important element of our business and has historically accounted for a very significant portion of our income. For the year ended December 31, 2009, management fees, transaction and advisory fees, and carried interest income represented 42%, 6% and 52%, respectively, of our $966.7 million of revenues. See our consolidated and combined financial statements included elsewhere in this prospectus.

In considering the performance information contained in this prospectus, prospective Class A shareholders should bear in mind that such performance information is not indicative of the possible performance of our Class A shares. An investment in our Class A shares is not an investment in any of the Apollo funds, and the assets and revenues of our funds are not directly available to us. As a result of the deconsolidation of most of our funds, we will not be consolidating those funds in our financial statements for periods after either August 1, 2007 or November 30, 2007.

Management further evaluates our segments based on our management and incentive business within each segment. Our management business is generally characterized by the predictability of its financial metrics, including revenues and expenses. This business includes management fee revenues, advisory and transaction revenues, carried interest income from certain of our mezzanine funds, and expenses exclusive of profit sharing, which we believe are more stable in nature. The financial performance of our incentive business, which is dependent upon quarterly mark-to-market unrealized valuations in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP, guidance applicable to fair value measurements, includes carried interest income and profit sharing expense in connection with our investment funds, and is generally less predictable and more volatile in nature.

For more information regarding the financial performance of our segments, refer to Summary Historical and Other Data, which includes our statement of operations information and our supplemental performance measure, ENI, for our management and incentive business, as well as further reconciliation of ENI to Adjusted ENI to identify non-recurring or unusual items for the years ended December 31, 2009, 2008 and 2007.

The Private Offering Transactions and the Strategic Investors Transaction

On August 8, 2007, in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, or the Securities Act, we sold 27,000,000 Class A shares, at an initial offering price of $24 per share, to (i) Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Credit Suisse (USA) LLC, which we refer to as the initial purchasers, for their resale to qualified institutional buyers that are also qualified purchasers in reliance upon Rule 144A under the Securities Act, and (ii) accredited investors, with the initial purchasers acting as placement agents, in a private placement, as defined in Rule 501(a) under the Securities Act. The initial purchasers exercised their over-allotment option and on September 5, 2007, we sold an additional 2,824,540 Class A shares to the initial purchasers at the price of $24 per share. We refer to this exempt sale of Class A shares to the initial purchasers and to accredited investors as the Rule 144A Offering. We entered into a registration rights agreement with the initial purchasers in the Rule 144A Offering, pursuant to which we undertook to register under the Securities Act the Class A shares sold in the Rule 144A Offering. A portion of the Class A shares offered by this prospectus are the shares sold in the Rule 144A Offering. See Registration Rights.

In connection with the Rule 144A Offering, on July 16, 2007, we entered into a purchase agreement with Credit Suisse Securities (USA) LLC, one of the Rule 144A Offering initial purchasers, pursuant to which Credit Suisse Management LLC, or the CS Investor, purchased from us in a private placement that closed concurrently with the Rule 144A Offering an aggregate of $180 million of the Class A shares at a price per share of $24, or 7,500,000 Class A shares. Pursuant to a shareholders agreement we entered into with the CS Investor, the CS Investor agreed not to sell its Class A shares for a period of one year from August 8, 2007, the closing date of the Rule 144A Offering. We entered into a registration rights agreement with the CS Investor in connection with the private placement transaction pursuant to which we undertook to register under the Securities Act the Class A shares sold therein. A portion of the Class A shares offered by this prospectus are the shares sold in the private placement transaction. See Registration Rights. We refer to our sale of Class A shares to the CS Investor as the Private Placement and to the Private Placement and the Rule 144A Offering collectively as the Private Offering Transactions.

On July 13, 2007, we sold securities to the California Public Employees Retirement System, or CalPERS, and an affiliate of the Abu Dhabi Investment Authority, or ADIA, in return for a total investment of $1.2 billion. We refer to CalPERS and ADIA as the Strategic Investors. Upon completion of the Private Offering Transactions, the securities that we sold to the Strategic Investors converted into non-voting Class A shares. We refer to the foregoing issuance of securities, our use of proceeds from that sale and the conversion of such securities into non-voting Class A shares as the Strategic Investors Transaction. Pursuant to a lenders rights agreement we have entered into with the Strategic Investors, the Strategic Investors have agreed not to sell any of their Class A shares for a period of two years after the date on which the shelf registration statement of which this prospectus forms a part becomes effective, or the shelf effectiveness date, subject to limited exceptions. Thereafter, the amount of Class A shares they may sell is subject to a limit that increases with each year. See Certain Relationships and Related Party Transactions Lenders Rights Agreement Transfer Restrictions. The Strategic Investors are two of the largest alternative asset investors in the world and have been significant investors with us in multiple funds covering a variety of strategies. In total, from our inception through the date hereof, the Strategic Investors have invested or committed to invest approximately $7.6 billion of capital in us and our funds. The Strategic Investors have been significant supporters of our integrated platform, with one or both having invested in multiple private equity and capital markets funds. The Strategic Investors have no obligation to invest further in our funds, and any future investments by the Strategic Investors in our funds or other alternative investment categories will likely depend on the performance of each Strategic Investor s overall investment portfolio and other investment opportunities available to them. In connection with our sale of securities to the Strategic Investors, we granted to each of them the option, exercisable until July 13, 2010, to invest or commit to invest up to 10% of the aggregate dollar amount invested or committed by investors in the initial closing of any privately placed fund that we offer to third-party investors, subject to limited exceptions. The Strategic Investors have no obligation to exercise this option.

Structure and Formation of the Company

Apollo Global Management, LLC is a holding company whose primary assets are 100% of the general partner interests in each limited partnership included in the Apollo Operating Group, which is described below under Holding Company Structure. After giving effect to the IPO (as defined below in Recent Developments), % of the limited partner interests of the Apollo Operating Group entities will be held by Apollo Global Management, LLC through intermediate holding companies, and the remaining % of the limited partner interests of the Apollo Operating Group entities will be owned directly by Holdings, an entity

14

100% owned, directly or indirectly, by our managing partners and contributing partners. The limited partner interests that the company and Holdings own in the Apollo Operating Group entities represent the company s and Holdings economic interests in the Apollo Operating Group. With limited exceptions, the Apollo Operating Group owns each of the operating entities included in our historical consolidated and combined financial statements as described below under Our Assets.

Apollo Global Management, LLC is owned by its Class A and Class B shareholders. Holders of our Class A shares and Class B share vote as a single class on all matters presented to the shareholders, although the Strategic Investors do not have voting rights in respect of any of their Class A shares. We have issued to BRH Holdings GP, Ltd., or BRH, a single Class B share solely for purposes of granting voting power to BRH. BRH is the general partner of Holdings and is a Cayman Islands exempted company owned and controlled by our managing partners. The Class B share does not represent an economic interest in Apollo Global Management, LLC. The voting power of the Class B share, however, increases or decreases with corresponding changes in Holdings economic interest in the Apollo Operating Group.

Our shareholders vote together as a single class on the limited set of matters on which shareholders have a vote. Such matters include a proposed sale of all or substantially all of our assets, certain mergers and consolidations, certain amendments to our operating agreement and an election by our manager to dissolve the company.

We intend to continue to employ our current management structure with strong central control by our managing partners and to maintain our focus on achieving successful growth over the long term. This desire to preserve our existing management structure is one of the principal reasons why upon listing of our Class A shares on the New York Stock Exchange, if achieved, we have decided to avail ourselves of the controlled company exception from certain of the NYSE governance rules. This exception eliminates the requirements that we have a majority of independent directors on our board of directors and that we have a compensation committee and a nominating and corporate governance committee composed entirely of independent directors. It is also the reason that the managing partners chose to have a manager that manages all of our operations and activities, with only limited powers retained by the board of directors, as long as the Apollo control condition, which is discussed below under Our Manager, is satisfied.

We refer to the formation of the Apollo Operating Group described below under Holding Company Structure, Our Manager, Our Assets and Equity Interests Retained by Our Managing Partners and Contributing Partners, the deconsolidation of most Apollo funds described below under Deconsolidation of Apollo Funds and the borrowing under the AMH credit facility and the related distribution to our managing partners described below under Distribution to Our Managing Partners Prior to the Private Offering Transactions, collectively, as the Reorganization.

Prior to the Reorganization, our business was conducted through a number of entities as to which there was no single holding entity but that were separately owned by our managing partners. In order to facilitate the Rule 144A Offering, which closed in August 2007, we effected the Reorganization to form a new holding company structure. Additional entities were formed during 2008 to create our current holding company structure.

Table of Contents

The diagram below depicts our current organizational structure after giving effect to the IPO (as defined below)[(1)] (see Our Structure for a more detailed diagram and see Recent Developments for a discussion of the IPO).

(1) Adjusted numbers giving effect to the IPO assume that Class A shares are offered and sold by Apollo Global Management, LLC, and the net proceeds thereof are contributed to the Apollo Operating Group, thereby increasing the economic interest held by our Class A shareholders, taken as a whole, in the Apollo Operating Group from % to %.

(2) After giving effect to the IPO, investors in the Rule 144A Offering and investors in the IPO (together, the Public Investors) will hold % of the Class A shares, the CS Investor will hold % of the Class A shares, and the Strategic Investors will hold % of the Class A shares. After giving effect to the IPO, the Class A shares held by Public Investors will represent % of the total voting power of our shares entitled to vote and % of the economic interests in the Apollo Operating Group. After giving effect to the IPO, Class A shares held by the CS Investor will represent % of the total voting power of our shares entitled to vote and % of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights and after giving effect to the IPO, will represent % of the economic interests in the Apollo Operating Group. Such Class A shares will become entitled to vote upon transfers by a Strategic Investor in accordance with the agreements entered into in connection with the Strategic Investors Transaction.

(3) Our managing partners own BRH, which in turn holds our only outstanding Class B share. After giving effect to the IPO, the Class B share will represent % of the total voting power of our shares entitled to vote but no economic interest in Apollo Global Management, LLC. Our managing partners economic interests are instead represented by their indirect ownership, through Holdings, of % of the limited partner interests in the Apollo Operating Group after giving effect to the IPO.

(4) Through BRH Holdings, L.P., our managing partners own limited partner interests in Holdings.

(5) After giving effect to the IPO, will represent % of the limited partner interests in each Apollo Operating Group entity. The Apollo Operating Group units held by Holdings are exchangeable for Class A shares, as described below under Equity Interests Retained by Our Managing Partners and Contributing Partners. Our managing partners, through their interests in BRH and Holdings, will own % of the Apollo Operating Group units after giving effect to the IPO. Our contributing partners, through their ownership interests in Holdings, will own % of the Apollo Operating Group units after giving effect to the IPO.

(6) BRH is the sole member of AGM Management, LLC, our manager. The management of Apollo Global Management, LLC is vested in our manager as provided in our operating agreement. See Description of Shares Operating Agreement for a description of the authority that our manager exercises.

(7) After giving effect to the IPO, will represent % of the limited partner interests in each Apollo Operating Group entity, held through intermediate holding companies. Apollo Global Management, LLC also indirectly owns 100% of the general partner interests in each Apollo Operating Group entity.

Holding Company Structure

Apollo Global Management, LLC, through three intermediate holding companies (APO Corp., APO Asset Co., LLC and APO (FC), LLC), will own % of the economic interests of, and operates and controls all of the businesses and affairs of, the Apollo Operating Group and its subsidiaries after giving effect to the IPO. Holdings will own the remaining % of the economic interests in the Apollo Operating Group after giving effect to the IPO. Apollo Global Management, LLC consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as Non-Controlling Interests in Apollo Global Management, LLC s consolidated financial statements.

The Apollo Operating Group consists of the following partnerships: Apollo Principal Holdings I, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings II, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings III, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings IV, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings V, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings VI, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings VII, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings VIII, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings IX, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), and Apollo Management Holdings, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes). Apollo Global Management, LLC conducts all of its material business activities through the Apollo Operating Group.

Each of the Apollo Operating Group partnerships holds interests in different businesses or entities organized in different jurisdictions. Apollo Principal Holdings I, L.P. holds certain of our domestic general partners of our private equity funds and our domestic co-invest vehicles of our private equity funds as well as the domestic general partner of one of our real estate funds; Apollo Principal Holdings VI, L.P. holds certain of our domestic general partners of our private equity funds and our domestic co-invest vehicles of our private equity funds and certain of our capital markets funds; Apollo Principal Holdings II, L.P. holds certain of our domestic general partners of capital markets funds; Apollo Principal Holdings III, L.P. and Apollo Principal Holdings VII, L.P. generally hold our foreign general partners of private equity funds, including the foreign general partner of AAA Investments, our private equity foreign co-invest vehicles, one of our capital markets foreign co-invest vehicles, and one of our capital markets domestic co-invest vehicles; Apollo Principal Holdings IV, L.P. holds our foreign general partners of capital markets funds; Apollo Principal Holdings VIII, L.P. holds two capital markets foreign co-invest vehicles; Apollo Principal Holdings IX, L.P. holds the domestic general partners of certain of our capital markets funds; and AMH holds the management companies for our private equity funds (including AAA), our capital markets funds and our real estate funds.

Our structure is designed to accomplish a number of objectives, the most important of which are as follows:

We are a holding company that is qualified as a partnership for U.S. Federal income tax purposes. Our intermediate holding companies enable us to maintain our partnership status and to meet the qualifying income exception. See also Material Tax Considerations Material U.S. Federal Tax Considerations Taxation of the Company Taxation of Apollo for a discussion of the qualifying income exception.

We have historically used multiple management companies to segregate operations for business, financial and other reasons. Going forward, we may increase or decrease the number of our management companies or partnerships within the Apollo Operating Group, based on our views regarding the appropriate balance between (a) administrative convenience and (b) continued business, financial, tax and other optimization.

Our Manager

Our operating agreement provides that so long as the Apollo Group (as defined below) beneficially owns at least 10% of the aggregate number of votes that may be cast by holders of outstanding voting shares, our manager, which is 100% owned by BRH, will conduct, direct and manage all activities of Apollo Global Management, LLC. We refer to the Apollo Group s beneficial ownership of at least 10% of such voting power as the Apollo control condition. So long as the Apollo control condition is satisfied, our manager will manage all of our operations and activities and will have discretion over significant corporate actions, such as the issuance of securities, payment of distributions, sales of assets, making certain amendments to our operating agreement and other matters, and our board of directors will have no authority other than that which our manager chooses to delegate to it. See Description of Shares.

For purposes of our operating agreement, the Apollo Group means (i) our manager and its affiliates, including their respective general partners, members and limited partners, (ii) Holdings and its affiliates, including their respective general partners, members and limited partners, (iii) with respect to each managing partner, such managing partner and such managing partner s group (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended, the Exchange Act), (iv) any former or current investment professional of or other employee of an Apollo employer (as defined below) or the Apollo Operating Group (or such other entity controlled by a member of the Apollo Operating Group), (v) any former or current executive officer of an Apollo employer or the Apollo Operating Group (or such other entity controlled by a member of the Apollo Operating Group) and (vi) any former or current director of an Apollo employer or the Apollo Operating Group (or such other entity controlled by a member of the Apollo Operating Group). With respect to any person, Apollo employer means Apollo Global Management, LLC or such other entity controlled by Apollo Global Management, LLC or its successor as may be such person s employer.

Holders of our Class A shares and Class B share have no right to elect our manager, which is controlled by our managing partners through BRH. Although our manager has no business activities other than the management of our businesses, conflicts of interest may arise in the future between us and our Class A shareholders, on the one hand, and our managing partners, on the other. The resolution of these conflicts may not always be in our best interests or those of our Class A shareholders. We describe the potential conflicts of interest in greater detail under Risk Factors Risks Related to Our Organization and Structure Potential conflicts of interest may arise among our manager, on the one hand, and us and our shareholders on the other hand. Our manager and its affiliates have limited fiduciary duties to us and our shareholders, which may permit them to favor their own interests to the detriment of us and our shareholders. We will reimburse our manager and its

Table of Contents

affiliates for all costs incurred in managing and operating us, and our operating agreement provides that our manager will determine the expenses that are allocable to us. Our operating agreement does not limit the amount of expenses for which we will reimburse our manager and its affiliates.

Our Assets

Prior to the Private Offering Transactions, our managing partners contributed to the Apollo Operating Group their interests in each of the entities included in our historical consolidated and combined financial statements, but excluding the excluded assets described under Our Structure Reorganization Excluded Assets. As discussed further below, the managing partners received partnership interests in Holdings (representing an indirect ownership interest of an equivalent number of Apollo Operating Group units) in respect of the interests they contributed to the Apollo Operating Group.

Certain assets were not contributed to the Apollo Global Management, LLC structure as these assets were either at the end of their life (*e.g.*, general partners of Funds I, II and III) or these assets were owned by the managing partners and the contributing partners. The managing partners chose which assets were to be included in the Apollo Global Management, LLC structure. Except for the general partners of Funds I, II and III, none of the excluded assets were included in the combined financial statements of the Apollo Operating Group prior to the Reorganization. As a result of the Reorganization, the general partner interests were treated as distributions to the managing partners and other Reorganization adjustments in the Statements of Changes in Shareholders Equity and Partners Capital. See our consolidated and combined financial statements included elsewhere in this prospectus.

The following is a condensed list of excluded assets from the Reorganization (for a more detailed description, see Our Structure Reorganization Excluded Assets);

- our managing partners personal investments or co-investments in our funds (subject to certain limitations);
- amounts owed to any managing partners pursuant to any Apollo deferral or waiver programs or carried interest earned but held in escrow;
- our managing partners interests in Apollo Real Estate, Ares and the general partners of Funds I, II and III;
- compensation and benefits paid or given to the managing partners consistent with the terms of their employment agreements (as described below under Management Executive Compensation Employment Non-Competition and Non-Solicitation Agreements with Managing Partners);
- director options issued prior to January 1, 2007 by any of our funds portfolio companies;
- an entity partially owned by our managing partners (without any economics) that has 100% voting control over the investment of Fund VI in Harrah s Entertainment, Inc.; and
- other miscellaneous, non-core assets.

In addition, prior to the Private Offering Transactions, our contributing partners contributed to the Apollo Operating Group a portion of their rights to receive a portion of the management fees and incentive income that are earned from management of our funds, or points. We refer to such contributed points as partner- contributed interests. In return for a contribution of points, each contributing partner received an interest in Holdings (representing an indirect, unit-for-unit ownership interest of an equivalent number of Apollo Operating Group units).

Prior to the exchange, the points held by each managing partner and contributing partner were designated values based upon the estimated 2007 cash flows of each entity that was contributed to the Apollo Operating

Table of Contents

Group and from which such partner was to receive management fees and incentive income. The 2007 estimated cash flow of the entities contributed was agreed between the managing partners and the contributing partners to be the best proxy for measuring the total value of the interests that were contributed by each partner to the Apollo Operating Group. As such, the partnership interests in Holdings that were granted to each managing partner and contributing partner correspond to the aggregate value of the points such partner contributed. Specifically, for purposes of determining the number of Apollo Operating Group units each managing partner and contributing partner was to receive, the aggregate value of the points contributed by a given partner was divided by the aggregate value of all points contributed by all of the managing partners and contributing partners to determine a percentage of the ownership such partner had in the Apollo Operating Group prior to the completion of the Private Offering Transactions and the Strategic Investors Transaction (for each managing partner and contributing partner, his or her AOG Ownership Percentage). In order to achieve the offering size targeted in the Private Offering Transactions within the proposed offering price range per Class A share, the managing partners also determined the aggregate amount of units that the Apollo Operating Group should issue and have outstanding immediately prior to the completion of the Private Offering Transactions and Strategic Investors Transaction. This aggregate amount of Apollo Operating Group units was then allocated to each managing partner and contributing partner based upon their respective AOG Ownership Percentage. For example, if a partner contributed points constituting an AOG Ownership Percentage of 10% of the aggregate value of all points contributed to the Apollo Operating Group, such partner received 10% of the aggregate amount of Apollo Operating Group units issued and outstanding prior to the completion of the Private Offering Transactions and Strategic Investors Transaction.

Each contributing partner continues to own directly those points that such contributing partner did not contribute to the Apollo Operating Group or sell to the Apollo Operating Group in connection with the Strategic Investors Transaction. Each contributing partner remained entitled (on an individual basis and not through ownership interests in Holdings) to receive payments in respect of his partner-contributed interests with respect to fiscal year 2007 based on the date his partner-contributed interests were contributed or sold as described below under Distributions to Our Managing Partners and Contributing Partners Related to the Reorganization. The Strategic Investors similarly received a pro rata portion of our net income prior to the date of the Private Offering Transactions for our fiscal year 2007, calculated in the same manner as for the managing partners and contributing partners, as described in more detail under Our Structure Strategic Investors Transaction. In addition, we issued points in Fund VII, and intend to issue points in future funds, to our contributing partners and other of our professionals.

As a result of these contributions and the contributions of our managing partners, the Apollo Operating Group and its subsidiaries generally are entitled to:

- all management fees payable in respect of all our current and future funds as well as transaction and other fees that may be payable by these funds portfolio companies (other than fees that certain of our professionals have a right to receive, as described below);

- 50% 66% (depending on the particular fund investment) of all incentive income earned from the date of contribution in relation to investments by our current private equity and capital markets funds (with the remainder of such incentive income continuing to be held by certain of our professionals);

- all incentive income earned from the date of contribution in relation to investments made by our future private equity and capital markets funds, other than the percentage we determine to allocate to our professionals, as described below; and

- all returns on current or future investments of our own capital in the funds we sponsor and manage.

With respect to our existing funds that are currently investing, as well as any future funds that we may sponsor, we intend to continue to allocate a portion of the management fees, transaction and advisory fees and incentive income earned in relation to these funds to our professionals, including the contributing partners, in

Table of Contents

order to better align their interests with our own and with those of the investors in these funds. Our current estimate is that approximately 20% to 40% of management fees, 20% of transaction and advisory fees and 34% to 50% of incentive income earned in relation to our funds will be allocated to our investment professionals, although these percentages may fluctuate up or down over time. When apportioning incentive income to our professionals, we typically cause our general partners in the underlying funds to issue these professionals limited partner interests, thereby causing our percentage ownership of the limited partner interests in these general partners to fluctuate. Our managing partners will not directly receive any allocations of management fees, transaction and advisory fees or incentive income, and all of their rights to receive such fees and incentive income earned in relation to our actively investing funds and future funds will be solely through their ownership of Apollo Operating Group units, until July 13, 2012.

The income of the Apollo Operating Group (including management fees, transaction and advisory fees and incentive income) benefits Apollo Global Management, LLC to the extent of its equity interest in the Apollo Operating Group. See Business Fees, Carried Interest, Redemption and Termination.

Equity Interests Retained by Our Managing Partners and Contributing Partners

In exchange for the contribution of assets described above and after giving effect to the Strategic Investor Transactions, Holdings (which is owned by BRH and the contributing partners) received 80.0% of the limited partnership units in the Apollo Operating Group. We use the terms Apollo Operating Group unit or unit in/of Apollo Operating Group to refer to a limited partnership unit in each of the Apollo Operating Group partnerships. We refer to the managing partners and contributing partners contribution of assets to the Apollo Operating Group and Holdings receipt of Apollo Operating Group units in exchange therefor as the Apollo Operating Group Formation.

Our managing partners, through their interests in BRH and Holdings, will own % of the Apollo Operating Group units and, through their ownership of BRH, the Class B share that we have issued to BRH, in each case after giving effect to the IPO. Our managing partners have entered into an agreement, which we refer to as the Agreement Among Managing Partners, providing that each managing partner s interest in the Apollo Operating Group units that he holds indirectly through his interest in BRH and Holdings is subject to vesting. Each of Messrs. Harris and Rowan vests in his interest in the Apollo Operating Group units in 60 equal monthly installments, and Mr. Black vests in his interest in the Apollo Operating Group units in 72 equal monthly installments. Although the Agreement Among Managing Partners was entered into on July 13, 2007, for purposes of its vesting provisions, our managing partners are credited for their employment with us since January 1, 2007. In the event that a managing partner terminates his employment with us for any reason, he will be required to forfeit the unvested portion of his Apollo Operating Group units to the other managing partners. The number of Apollo Operating Group units that must be forfeited upon termination depends on the cause of the termination. See Certain Relationships and Related Party Transactions Agreement Among Managing Partners. However, this agreement may be amended and the terms and conditions of the agreement may be changed or modified upon the unanimous approval of the managing partners. We, our shareholders (other than the Strategic Investors, as set forth under Certain Relationships and Related Party Transactions Lenders Rights Agreement Amendments to Managing Partner Transfer Restrictions) and the Apollo Operating Group have no ability to enforce any provision of this agreement or to prevent the managing partners from amending the agreement or waiving any of its obligations.

Pursuant to a shareholders agreement that we entered into with our managing partners prior to the Private Offering Transactions, which we refer to as the Managing Partners Shareholders Agreement, no managing partner may voluntarily effect transfers of the interests in Apollo Operating Group units that such managing partner owns through BRH and Holdings or Class A shares into which such Apollo Operating Group units are exchanged, or his Equity Interests, for a period of two years after the shelf effectiveness date, subject to certain exceptions, including an exception for certain transactions entered into by one or more managing partners the results of which are that the managing partners no longer exercise control over us or the Apollo Operating Group or no longer hold at least 50.1% of the economic interests in us or the Apollo Operating Group. The transfer restrictions applicable to Equity Interests held by our managing partners and the exceptions to such transfer restrictions are described in more detail under Certain Relationships and Related Party Transactions Managing Partner Shareholders Agreement Transfer Restrictions. Our managing partners and contributing partners also were granted demand, piggyback and shelf registration rights through Holdings which are exercisable six months after the shelf effectiveness date.

Our contributing partners, through their interests in Holdings, will own % of the Apollo Operating Group units after giving effect to the IPO. Pursuant to the agreements by which our contributing partners contributed their partner-contributed interests to the Apollo Operating Group and received interests in Holdings, which we refer to as the Roll-Up Agreements, no contributing partner may voluntarily effect transfers of his Equity Interests for a period of two years after the shelf effectiveness date. The transfer restrictions applicable to Equity Interests held by our contributing partners are described in more detail under Certain Relationships and Related Party Transactions Roll-Up Agreements.

Subject to certain procedures and restrictions (including the vesting schedules applicable to our managing partners and any applicable transfer restrictions and lock-up agreements described above), upon 60 days written notice prior to a designated quarterly date, each managing partner and contributing partner will have the right to cause Holdings to exchange the Apollo Operating Group units that he owns through his partnership interest in Holdings for Class A shares, to sell such Class A shares at the prevailing market price (or at a lower price that such managing partner or contributing partner is willing to accept) and to distribute the net proceeds of such sale to such managing partner or contributing partner. We have reserved for issuance 240,000,000 Class A shares, corresponding to the number of existing Apollo Operating Group units held indirectly through Holdings by our managing partners and contributing partners. Upon receipt of the notice described above, APO Corp., one of our intermediate holding companies, will purchase from us the number of Class A shares that are exchangeable for the Apollo Operating Group units to be surrendered by the managing partner or contributing partner. To effect the exchange, a managing partner or contributing partner, through Holdings, must then simultaneously exchange one Apollo Operating Group unit, being an equal limited partner interest in each Apollo Operating Group entity, for each Class A share received from our intermediate holding companies. As a managing partner or contributing partner exchanges his Apollo Operating Group units, our interest in the Apollo Operating Group units will be correspondingly increased and the voting power of the Class B share will be correspondingly decreased. If and when any managing partner or contributing partner, through Holdings, exchanges an Apollo Operating Group unit for a Class A share of Apollo Global Management, LLC, the relative economic ownership positions of the exchanging managing partner or contributing partner and of the other equity owners of Apollo (whether held at Apollo Global Management, LLC or at the Apollo Operating Group) will not be altered. We considered whether this redemption feature results in accounting implications under U.S. GAAP which requires securities with redemption features that are not solely within the control of the issuer to be classified outside of permanent equity. The extent of our obligation is to (i) exchange physical Class A shares for Apollo Operating Group units and (ii) sell the shares at the prevailing market price on behalf of the holder. We never have any future cash obligations to the unit holders. Specifically, in the event we are unable to sell the Class A shares, we are not required to provide liquidity to the holders of Apollo Operating Group units in any manner. Rather, in the event that we were unable to sell the Class A shares, the transaction would essentially be unwound and the Class A shares would be converted back to Apollo Operating Group units. Based on U.S. GAAP and the terms of this feature, we are deemed to control settlement by delivery of our own shares, and as noted above, we have reserved for issuance a sufficient number of shares to settle any contracts. As such, Non-Controlling Interest is reported in the consolidated and combined financial statements of the company within shareholders equity, separately from the total Apollo Global Management, LLC shareholders equity.

Table of Contents

Deconsolidation of Apollo Funds

Certain of our private equity and capital markets funds have historically been consolidated into our financial statements, due to our controlling interest in certain funds notwithstanding that we have only a non-controlling equity interest in these funds. Consequently, our pre-Reorganization financial statements do not reflect our ownership interest at fair value in these funds, but rather reflect on a gross basis the assets, liabilities, revenues, expenses and cash flows of our funds. We amended the governing documents of most of our funds to provide that a simple majority of the funds unaffiliated investors have the right to liquidate that fund. These amendments, which became effective on either August 1, 2007 or November 30, 2007, deconsolidated these funds that have historically been consolidated in our financial statements. Accordingly, we no longer reflect the share that other parties own in total assets and Non-Controlling Interests in these respective funds. The deconsolidation of these funds will present our financial statements in a manner consistent with how Apollo evaluates its business and the related risks. Accordingly, we believe that deconsolidating these funds will provide investors with a better understanding of our business.

Tax Considerations

We believe that under current law, Apollo Global Management, LLC is treated as a partnership and not as a corporation for U.S. Federal income tax purposes. An entity that is treated as a partnership for U.S. Federal income tax purposes is not a taxable entity and incurs no U.S. Federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss and deduction of the partnership in computing its U.S. Federal income tax liability, regardless of whether cash distributions are then made. Investors in this offering will be deemed to be limited partners of Apollo Global Management, LLC for U.S. Federal income tax purposes. Accordingly, an investor will generally be required to pay U.S. Federal income taxes with respect to the income and gain of Apollo Global Management, LLC that is allocated to such investor, even if Apollo Global Management, LLC does not make cash distributions. See Material Tax Considerations Material U.S. Federal Tax Considerations for a summary discussing certain U.S. Federal income tax considerations related to the purchase, ownership and disposition of our Class A shares as of the date of this offering.

The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects. On December 9, 2009, the House of Representatives passed H.R. 4213, the Tax Extenders Act of 2009. If enacted, this bill would preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules and could change the character of portions of our income from capital gain to ordinary income. Such legislation does provide a transition rule that could defer corporate treatment for 10 years. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a substantial increase in our tax liability and it could well result in a reduction in the value of our Class A shares. See Risk Factors Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects, Risk Factors Risks Related to Our Organization and Structure Members of the U.S. Congress have introduced and the House of Representatives has passed legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a substantial increase in our tax liability and it could well result in a reduction in the value of our Class A shares and Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Table of Contents

Distribution to Our Managing Partners Prior to the Private Offering Transactions

On April 20, 2007, AMH, one of the entities in the Apollo Operating Group, entered into a credit facility, or the AMH credit facility, under which AMH borrowed a $1.0 billion variable-rate term loan. We used these borrowings to make a $986.6 million distribution to our managing partners and to pay related fees and expenses. This distribution was a distribution of prior undistributed earnings, and an advance on possible future earnings, of AMH. As a result, this distribution caused the managing partners accumulated equity basis in AMH to become negative. As of the date hereof, the AMH credit facility is guaranteed by Apollo Management, L.P.; Apollo Capital Management, L.P.; Apollo International Management, L.P.; Apollo Principal Holdings II, L.P.; Apollo Principal Holdings IV, L.P.; Apollo Principal Holdings V, L.P.; Apollo Principal Holdings IX, L.P.; and AAA Holdings, L.P. and matures on April 20, 2014. It is secured by (i) a first priority lien on substantially all assets of AMH and the guarantors and (ii) a pledge of the equity interests of each of the guarantors, in each case subject to customary carveouts.

Distributions to Our Managing Partners and Contributing Partners Related to the Reorganization

We made distributions to our managing partners and contributing partners that represented all of the undistributed earnings generated by the businesses contributed to the Apollo Operating Group prior to July 13, 2007. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to July 13, 2007 or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to July 13, 2007 were treated as having been earned prior to that date. Undistributed earnings of the contributed businesses through the date of the Reorganization that were attributable to the managing partners and contributing partners for the sold portion of their interest were $238.4 million and $148.6 million, respectively, and were recorded in the consolidated and combined financial statements as a component of due to affiliates and profit sharing payable, respectively. There were no undistributed earnings that were attributable to the managing partners and contributing partners for the sold portion of their interest at the December 31, 2009 and 2008 balance sheet dates.

In addition, we have also entered into a tax receivable agreement with our managing partners and contributing partners which requires us to pay them 85% of any tax savings received by APO Corp. from our step-up in tax basis. In our consolidated and combined financial statements, the item due to affiliates includes $514.0 million and $516.6 million that was payable to our managing partners and contributing partners in connection with the tax receivable agreement as of December 31, 2009 and 2008, respectively.

As part of the Reorganization, the managing partners and the contributing partners received the following:

- Apollo Operating Group units having a fair value per unit of $24 and $20 issued to the managing partners and contributing partners respectively on issuance date with a total approximate value of $5.6 billion (subject to five- or six-year vesting);

- $1.2 billion in cash in July 2007, excluding any potential contingent consideration;

- In January 2008 and April 2008, a preliminary and final distribution related to a contingent consideration of $37.7 million. The determination of the amount and timing of the distribution were based on net income with discretionary adjustments, all of which were determined by Apollo Management Holdings GP, LLC, the general partner of AMH. Included in the distribution were AAA restricted depositary units, or RDUs, valued at approximately $12.7 million and a distribution of interests in Apollo VIF Co-Investors, LLC in settlement of deferred compensation units in Apollo Value Investment Offshore Fund, Ltd. of approximately $0.8 million; and

- The fair value of carried interest related to the sale of portfolio companies where definitive sales contracts were executed but had not closed at July 13, 2007. We accrued an estimated payment of approximately $387.0 million at December 31, 2007, of which $200.2 million was distributed during

Table of Contents

the year ended December 31, 2008. The definitive sales contract in respect of which the remaining $186.8 million was accrued was terminated during the fourth quarter of 2008 and, as a result, no amounts were accrued at December 31, 2009 and 2008.

The Historical Investment Performance of Our Funds

In this Prospectus Summary and elsewhere in this prospectus, we present information relating to the historical performance of our funds, including certain legacy Apollo funds that do not have a meaningful amount of unrealized investments and the general partners of which have not been contributed to Apollo Global Management, LLC.

When considering the data presented in this prospectus, you should note that the historical results of our funds are not indicative of the future results that you should expect from such funds, from any future funds we may raise or from your investment in our Class A shares. An investment in our Class A shares is not an investment in any of the Apollo funds, and the assets and revenues of our funds are not directly available to us. As a result of the deconsolidation of most of our funds, we will not be consolidating those funds in our financial statements for periods after either August 1, 2007 or November 30, 2007. The historical and potential future returns of the funds we manage are not directly linked to returns on our Class A shares. Therefore, you should not conclude that continued positive performance of the funds we manage will necessarily result in positive returns on an investment in our Class A shares. However, poor performance of the funds that we manage would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the value in our Class A shares. There can be no assurance that any Apollo fund will continue to achieve the same results as historically achieved.

Moreover, the historical returns of our funds should not be considered indicative of the future results you should expect from such funds or from any future funds we may raise, in part because:

- market conditions during previous periods were significantly more favorable for generating positive performance, particularly in our private equity business, than the market conditions we have experienced for the last two years and may continue to experience for the foreseeable future;

- our funds returns have benefited from investment opportunities and general market conditions that currently do not exist and may not repeat themselves, and there can be no assurance that our current or future funds will be able to avail themselves of profitable investment opportunities;

- our private equity funds rates of return, which are calculated on the basis of net asset value of the funds investments, reflect unrealized gains and unrealized losses, which gains and losses may never be realized;

- our funds returns have historically benefited from investment opportunities and general market conditions that may not repeat themselves, including the availability of debt capital on attractive terms, and we may not be able to achieve the same returns or profitable investment opportunities or deploy capital as quickly;

- the historical returns that we present in this prospectus derive largely from the performance of our earlier private equity funds, whereas future fund returns will depend increasingly on the performance of our newer funds, which may have little or no investment track record;

- Fund VI and Fund VII are several times larger than our previous private equity funds, and we may not be able to deploy this additional capital as profitably as our prior funds;

- the attractive returns of certain of our funds have been driven by the rapid return of invested capital, which has not occurred with respect to all of our funds and we believe is less likely to occur in the future;

Table of Contents

- our track record with respect to our capital markets and real estate funds is relatively short as compared to our private equity funds;

- in recent years, there has been increased competition for private equity investment opportunities resulting from the increased amount of capital invested in private equity funds and periods of high liquidity in debt markets, which may result in lower returns for the funds; and

- our newly established funds may generate lower returns during the period that they take to deploy their capital.

Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund IV has generated a 11% gross IRR and 8% net IRR since inception through December 31, 2009, while Fund V has generated a 62% gross IRR and 46% net IRR since inception through December 31, 2009. Accordingly, the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the applicable risks described elsewhere in this prospectus, including risks of the industries and businesses in which a particular fund invests. See Risk Factors Risks Related to Our Businesses The historical returns attributable to our funds should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our Class A shares.

Recent Developments

On January 22, 2010, the company announced that Kenneth Vecchione will be departing the company to pursue other interests. Mr. Vecchione ceased to serve as the company s Chief Financial Officer effective January 22, 2010, and he is continuing to support the company in transitioning his role until his final departure date, which will be no later than March 31, 2010. The company has initiated a search for a permanent successor to Mr. Vecchione. In the interim, Barry Giarraputo, the company s Chief Accounting Officer and Controller, was appointed Chief Financial Officer effective January 22, 2010.

We are planning to sell Class A shares in an initial public offering of our Class A shares (referred to as the IPO) for net proceeds of approximately $ million based on the midpoint of the estimated offering price range of $ to $. The primary purpose of the IPO is to facilitate shareholder liquidity upon listing on the NYSE. We plan to use the net proceeds we receive from the Class A shares offered in the IPO for general corporate purposes and to fund growth initiatives. In addition, certain of our existing shareholders may sell an aggregate of Class A shares in the IPO. However, we will not receive any of the proceeds from the sale of Class A shares by the selling shareholders participating in the IPO. None of the Strategic Investors or our affiliates, managing partners or employees will participate in the IPO as selling shareholders. The registration statement of which this prospectus forms a part also includes a prospectus for the IPO.

Investment Risks

An investment in our Class A shares involves a high degree of risk. Some of the more significant challenges and risks include those associated with our susceptibility to conditions in the global financial markets and global economic conditions, the volatility of our revenue, net income and cash flow, our dependence on our managing partners and other key investment professionals, our ability to retain and motivate our existing investment professionals and recruit, retain and motivate new investment professionals in the future and risks associated with adverse changes in tax law and other legislative or regulatory changes. See Risk Factors for a discussion of the factors you should consider before investing in our Class A shares.

Our Corporate Information

Apollo Global Management, LLC was formed in Delaware on July 3, 2007. Our principal executive offices are located at 9 West 57th Street, New York, New York 10019, and our telephone number is (212) 515-3200.

Table of Contents

The Offering

Shares Offered for Resale by the Selling Shareholders in this Offering	Class A shares
Shares to be Offered for Sale by Apollo Global Management, LLC in the IPO	Class A shares
Shares to be Offered for Sale by Selling Shareholders in the IPO	Class A shares
Shares Outstanding After Giving Effect to the IPO:	
Class A Shares	Class A shares
Class B Shares	1 Class B share
Shares Held by Our Managing Partners After Giving Effect to the IPO:	
Class A Shares	None
Class B Share	Our managing partners indirectly hold the single Class B share that we have issued to BRH, representing % of the total voting power of our shares entitled to vote.
Apollo Operating Group Units Held After Giving Effect to the IPO:	
By Us	or % of the total Apollo Operating Group units
Indirectly By Our Managing Partners and Contributing Partners	240,000,000 or % of the total Apollo Operating Group units
Voting:	
Class A Shares	One vote per share (except that Class A shares held by the Strategic Investors and their affiliates do not have any voting rights).
Class B Share	Initially, 240,000,000 votes. In the event that a managing partner or contributing partner, through Holdings, exercises his right to exchange the Apollo Operating Group units that he owns through his partnership interest in Holdings for Class A shares, the voting power of the Class B share will be proportionately reduced.

Voting Rights	Holders of our Class A shares (other than the Strategic Investors and their affiliates, who have no voting rights) and our Class B share vote together as a single class on all matters submitted to our shareholders for their vote or approval. So long as the Apollo control condition is satisfied, however, our manager manages all of our operations and activities and exercises substantial control over extraordinary matters and other structural changes. You will have only limited voting rights

	on matters affecting our businesses and will have no right to elect our manager, which is owned and controlled by our managing partners. Moreover, our managing partners, through their ownership of BRH, will hold % of the total combined voting power of our shares entitled to vote after giving effect to the IPO, and thus are able to exercise control over all matters requiring shareholder approval. See Description of Shares.
Use of Proceeds	We will not receive any proceeds from the sale of the Class A shares pursuant to this prospectus.
Cash Dividend Policy	Our intention is to distribute to our Class A shareholders on a quarterly basis substantially all of our net after-tax cash flow from operations in excess of amounts determined by our manager to be necessary or appropriate to provide for the conduct of our businesses, to make appropriate investments in our businesses and our funds, to comply with applicable law, to service our indebtedness or to provide for future distributions to our Class A shareholders for any one or more of the ensuing four quarters. Our quarterly dividend is determined based on available cash flow from our management companies as well as any special activities which provide excess cash flow from our private equity or capital markets funds. Items such as the sale of a portfolio company, dividends from portfolio companies and interest income from the funds debt investments typically provide excess cash flows for distribution. In light of the continued turmoil in the global financial markets, we have been taking steps to ensure that we continue to maintain appropriate reserves to invest in new businesses and to meet obligations that may arise should the markets deteriorate further. Because we will not know what our actual available cash flow from operations will be for any year until sometime after the end of such year, we expect that a fourth quarter dividend payment, if any, will be adjusted to take into account actual net after-tax cash flow from operations for that year. From time to time, management may also declare special quarterly distributions based on investment realizations. Our Class B shareholder is not entitled to any dividends.
	The declaration, payment and determination of the amount of our quarterly dividend will be at the sole discretion of our manager. We cannot assure you that any dividends, whether quarterly or otherwise, will or can be paid. See Cash Dividend Policy for a discussion of the factors our manager is likely to consider in regard to our payment of cash dividends.

Because we are a holding company that owns intermediate holding companies, the funding of each dividend, if declared, will occur in three steps, as follows:

first, we will cause one or more entities in the Apollo Operating Group to make a distribution to all of its partners, including our wholly-owned subsidiaries APO Corp., APO (FC), LLC and APO Asset Co., LLC (as applicable), and Holdings, on a pro rata basis;

Table of Contents

second, we will cause our intermediate holding companies, APO Corp., APO (FC), LLC and APO Asset Co., LLC (as applicable), to distribute to us, from their net after-tax proceeds, amounts equal to the aggregate dividend we have declared; and

third, we will distribute the proceeds received by us to our Class A shareholders on a pro rata basis.

If Apollo Operating Group units are issued to other parties, such as employees, such parties would be entitled to a portion of the distributions from the Apollo Operating Group as partners described above.

In addition, the partnership agreements of the Apollo Operating Group partnerships provide for cash distributions, which we refer to as tax distributions, to the partners of such partnerships if the general partners of such partnerships determine that the taxable income of the relevant partnership will give rise to taxable income for its partners. Generally, these tax distributions will be computed based on our estimate of the net taxable income of the relevant partnership allocable to a partner multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. Federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses and the character of our income). The Apollo Operating Group partnerships will make tax distributions only to the extent distributions from such partnerships for the relevant year were otherwise insufficient to cover such tax liabilities and all such distributions will be made to all partners on a pro rata basis based upon their respective interests in the applicable partnership. On January 8, 2009, we declared a special tax distribution amounting to $0.05 per Class A share. The distribution was paid on January 15, 2009 to Class A shareholders of record on January 12, 2009. No such tax distribution will necessarily be required to be distributed by us for future periods, and there can be no assurance that we will pay cash dividends on the Class A shares in an amount sufficient to cover any tax liability arising from the ownership of Class A shares.

Managing Partners and Contributing Partners Exchange Rights	Subject to certain procedures and restrictions (including the vesting schedules applicable to our managing partners and any applicable transfer restrictions and lock-up agreements), at any time and from time to time, each managing partner and contributing partner has the right to cause Holdings to exchange Apollo Operating Group units for Class A shares to sell such Class A shares at the prevailing market price (or at a lower price that such managing partner or contributing partner is willing to accept) and to distribute the net proceeds of such sale to such managing partner or contributing partner. We have reserved for issuance 240,000,000 Class A shares, corresponding to the number of existing Apollo Operating Group units held by our managing partners and contributing partners. To effect an exchange, a

Table of Contents

managing partner or contributing partner, through Holdings, must simultaneously exchange one Apollo Operating Group unit, being an equal limited partner interest in each Apollo Operating Group entity, for each Class A share received. As a managing partner or contributing partner exchanges his Apollo Operating Group units, our interest in the Apollo Operating Group units will be correspondingly increased and the voting power of the Class B share will be correspondingly reduced. If and when any managing partner or contributing partner, through Holdings, exchanges an Apollo Operating Group unit for a Class A share of Apollo Global Management, LLC, the relative economic ownership positions of the exchanging managing partner or contributing partner and of the other equity owners of Apollo (whether held at Apollo Global Management, LLC or at the Apollo Operating Group) will not be altered. See Our Structure Reorganization Holding Company Structure for further discussion of our Reorganization structure.

Any exchange of the Apollo Operating Group units generally is expected to result in increases in the tax basis of the tangible and intangible assets of APO Corp. that would not otherwise have been available. These increases in tax basis are expected to increase (for tax purposes) the depreciation and amortization deductions available to APO Corp. and therefore reduce the amount of tax that APO Corp. would otherwise be required to pay in the future. APO Corp. has entered into a tax receivable agreement with Holdings whereby it agrees to pay to Holdings 85% of the amount of actual cash savings, if any, in U.S. Federal, state and local income taxes that APO Corp. realizes as a result of these increases in tax basis. In the event that other of our current or future subsidiaries become taxable as corporations and acquire Apollo Operating Group units in the future, or if we become taxable as a corporation for U.S. Federal income tax purposes, we expect that each will become subject to a tax receivable agreement with substantially similar terms. See Certain Relationships and Related Party Transactions Tax Receivable Agreement.

NYSE Listing	We intend to apply for our Class A shares to be listed on the NYSE under the symbol . The listing is subject to approval of our application.
Risk Factors	Please read the section entitled Risk Factors beginning on page 36 for a discussion of some of the factors you should carefully consider before deciding to invest in our Class A shares.

Table of Contents

References in this section to the number of our Class A shares outstanding, and the percent of our voting rights held, exclude:

- 240,000,000 Class A shares issuable upon exchange of the Apollo Operating Group units and interests in our Class B share by Holdings on behalf of our managing partners and contributing partners;
- interests granted or reserved under our equity incentive plan, consisting of:
  - 20,477,101 restricted share units, or RSUs, (net of forfeited awards) that were granted during the year ended December 31, 2007, subject to vesting, to certain employees and consultants;
  - an additional 10,181,229 RSUs (net of forfeited awards) that were granted during the year ended December 31, 2008, subject to vesting, to certain employees and consultants;
  - 1,371,685 RSUs (net of forfeited awards) that were granted during the year ended December 31, 2009, subject to vesting, to certain employees; and
  - effective as of January 1, 2009, 78,706,931 Class A shares were reserved for issuance under the equity incentive plan. Under certain circumstances, the plan is subject to automatic increases annually. As of December 31, 2009, 46,676,916 Class A shares remained available for issuance pursuant to our equity incentive plan.

Table of Contents

Summary Historical and Other Data

The following summary historical consolidated and combined financial and other data of Apollo Global Management, LLC should be read together with Our Structure, Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated and combined financial statements and related notes included elsewhere in this prospectus.

We derived the summary historical consolidated and combined statements of operations data of Apollo Global Management, LLC for the years ended December 31, 2009, 2008 and 2007 and the summary historical consolidated and combined statements of financial condition data as of December 31, 2009 and 2008 from our consolidated and combined financial statements, which are included elsewhere in this prospectus.

We derived the summary consolidated and combined statements of financial condition data as of December 31, 2007 from our audited consolidated and combined financial statements which are not included in this prospectus.

The summary historical financial data are not indicative of our expected future operating results. In particular, after undergoing the Reorganization on July 13, 2007 and providing liquidation rights to investors of most of the funds we manage on either August 1, 2007 or November 30, 2007, Apollo Global Management, LLC no longer consolidates in its financial statements the majority of the funds that have historically been consolidated in our financial statements.

Table of Contents

	Year Ended December 31, 2009	2008	2007[e]
		(in thousands)	
Statement of Operations Data			
Revenues:			
Advisory and transaction fees from affiliates	$ 56,075	$ 145,181	$ 150,191
Management fees from affiliates	406,257	384,247	192,934
Carried interest income (loss) from affiliates	504,396	(796,133)	294,725
Total Revenues	966,728	(266,705)	637,850
Expenses:			
Compensation and benefits	1,495,010	843,600	1,450,330
Interest expense	50,252	62,622	105,968
Interest expense beneficial conversion feature			240,000
Professional fees	33,889	76,450	81,824
Litigation settlement[a]		200,000	
General, administrative and other	61,066	71,789	36,618
Placement fees	12,364	51,379	27,253
Occupancy	29,625	20,830	12,865
Depreciation and amortization	24,299	22,099	7,869
Total Expenses	1,706,505	1,348,769	1,962,727
Other Income (Loss):			
Net gains (losses) from investment activities	510,935	(1,269,100)	2,279,263
Gain from repurchase of debt[b]	36,193		
Dividend income from affiliates			238,609
Interest income	1,450	19,368	52,500
Income (loss) from equity method investments	83,113	(57,353)	1,722
Other income (loss)	41,410	(4,609)	(36)
Total Other Income (Loss)	673,101	(1,311,694)	2,572,058
(Loss) Income Before Income Tax (Provision) Benefit	(66,676)	(2,927,168)	1,247,181
Income tax (provision) benefit	(28,714)	36,995	(6,726)
Net (Loss) Income	(95,390)	(2,890,173)	1,240,455
Net (income) loss attributable to Non-Controlling Interests in Consolidated Entities[c]	(460,226)	1,176,116	(2,088,655)
Net loss attributable to Non-Controlling Interests in Apollo Operating Group[d]	400,440	801,799	278,549
Net Loss attributable to Apollo Global Management, LLC	$ (155,176)	$ (912,258)	$ (569,651)
Dividends Declared per Class A share	$ 0.05	$ 0.56	$

	As of December 31, 2009	2008	2007
		(in thousands)	
Statement of Financial Condition Data			
Total Assets	$ 3,385,197	$ 2,474,532	$ 5,115,642
Total Debt Obligations	933,834	1,026,005	1,057,761
Total Shareholders Equity	1,299,110	325,785	2,408,329
Non-Controlling Interests	1,603,146	822,843	2,312,286
Operating Metrics (non-U.S. GAAP):			
Assets Under Management (in millions):			
Private Equity	$ 34,002	$ 29,094	$ 30,237
Capital Markets	19,112	15,108	10,533

Real Estate	495		
Total AUM	$ 53,609	$ 44,202	$ 40,770

	Year Ended December 31,		
	2009	2008	2007
Economic Net Income (Loss)(f)	$ 581,022	$ (610,950)	$ 152,846
Adjusted Economic Net Income (Loss)(f)	542,374	(332,794)	486,681
Private equity dollars invested(g)	3,475,500	8,079,099	3,638,326

Table of Contents

(a) Litigation settlement charge was incurred in connection with an agreement with Huntsman to settle certain claims related to Hexion s now terminated merger agreement with Huntsman. During the year ended December 31, 2009, there were $37.5 million in insurance reimbursements received in connection with the litigation settlement, which was included in other income (loss) during the same period.

(b) During April and May 2009, the company repurchased a combined total of $90.9 million of face value of debt for $54.7 million and recognized a net gain of $36.2 million which is included in other income in the consolidated and combined statements of operations.

(c) Reflects Non-Controlling Interests attributable to AAA and the remaining interests held by certain former employees in the net income (loss) of our capital markets management companies.

(d) Reflects the Non-Controlling Interests in the net income (loss) of the Apollo Operating Group relating to the units held by our managing and contributing partners post-Reorganization. This amount is calculated by applying the ownership percentage of 71.1% subsequent to the Reorganization and prior to the share repurchase during February 2009, and 71.5% thereafter to the consolidated net income (loss) of the Apollo Operating Group before an income tax provision and after allocations to the Non-Controlling Interests in consolidated funds and other Non-Controlling Interests in certain of the Apollo Operating Group entities.

(e) Significant impacts to the statement of operations for 2007 are due to (i) the Reorganization, (ii) the deconsolidation of certain funds and (iii) the Strategic Investors Transaction.

Some of the significant impacts of the above items are as follows:

Revenue from affiliates increased due to the deconsolidation of certain funds.

Compensation and benefits, including non-cash charges related to equity-based compensation increased due to amortization of Apollo Operating Group units, RDUs and RSUs.

Interest expense increased as a result of conversion of debt on which the Strategic Investors had a beneficial conversion feature. Additionally, interest expense increased related to the AMH credit facility obtained in April 2007.

Professional fees increased due to Apollo Global Management, LLC s formation and ongoing requirements.

Net gain from investment activities increased due to increased activity in our consolidated funds through the date of deconsolidation.

Non-Controlling Interests changed significantly due to the formation of Holdings and reflects net losses attributable to Holdings post-Reorganization.

(f) Economic Net Income, or ENI, is a key performance measure used by management in evaluating the performance of our segments, as the amount of management fees, advisory and transaction fees and carried interest income are indicative of the company s performance. In arriving at adjusted ENI, or Adjusted ENI, the company removes items from ENI which management believes are non-recurring or related to events which are unusual such as costs associated with raising a new fund, registering its Class A shares, the Reorganization, securities offerings and gains or losses on debt repurchases. ENI and Adjusted ENI are measures of profitability and have certain limitations in that they do not take into account certain items included under U.S. GAAP. ENI represents segment income (loss), which excludes the impact of non-cash charges related to equity-based compensation, income taxes and Non-Controlling Interests. Adjusted ENI represents ENI excluding certain non-recurring items. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds that are included in the consolidated and combined financial statements. We believe that ENI and Adjusted ENI are helpful to an understanding of our business and that investors should review the same supplemental financial measures that management use to analyze our segment performance. Refer to Management s Discussion and Analysis of Financial Condition and Results of Operations Managing Business Performance for a more comprehensive explanation as to how ENI and Adjusted ENI are used to manage and evaluate our business.

Table of Contents

Below is a reconciliation of the Net Loss attributable to Apollo Global Management, LLC for the years ended December 31, 2009 through 2007 to ENI and ENI to Adjusted ENI for such periods:

	Year Ended December 31,		
	2009	2008	2007
		(in thousands)	
Net Loss attributable to Apollo Global Management, LLC:	$ (155,176)	$ (912,258)	$ (569,651)
(i) Adjusted for the impact of non-cash charges related to equity-based compensation	1,100,106	1,125,184	989,849
(ii) Income tax provision (benefit)	28,714	(36,995)	6,726
(iii) Non-Controlling Interests in consolidated entities	7,818	14,918	4,471
(iv) Non-Controlling Interests in Apollo Operating Group	(400,440)	(801,799)	(278,549)
Economic Net Income (Loss)	$ 581,022	$ (610,950)	$ 152,846
Adjustments:(*)			
Interest expenses beneficial conversion feature(1)			240,000
Transactional costs on the Strategic Investors note(2)			44,327
Interest expense on the Strategic Investors note(3)			6,067
Litigation settlement(4)		200,000	
Insurance proceeds(5)	(37,500)		
Gain from debt repurchase(6)	(36,193)		
Placement fees(7)	12,364	51,379	27,253
Public offering costs(8)	3,724	2,500	
Real estate investment trust offering costs(9)	8,000		
Non-recurring professional fees(8)(9)	10,957	24,277	16,188
Adjusted Economic Net Income (Loss)	$ 542,374	$ (332,794)	$ 486,681
Less: Incentive Business Adjusted Economic Net Income (Loss)	425,786	(503,494)	386,641
Management Business Adjusted Economic Net Income	$ 116,588	$ 170,700	$ 100,040

(*) Note: All adjustments relate to the management business.

(1) Occurred as part of the conversion of debt issued to our Strategic Investors. This item is specific to our Reorganization.

(2) Represents the unamortized debt issuance costs that were associated with the convertible notes, which were written off on the conversion date and are included as a component of interest expense during 2007. This item is specific to our Reorganization.

(3) Represents the interest expense that was incurred on the convertible notes prior to their mandatory conversion, and are included as a component of interest expense during 2007. This item is specific to our Reorganization.

(4) Occurred as a result of a litigation settlement related to Hexion s now-terminated merger agreement with Huntsman.

(5) Related to insurance proceeds received from the litigation settlement referenced in note (4).

(6) Resulted from the company s acquisition of a portion of the AMH credit facility. This repurchase may not recur in the future.

(7) Costs incurred in connection with raising a new fund, which are generally infrequent.

(8) Costs incurred to register the Class A shares in connection with this offering.

(9) Costs incurred in connection with the initial public offering of ARI s common stock, registration of the Class A shares, our Reorganization and formation of new funds.

(g) Private equity dollars invested represents the aggregate amount of newly funded or committed capital invested by our private equity funds during a reporting period.

Note: As a result of the adoption of U.S. GAAP guidance applicable to Non-Controlling Interests, the presentation and disclosure of all periods presented were impacted as follows: (1) Non-Controlling Interests were reclassified as a separate component of shareholders equity on our consolidated and combined statements of financial condition, (2) net (loss) income was adjusted to include the net (loss) income attributed to the Non-Controlling Interests on our consolidated and combined statements of operations, (3) the primary components of Non-Controlling Interests are now separately presented in the company s consolidated and combined financial statements to clearly distinguish the interest in the Apollo Operating Group and the interest held by limited partners in AAA from the interests of the company, and (4) profits and losses are allocated to Non-Controlling Interests in proportion to their ownership interests regardless of their basis.

35

Table of Contents

RISK FACTORS

Investing in our Class A shares involves a high degree of risk. You should carefully consider the following risk factors, as well as other information contained in this prospectus, before deciding to invest in our Class A shares. The occurrence of any of the following risks could materially and adversely affect our businesses, prospects, financial condition, results of operations and cash flow, in which case, the trading price of our Class A shares could decline and you could lose all or part of your investment.

Risks Related to Taxation

You may be subject to U.S. Federal income tax on your share of our taxable income, regardless of whether you receive any cash dividends from us.

Under current law, so long as we are not required to register as an investment company under the Investment Company Act and 90% of our gross income for each taxable year constitutes qualifying income within the meaning of the Internal Revenue Code on a continuing basis, we will be treated, for U.S. Federal income tax purposes, as a partnership and not as an association or a publicly traded partnership taxable as a corporation. You will be subject to U.S. Federal, state, local and possibly, in some cases, foreign income taxation on your allocable share of our items of income, gain, loss, deduction and credit for each of our taxable years ending with or within your taxable year, regardless of whether or not you receive cash distributions from us. Accordingly, you may be required to make tax payments in connection with your ownership of Class A shares that significantly exceed your cash distributions in any specific year.

If we are treated as a corporation for U.S. Federal income tax purposes, the value of the Class A shares would be adversely affected.

The value of your investment will depend in part on our company being treated as a partnership for U.S. Federal income tax purposes, which requires that 90% or more of our gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Internal Revenue Code, and that we are not required to register as an investment company under the Investment Company Act and related rules. Although we intend to manage our affairs so that our partnership will meet the 90% test described above in each taxable year, we may not meet these requirements or current law may change so as to cause, in either event, our partnership to be treated as a corporation for U.S. Federal income tax purposes. If we were treated as a corporation for U.S. Federal income tax purposes, (i) we would become subject to corporate income tax and (ii) distributions to shareholders would be taxable as dividends for U.S. Federal income tax purposes to the extent of our earnings and profits. We have not requested, and do not plan to request, a ruling from the IRS on this or any other matter affecting us. O Melveny & Myers LLP has provided an opinion to us based on factual statements and representations made by us, including statements and representations as to the manner in which we intend to manage our affairs and the composition of our income, that we will be treated as a partnership and not as a corporation for U.S. Federal income tax purposes. However, opinions of counsel are not binding upon the IRS or any court, and the IRS may challenge this conclusion and a court may sustain such a challenge.

The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects.

The U.S. Congress, the IRS and the U.S. Treasury Department are currently examining the U.S. Federal income tax treatment of private equity funds, hedge funds and other kinds of investment partnerships. The present U.S. Federal income tax treatment of a holder of Class A shares and/or our own taxation as described under Material Tax Considerations Material U.S. Federal Tax Considerations may be adversely affected by any new legislation, new regulations or revised interpretations of existing tax law that arise as a result of such

Table of Contents

examinations. Most notably, on December 9, 2009, the House of Representatives passed H.R. 4213, the Tax Extenders Act of 2009. If enacted, this bill would cause income associated with carried interests to be taxed as ordinary income and not treated as qualifying income for purposes of the publicly traded partnership tests. This would have the effect of treating publicly traded partnerships that derive substantial amounts of income from carried interest as corporations for U.S. Federal income tax purposes and would substantially increase our tax liability and could result in a reduction in the value of our Class A shares. Under a transition rule contained in the proposed legislation, in the case of an existing publicly traded partnership, the carried interest income would not be treated as non-qualifying income for purposes of determining whether a partnership should be treated as a corporation for a period of 10 years following the enactment of the legislation, and therefore would not preclude us from qualifying as a partnership for U.S. Federal income tax purposes until at least our taxable year beginning January 1, 2021.

Additionally, President Obama endorsed legislation to tax carried interest as ordinary income in the 2010 and 2011 budget blueprint. Legislation similar to the Tax Extenders Act of 2009, as well as legislation that would tax, as corporations, publicly traded partnerships that directly or indirectly derive income from investment adviser or asset management services was introduced in prior sessions of Congress. None of these legislative proposals affecting the tax treatment of our carried interests, or of our ability to qualify as a partnership for U.S. Federal income tax purposes, have yet been enacted. Furthermore, it is possible that the U.S. Federal income tax law could be changed in ways that would adversely affect the anticipated tax consequences for us and/or the holders of Class A shares as described herein. For example, there could be changes that could adversely affect the taxation of tax-exempt and/or non-U.S. holders of Class A shares, by treating carried interest income as fees for services (which generally would be taxable to tax-exempt investors and non-U.S. holders).

Finally, because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, our distribution to you would be reduced.

It is unclear whether any additional legislation will be proposed or enacted or, if enacted, whether and how the legislation would apply to us and/or the holders of Class A shares, and it is unclear whether any other such tax law changes will occur or, if they do, how they might affect us and/or the holders of Class A shares. **In view of the potential significance of any such U.S. Federal income tax law changes and the fact that there are likely to be ongoing developments in this area, each prospective holder of Class A shares should consult its own tax advisor to determine the U.S. Federal income tax consequences to it of acquiring and holding Class A shares in light of such potential U.S. Federal income tax law changes.**

Our structure involves complex provisions of U.S. Federal income tax law for which no clear precedent or authority may be available. Our structure is also subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. Federal income tax treatment of holders of Class A shares depends in some instances on determinations of fact and interpretations of complex provisions of U.S. Federal income tax law for which no clear precedent or authority may be available. You should be aware that the U.S. Federal income tax rules are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships and entities taxed as partnerships. The present U.S. Federal income tax treatment of an investment in our Class A shares may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. See Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Our operating agreement permits our manager to modify our operating agreement from time to time, without the consent of the holders of Class A shares, to address certain changes in U.S. Federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all holders of Class A shares. Moreover, we will apply certain assumptions and conventions in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to holders of Class A shares in a manner that reflects such beneficial ownership of items by holders of Class A shares, taking into account variation in ownership interests during each taxable year because of trading activity. However, those assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that the IRS will assert successfully that the conventions and assumptions used by us do not satisfy the technical requirements of the Internal Revenue Code and/or Treasury regulations and could require that items of income, gain, deductions, loss or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects holders of Class A shares.

The interest in certain of our businesses will be held through entities that will be treated as corporations for U.S. Federal income tax purposes; such corporations may be liable for significant taxes and may create other adverse tax consequences, which could potentially, adversely affect the value of your investment.

In light of the publicly traded partnership rules under U.S. Federal income tax law and other requirements, the partnership will hold its interest in certain of our businesses through entities that will be treated as corporations for U.S. Federal income tax purposes. Each such corporation could be liable for significant U.S. Federal income taxes and applicable state, local and other taxes that would not otherwise be incurred, which could adversely affect the value of your investment. Furthermore, it is possible that the IRS could challenge the manner in which such corporation s taxable income is computed by us.

We may hold or acquire certain investments through an entity classified as a PFIC or CFC for U.S. Federal income tax purposes.

Certain of our investments may be in foreign corporations or may be acquired through a foreign subsidiary that would be classified as a corporation for U.S. Federal income tax purposes. Such an entity may be a passive foreign investment company, or a PFIC, or a controlled foreign corporation, or a CFC, for U.S. Federal income tax purposes. For example, APO (FC), LLC is considered to be a CFC for U.S. Federal income tax purposes. Class A shareholders indirectly owning an interest in a PFIC or a CFC may experience adverse U.S. tax consequences. See Material Tax Considerations Material U.S. Federal Tax Considerations Taxation of Holders of Class A Shares Passive Foreign Investment Companies and Controlled Foreign Corporations.

Complying with certain tax-related requirements may cause us to forego otherwise attractive business or investment opportunities or enter into acquisitions, borrowings, financings or arrangements we may not have otherwise entered into.

In order for us to be treated as a partnership for U.S. Federal income tax purposes, and not as an association or publicly traded partnership taxable as a corporation, we must meet the qualifying income exception discussed above on a continuing basis and we must not be required to register as an investment company under the Investment Company Act. In order to effect such treatment we (or our subsidiaries) may be required to invest through foreign or domestic corporations, forego attractive business or investment opportunities or enter into borrowings or financings we may not have otherwise entered into. This may cause us to incur additional tax liability and/or adversely affect our ability to operate solely to maximize our cash flow. Our structure also may impede our ability to engage in certain corporate acquisitive transactions because we generally intend to hold all of our assets through the Apollo Operating Group. In addition, we may be unable to participate in certain corporate reorganization transactions that would be tax free to our holders if we were a corporation. To the extent we hold assets other than through the Apollo Operating Group, we will make appropriate adjustments to the Apollo Operating Group agreements so that distributions to Holdings and us would be the same as if such assets were held at that level. Moreover, we are precluded by a contract with one of the Strategic Investors from acquiring assets in a manner that would cause that Strategic Investor to be engaged in a commercial activity within the meaning of Section 892 of the Internal Revenue Code.

Table of Contents

Non-U.S. persons face unique U.S. tax issues from owning our shares that may result in adverse tax consequences to them.

We believe that we will not be treated as engaged in a trade or business for U.S. Federal income tax purposes and, therefore, non-U.S. holders of Class A shares will generally not be subject to U.S. Federal income tax on interest, dividends and gains derived from non-U.S. sources. It is possible, however, that the IRS could disagree or that the tax laws and regulations could change and we could be deemed to be engaged in a U.S. trade or business, which would have a material adverse effect on non-U.S. holders. If we have income that is treated as effectively connected to a U.S. trade or business, non-U.S. holders would be required to file a U.S. Federal income tax return to report that income and would be subject to U.S. Federal income tax at the regular graduated rates. Holders likely will be required to file state and local income tax returns and pay state and local income taxes in some or all jurisdictions where we operate. It is the responsibility of each holder to file all U.S. Federal, state and local tax returns that may be required of such holder. Our counsel has not rendered an opinion on the state or local tax consequences of an investment in Class A shares.

An investment in Class A shares will give rise to UBTI to certain tax-exempt holders.

We will not make investments through taxable U.S. corporations solely for the purpose of limiting unrelated business taxable income, or UBTI, from debt-financed property and, thus, an investment in Class A shares will give rise to UBTI to tax-exempt holders of Class A shares. APO Asset Co., LLC may borrow funds from APO Corp. or third parties from time to time to make investments. These investments will give rise to UBTI from debt-financed property. Moreover, if the IRS successfully asserts that we are engaged in a trade or business, then additional amounts of income could be treated as UBTI.

We do not intend to make, or cause to be made, an election under Section 754 of the Internal Revenue Code to adjust our asset basis or the asset basis of certain of the Group Partnerships. Thus, a holder of Class A shares could be allocated more taxable income in respect of those Class A shares prior to disposition than if such an election were made.

We did not make and currently do not intend to make, or cause to be made, an election to adjust asset basis under Section 754 of the Internal Revenue Code with respect to us, Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P. Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P. and Apollo Principal Holdings IX, L.P. If no such election is made, there will generally be no adjustment for a transferee of Class A shares even if the purchase price of those Class A shares is higher than the Class A shares share of the aggregate tax basis of our assets immediately prior to the transfer. In that case, on a sale of an asset, gain allocable to a transferee could include built-in gain allocable to the transferor at the time of the transfer, which built-in gain would otherwise generally be eliminated if a Section 754 election had been made. See Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Tax Elections.

Risks Related to Our Organization and Structure

Members of the U.S. Congress have introduced and the House of Representatives has passed legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a substantial increase in our tax liability and it could well result in a reduction in the value of our Class A shares.

On December 9, 2009, the House of Representatives passed H.R. 4213, the Tax Extenders Act of 2009. If enacted, this bill would cause income associated with carried interest to be taxed as ordinary income and not treated as qualifying income for purposes of the publicly traded partnership tests. This would have the effect of treating publicly traded partnerships that derive substantial amounts of income from carried interests as corporations for U.S. Federal income tax purposes. Such legislation does provide a transition rule that could defer corporate treatment for 10 years. See Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects.

Our shareholders do not elect our manager or vote and have limited ability to influence decisions regarding our businesses.

So long as the Apollo control condition is satisfied, our manager, AGM Management, LLC, which is owned by our managing partners, will manage all of our operations and activities. AGM Management, LLC is managed by BRH, a Cayman entity owned by our managing partners and managed by an executive committee composed of our managing partners. Our shareholders do not elect our manager, its manager or its manager s executive committee and, unlike the holders of common stock in a corporation, have only limited voting rights on matters affecting our businesses and therefore limited ability to influence decisions regarding our businesses. Furthermore, if our shareholders are dissatisfied with the performance of our manager, they will have little ability to remove our manager. As discussed below, the managing partners collectively have 87.1% of the voting power of Apollo Global Management, LLC. Therefore, they will have the ability to control any shareholder vote that occurs, including any vote regarding the removal of our manager.

Control by our managing partners of the combined voting power of our shares and holding their economic interests through the Apollo Operating Group may give rise to conflicts of interests.

Our managing partners, through their partnership interests in Holdings, control 87.1% of the combined voting power of our shares entitled to vote. Accordingly, our managing partners have the ability to control our management and affairs to the extent not controlled by our manager. In addition, they are able to determine the outcome of all matters requiring shareholder approval (such as a proposed sale of all or substantially of our assets, the approval of a merger or consolidation involving the company, and an election by our manager to dissolve the company) and are able to cause or prevent a change of control of our company and could preclude any unsolicited acquisition of our company. The control of voting power by our managing partners could deprive Class A shareholders of an opportunity to receive a premium for their Class A shares as part of a sale of our company, and might ultimately affect the market price of the Class A shares.

In addition, our managing partners and contributing partners, through their partnership interests in Holdings, are entitled to 71.5% of Apollo Operating Group s economic returns through the Apollo Operating Group units owned by Holdings. Because they hold their economic interest in our businesses directly through the Apollo Operating Group, rather than through the issuer of the Class A shares, our managing partners and contributing partners may have conflicting interests with holders of Class A shares. For example, our managing partners and contributing partners may have different tax positions from us, which could influence their decisions regarding whether and when to dispose of assets, and whether and when to incur new or refinance existing indebtedness, especially in light of the existence of the tax receivable agreement. In addition, the structuring of future transactions may take into consideration the managing partners and contributing partners tax considerations even where no similar benefit would accrue to us.

We expect to qualify for and intend to rely on exceptions from certain corporate governance and other requirements under the rules of the NYSE.

We expect to qualify for exceptions from certain corporate governance and other requirements of the rules of the NYSE. Pursuant to these exceptions, we will elect not to comply with certain corporate governance requirements of the NYSE, including the requirements (i) that a majority of our board of directors consist of independent directors, (ii) that we have a nominating/corporate governance committee that is composed entirely of independent directors and (iii) that we have a compensation committee that is composed entirely of independent directors. In addition, we will not be required to hold annual meetings of our shareholders. Accordingly, you will not have the same protections afforded to equityholders of entities that are subject to all of the corporate governance requirements of the NYSE.

Table of Contents

Potential conflicts of interest may arise among our manager, on the one hand, and us and our shareholders on the other hand. Our manager and its affiliates have limited fiduciary duties to us and our shareholders, which may permit them to favor their own interests to the detriment of us and our shareholders.

Conflicts of interest may arise among our manager, on the one hand, and us and our shareholders, on the other hand. As a result of these conflicts, our manager may favor its own interests and the interests of its affiliates over the interests of us and our shareholders. These conflicts include, among others, the conflicts described below.

Our manager determines the amount and timing of our investments and dispositions, indebtedness, issuances of additional stock and amounts of reserves, each of which can affect the amount of cash that is available for distribution to you.

Our manager is allowed to take into account the interests of parties other than us in resolving conflicts of interest, which has the effect of limiting its duties (including fiduciary duties) to our shareholders; for example, our affiliates that serve as general partners of our funds have fiduciary and contractual obligations to our fund investors, and such obligations may cause such affiliates to regularly take actions that might adversely affect our near-term results of operations or cash flow; our manager has no obligation to intervene in, or to notify our shareholders of, such actions by such affiliates.

Because our managing partners and contributing partners hold their Apollo Operating Group units through entities that are not subject to corporate income taxation and Apollo Global Management, LLC holds the Apollo Operating Group units in part through a wholly-owned subsidiary that is subject to corporate income taxation, conflicts may arise between our managing partners and contributing partners, on the one hand, and Apollo Global Management, LLC, on the other hand, relating to the selection and structuring of investments.

Other than as set forth in the non-competition, non-solicitation and confidentiality agreements to which our managing partners and other professionals are subject, which may not be enforceable, affiliates of our manager and existing and former personnel employed by our manager are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us.

Our manager has limited its liability and reduced or eliminated its duties (including fiduciary duties) under our operating agreement, while also restricting the remedies available to our shareholders for actions that, without these limitations, might constitute breaches of duty (including fiduciary duty). In addition, we have agreed to indemnify our manager and its affiliates to the fullest extent permitted by law, except with respect to conduct involving bad faith, fraud or willful misconduct. By purchasing our Class A shares, you will have agreed and consented to the provisions set forth in our operating agreement, including the provisions regarding conflicts of interest situations that, in the absence of such provisions, might constitute a breach of fiduciary or other duties under applicable state law.

Our operating agreement does not restrict our manager from causing us to pay it or its affiliates for any services rendered, or from entering into additional contractual arrangements with any of these entities on our behalf, so long as the terms of any such additional contractual arrangements are fair and reasonable to us as determined under the operating agreement.

Our manager determines how much debt we incur and that decision may adversely affect our credit ratings.

Our manager determines which costs incurred by it and its affiliates are reimbursable by us.

Our manager controls the enforcement of obligations owed to us by it and its affiliates.

Our manager decides whether to retain separate counsel, accountants or others to perform services for us.

See Certain Relationships and Related Party Transactions and Conflicts of Interest and Fiduciary Responsibilities for a more detailed discussion of these conflicts.

Our operating agreement contains provisions that reduce or eliminate duties (including fiduciary duties) of our manager and limit remedies available to shareholders for actions that might otherwise constitute a breach of duty. It will be difficult for a shareholder to challenge a resolution of a conflict of interest by our manager or by its conflicts committee.

Our operating agreement contains provisions that waive or consent to conduct by our manager and its affiliates that might otherwise raise issues about compliance with fiduciary duties or applicable law. For example, our operating agreement provides that when our manager is acting in its individual capacity, as opposed to in its capacity as our manager, it may act without any fiduciary obligations to us or our shareholders whatsoever. When our manager, in its capacity as our manager, is permitted to or required to make a decision in its sole discretion or discretion or that it deems necessary or appropriate or necessary or advisable, then our manager will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any of our shareholders and will not be subject to any different standards imposed by our operating agreement, the Delaware Limited Liability Company Act or under any other law, rule or regulation or in equity.

Whenever a potential conflict of interest exists between us and our manager, our manager may resolve such conflict of interest. If our manager determines that its resolution of the conflict of interest is on terms no less favorable to us than those generally being provided to or available from unrelated third parties or is fair and reasonable to us, taking into account the totality of the relationships between us and our manager, then it will be presumed that in making this determination, our manager acted in good faith. A shareholder seeking to challenge this resolution of the conflict of interest would bear the burden of overcoming such presumption. This is different from the situation with Delaware corporations, where a conflict resolution by an interested party would be presumed to be unfair and the interested party would have the burden of demonstrating that the resolution was fair.

The above modifications of fiduciary duties are expressly permitted by Delaware law. Hence, we and our shareholders will only have recourse and be able to seek remedies against our manager if our manager breaches its obligations pursuant to our operating agreement. Unless our manager breaches its obligations pursuant to our operating agreement, we and our unitholders will not have any recourse against our manager even if our manager were to act in a manner that was inconsistent with traditional fiduciary duties. Furthermore, even if there has been a breach of the obligations set forth in our operating agreement, our operating agreement provides that our manager and its officers and directors will not be liable to us or our shareholders for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that the manager or its officers and directors acted in bad faith or engaged in fraud or willful misconduct. These provisions are detrimental to the shareholders because they restrict the remedies available to them for actions that without those limitations might constitute breaches of duty, including fiduciary duties.

Also, if our manager obtains the approval of its conflicts committee, the resolution will be conclusively deemed to be fair and reasonable to us and not a breach by our manager of any duties it may owe to us or our shareholders. This is different from the situation with Delaware corporations, where a conflict resolution by a committee consisting solely of independent directors may, in certain circumstances, merely shift the burden of demonstrating unfairness to the plaintiff. If you purchase a Class A share, you will be treated as having consented to the provisions set forth in the operating agreement, including provisions regarding conflicts of interest situations that, in the absence of such provisions, might be considered a breach of fiduciary or other duties under applicable state law. As a result, shareholders will, as a practical matter, not be able to successfully challenge an informed decision by the conflicts committee. See Conflicts of Interest and Fiduciary Responsibilities.

The control of our manager may be transferred to a third party without shareholder consent.

Our manager may transfer its manager interest to a third party in a merger or consolidation or in a transfer of all or substantially all of its assets without the consent of our shareholders. Furthermore, at any time, the partners of our manager may sell or transfer all or part of their partnership interests in our manager without the approval of the shareholders, subject to certain restrictions as described elsewhere in this prospectus. A new manager may not be willing or able to form new funds and could form funds that have investment objectives and governing terms that differ materially from those of our current funds. A new owner could also have a different investment philosophy, employ investment professionals who are less experienced, be unsuccessful in identifying investment opportunities or have a track record that is not as successful as Apollo s track record. If any of the foregoing were to occur, we could experience difficulty in making new investments, and the value of our existing investments, our businesses, our results of operations and our financial condition could materially suffer.

Our ability to pay regular dividends may be limited by our holding company structure. We are dependent on distributions from the Apollo Operating Group to pay dividends, taxes and other expenses.

As a holding company, our ability to pay dividends will be subject to the ability of our subsidiaries to provide cash to us. We intend to distribute quarterly dividends to our Class A shareholders. Accordingly, we expect to cause the Apollo Operating Group to make distributions to its unitholders (in other words, Holdings, which is 100% owned, directly and indirectly, by our managing partners and our contributing partners, and the three intermediate holding companies, which are 100% owned by us), pro rata in an amount sufficient to enable us to pay such dividends to our Class A shareholders; however, such distributions may not be made. In addition, our manager can reduce or eliminate our dividend at any time, in its discretion. The Apollo Operating Group intends to make periodic distributions to its unitholders in amounts sufficient to cover hypothetical income tax obligations attributable to allocations of taxable income resulting from their ownership interest in the various limited partnerships making up the Apollo Operating Group, subject to compliance with any financial covenants or other obligations. Tax distributions will be calculated assuming each shareholder was subject to the maximum (corporate or individual, whichever is higher) combined U.S. Federal, New York State and New York City tax rates, without regard to whether any shareholder was subject to income tax liability at those rates. If the Apollo Operating Group has insufficient funds, we may have to borrow additional funds or sell assets, which could materially adversely affect our liquidity and financial condition. Furthermore, by paying that cash distribution rather than investing that cash in our business, we might risk slowing the pace of our growth or not having a sufficient amount of cash to fund our operations, new investments or unanticipated capital expenditures, should the need arise. Because tax distributions to unitholders are made without regard to their particular tax situation, tax distributions to all unitholders, including our intermediate holding companies, were increased to reflect the disproportionate income allocation to our managing partners and contributing partners with respect to built-in gain assets at the time of the Private Offering Transactions.

There may be circumstances under which we are restricted from paying dividends under applicable law or regulation (for example, due to Delaware limited partnership or limited liability company act limitations on making distributions if liabilities of the entity after the distribution would exceed the value of the entity s assets). In addition, under the AMH credit facility, Apollo Management Holdings is restricted in its ability to make cash distributions to us and may be forced to use cash to collateralize the AMH credit facility, which would reduce the cash it has available to make distributions.

Tax consequences to our managing partners and contributing partners may give rise to conflicts of interests.

As a result of unrealized built-in gain attributable to the value of our assets held by the Apollo Operating Group entities at the time of the Private Offering Transactions, upon the sale, refinancing or disposition of the assets owned by the Apollo Operating Group entities, our managing partners and contributing partners will incur different and significantly greater tax liabilities as a result of the disproportionately greater allocations of items of taxable income and gain to the managing partners and contributing partners upon a realization event. As the managing partners and contributing partners will not receive a corresponding greater distribution of cash proceeds, they may, subject to applicable fiduciary or contractual duties, have different objectives regarding the appropriate pricing, timing and other material terms of any sale, refinancing, or disposition, or whether to sell such assets at all. Decisions made with respect to an acceleration or deferral of income or the sale or disposition of assets with unrealized built-in gains may also influence the timing and amount of payments that are received by an exchanging or selling founder or partner under the tax receivable agreement. All other factors being equal,

Table of Contents

earlier disposition of assets with unrealized built-in gains following such exchange will tend to accelerate such payments and increase the present value of the tax receivable agreement, and disposition of assets with unrealized built-in gains before an exchange will increase a managing partner s or contributing partner s tax liability without giving rise to any rights to receive payments under the tax receivable agreement. Decisions made regarding a change of control also could have a material influence on the timing and amount of payments received by our managing partners and contributing partners pursuant to the tax receivable agreement.

We will be required to pay Holdings for most of the actual tax benefits we realize as a result of the tax basis step-up we receive in connection with taxable exchanges by our units held in the Apollo Operating Group entities or our acquisitions of units from our managing partners and contributing partners.

On a quarterly basis, each managing partner and contributing partner will have the right to exchange the Apollo Operating Group units that he holds through his partnership interest in Holdings for our Class A shares in a partially taxable transaction. These exchanges, as well as our acquisitions of units from our managing partners or contributing partners, may result in increases in the tax basis of the intangible assets of the Apollo Operating Group that otherwise would not have been available. Any such increases may reduce the amount of tax that APO Corp. would otherwise be required to pay in the future. The IRS may challenge all or part of these increased deductions and tax basis increases and a court could sustain such a challenge.

We have entered into a tax receivable agreement with Holdings that provides for the payment by APO Corp. to our managing partners and contributing partners of 85% of the amount of actual tax savings, if any, that APO Corp. realizes (or is deemed to realize in the case of an early termination payment by APO Corp. or a change of control, as discussed below) as a result of these increases in tax deductions and tax basis of the Apollo Operating Group. APO Corp. made payments of $3.7 million and $9.1 million in 2008 and 2009, respectively, pursuant to the tax receivable agreement. The Apollo Operating Group made total distributions of $27.0 million and $18.1 million in 2009 and 2008 to APO Corp. and Holdings, respectively, in accordance with their pro rata interests, to satisfy the liability under the tax receivable agreement. $17.9 million and $14.4 million of such distributions were distributed to the managing partners and contributing partners in 2009 and 2008, respectively. Future payments that APO Corp. may make to our managing partners and contributing partners could be material in amount. In the event that other of our current or future subsidiaries become taxable as corporations and acquire Apollo Operating Group units in the future, or if we become taxable as a corporation for U.S. Federal income tax purposes, we expect, and have agreed that, each will become subject to a tax receivable agreement with substantially similar terms.

The IRS could challenge our claim to any increase in the tax basis of the assets owned by the Apollo Operating Group that results from the exchanges entered into by the managing partners or contributing partners. The IRS could also challenge any additional tax depreciation and amortization deductions or other tax benefits (including deductions for imputed interest expense associated with payments made under the tax receivable agreement) we claim as a result of, or in connection with, such increases in the tax basis of such assets. If the IRS were to successfully challenge a tax basis increase or tax benefits we previously claimed from a tax basis increase, Holdings would not be obligated under the tax receivable agreement to reimburse APO Corp. for any payments previously made to them (although any future payments would be adjusted to reflect the result of such challenge). As a result, in certain circumstances, payments could be made to our managing partners and contributing partners under the tax receivable agreement in excess of 85% of the actual aggregate cash tax savings of APO Corp. APO Corp. s ability to achieve benefits from any tax basis increase and the payments to be made under this agreement will depend upon a number of factors, including the timing and amount of its future income.

In addition, the tax receivable agreement provides that, upon a merger, asset sale or other form of business combination or certain other changes of control, APO Corp. s (or its successor s) obligations with respect to exchanged or acquired units (whether exchanged or acquired before or after such change of control) would be based on certain assumptions, including that APO Corp. would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. See Certain Relationships and Related Party Transactions Tax Receivable Agreement.

Table of Contents

If we were deemed an investment company under the Investment Company Act, applicable restrictions could make it impractical for us to continue our businesses as contemplated and could have a material adverse effect on our businesses and the price of our Class A shares.

We do not believe that we are an investment company under the Investment Company Act because the nature of our assets and the income derived from those assets allow us to rely on the exception provided by Rule 3a-1 issued under the Investment Company Act. In addition, we believe we are not an investment company under Section 3(b)(1) of the Investment Company Act because we are primarily engaged in non-investment company businesses. We intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, we would be taxed as a corporation and other restrictions imposed by the Investment Company Act, including limitations on our capital structure and our ability to transact with affiliates that apply to us, could make it impractical for us to continue our businesses as contemplated and would have a material adverse effect on our businesses and the price of our Class A shares.

Risks Related to Our Businesses

Poor performance of our funds would cause a decline in our revenue and results of operations, may obligate us to repay incentive income previously paid to us and would adversely affect our ability to raise capital for future funds.

We derive revenues in part from:

- management fees, which are based generally on the amount of capital invested in our funds;
- transaction and advisory fees relating to the investments our funds make;
- incentive income, based on the performance of our funds; and
- investment income from our investments as general partner.

If a fund performs poorly, we will receive little or no incentive income with regard to the fund and little income or possibly losses from any principal investment in the fund. Furthermore, if, as a result of poor performance of later investments in a private equity fund s or a certain capital markets fund s life, the fund does not achieve total investment returns that exceed a specified investment return threshold for the life of the fund, we will be obligated to repay the amount by which incentive income that was previously distributed to us exceeds amounts to which we are ultimately entitled. Our fund investors and potential fund investors continually assess our funds performance and our ability to raise capital. Accordingly, poor fund performance may deter future investment in our funds and thereby decrease the capital invested in our funds and ultimately, our management fee income.

We depend on Leon Black, Joshua Harris and Marc Rowan, and the loss of any of their services would have a material adverse effect on us.

The success of our businesses depends on the efforts, judgment and personal reputations of our managing partners, Leon Black, Joshua Harris and Marc Rowan. Their reputations, expertise in investing, relationships with our fund investors and relationships with members of the business community on whom our funds depend for investment opportunities and financing are each critical elements in operating and expanding our businesses. We believe our performance is strongly correlated to the performance of these individuals. Accordingly, our retention of our managing partners is crucial to our success. Retaining our managing partners could require us to incur significant compensation expense after the expiration of their current employment agreements in 2012. Our managing partners may resign, join our competitors or form a competing firm at any time. If any of our managing partners were to join or form a competitor, some of our investors could choose to invest with that competitor rather than in our funds. The loss of the services of any of our managing partners would have a material adverse effect on us, including our ability to retain and attract investors and raise new funds, and the performance of our funds. We do not carry any key man insurance that would provide us with proceeds in the event of the death or disability of any of our managing partners. In addition, the loss of one or more of our managing partners may result in the termination of our role as general partner of one or more of our funds and the acceleration of our debt.

Although in connection with the Strategic Investors Transaction, our managing partners entered into employment, non-competition and non-solicitation agreements, which impose certain restrictions on competition and solicitation of our employees by our managing partners if they terminate their employment, a court may not enforce these provisions. See Management Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table Employment, Non-Competition and Non-Solicitation Agreement with Chief Executive Officer for a more detailed description of the terms of the agreement for one of our managing partners. In addition, although the Agreement Among Managing Partners imposes vesting and forfeiture requirements on the managing partners in the event any of them terminates their employment, we, our shareholders (other than the Strategic Investors, as described under Certain Relationships and Related Party Transactions Lenders Rights Agreement Amendments to Managing Partner Transfer Restrictions) and the Apollo Operating Group have no ability to enforce any provision of this agreement or to prevent the managing partners from amending the agreement or waiving any of its provisions, including the forfeiture provisions. See Certain Relationships and Related Party Transactions Agreement Among Managing Partners for a more detailed description of the terms of this agreement.

Recent developments in the global financial markets have created a great deal of uncertainty for the asset management industry, and these developments may adversely affect the investments made by our funds or their portfolio companies or reduce the ability of our funds to raise or deploy capital, each of which could further materially reduce our revenue, net income and cash flow.

Recent developments in the U.S. and global financial markets have illustrated that the current environment is one of extraordinary and unprecedented uncertainty and instability for asset management businesses, examples of which include:

- the Federal National Mortgage Association (commonly known as Fannie Mae) and the Federal Home Loan Mortgage Corporation (commonly known as Freddie Mac) were placed into conservatorship of the U.S. Federal Housing Finance Agency and as current discussions continue, there is uncertainty as to whether Fannie Mae and Freddie Mac will be reshaped to become government agencies, private entities or a mixture of both;

- two of the largest brokerage firms have become bank holding companies;

- Lehman Brothers Holdings Inc. filed for Chapter 11 bankruptcy in the Southern District of New York;

- the U.S. Federal Reserve Board initially extended an $85 billion emergency loan to American International Group, Inc. in exchange for an 80% stake in the company, however the U.S. Federal Reserve Board has since revised the terms and amount of the emergency loan;

- Wells Fargo and Wachovia completed a merger in January 2009;

- U.S. bank and thrift regulators have seized a number of failed institutions, including Washington Mutual, Inc. (whose assets were sold to J.P. Morgan Chase & Co.) and IndyMac Bancorp;

- U.S. government and Citigroup Inc. adopted a complex plan that calls for the government to back about $306 billion in loans and securities and directly invest about $20 billion in the bank. The bank will absorb the first $29 billion in losses in loans and securities and three government agencies, the U.S. Treasury Department, the U.S. Federal Reserve Board and the Federal Deposit Insurance Corp. will bear any additional losses. The investment of cash in the bank by the U.S. Treasury Department is on top of the $25 billion infusion that the bank recently received as part of the broader U.S. banking-industry bailout.

With global credit markets experiencing substantial disruption (especially in the mortgage finance markets) and liquidity shortages, financial instability has spread to Europe as U.K. regulators have seized Bradford &

Bingley, government-backed rescue packages have been arranged for Dexia, Hypo Real Estate, Fortis and the top three Icelandic banks and various European governments have been forced to guarantee banks deposits and debts. In addition, the Swiss central bank and UBS reached an agreement to transfer as much as $60 billion of troubled securities and other assets from UBS s balance sheet to a separate entity.

In response to spreading financial difficulties, on October 3, 2008 the U.S. government passed the Emergency Economic Stabilization Act of 2008, which authorizes the U.S. Secretary of the Treasury to purchase up to $700 billion in distressed mortgage-related assets from financial institutions. On October 7, 2008, the U.S. Federal Reserve announced it would create a special-purpose facility to begin buying commercial paper to stabilize financial markets. On October 8, 2008, the U.K. announced a plan to recapitalize some of the country s largest financial institutions by investing up to £25 billion (approximately $44 billion) of equity capital, providing a guarantee for short- and medium-term debt issued by the banks of around £250 billion and providing additional liquidity of at least £200 billion through the Bank of England s Special Liquidity Scheme and relaxing some of the criteria for lending under such Scheme. On October 14, 2008, the U.S. Treasury Department announced the development of a capital purchase program under the Emergency Economic Stabilization Act pursuant to which the Treasury may purchase up to $250 billion of senior preferred shares in certain U.S. financial institutions. On November 15, 2008, world leaders met in Washington, DC for an emergency summit of 20 nations to discuss the global financial situation and created a broad action plan, including setting up working groups on such issues as overhauling financial regulations. On November 21, 2008, the Asian Pacific Economic Cooperation forum met in Lima, Peru, for its annual meeting and additional countries endorsed the Washington, DC effort to overhaul global regulations to prevent future crises and pledged to refrain from raising trade barriers in the face of the current global economic crisis. In addition, there has also been substantial recent consolidation in the financial services industry, including the acquisition of Merrill Lynch & Co., Inc. by Bank of America Corporation as well as the acquisition of The Bear Stearns Companies, Inc. by JPMorgan Chase & Co. Although market conditions have recently shown some signs of improvement, there can be no assurances that conditions in the global financial markets will not worsen and/or further adversely affect our investments, access to leverage and overall performance.

In addition, over the past two years, the U.S. government has taken a number of steps to attempt to stabilize the global financial markets and the U.S. economy, including direct government investments in, and guarantees of, troubled financial institutions as well as government-sponsored programs such as TALF and the Public Private Investment Partnership Program, or PIPP . Members of Congress are also currently evaluating an array of other measures and programs that are intended to help improve U.S. financial and market conditions. While conditions appear to have improved relative to the depths of the global financial crisis, it is not clear whether this improvement is real or will last for a significant period of time. Moreover, it is not clear what impact the government s future plans to improve the global economy and financial markets will have on our business.

Changes in the debt financing markets have negatively impacted the ability of our funds and their portfolio companies to obtain attractive financing for their investments and have increased the cost of such financing if it is obtained, which could lead to lower-yielding investments and potentially decreasing our net income.

Since the latter half of 2007, the markets for debt financing have contracted significantly, particularly in the area of acquisition financings for private equity and leveraged buyout transactions. Large commercial and investment banks, which have traditionally provided such financing, have demanded higher rates, higher equity requirements as part of private equity investments, more restrictive covenants and generally more onerous terms in order to provide such financing, and in some cases are refusing to provide financing for acquisitions which would have been readily financed during the past several years.

In the event that our funds are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, our funds may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned by us. Any failure by lenders to provide previously committed financing can also expose us to potential claims by sellers of businesses which we may have contracted to purchase. Similarly, the portfolio companies owned by our private equity funds regularly utilize the corporate debt markets in order to obtain financing for their operations. To the extent that the current credit markets have rendered such financing difficult to obtain or more expensive, this may negatively impact the operating performance of those portfolio companies and, therefore, the investment returns on our funds. In addition, to the extent that the current markets make it difficult or impossible to refinance debt that is maturing in the near term, the relevant portfolio company may face substantial doubt as to its status as a going concern (which may result in an event of default under various agreements) or be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection.

Difficult market conditions may adversely affect our businesses in many ways, including by reducing the value or hampering the performance of the investments made by our funds or reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenue, net income and cash flow and adversely affect our financial prospects and condition.

Our businesses are materially affected by conditions in the global financial markets and economic conditions throughout the world, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors are outside our control and may affect the level and volatility of securities prices and the liquidity and the value of investments, and we may not be able to or may choose not to manage our exposure to these conditions. The market conditions surrounding each of our businesses, and in particular our private equity business, have been quite favorable for a number of years. A significant portion of the investments of our private equity funds were made during this period. Recent market conditions, however, have significantly deteriorated as compared to prior periods. Global financial markets have recently experienced considerable volatility in the valuations of equity and debt securities, a contraction in the availability of credit and the failure of a number of leading financial institutions. As a result, certain government bodies and central banks worldwide, including the U.S. Treasury Department and the U.S. Federal Reserve, have undertaken unprecedented intervention programs, the effects of which remain uncertain. The U.S. economy has experienced and continues to experience significant declines in employment, household wealth, and lending. These events have led to a significantly diminished availability of credit and an increase in the cost of financing. The lack of credit has materially hindered the initiation of new, large-sized transactions for our private equity segment and, together with volatility in valuations of equity and debt securities, adversely impacted our operating results in recent periods reflected in the financial statements included in this prospectus. These events may place additional negative pressure on our operating results going forward. If conditions further deteriorate, our business could be affected in different ways. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs, within a time frame sufficient to match any further decreases in net income or increases in net losses relating to changes in market and economic conditions.

Our funds may be affected by reduced opportunities to exit and realize value from their investments, by lower than expected returns on investments made prior to the deterioration of the credit markets and by the fact that we may not be able to find suitable investments for the funds to effectively deploy capital, which could adversely affect our ability to raise new funds. In light of recent volatile market and economic conditions, companies in which we have invested may experience decreased revenues, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. These companies may also have difficulty in expanding their businesses and operations or be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to us. In addition, during periods of adverse economic conditions such as the present, we may have difficulty accessing financial markets, which could make it even more difficult or impossible for us to obtain funding for additional investments and harm our AUM and operating results. The recent market downturn, or a specific market dislocation, may result in lower investment returns for our funds, which would further adversely

Table of Contents

affect our net income. The recent adverse conditions may also increase the risk of default with respect to private equity, credit and public equity investments that we manage. Although market conditions have recently shown some signs of improvement, we are unable to predict whether economic and market conditions may continue to improve. Even if such conditions do improve broadly and significantly over the long term, adverse conditions in particular sectors may cause our performance to suffer further.

A general market downturn, a specific market dislocation, or deteriorating economic conditions may cause our revenue and results of operations to decline by causing:

- our AUM to decrease, lowering management fees from our capital markets funds and AAA;
- increases in costs of financial instruments;
- adverse conditions for our portfolio companies (e.g., decreased revenues, liquidity pressures, increased difficulty in obtaining access to financing and complying with the terms of existing financings as well as increased financing costs);
- lower investment returns, reducing incentive income;
- higher interest rates, which could increase the cost of the debt capital we use to acquire companies in our private equity business; and
- material reductions in the value of our private equity fund investments in portfolio companies, affecting our ability to realize carried interest from these investments.

Lower investment returns and such material reductions in value may result, among other reasons, because during periods of difficult market conditions or slowdowns in a particular sector, companies in which we invest may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased funding costs. During such periods, these companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to us. In addition, during periods of adverse economic conditions, we may have difficulty accessing financial markets, which could make it more difficult or impossible for us to obtain funding for additional investments and harm our Assets Under Management and operating results. Furthermore, such conditions would also increase the risk of default with respect to investments held by our funds that have significant debt investments, such as our mezzanine funds, global distressed and hedge funds and credit opportunity funds. Our funds may be affected by reduced opportunities to exit and realize value from their investments and by the fact that we may not be able to find suitable investments for the funds to effectively deploy capital, which could adversely affect our ability to raise new funds and thus adversely impact our prospects for future growth.

A decline in the pace of investment in our private equity funds would result in our receiving less revenue from transaction and advisory fees.

The transaction and advisory fees that we earn are driven in part by the pace at which our private equity funds make investments. Any decline in that pace would reduce our transaction and advisory fees and could make it more difficult for us to raise capital. Many factors could cause such a decline in the pace of investment, including the inability of our investment professionals to identify attractive investment opportunities, competition for such opportunities among other potential acquirers, decreased availability of capital on attractive terms and our failure to consummate identified investment opportunities because of business, regulatory or legal complexities and adverse developments in the U.S. or global economy or financial markets. In particular, the current lack of financing options for new leveraged buy-outs resulting from the credit market dislocation, has significantly reduced the pace of traditional buyout investments by our private equity funds.

If one or more of our managing partners or other investment professionals leave our company, the commitment periods of certain private equity funds may be terminated, and we may be in default under our credit agreement.

The governing agreements of our private equity funds provide that in the event certain key persons (such as one or more of Messrs. Black, Harris and Rowan and/or certain other of our investment professionals) fail to devote the requisite time to managing the fund, the commitment period will terminate if a certain percentage in interest of the investors do not vote to continue the commitment period. This is true of Fund VI and Fund VII, on which our near- to medium-term performance will heavily depend. EPF has a similar provision. In addition to having a significant negative impact on our revenue, net income and cash flow, the occurrence of such an event with respect to any of our funds would likely result in significant reputational damage to us.

In addition, it will be an event of default under the AMH credit facility if either (i) Mr. Black, together with related persons or trusts, shall cease as a group to participate to a material extent in the beneficial ownership of AMH or (ii) two of the group constituting Messrs. Black, Harris and Rowan shall cease to be actively engaged in the management of the AMH loan parties. If such an event of default occurs and the lenders exercise their right to accelerate repayment of the $1.0 billion loan, we are unlikely to have the funds to make such repayment and the lenders may take control of us, which is likely to materially adversely impact our results of operations. Even if we were able to refinance our debt, our financial condition and results of operations would be materially adversely affected.

Messrs. Black, Harris and Rowan may terminate their employment with us at any time.

We may not be successful in raising new funds or in raising more capital for certain of our funds.

In this prospectus, we describe capital raising efforts that certain of our businesses are currently undertaking. Our funds may not be successful in consummating these capital-raising efforts or others that they may undertake, or they may consummate them at investment levels far lower than those currently anticipated. Any capital raising that our funds do consummate may be on terms that are unfavorable to us or that are otherwise different from the terms that we have been able to obtain in the past. These risks could occur for reasons beyond our control, including general economic or market conditions, regulatory changes or increased competition.

Recently, a large number of institutional investors that invest in alternative assets and have historically invested in our funds experienced negative pressure across their investment portfolios, which may affect our ability to raise capital from them. As a result of the global economic downtown during 2008, these institutional investors experienced, among other things, a significant decline in the value of their public equity and debt holdings and a lack of realizations from their existing private equity portfolios. Consequently, many of these investors were left with disproportionately outsized remaining commitments to a number of private equity funds, and were restricted from making new commitments to third-party managed private equity funds such as those managed by us. To the extent economic conditions remain volatile and these issues persist, we may be unable to raise sufficient amounts of capital to support the investment activities of our future funds.

The failure of our funds to raise capital in sufficient amounts and on satisfactory terms would result in us being unable to achieve an increase in AUM, and would have a material adverse effect on our financial condition and results of operations.

Third-party investors in our funds with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect a fund s operations and performance.

Investors in all of our private equity and capital markets funds (and certain of our hedge funds) make capital commitments to those funds that we are entitled to call from those investors at any time during prescribed periods.

Table of Contents

We depend on investors fulfilling their commitments when we call capital from them in order for those funds to consummate investments and otherwise pay their obligations when due. Any investor that did not fund a capital call would be subject to several possible penalties, including having a significant amount of its existing investment forfeited in that fund. However, the impact of the penalty is directly correlated to the amount of capital previously invested by the investor in the fund and if an investor has invested little or no capital, for instance early in the life of the fund, then the forfeiture penalty may not be as meaningful. If investors were to fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and performance of those funds could be materially and adversely affected.

The historical returns attributable to our funds should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our Class A shares.

We have presented in this prospectus the returns relating to the historical performance of our private equity funds and capital markets funds. The returns are relevant to us primarily insofar as they are indicative of incentive income we have earned in the past and may earn in the future. The returns of the funds we manage are not, however, directly linked to returns on our Class A shares. Therefore, you should not conclude that continued positive performance of the funds we manage will necessarily result in positive returns on an investment in Class A shares. However, poor performance of the funds we manage will cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and the value of our Class A shares. An investment in our Class A shares is not an investment in any of the Apollo funds. Moreover, most of our funds have not been consolidated in our financial statements for periods since either August 1, 2007 or November 30, 2007 as a result of the deconsolidation of most of our funds as of August 1, 2007 and November 30, 2007.

Moreover, the historical returns of our funds should not be considered indicative of the future returns of these or from any future funds we may raise, in part because:

- market conditions during previous periods were significantly more favorable for generating positive performance, particularly in our private equity business, than the market conditions we have experienced for the last year and may continue to experience for the foreseeable future;

- our funds returns have benefited from investment opportunities and general market conditions that currently do not exist and may not repeat themselves, and there can be no assurance that our current or future funds will be able to avail themselves of profitable investment opportunities;

- our private equity funds rates of returns, which are calculated on the basis of net asset value of the funds investments, reflect unrealized gains, which may never be realized;

- our funds returns have benefited from investment opportunities and general market conditions that may not repeat themselves, including the availability of debt capital on attractive terms, and we may not be able to achieve the same returns or profitable investment opportunities or deploy capital as quickly;

- the historical returns that we present in this prospectus derive largely from the performance of our earlier private equity funds, whereas future fund returns will depend increasingly on the performance of our newer funds, which may have little or no investment track record;

- Fund VI and Fund VII are several times larger than our previous private equity funds, and we may not be able to deploy this additional capital as profitably as our prior funds;

- the attractive returns of certain of our funds have been driven by the rapid return of invested capital, which has not occurred with respect to all of our funds and we believe is less likely to occur in the future;

our track record with respect to our capital markets funds is relatively short as compared to our private equity funds;

in recent years, there has been increased competition for private equity investment opportunities resulting from the increased amount of capital invested in private equity funds and high liquidity in debt markets; and

our newly established funds may generate lower returns during the period that they take to deploy their capital.

Finally, our private equity IRRs have historically varied greatly from fund to fund. Accordingly, you should realize that the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the risks described elsewhere in this prospectus, including risks of the industries and businesses in which a particular fund invests. See Management s Discussion and Analysis of Financial Condition and Results of Operations The Historical Investment Performance of Our Funds.

Our reported net asset values, rates of return and incentive income from affiliates are based in large part upon estimates of the fair value of our investments, which are based on subjective standards and may prove to be incorrect.

A large number of investments in our private equity and capital markets funds are illiquid and thus have no readily ascertainable market prices. We value these investments based on our estimate of their fair value as of the date of determination. We estimate the fair value of our investments based on third-party models, or models developed by us, which include discounted cash flow analyses and other techniques and may be based, at least in part, on independently sourced market parameters. The material estimates and assumptions used in these models include the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute, the timing of and the estimated proceeds from expected financings. The actual results related to any particular investment often vary materially as a result of the inaccuracy of these estimates and assumptions. In addition, because many of the illiquid investments held by our funds are in industries or sectors which are unstable, in distress, or undergoing some uncertainty, such investments are subject to rapid changes in value caused by sudden company-specific or industry-wide developments.

We include the fair value of illiquid assets in the calculations of net asset values, returns of our funds and our AUM. Furthermore, we recognize incentive income from affiliates based in part on these estimated fair values. Because these valuations are inherently uncertain, they may fluctuate greatly from period to period. Also, they may vary greatly from the prices that would be obtained if the assets were to be liquidated on the date of the valuation and often do vary greatly from the prices we eventually realize.

In addition, the values of our investments in publicly traded assets are subject to significant volatility, including due to a number of factors beyond our control. These include actual or anticipated fluctuations in the quarterly and annual results of these companies or other companies in their industries, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, changes in industry conditions or government regulations, changes in management or capital structure and significant acquisitions and dispositions. Because the market prices of these securities can be volatile, the valuation of these assets will change from period to period, and the valuation for any particular period may not be realized at the time of disposition. In addition, because our private equity funds often hold very large amounts of the securities of their portfolio companies, the disposition of these securities often takes place over a long period of time, which can further expose us to volatility risk. Even if we hold a quantity of public securities that may be difficult to sell in a single transaction, we do not discount the market price of the security for purposes of our valuations.

If we realize value on an investment that is significantly lower than the value at which it was reflected in a fund s net asset values, we would suffer losses in the applicable fund. This could in turn lead to a decline in asset management fees and a loss equal to the portion of the incentive income from affiliates reported in prior periods that was not realized upon disposition. These effects could become applicable to a large number of our investments if our estimates and assumptions used in estimating their fair values differ from future valuations due to market developments. See Management s Discussion and Analysis of Financial Condition and Results of Operations Segment Analysis for information related to fund activity that is no longer consolidated. If asset values turn out to be materially different than values reflected in fund net asset values, fund investors could lose confidence which could, in turn, result in redemptions from our funds that permit redemptions or difficulties in raising additional investments.

We have experienced rapid growth, which may be difficult to sustain and which may place significant demands on our administrative, operational and financial resources.

Our AUM has grown significantly in the past, despite recent declines, and we are pursuing further growth in the near future. Our rapid growth has caused, and planned growth, if successful, will continue to cause, significant demands on our legal, accounting and operational infrastructure, and increased expenses. The complexity of these demands, and the expense required to address them, is a function not simply of the amount by which our AUM has grown, but of the growth in the variety, including the differences in strategy between, and complexity of, our different funds. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the investment management market and legal, accounting, regulatory and tax developments.

Our future growth will depend in part, on our ability to maintain an operating platform and management system sufficient to address our growth and will require us to incur significant additional expenses and to commit additional senior management and operational resources. As a result, we face significant challenges:

- in maintaining adequate financial, regulatory and business controls;
- implementing new or updated information and financial systems and procedures; and
- in training, managing and appropriately sizing our work force and other components of our businesses on a timely and cost-effective basis.

We may not be able to manage our expanding operations effectively or be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

Extensive regulation of our businesses affects our activities and creates the potential for significant liabilities and penalties. The possibility of increased regulatory focus could result in additional burdens on our businesses. Changes in tax or law and other legislative or regulatory changes could adversely affect us.

Overview of Our Regulatory Environment. We are subject to extensive regulation, including periodic examinations, by governmental and self-regulatory organizations in the jurisdictions in which we operate around the world. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of an investment advisor from registration or memberships. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against us or our personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause us to lose existing investors or fail to gain new investors. The requirements imposed by our regulators are designed primarily to ensure the integrity of the financial markets and to protect investors in our funds and are not designed to protect our shareholders. Consequently, these regulations often serve to limit our activities.

Exceptions from Certain Laws. We regularly rely on exemptions from various requirements of the Securities Act, the Exchange Act, the Investment Company Act and the Employment Retirement Income Security Act, or

Table of Contents

ERISA, in conducting our activities. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If for any reason these exemptions were to become unavailable to us, we could become subject to regulatory action or third-party claims and our businesses could be materially and adversely affected. See, for example, Risks Related to Our Organization and Structure If we were deemed an investment company under the Investment Company Act, applicable restrictions could make it impractical for us to continue our businesses as contemplated and could have a material adverse effect on our businesses and the price of our Class A shares.

Fund Regulatory Environment. The regulatory environment in which our funds operate may affect our businesses. For example, changes in antitrust laws or the enforcement of antitrust laws could affect the level of mergers and acquisitions activity, and changes in state laws may limit investment activities of state pension plans. See Business Regulatory and Compliance Matters for a further discussion of the regulatory environment in which we conduct our businesses.

Future Regulation. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In January 2009, members of the Senate introduced the Hedge Fund Transparency Act (the Hedge Fund Act), which would apply to private equity funds, venture capital funds, real estate funds and other private investment vehicles with at least $50 million in assets under management. If enacted, the bill would require that such funds in order to remain exempt from the substantive provisions of the Investment Company Act register with the SEC, maintain books and records in accordance with SEC requirements, and become subject to SEC examinations and information requests. In addition, the Hedge Fund Act would require each fund to file annual disclosures, which would be made public, containing detailed information about the fund, most notably including the names of all beneficial owners of the fund, an explanation of the fund s ownership structure and the current value of the fund s assets under management. Also, the Hedge Fund Act would require each fund to establish anti-money laundering programs. We cannot predict whether this Hedge Fund Act will be enacted or, if enacted, what the final terms would require or the impact of such new regulations on our funds. If enacted, this Hedge Fund Act would likely negatively impact our funds in a number of ways, including increasing the funds regulatory costs, imposing additional burdens on the funds staff, and potentially requiring the disclosure of sensitive information. Moreover, as calls for additional regulation have increased, there may be a related increase in regulatory investigations of the trading and other investment activities of alternative asset management funds, including our funds. Such investigations may impose additional expenses on us, may require the attention of senior management and may result in fines if any of our funds are deemed to have violated any regulations.

In July 2009, the U.S. House of Representatives passed legislation that would empower federal regulators to prescribe regulations to prohibit any incentive-based payment arrangements that the regulators determine encourage financial institutions to take risks that could threaten the soundness of the financial institutions or adversely affect economic conditions and financial stability. At this time, we cannot predict whether this legislation will be enacted and, if enacted, what form it would take, what affect, if any, that it may have on our business or the markets in which we operate.

In addition, the financial industry will likely become more highly regulated in the near future in response to recent events. On June 17, 2009, the Obama Administration issued a white paper containing a series of proposals to reform the financial industry, which, if enacted, would significantly alter both how financial services and asset management firms are regulated and how they conduct their business. For example, the proposals would require advisors of most hedge funds, private equity funds and other pools of capital to register with the SEC as investment advisors under the Investment Advisers Act of 1940 and would impose new record-keeping and reporting requirements on these funds (which may be similar to those requirements proposed in the Hedge Fund Transparency Act, which is discussed below). The proposals would also require all OTC derivatives markets, including credit default swap markets, to be subject to increased regulation. We do not know whether some or all of these proposals will be enacted or, if enacted, what impact the final regulations will have on us.

We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. New laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business.

As a result of highly publicized financial scandals, investors have exhibited concerns over the integrity of the U.S. financial markets, and the regulatory environment in which we operate both in the United States and outside the United States is particularly likely to be subject to further regulation. There has been an active debate both nationally and internationally over the appropriate extent of regulation and oversight of private investment funds and their managers. There are proposals in Congress and emanating from Treasury that would identify various kinds of private funds as being potentially systemically significant and subject to increased reporting, oversight and regulation. Any changes in the regulatory framework applicable to our businesses may impose additional expenses on us, require the attention of senior management or result in limitations in the manner in which our business is conducted.

Apollo provides investment management services through registered investment advisers. Investment advisers are subject to extensive regulation in the United States and in the other countries in which our investment activities occur. The SEC oversees our activities as a registered investment adviser under the Investment Advisers Act of 1940. In the United Kingdom, we are subject to regulation by the U.K. Financial Services Authority. Our other European operations, and our investment activities around the globe, are subject to a variety of regulatory regimes that vary country by country. A failure to comply with the obligations imposed by regulatory regimes to which we are subject, including the Investment Advisers Act of 1940 could result in investigations, sanctions and reputational damage.

On April 30, 2009, the European Commission, or EU, published the draft of a proposed EU Directive on Alternative Investment Fund Managers. The directive, if adopted in the form proposed, would impose significant new regulatory requirements on investment managers operating within the EU, including with respect to conduct of business, regulatory capital, valuations, disclosures and marketing. Alternative investment funds organized outside of the EU in which interests are marketed within the EU would be subject to significant conditions on their operations, including satisfying the competent authority of the robustness of internal arrangements with respect to risk management, in particular liquidity risks and additional operational and counterparty risks associated with short selling; the management and disclosure of conflicts of interest; the fair valuation of assets; and the security of depository/custodial arrangements. Such rules could potentially impose significant additional costs on the operation of our business in the EU and could limit our operating flexibility within that jurisdiction.

In Denmark and Germany, legislative amendments have been adopted which may limit deductibility of interest and other financing expenses in companies in which our funds have invested or may invest in the future. In brief, the Danish legislative amendments generally entail that annual net financing expenses in excess of a certain threshold amount (approximately 2.9 million in 2010) will be limited on the basis of earnings before interest and taxes and/or asset tax values. According to the German legislative amendments, interest expenses exceeding the interest income of the same fiscal year may be deducted only up to 30% of the (adjusted) taxable earnings before interest, taxes, depreciation and amortization of the relevant German business (*Betrieb*) (subject to specific certain exemptions), while any additional non-deductible interest may, if at all, only be claimed in subsequent years. These amendments may in turn impact the profitability of companies affected by the rules. Our businesses are subject to the risk that similar measures might be introduced in other countries in which they currently have investments or plan to invest in the future, or that other legislative or regulatory measures might be promulgated in any of the countries in which we operate that adversely affect our businesses. In particular, the U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of all of our carried interest income as ordinary income, that would cause us to become taxable as a corporation and/or would have other adverse effects. Legislation that would cause us to be taxable as a corporation after the Class A shares are listed is pending in Congress. See Risks Related to Taxation and Risks Related to Our Organization and

Table of Contents

Structure. In addition, U.S. and foreign labor unions have recently been agitating for greater legislative and regulatory oversight of private equity firms and transactions. Labor unions have also threatened to use their influence to prevent pension funds from investing in private equity funds.

Antitrust Regulation. Recently, it has been reported in the press that a few of our competitors in the private equity industry have received information requests relating to private equity transactions from the Antitrust Division of the U.S. Department of Justice. In addition, the U.K. Financial Services Authority recently published a discussion paper on the impact that the growth in the private equity market has had on the markets in the United Kingdom and the suitability of its regulatory approach in addressing risks posed by the private equity market.

Our revenue, net income and cash flow are all highly variable, which may make it difficult for us to achieve steady earnings growth on a quarterly basis and may cause the price of our Class A shares to decline.

Our revenue, net income and cash flow are all highly variable, primarily due to the fact that carried interest from our private equity funds, which constitute the largest portion of income from our combined businesses, and the transaction and advisory fees that we receive can vary significantly from quarter to quarter and year to year. In addition, the investment returns of most of our funds are volatile. We may also experience fluctuations in our results from quarter to quarter and year to year due to a number of other factors, including changes in the values of our funds investments, changes in the amount of distributions, dividends or interest paid in respect of investments, changes in our operating expenses, the degree to which we encounter competition and general economic and market conditions. In addition, carried interest income from our private equity funds and certain of our capital markets funds is subject to contingent repayment by the general partner if, upon the final distribution, the relevant fund s general partner has received cumulative carried interest on individual portfolio investments in excess of the amount of carried interest it would be entitled to from the profits calculated for all portfolio investments in the aggregate. Such variability may lead to volatility in the trading price of our Class A shares and cause our results for a particular period not to be indicative of our performance in a future period. It may be difficult for us to achieve steady growth in net income and cash flow on a quarterly basis, which could in turn lead to large adverse movements in the price of our Class A shares or increased volatility in our Class A share price generally.

The timing of carried interest generated by our private equity funds is uncertain and will contribute to the volatility of our results. Carried interest depends on our private equity funds performance. It takes a substantial period of time to identify attractive investment opportunities, to raise all the funds needed to make an investment and then to realize the cash value or other proceeds of an investment through a sale, public offering, recapitalization or other exit. Even if an investment proves to be profitable, it may be several years before any profits can be realized in cash or other proceeds. We cannot predict when, or if, any realization of investments will occur. Although we recognize carried interest income on an accrual basis, we receive private equity carried interest payments only upon disposition of an investment by the relevant fund, which contributes to the volatility of our cash flow. If we were to have a realization event in a particular quarter or year, it may have a significant impact on our results for that particular quarter or year that may not be replicated in subsequent periods. We recognize revenue on investments in our funds based on our allocable share of realized and unrealized gains (or losses) reported by such funds, and a decline in realized or unrealized gains, or an increase in realized or unrealized losses, would adversely affect our revenue, which could further increase the volatility of our results.

With respect to most of our capital markets funds, our incentive income is paid annually, semi-annually or quarterly, and the varying frequency of these payments will contribute to the volatility of our revenues and cash flow. Furthermore, we earn this incentive income only if the net asset value of a fund has increased or, in the case of certain funds, increased beyond a particular threshold. Our global distressed and hedge funds also have high water marks with respect to the investors in these funds. If the high water mark for a particular investor is not surpassed, we would not earn incentive income with respect to such investor during a particular period even though such investor had positive returns in such period as a result of losses in prior periods. If such an investor experiences losses, we will not be able to earn incentive income from such investor until it surpasses the previous high water mark. The incentive income we earn is therefore dependent on the net asset value of investors investments in the fund, which could lead to significant volatility in our results.

Because our revenue, net income and cash flow can be highly variable from quarter to quarter and year to year, we plan not to provide any guidance regarding our expected quarterly and annual operating results. The lack of guidance may affect the expectations of public market analysts and could cause increased volatility in our Class A share price.

The investment management business is intensely competitive, which could materially adversely impact us.

Over the past several years, the size and number of private equity funds and capital markets funds has continued to increase. If this trend continues, it is possible that it will become increasingly difficult for our funds to raise capital as funds compete for investments from a limited number of qualified investors. As the size and number of private equity and capital markets funds increase, it could become more difficult to win attractive investment opportunities at favorable prices. Due to the global economic downturn and generally poor returns in alternative asset investment businesses recently, institutional investors have suffered from decreasing returns, liquidity pressure, increased volatility and difficulty maintaining targeted asset allocations, and a significant number of investors have materially decreased or temporarily stopped making new fund investments during this period. As the economy begins to recover, such investors may elect to reduce their overall portfolio allocations to alternative investments such as private equity and hedge funds, resulting in a smaller overall pool of available capital in our industry.

In the event all or part of this analysis proves true, when trying to raise new capital we will be competing for fewer total available assets in an increasingly competitive environment which could lead to fee reductions and redemptions as well as difficulty in raising new capital. Such changes would adversely affect our revenues and profitability.

Competition among private equity funds and capital markets funds is based on a variety of factors, including:

- investment performance;
- investor liquidity and willingness to invest;
- investor perception of investment managers drive, focus and alignment of interest;
- quality of service provided to and duration of relationship with investors;
- business reputation; and
- the level of fees and expenses charged for services.

We compete in all aspects of our businesses with a large number of investment management firms, private equity fund sponsors, capital markets fund sponsors and other financial institutions. A number of factors serve to increase our competitive risks:

- fund investors may develop concerns that we will allow a business to grow to the detriment of its performance;
- investors may reduce their investments in our funds or not make additional investments in our funds based upon current market conditions, their available capital or their perception of the health of our businesses;

some of our competitors have greater capital, lower targeted returns or greater sector or investment strategy-specific expertise than we do, which creates competitive disadvantages with respect to investment opportunities;

Table of Contents

some of our competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities;

some of our competitors may perceive risk differently than we do, which could allow them either to outbid us for investments in particular sectors or, generally, to consider a wider variety of investments;

some of our funds may not perform as well as competitors funds or other available investment products;

our competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for an investment;

some fund investors may prefer to invest with an investment manager that is not publicly traded;

there are relatively few barriers to entry impeding new private equity and capital markets fund management firms, and the successful efforts of new entrants into our various businesses, including former star portfolio managers at large diversified financial institutions as well as such institutions themselves, will continue to result in increased competition;

there are no barriers to entry to our businesses, implementing an integrated platform similar to ours or the strategies that we deploy at our funds, such as distressed investing, which we believe are our competitive strengths, except that our competitors would need to hire professionals with the investment expertise or grow it internally; and

other industry participants continuously seek to recruit our investment professionals away from us.

In addition, private equity and capital markets fund managers have each increasingly adopted investment strategies traditionally associated with the other. Capital markets funds have become active in taking control positions in companies, while private equity funds have assumed minority positions in publicly listed companies. This convergence could heighten our competitive risk by expanding the range of asset managers seeking private equity investments and making it more difficult for us to differentiate ourselves from managers of capital markets funds.

These and other factors could reduce our earnings and revenues and materially adversely affect our businesses. In addition, if we are forced to compete with other alternative asset managers on the basis of price, we may not be able to maintain our current management fee and incentive income structures. We have historically competed primarily on the performance of our funds, and not on the level of our fees or incentive income relative to those of our competitors. However, there is a risk that fees and incentive income in the alternative investment management industry will decline, without regard to the historical performance of a manager. Fee or incentive income reductions on existing or future funds, without corresponding decreases in our cost structure, would adversely affect our revenues and profitability.

Our ability to retain our investment professionals is critical to our success and our ability to grow depends on our ability to attract additional key personnel.

Our success depends on our ability to retain our investment professionals and recruit additional qualified personnel. We anticipate that it will be necessary for us to add investment professionals as we pursue our growth strategy. However, we may not succeed in recruiting additional personnel or retaining current personnel, as the market for qualified investment professionals is extremely competitive. Our investment professionals possess substantial experience and expertise in investing, are responsible for locating and executing our funds investments, have significant relationships with the institutions that are the source of many of our funds investment opportunities, and in certain cases have key relationships with our fund investors. Therefore, if our investment professionals join competitors or form competing companies it could result in the loss of significant investment opportunities and certain existing fund investors. Legislation has been proposed in the U.S. Congress

Table of Contents

to treat carried interest as ordinary income rather than as capital gain for U.S. Federal income tax purposes. Because we compensate our investment professionals in large part by giving them an equity interest in our business or a right to receive carried interest, such legislation could adversely affect our ability to recruit, retain and motivate our current and future investment professionals. See Risks Related to Taxation Our structure involves complex provisions of U.S. Federal income tax law for which no clear precedent or authority may be available. Our structure is also subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis and Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects. The loss of even a small number of our investment professionals could jeopardize the performance of our funds, which would have a material adverse effect on our results of operations. Efforts to retain or attract investment professionals may result in significant additional expenses, which could adversely affect our profitability.

Our sale of equity interests to the public may harm our ability to provide equity compensation to investment professionals, which could make it more difficult to attract and retain them and could harm aspects of our business.

We might not be able to provide investment professionals with equity interests in our business to the same extent or with the same tax consequences as we did prior to the Private Offering Transactions. Therefore, in order to recruit and retain existing and future investment professionals, we may need to increase the level of compensation that we pay to them. Accordingly, as we promote or hire new investment professionals over time, we may increase the level of compensation we pay to our investment professionals, which would cause our total employee compensation and benefits expense as a percentage of our total revenue to increase and adversely affect our profitability. In addition, any issuance of equity interests in our business to investment professionals would dilute the holders of Class A shares.

We strive to maintain a work environment that reinforces our culture of collaboration, motivation and alignment of interests with investors. The effects of becoming public, including potential changes in our compensation structure, could adversely affect this culture. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain this culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations.

We may not be successful in expanding into new investment strategies, markets and businesses.

We actively consider the opportunistic expansion of our businesses, both geographically and into complementary new investment strategies. We may not be successful in any such attempted expansion. Attempts to expand our businesses involve a number of special risks, including some or all of the following:

- the diversion of management s attention from our core businesses;
- the disruption of our ongoing businesses;
- entry into markets or businesses in which we may have limited or no experience;
- increasing demands on our operational systems;
- potential increase in investor concentration; and
- the broadening of our geographic footprint, increasing the risks associated with conducting operations in foreign jurisdictions.

Additionally, any expansion of our businesses could result in significant increases in our outstanding indebtedness and debt service requirements, which would increase the risks in investing in our Class A shares and may adversely impact our results of operations and financial condition.

We also may not be successful in identifying new investment strategies or geographic markets that increase our profitability, or in identifying and acquiring new businesses that increase our profitability. Because we have not yet identified these potential new investment strategies, geographic markets or businesses, we cannot identify for you all the risks we may face and the potential adverse consequences on us and your investment that may result from our attempted expansion. We also do not know how long it may take for us to expand, if we do so at all. We have total discretion, at the direction of our manager, without needing to seek approval from our board of directors or shareholders, to enter into new investment strategies, geographic markets and businesses, other than expansions involving transactions with affiliates which may require limited board approval.

Many of our funds invest in relatively high-risk, illiquid assets and we may fail to realize any profits from these activities for a considerable period of time or lose some or all of the principal amount we invest in these activities.

Many of our funds invest in securities that are not publicly traded. In many cases, our funds may be prohibited by contract or by applicable securities laws from selling such securities for a period of time. Our funds will generally not be able to sell these securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. Accordingly, our funds may be forced, under certain conditions, to sell securities at a loss. The ability of many of our funds, particularly our private equity funds, to dispose of investments is heavily dependent on the public equity markets, inasmuch as the ability to realize value from an investment may depend upon the ability to complete an initial public offering of the portfolio company in which such investment is held. Furthermore, large holdings even of publicly traded equity securities can often be disposed of only over a substantial period of time, exposing the investment returns to risks of downward movement in market prices during the disposition period.

Dependence on significant leverage in investments by our funds could adversely affect our ability to achieve attractive rates of return on those investments.

Because many of our private equity funds investments rely heavily on the use of leverage, our ability to achieve attractive rates of return on investments will depend on our continued ability to access sufficient sources of indebtedness at attractive rates. For example, in many private equity investments, indebtedness may constitute 70% or more of a portfolio company s total debt and equity capitalization, including debt that may be incurred in connection with the investment, and a portfolio company s leverage will often increase in recapitalization transactions subsequent to the company s acquisition by a private equity fund. The absence of available sources of senior debt financing for extended periods of time could therefore materially and adversely affect our private equity funds. An increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness would make it more expensive to finance those investments. Increases in interest rates could also make it more difficult to locate and consummate private equity investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital. In addition, a portion of the indebtedness used to finance private equity investments often includes high-yield debt securities issued in the capital markets. Availability of capital from the high-yield debt markets is subject to significant volatility, and there may be times when we might not be able to access those markets at attractive rates, or at all. For example, the dislocation in the credit markets which we believe began in July 2007 and the record backlog of supply in the debt markets resulting from such dislocation has materially affected the ability and willingness of banks to underwrite new high-yield debt securities.

Table of Contents

Investments in highly leveraged entities are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. The incurrence of a significant amount of indebtedness by an entity could, among other things:

- give rise to an obligation to make mandatory prepayments of debt using excess cash flow, which might limit the entity s ability to respond to changing industry conditions to the extent additional cash is needed for the response, to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;

- allow even moderate reductions in operating cash flow to render it unable to service its indebtedness, leading to a bankruptcy or other reorganization of the entity and a loss of part or all of the equity investment in it;

- limit the entity s ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt;

- limit the entity s ability to engage in strategic acquisitions that might be necessary to generate attractive returns or further growth; and

- limit the entity s ability to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes.

As a result, the risk of loss associated with a leveraged entity is generally greater than for companies with comparatively less debt. For example, many investments consummated by private equity sponsors during the past three years which utilized significant amounts of leverage are experiencing severe economic stress and may default on their debt obligations due to a decrease in revenues and cash flow precipitated by the recent economic downturn.

When our private equity funds existing portfolio investments reach the point when debt incurred to finance those investments matures in significant amounts and must be either repaid or refinanced, those investments may materially suffer if they have generated insufficient cash flow to repay maturing debt and there is insufficient capacity and availability in the financing markets to permit them to refinance maturing debt on satisfactory terms, or at all. If the current unusually limited availability of financing for such purposes were to persist for several years, when significant amounts of the debt incurred to finance our private equity funds existing portfolio investments start to come due, these funds could be materially and adversely affected.

Our capital markets funds may choose to use leverage as part of their respective investment programs and regularly borrow a substantial amount of their capital. The use of leverage poses a significant degree of risk and enhances the possibility of a significant loss in the value of the investment portfolio. The fund may borrow money from time to time to purchase or carry securities. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried, and will be lost and the timing and magnitude of such losses may be accelerated or exacerbated in the event of a decline in the market value of such securities. Gains realized with borrowed funds may cause the fund s net asset value to increase at a faster rate than would be the case without borrowings. However, if investment results fail to cover the cost of borrowings, the fund s net asset value could also decrease faster than if there had been no borrowings. In addition, as a business development company under the Investment Company Act, AIC is permitted to issue senior securities in amounts such that its asset coverage ratio equals at least 200% after each issuance of senior securities. AIC s ability to pay dividends will be restricted if its asset coverage ratio falls below at least 200% and any amounts that it uses to service its indebtedness are not available for dividends to its common stockholders. An increase in interest rates could also decrease the value of fixed-rate debt investments that our funds make. Any of the foregoing circumstances could have a material adverse effect on our financial condition, results of operations and cash flow.

Table of Contents

The requirements of being a public entity may strain our resources.

Once the registration statement of which this prospectus forms a part becomes effective, we will be subject to the reporting requirements of the Exchange Act and requirements of the U.S. Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our businesses and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting, which is discussed below. In order to maintain and improve the effectiveness of our disclosure controls and procedures, significant resources and management oversight will be required. We have not had to prepare and file such reports in the past. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur significant additional annual expenses related to these steps and, among other things, additional directors and officers liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses.

Our internal control over financial reporting does not currently meet all of the standards contemplated by Section 404 of the Sarbanes-Oxley Act, and failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our businesses and stock price.

We have not previously been required to comply with the requirements of the Sarbanes-Oxley Act, including the internal control evaluation and certification requirement of Section 404 of that statute, and we will not be required to comply with all those requirements until after we have been subject to the requirements of the Exchange Act for a specified period. We are in the process of addressing our internal control over, and policies and processes related to, financial reporting and the identification of key financial reporting risks, assessment of their potential impact and linkage of those risks to specific areas and activities within our organization.

We have begun the process of documenting and evaluating our internal control procedures pursuant to the requirements of Section 404, which requires annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing these assessments. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accounting firm may not be able to certify as to the effectiveness of our internal control over financial reporting. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of applicable stock exchange listing rules, and result in a breach of the covenants under the AMH credit facility. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if our independent registered public accounting firm reports a material weakness in our internal control over financial reporting. This could materially adversely affect us and lead to a decline in our share price. In addition, we will incur incremental costs in order to improve our internal control over financial reporting and comply with Section 404, including increased auditing and legal fees and costs associated with hiring additional accounting and administrative staff. These costs will be significant and are not reflected in our financial statements.

The potential requirement to convert our financial statements from being prepared in conformity with accounting principles generally accepted in the United States of America to International Financial Reporting Standards may strain our resources and increase our annual expenses.

As a public entity, the SEC may require in the future that we report our financial results under International Financial Reporting Standards, or IFRS, instead of under U.S. GAAP. IFRS is a set of accounting principles that has been gaining acceptance on a worldwide basis. These standards are published by the London-based International Accounting Standards Board, or IASB, and are more focused on objectives and principles and less reliant on detailed rules than U.S. GAAP. Today, there remain significant and material differences in several key areas between U.S. GAAP and IFRS which would affect Apollo. Additionally, U.S. GAAP provides specific guidance in classes of accounting transactions for which equivalent guidance in IFRS does not exist. The adoption of IFRS is highly complex and would have an impact on many aspects and operations of Apollo, including but not limited to financial accounting and reporting systems, internal controls, taxes, borrowing covenants and cash management. It is expected that a significant amount of time, internal and external resources and expenses over a multi-year period would be required for this conversion.

Operational risks relating to the execution, confirmation or settlement of transactions, our dependence on our headquarters in New York City and third-party providers may disrupt our businesses, result in losses or limit our growth.

We face operational risk from errors made in the execution, confirmation or settlement of transactions. We also face operational risk from transactions not being properly recorded, evaluated or accounted for in our funds. In particular, our credit-oriented capital markets business is highly dependent on our ability to process and evaluate, on a daily basis, transactions across markets and geographies in a time-sensitive, efficient and accurate manner. Consequently, we rely heavily on our financial, accounting and other data processing systems. New investment products we may introduce could create a significant risk that our existing systems may not be adequate to identify or control the relevant risks in the investment strategies employed by such new investment products. In addition, our information systems and technology might not be able to accommodate our growth, and the cost of maintaining such systems might increase from its current level. These risks could cause us to suffer financial loss, a disruption of our businesses, liability to our funds, regulatory intervention and reputational damage.

Furthermore, we depend on our headquarters, which is located in New York City, for the operation of many of our businesses. A disaster or a disruption in the infrastructure that supports our businesses, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, may have an adverse impact on our ability to continue to operate our businesses without interruption which could have a material adverse effect on us. Although we have disaster recovery programs in place, these may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses.

Finally, we rely on third-party service providers for certain aspects of our businesses, including for certain information systems, technology and administration of our funds and compliance matters. Any interruption or deterioration in the performance of these third parties could impair the quality of the funds operations and could impact our reputation and adversely affect our businesses and limit our ability to grow.

We derive a substantial portion of our revenues from funds managed pursuant to management agreements that may be terminated or fund partnership agreements that permit fund investors to request liquidation of investments in our funds on short notice.

The terms of our funds generally give either the general partner of the fund or the fund s board of directors the right to terminate our investment management agreement with the fund. However, insofar as we control the general partner of our funds that are limited partnerships, the risk of termination of investment management agreement for such funds is limited, subject to our fiduciary or contractual duties as general partner. This risk is more significant for certain of our capital markets funds, which have independent boards of directors.

With respect to our funds that are subject to the Investment Company Act, each fund s investment management agreement must be approved annually by such funds board of directors or by the vote of a majority of the shareholders and the majority of the independent members of such fund s board of directors and, as required by law. The funds investment management agreement can also be terminated by the majority of the shareholders. Termination of these agreements would reduce the fees we earn from the relevant funds, which could have a material adverse effect on our results of operations. Currently, AIC is the only Apollo fund that is subject to these provisions of the Investment Company Act, as it has elected to be treated as a business development company under the Investment Company Act.

In addition, in connection with the deconsolidation of certain of our private equity and capital markets funds, the governing documents of those funds were amended to provide that a simple majority of a fund s unaffiliated investors have the right to liquidate that fund, which would cause management fees and incentive income to terminate. Our ability to realize incentive income from such funds also would be adversely affected if we are required to liquidate fund investments at a time when market conditions result in our obtaining less for investments than could be obtained at later times. Because this right is a new one, we do not know whether, and under what circumstances, the investors in our funds are likely to exercise such right.

In addition, the management agreements of our funds would terminate if we were to experience a change of control without obtaining investor consent. Such a change of control could be deemed to occur in the event our managing partners exchange enough of their interests in the Apollo Operating Group into our Class A shares such that our managing partners no longer own a controlling interest in us. We cannot be certain that consents required for the assignment of our management agreements will be obtained if such a deemed change of control occurs. Termination of these agreements would affect the fees we earn from the relevant funds and the transaction and advisory fees we earn from the underlying portfolio companies, which could have a material adverse effect on our results of operations.

Our use of leverage to finance our businesses will expose us to substantial risks, which are exacerbated by our funds use of leverage to finance investments.

We have a term loan outstanding under the AMH credit facility. We may choose to finance our business operations through further borrowings. Our existing and future indebtedness exposes us to the typical risks associated with the use of leverage, including those discussed below under Dependence on significant leverage in investments by our funds could adversely affect our ability to achieve attractive rates of return on those investments. These risks are exacerbated by certain of our funds use of leverage to finance investments and, if they were to occur, could cause us to suffer a decline in the credit ratings assigned to our debt by rating agencies, which might result in an increase in our borrowing costs or result in other material adverse effects on our businesses.

Borrowings under the AMH credit facility mature on April 20, 2014. As these borrowings and other indebtedness matures, we will be required to either refinance them by entering into new facilities, which could result in higher borrowing costs, or issuing equity, which would dilute existing shareholders. We could also repay them by using cash on hand or cash from the sale of our assets. We could have difficulty entering into new facilities or issuing equity in the future on attractive terms, or at all.

Borrowings under the AMH credit facility are either LIBOR or ABR-based floating-rate obligations. As a result, an increase in short-term interest rates will increase our interest costs to the extent such borrowings have not been hedged into fixed rates.

We are subject to third-party litigation that could result in significant liabilities and reputational harm, which could materially adversely affect our results of operations, financial condition and liquidity.

In general, we will be exposed to risk of litigation by our investors if our management of any fund is alleged to constitute bad faith, gross negligence, willful misconduct, fraud, willful or reckless disregard for our duties to the fund or other forms of misconduct. Investors could sue us to recover amounts lost by our funds due to our alleged misconduct, up to the entire amount of loss. Further, we may be subject to litigation arising from investor dissatisfaction with the performance of our funds or from allegations that we improperly exercised control or influence over companies in which our funds have large investments. By way of example, we, our funds and

Table of Contents

certain of our employees are each exposed to the risks of litigation relating to investment activities in our funds and actions taken by the officers and directors (some of whom may be Apollo employees) of portfolio companies, such as the risk of shareholder litigation by other shareholders of public companies in which our funds have large investments. We are also exposed to risks of litigation or investigation relating to transactions that presented conflicts of interest that were not properly addressed. In addition, our rights to indemnification by the funds we manage may not be upheld if challenged, and our indemnification rights generally do not cover bad faith, gross negligence, willful misconduct, fraud, willful or reckless disregard for our duties to the fund or other forms of misconduct. If we are required to incur all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from our funds, our results of operations, financial condition and liquidity would be materially adversely affected.

In addition, with a workforce that includes many very highly paid investment professionals, we face the risk of lawsuits relating to claims for compensation, which may individually or in the aggregate be significant in amount. Such claims are more likely to occur in the current environment where individual employees may experience significant volatility in their year-to-year compensation due to trading performance or other issues and in situations where previously highly compensated employees were terminated for performance or efficiency reasons. The cost of settling such claims could adversely affect our results of operations.

If any lawsuits brought against us were to result in a finding of substantial legal liability, the lawsuit could, in addition to any financial damage, cause significant reputational harm to us, which could seriously harm our business. We depend to a large extent on our business relationships and our reputation for integrity and high-caliber professional services to attract and retain investors and to pursue investment opportunities for our funds. As a result, allegations of improper conduct by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, our investment activities or the private equity industry in general, whether or not valid, may harm our reputation, which may be more damaging to our business than to other types of businesses.

Our failure to deal appropriately with conflicts of interest could damage our reputation and adversely affect our businesses.

As we have expanded and as we continue to expand the number and scope of our businesses, we increasingly confront potential conflicts of interest relating to our funds investment activities. Certain of our funds may have overlapping investment objectives, including funds that have different fee structures, and potential conflicts may arise with respect to our decisions regarding how to allocate investment opportunities among those funds. For example, a decision to acquire material non-public information about a company while pursuing an investment opportunity for a particular fund gives rise to a potential conflict of interest when it results in our having to restrict the ability of other funds to take any action. In addition, fund investors (or holders of Class A shares) may perceive conflicts of interest regarding investment decisions for funds in which our managing partners, who have and may continue to make significant personal investments in a variety of Apollo funds, are personally invested. Similarly, conflicts of interest may exist in the valuation of our investments and regarding decisions about the allocation of specific investment opportunities among us and our funds and the allocation of fees and costs among us, our funds and their portfolio companies.

Pursuant to the terms of our operating agreement, whenever a potential conflict of interest exists or arises between any of the managing partners, one or more directors or their respective affiliates, on the one hand, and us, any of our subsidiaries or any shareholder other than a managing partner, on the other, any resolution or course of action by our board of directors shall be permitted and deemed approved by all shareholders if the resolution or course of action (i) has been specifically approved by a majority of the voting power of our outstanding voting shares (excluding voting shares owned by our manager or its affiliates) or by a conflicts committee of the board of directors composed entirely of one or more independent directors, (ii) is on terms no less favorable to us or our shareholders (other than a managing partner) than those generally being provided to or available from unrelated third parties or (iii) it is fair and reasonable to us and our shareholders taking into account the totality of the relationships between the parties involved. All conflicts of interest described in this prospectus will be deemed to have been specifically approved by all shareholders. Notwithstanding the foregoing, it is possible that potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest would have a material adverse effect on our reputation which would materially adversely affect our businesses in a number of ways, including as a result of redemptions by our investors from our funds, an inability to raise additional funds and a reluctance of counterparties to do business with us.

Our organizational documents do not limit our ability to enter into new lines of businesses, and we may expand into new investment strategies, geographic markets and businesses, each of which may result in additional risks and uncertainties in our businesses.

We intend, to the extent that market conditions warrant, to grow our businesses by increasing AUM in existing businesses and expanding into new investment strategies, geographic markets and businesses. Our organizational documents, however, do not limit us to the investment management business. Accordingly, we may pursue growth through acquisitions of other investment management companies, acquisitions of critical business partners or other strategic initiatives, which may include entering into new lines of business, such as the insurance, broker-dealer or financial advisory industries. In addition, we expect opportunities will arise to acquire other alternative or traditional asset managers. To the extent we make strategic investments or acquisitions, undertake other strategic initiatives or enter into a new line of business, we will face numerous risks and uncertainties, including risks associated with (i) the required investment of capital and other resources, (ii) the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, (iii) combining or integrating operational and management systems and controls and (iv) the broadening of our geographic footprint, including the risks associated with conducting operations in foreign jurisdictions. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. If a new business generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected. Our strategic initiatives may include joint ventures, in which case we will be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under our control.

Employee misconduct could harm us by impairing our ability to attract and retain investors and by subjecting us to significant legal liability, regulatory scrutiny and reputational harm.

Our reputation is critical to maintaining and developing relationships with the investors in our funds, potential fund investors and third parties with whom we do business. In recent years, there have been a number of highly publicized cases involving fraud, conflicts of interest or other misconduct by individuals in the financial services industry. There is a risk that our employees could engage in misconduct that adversely affects our businesses. For example, if an employee were to engage in illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial position, investor relationships and ability to attract future investors. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in all cases. Misconduct by our employees, or even unsubstantiated allegations, could result in a material adverse effect on our reputation and our businesses.

The due diligence process that we undertake in connection with investments by our funds may not reveal all facts that may be relevant in connection with an investment.

Before making investments in private equity and other investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Certain of our funds utilize special situation and distressed debt investment strategies that involve significant risks.

Our funds often invest in obligors and issuers with weak financial conditions, poor operating results, substantial financial needs, negative net worth and/or special competitive problems. These funds also invest in obligors and issuers that are involved in bankruptcy or reorganization proceedings. In such situations, it may be difficult to obtain full information as to the exact financial and operating conditions of these obligors and issuers. Additionally, the fair values of such investments are subject to abrupt and erratic market movements and significant price volatility if they are publicly traded securities, and are subject to significant uncertainty in general if they are not publicly traded securities. Furthermore, some of our funds distressed investments may not be widely traded or may have no recognized market. A fund s exposure to such investments may be substantial in relation to the market for those investments, and the assets are likely to be illiquid and difficult to sell or transfer. As a result, it may take a number of years for the market value of such investments to ultimately reflect their intrinsic value as perceived by us.

A central feature of our distressed investment strategy is our ability to successfully predict the occurrence of certain corporate events, such as debt and/or equity offerings, restructurings, reorganizations, mergers, takeover offers and other transactions, that we believe will improve the condition of the business. If the corporate event we predict is delayed, changed or never completed, the market price and value of the applicable fund s investment could decline sharply.

In addition, these investments could subject us to certain potential additional liabilities that may exceed the value of our original investment. Under certain circumstances, payments or distributions on certain investments may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or similar transaction under applicable bankruptcy and insolvency laws. In addition, under certain circumstances, a lender that has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed, or may be found liable for damages suffered by parties as a result of such actions. In the case where the investment in securities of troubled companies is made in connection with an attempt to influence a restructuring proposal or plan of reorganization in bankruptcy, our funds may become involved in substantial litigation.

We often pursue investment opportunities that involve business, regulatory, legal or other complexities.

As an element of our investment style, we often pursue unusually complex investment opportunities. This can often take the form of substantial business, regulatory or legal complexity that would deter other investment managers. Our tolerance for complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities. Any of these risks could harm the performance of our funds.

Our funds make investments in companies that we do not control.

Investments by our capital markets funds (and, in certain instances, our private equity funds) will include debt instruments and equity securities of companies that we do not control. Such instruments and securities may be acquired by our funds through trading activities or through purchases of securities from the issuer. In the

Table of Contents

future, our private equity funds may seek to acquire minority equity interests more frequently and may also dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in the funds retaining a minority investment. Those investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of investments by our funds could decrease and our financial condition, results of operations and cash flow could suffer as a result.

Our funds may face risks relating to undiversified investments.

While diversification is generally an objective of our funds, we cannot give assurance as to the degree of diversification that will actually be achieved in any fund investments. Because a significant portion of a fund s capital may be invested in a single investment or portfolio company, a loss with respect to such investment or portfolio company could have a significant adverse impact on such fund s capital. This risk is exacerbated by co-investments that we cause AAA to undertake. Accordingly, a lack of diversification on the part of a fund could adversely affect a fund s performance and therefore, our financial condition and results of operations.

Some of our funds invest in foreign countries and securities of issuers located outside of the United States, which may involve foreign exchange, political, social and economic uncertainties and risks.

Some of our funds invest a portion of their assets in the equity, debt, loans or other securities of issuers located outside the United States, including, Germany, China and Singapore. In addition to business uncertainties, such investments may be affected by changes in exchange values as well as political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly with respect to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such companies.

Restrictions imposed or actions taken by foreign governments may adversely impact the value of our fund investments. Such restrictions or actions could include exchange controls, seizure or nationalization of foreign deposits or other assets and adoption of other governmental restrictions that adversely affect the prices of securities or the ability to repatriate profits on investments or the capital invested itself. Income received by our funds from sources in some countries may be reduced by withholding and other taxes. Any such taxes paid by a fund will reduce the net income or return from such investments. While our funds will take these factors into consideration in making investment decisions, including when hedging positions, our funds may not be able to fully avoid these risks or generate sufficient risk-adjusted returns.

Third-party investors in our funds will have the right under certain circumstances to terminate commitment periods or to dissolve the funds, and investors in our hedge funds may redeem their investments in our hedge funds at any time after an initial holding period of 12 to 36 months. These events would lead to a decrease in our revenues, which could be substantial.

The governing agreements of certain of our funds allow the limited partners of those funds to (i) terminate the commitment period of the fund in the event that certain key persons (for example, one or more of our managing partners and/or certain other investment professionals) fail to devote the requisite time to managing the fund, (ii) (depending on the fund) terminate the commitment period, dissolve the fund or remove the general partner if we, as general partner or manager, or certain key persons engage in certain forms of misconduct, or (iii) dissolve the fund or terminate the commitment period upon the affirmative vote of a specified percentage of limited partner interests entitled to vote. Both Fund VI and Fund VII, on which our near- to medium-term performance will heavily depend, include a number of such provisions. Also, in order to deconsolidate most of our funds for financial reporting purposes, we amended the governing documents of those funds to provide that a simple majority of a fund s unaffiliated investors have the right to liquidate that fund. In addition to having a significant negative impact on our revenue, net income and cash flow, the occurrence of such an event with respect to any of our funds would likely result in significant reputational damage to us.

Investors in our hedge funds may also generally redeem their investments on an annual, semiannual or quarterly basis following the expiration of a specified period of time when capital may not be redeemed (typically between one and five years). Fund investors may decide to move their capital away from us to other investments for any number of reasons in addition to poor investment performance. Factors which could result in investors leaving our funds include changes in interest rates that make other investments more attractive, changes in investor perception regarding our focus or alignment of interest, unhappiness with changes in or broadening of a fund s investment strategy, changes in our reputation and departures or changes in responsibilities of key investment professionals. In a declining market, the pace of redemptions and consequent reduction in our Assets Under Management could accelerate. The decrease in revenues that would result from significant redemptions in these funds could have a material adverse effect on our businesses, revenues, net income and cash flows.

In addition, the management agreements of all of our funds would be terminated upon an assignment, without the requisite consent, of these agreements, which may be deemed to occur in the event the investment advisers of our funds were to experience a change of control. We cannot be certain that consents required to assignments of our investment management agreements will be obtained if a change of control occurs. In addition, with respect to our publicly traded closed-end mezzanine funds, each fund s investment management agreement must be approved annually by the independent members of such fund s board of directors and, in certain cases, by its stockholders, as required by law. Termination of these agreements would cause us to lose the fees we earn from such funds.

Our financial projections for portfolio companies could prove inaccurate.

Our funds generally establish the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. These projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. General economic conditions, which are not predictable, along with other factors may cause actual performance to fall short of the financial projections we used to establish a given portfolio company s capital structure. Because of the leverage we typically employ in our investments, this could cause a substantial decrease in the value of our equity holdings in the portfolio company. The inaccuracy of financial projections could thus cause our funds performance to fall short of our expectations.

Fraud and other deceptive practices could harm fund performance.

Instances of fraud and other deceptive practices committed by senior management of portfolio companies in which an Apollo fund invests may undermine our due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of a fund s investments. In addition, when discovered, financial fraud may contribute to overall market volatility that can negatively impact an Apollo fund s investment program. As a result, instances of fraud could result in fund performance that is poorer than expected.

Contingent liabilities could harm fund performance.

We may cause our funds to acquire an investment that is subject to contingent liabilities. Such contingent liabilities could be unknown to us at the time of acquisition or, if they are known to us, we may not accurately assess or protect against the risks that they present. Acquired contingent liabilities could thus result in unforeseen losses for our funds. In addition, in connection with the disposition of an investment in a portfolio company, a fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. A fund may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities by a fund, even after the disposition of an investment. Accordingly, the inaccuracy of representations and warranties made by a fund could harm such fund s performance.

Our funds may be forced to dispose of investments at a disadvantageous time.

Our funds may make investments that they do not advantageously dispose of prior to the date the applicable fund is dissolved, either by expiration of such fund s term or otherwise. Although we generally expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, and the general partners of the funds have a limited ability to extend the term of the fund with the consent of fund investors or the advisory board of the fund, as applicable, our funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. This would result in a lower than expected return on the investments and, perhaps, on the fund itself.

Possession of material, non-public information could prevent Apollo funds from undertaking advantageous transactions; our internal controls could fail; we could determine to establish information barriers.

Our managing partners, investment professionals or other employees may acquire confidential or material non-public information and, as a result, be restricted from initiating transactions in certain securities. This risk affects us more than it does many other investment managers, as we generally do not use information barriers that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. Our decision not to implement these barriers could prevent our investment professionals from undertaking advantageous investments or dispositions that would be permissible for them otherwise.

In order to manage possible risks resulting from our decision not to implement information barriers, our compliance personnel maintain a list of restricted securities as to which we have access to material, non-public information and in which our funds and investment professionals are not permitted to trade. This internal control relating to the management of material non-public information could fail and with the result that we, or one of our investment professionals, might trade when at least constructively in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on our reputation, result in the imposition of regulatory or financial sanctions and as a consequence, negatively impact our financial condition. In addition, we could in the future decide that it is advisable to establish information barriers, particularly as our business expands and diversifies. In such event, our ability to operate as an integrated platform will be restricted. The establishment of such information barriers may also lead to operational disruptions and result in restructuring costs, including costs related to hiring additional personnel as existing investment professionals are allocated to either side of such barriers, which may adversely affect our business.

Regulations governing AIC s operation as a business development company affect its ability to raise, and the way in which it raises, additional capital.

As a business development company under the Investment Company Act, AIC may issue debt securities or preferred stock and borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the Investment Company Act. Under the provisions of the Investment Company Act, AIC is permitted to issue senior securities only in amounts such that its asset coverage, as defined in the Investment Company Act, equals at least 200% after each issuance of senior securities. If the value of its assets declines, it may be unable to satisfy this test. If that happens, it may be required to sell a portion of its investments and, depending on the nature of its leverage, repay a portion of its indebtedness at a time when such sales may be disadvantageous.

Business development companies may issue and sell common stock at a price below net asset value per share only in limited circumstances, one of which is during the one-year period after stockholder approval. In

Table of Contents

August 2008, AIC s stockholders approved a plan so that AIC may, in one or more public or private offerings of its common stock, sell or otherwise issue shares of its common stock at a price below the then current net asset value per share, subject to certain conditions including parameters on the level of permissible dilution, approval of the sale by a majority of its independent directors and a requirement that the sale price be not less than approximately the market price of the shares of its common stock at specified times, less the expenses of the sale. AIC may ask its stockholders for additional approvals from year to year. There is no assurance such approvals will be obtained.

Our hedge funds are subject to numerous additional risks.

Our hedge funds are subject to numerous additional risks, including the risks set forth below.

- Generally, there are few limitations on the execution of these funds investment strategies, which are subject to the sole discretion of the management company or the general partner of such funds.

- These funds may engage in short-selling, which is subject to a theoretically unlimited risk of loss.

- These funds are exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the fund to suffer a loss.

- Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions.

- The efficacy of investment and trading strategies depend largely on the ability to establish and maintain an overall market position in a combination of financial instruments, which can be difficult to execute.

- These funds may make investments or hold trading positions in markets that are volatile and which may become illiquid.

- These funds investments are subject to risks relating to investments in commodities, futures, options and other derivatives, the prices of which are highly volatile and may be subject to a theoretically unlimited risk of loss in certain circumstances.

Risks Related To This Offering

There is no existing public market for our Class A shares, and we do not know if one will develop, which could impede your ability to sell your Class A shares and depress the market price of our Class A shares.

Prior to this offering and the IPO, our Class A shares have traded on GSTrUE and, as such, there has not been a public market for our Class A shares. We cannot predict the extent to which investor interest in the company will lead to the development of an active trading market on the NYSE or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our Class A shares.

The market price and trading volume of our Class A shares may be volatile, which could result in rapid and substantial losses for our shareholders.

Even if an active trading market develops, the market price of our Class A shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our Class A shares may fluctuate and cause significant price variations to occur. If the market price of our Class A shares declines significantly, you may be unable to resell your Class A shares at or above your purchase price, if at all. The market price of our Class A shares may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our Class A shares or result in fluctuations in the price or trading volume of our Class A shares include:

- variations in our quarterly operating results or dividends, which variations we expect will be substantial;

Table of Contents

- our policy of taking a long-term perspective on making investment, operational and strategic decisions, which is expected to result in significant and unpredictable variations in our quarterly returns;
- failure to meet analysts earnings estimates;
- publication of research reports about us or the investment management industry or the failure of securities analysts to cover our Class A shares after this offering;
- additions or departures of our managing partners and other key management personnel;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- actions by shareholders;
- changes in market valuations of similar companies;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations or differing interpretations thereof affecting our businesses or enforcement of these laws and regulations, or announcements relating to these matters;
- a lack of liquidity in the trading of our Class A shares;
- adverse publicity about the asset management industry generally or individual scandals, specifically; and
- general market and economic conditions.

In addition, from time to time, management may also declare special quarterly distributions based on investment realizations. Volatility in the market price may be heightened at or around times of investment realizations as well as following such realization, as a result of speculation as to whether such a distribution may be declared.

An investment in Class A shares is not an investment in any of our funds, and the assets and revenues of our funds are not directly available to us.

This prospectus is solely an offer with respect to Class A shares, and is not an offer directly or indirectly of any securities of any of our funds. Class A shares are securities of Apollo Global Management, LLC only. While our historical consolidated and combined financial information includes financial information, including assets and revenues, of certain Apollo funds on a consolidated basis, and our future financial information will continue to consolidate certain of these funds, such assets and revenues are available to the fund and not to us except through management fees, incentive income, distributions and other proceeds arising from agreements with funds, as discussed in more detail in this prospectus.

Our Class A share price may decline due to the large number of shares eligible for future sale and for exchange into Class A shares.

The market price of our Class A shares could decline as a result of sales of a large number of our Class A shares or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and price that we deem appropriate. We will have Class A shares outstanding after giving effect to the IPO, not including approximately 32.0 million Class A shares or share units granted to certain employees and consultants under our equity incentive plan, of which approximately 12.1 million were vested as of December 31, 2009 and approximately 19.9 million remain subject to vesting. The Class A shares reserved under our equity incentive plan are increased on the first day of each fiscal year during the plan s term by the lesser of (x) the excess of (i) 15% of the number of outstanding Class A shares of the company and the number of outstanding Apollo Operating Group units on the last day of the immediately preceding fiscal year over (ii) the number of shares reserved and available for issuance under our equity incentive plan as of such date or (y) such lesser amount by which the administrator may decide to increase the number of Class A shares. Following such increase and grants of RSUs made through December 31, 2009, 46,676,916 Class A shares remained available for future grant under our equity incentive plan. In addition, Holdings may at any time exchange its Apollo Operating Group units for up to 240,000,000 Class A shares on behalf of our managing partners and contributing partners. We may also elect to sell additional Class A shares in one or more future primary offerings.

Our managing partners and contributing partners, through their partnership interests in Holdings, will own an aggregate of % of the Apollo Operating Group units after giving effect to the IPO. Subject to certain procedures and restrictions (including the vesting schedules applicable to our managing partners and contributing partners and any applicable transfer restrictions and lock-up agreements) each managing partner and contributing partner has the right, upon 60 days notice prior to a designated quarterly date, to exchange the Apollo Operating Group units for Class A shares. BRH Holdings, L.P., Holdings, certain of our executive officers and the Strategic Investors have agreed with the initial purchasers not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date that is 180 days after the shelf effectiveness date, except with the prior written consent of the representatives of the initial purchasers. In addition, certain of our executive officers, directors, employees and affiliates will enter into lock-up agreements with underwriters in the IPO and will agree not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date that is days after the offering date of the IPO, except with the prior written consent of the underwriters in the IPO. After the expiration of the applicable lock-up period, these Class A shares will be eligible for resale from time to time, subject to certain contractual restrictions and Securities Act limitations. Under certain circumstances, the applicable lock-up period may be extended.

We and our manager will enter into lock-up agreements with underwriters in the IPO and will agree not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date that is days after the offering date of the IPO, except with the prior written consent of the underwriters in the IPO.

The selling shareholders in the IPO will also enter into lock-up agreements with the underwriters in the IPO and will agree not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date that is days after the offering date of the IPO, except with the prior written consent of the underwriters in the IPO.

After the expiration of their lock-up period, our managing partners and contributing partners (through Holdings) will have the ability to cause us to register the Class A shares they acquire upon exchange of their Apollo Operating Group units. Such rights will be exercisable beginning two years after the shelf effectiveness date.

The Strategic Investors will have the ability to cause us to register any of their non-voting Class A shares beginning two years after the shelf effectiveness date, and, generally, may only transfer their non-voting Class A shares prior to such time to its controlled affiliates.

We intend to file with the SEC a registration statement on Form S-8 covering the shares issuable under our equity incentive plan. Subject to vesting and contractual lock-up arrangements, upon effectiveness of the registration statement on Form S-8, such shares will be freely tradable.

You will suffer an immediate and substantial dilution in the net tangible book value of the Class A shares you purchase after giving effect to the IPO.

The assumed initial offering price in the IPO is substantially higher than the net tangible book value per share of the outstanding Class A shares immediately after the IPO. Accordingly, based on an assumed initial public offering price of $ per share (the midpoint of the estimated offering price range of $ and $), purchasers of Class A shares in the IPO will, and purchasers of Class A shares in this offering may, experience immediate and substantial dilution of approximately $ per share in net tangible book value of the Class A shares after giving effect to the IPO. See Dilution, including the discussion of the effects on dilution from a change in the price of the IPO.

Table of Contents

We cannot assure you that our intended quarterly dividends will be paid each quarter or at all.

Our intention is to distribute to our Class A shareholders on a quarterly basis substantially all of our net after-tax cash flow from operations in excess of amounts determined by our manager to be necessary or appropriate to provide for the conduct of our businesses, to make appropriate investments in our businesses and our funds, to comply with applicable laws and regulations, to service our indebtedness or to provide for future distributions to our Class A shareholders for any one or more of the ensuing four quarters. The declaration, payment and determination of the amount of our quarterly dividend, if any, will be at the sole discretion of our manager, who may change our dividend policy at any time. We cannot assure you that any dividends, whether quarterly or otherwise, will or can be paid. In making decisions regarding our quarterly dividend, our manager considers general economic and business conditions, our strategic plans and prospects, our businesses and investment opportunities, our financial condition and operating results, working capital requirements and anticipated cash needs, contractual restrictions and obligations, legal, tax, regulatory and other restrictions that may have implications on the payment of dividends by us to our common shareholders or by our subsidiaries to us, and such other factors as our manager may deem relevant.

Our managing partners beneficial ownership of interests in the Class B share that we have issued to BRH, the control exercised by our manager and anti-takeover provisions in our charter documents and Delaware law could delay or prevent a change in control.

Our managing partners, through their ownership of BRH, beneficially own the Class B share that we have issued to BRH. The managing partners interests in such Class B share will represent % of the total combined voting power of our shares entitled to vote after giving effect to the IPO. As a result, they are able to exercise control over all matters requiring the approval of shareholders and are able to prevent a change in control of our company. In addition, our operating agreement provides that so long as the Apollo control condition is satisfied, our manager, which is owned and controlled by our managing partners, manages all of our operations and activities. The control of our manager will make it more difficult for a potential acquirer to assume control of us. Other provisions in our operating agreement may also make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our shareholders. For example, our operating agreement requires advance notice for proposals by shareholders and nominations, places limitations on convening shareholder meetings, and authorizes the issuance of preferred shares that could be issued by our board of directors to thwart a takeover attempt. In addition, certain provisions of Delaware law may delay or prevent a transaction that could cause a change in our control. The market price of our Class A shares could be adversely affected to the extent that our managing partners control over us, the control exercised by our manager as well as provisions of our operating agreement discourage potential takeover attempts that our shareholders may favor.

We are a Delaware limited liability company, and there are certain provisions in our operating agreement regarding exculpation and indemnification of our officers and directors that differ from the Delaware General Corporation Law (DGCL) in a manner that may be less protective of the interests of our Class A shareholders.

Our operating agreement provides that to the fullest extent permitted by applicable law our directors or officers will not be liable to us. However, under the DGCL, a director or officer would be liable to us for (i) breach of duty of loyalty to us or our shareholders, (ii) intentional misconduct or knowing violations of the law that are not done in good faith, (iii) improper redemption of shares or declaration of dividend, or (iv) a transaction from which the director derived an improper personal benefit. In addition, our operating agreement provides that we indemnify our directors and officers for acts or omissions to the fullest extent provided by law. However, under the DGCL, a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation, and, in criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful. Accordingly, our operating agreement may be less protective of the interests of our Class A shareholders, when compared to the DGCL, insofar as it relates to the exculpation and indemnification of our officers and directors.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements under Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and elsewhere in this prospectus may contain forward-looking statements that reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward-looking statements by the use of forward-looking words such as outlook, believes, expects, potential, continues, may, should, seeks, approximately, predicts, intends, plans or the negative version of those words or other comparable words. Any forward-looking statements contained in this prospectus are based upon our historical performance and our current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the risk factors and other cautionary statements that are included in this prospectus. We do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Table of Contents

MARKET AND INDUSTRY DATA AND FORECASTS

This prospectus includes market and industry data and forecasts from independent consultant reports, publicly available information, various industry publications, other published industry sources and our internal data, estimates and forecasts. Independent consultant reports, industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable.

Our internal data, estimates and forecasts are based upon information obtained from our investors, partners, trade and business organizations and other contacts in the markets in which we operate and our management s understanding of industry conditions. Although we believe that such information is reliable, we have not had such information verified by any independent sources.

Table of Contents

OUR STRUCTURE

Apollo Global Management, LLC was formed as a Delaware limited liability company for the purposes of completing the Reorganization, the Strategic Investors Transaction and the Private Offering Transactions and conducting our businesses as a publicly held entity. Apollo Global Management, LLC is a holding company whose primary assets are 100% of the general partner interests in each limited partnership included in the Apollo Operating Group, which is described below under Reorganization Holding Company Structure. After giving effect to the IPO, % of the limited partner interests of the Apollo Operating Group entities will be held by Apollo Global Management, LLC through intermediate holding companies, and the remaining % of the limited partner interests of the Apollo Operating Group entities will be owned directly by Holdings, an entity 100% owned, directly and indirectly, by our managing partners and contributing partners. The limited partner interests that the company and Holdings own in the Apollo Operating Group entities represent the company s and Holdings economic interests in the Apollo Operating Group. With limited exceptions, the Apollo Operating Group owns each of the operating entities included in our historical consolidated and combined financial statements as described below under Reorganization Our Assets. Prior to the Reorganization, our business was conducted through a number of entities as to which there was no single holding entity but that were separately owned by our managing partners. In order to facilitate the Rule 144A Offering, which closed on August 8, 2007, we effected the Reorganization to form a new holding company structure. Additional entities were formed in 2008 to create our current holding company structure.

Apollo Global Management, LLC is owned by its Class A and Class B shareholders. Holders of our Class A shares and Class B share vote as a single class on all matters presented to the shareholders, although the Strategic Investors do not have voting rights in respect of any of their Class A shares. We have issued to BRH a single Class B share solely for purposes of granting voting power to BRH. BRH is the general partner of Holdings and is a Cayman Islands exempted company owned and controlled by our managing partners. The Class B share does not represent an economic interest in Apollo Global Management, LLC. The voting power of the Class B share will, however, increase or decrease with corresponding changes in Holdings economic interest in the Apollo Operating Group.

Our shareholders vote together as a single class on the limited set of matters on which shareholders have a vote. Such matters include a proposed sale of all or substantially all of our assets, certain mergers and consolidations, certain amendments to our operating agreement and an election by our manager to dissolve the company.

Table of Contents

The diagram below depicts our current organizational structure after giving effect to the IPO.[1]

(1) Adjusted numbers giving effect to the IPO assume that Class A shares are offered and sold by Apollo Global Management, LLC, and the net proceeds thereof are contributed to the Apollo Operating Group, thereby increasing the economic interest held by our Class A shareholders, taken as a whole, in the Apollo Operating Group from % to %.

(2) After giving effect to the IPO, the Public Investors will hold % of the Class A shares, the CS Investor will hold % of the Class A shares, and the Strategic Investors will hold % of the Class A shares. After giving effect to the IPO, the Class A shares held by the Public Investors will represent % of the total voting power of our shares entitled to vote and % of the economic interests in the Apollo Operating Group. After giving effect to the IPO, Class A shares held by the CS Investor will represent % of the total voting power of our shares entitled to vote and % of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights and after giving effect to the IPO, will represent % of the economic interests in the Apollo Operating Group. Such Class A shares will become entitled to vote upon transfers by a Strategic Investor in accordance with the agreements entered into in connection with the Strategic Investors Transaction.

(3) Our managing partners own BRH, which in turn holds our only outstanding Class B share. After giving effect to the IPO, the Class B share will represent % of the total voting power of our shares entitled to vote but no economic interest in Apollo Global Management, LLC. Our managing partners economic interests are instead represented by their indirect ownership, through Holdings, of % of the limited partner interests in the Apollo Operating Group after giving effect to the IPO.

(4) Through BRH Holdings, L.P., our managing partners own limited partnership interests in Holdings.

(5) After giving effect to the IPO, will represent % of the limited partner interests in each Apollo Operating Group entity. The Apollo Operating Group units held by Holdings are exchangeable for Class A shares, as described below under Reorganization Equity Interests Retained by Our Managing Partners and Contributing Partners. Our managing partners, through their interest in BRH and Holdings, will own % of the Apollo Operating Group units after giving effect to the IPO. Our contributing partners, through their ownership interests in Holdings, will own % of the Apollo Operating Group units after giving effect to the IPO.

(6) BRH is the sole member of AGM Management, LLC, our manager. The management of Apollo Global Management, LLC is vested in our manager as provided in our operating agreement. See Description of Shares Operating Agreement for a description of the authority that our manager exercises.

(7) After giving effect to the IPO, will represent % of the limited partner interests in each Apollo Operating Group entity, held through intermediate holding companies. Apollo Global Management, LLC also indirectly owns 100% of the general partner interests in each Apollo Operating Group entity.

Table of Contents

Table of Contents

(1) Apollo Principal Holdings I, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. It also holds between 50% and 66% (depending on the particular fund investment) of all limited partner interests in the domestic general partners set forth below its name. The remaining limited partner interests in these domestic general partners are held by certain of our current and former professionals and are reflected as profit sharing expense associated with carried interest income earned from our funds within Compensation and Benefits in our consolidated and combined statements of operations. Apollo Principal Holdings I, L.P. also holds 100% of the limited partner interests in Apollo Co-Investors VI (D), L.P. and Apollo Co-Investors VII (D), L.P. The general partner interest in Apollo Co-Investors VI (D), L.P. and Apollo Co-Investors VII (D), L.P. is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners. Apollo Principal Holdings I, L.P. is also the sole owner of AGRE CMBS GP LLC.

(2) Other than with respect to AAA Associates, L.P. and AAA Guernsey Limited, Apollo Principal Holdings III, L.P. holds 100% of the non-economic general partner interests in the foreign general partners set forth below its name in the chart above. With respect to AAA Associates, L.P. and AAA Guernsey Limited, Apollo Principal Holdings III, L.P. holds 45% of the non-economic general partner interests in these entities. The remaining 55% non-economic general partner interest of AAA Associates L.P. and AAA Guernsey Limited is owned by an individual who is not an affiliate of Apollo. Apollo Principal Holdings III, L.P. also holds between 54% and 100% (depending on the particular fund investment) of all limited partner interests in the foreign general partners set forth below its name. The remaining limited partner interests in these foreign general partners are held by certain of our current and former professionals and are reflected as profit sharing expense associated with carried interest income earned from our funds within Compensation and Benefits in our consolidated and combined statements of operations. Apollo Principal Holdings III, L.P. also holds 100% of the limited partner interests in the foreign private equity co-invest vehicles set forth below its name in the chart above. The general partner interest in the foreign private equity co-invest vehicles is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners.

(3) Apollo Principal Holdings VII, L.P. holds 100% of the non-economic general partner interests in the foreign general partners set forth below its name in the chart above. It also holds between 62% and 66% (depending on the particular fund investment) of all limited partner interests in the foreign general partners set forth below its name. The remaining limited partner interests in these foreign general partners are held by certain of our current and former professionals and are reflected as profit sharing expense associated with carried interest income earned from our funds within Compensation and Benefits in our consolidated and combined statements of operations. Apollo Principal Holdings VII, L.P. holds 100% of the limited partner interests in the foreign private equity and foreign capital markets co-invest vehicles set forth below its name. The general partner interest in the foreign private equity and foreign capital markets co-invest vehicles is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners. Apollo Principal Holdings VII, L.P. is also the sole owner of Apollo COF Investor, LLC.

(4) Apollo Principal Holdings IX, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. It also holds between 67% and 100% of all limited partner interests in the domestic general partners set forth below its name. The remaining limited partner interests in these domestic general partners are held by certain of our current and former professionals and are reflected as profit sharing expense associated with carried interest income earned from our funds within Compensation and Benefits in our consolidated and combined statements of operations.

(5) Apollo Principal Holdings II, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. It also holds between 67% and 100% (depending on the particular fund investment) of all limited partner interests in the domestic general partners set forth below its name. The remaining limited partner interests in these domestic general partners are held by certain of our current and former professionals and are reflected as profit sharing expense associated with carried interest income earned from our funds within Compensation and Benefits in our consolidated and combined statements of operations.

(6) Apollo Principal Holdings IV, L.P. holds 100% of the non-economic general partner interests in the foreign general partners set forth below its name in the chart above. It also holds between 95% and 100% of the limited partner interests in the foreign general partners set forth below its name. The remaining limited partner interests in the foreign general partners are held by certain of our professionals and are reflected as profit sharing expense associated with carried interest income earned from our funds within Compensation and Benefits in our consolidated and combined statements of operations.

(7) Apollo Principal Holdings VI, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. It also holds between 62% and 66% (depending on the particular fund investment) of all limited partner interests in the domestic general partners set forth below its name. The remaining limited partner interests in these domestic general partners are held by certain of our current and former professionals and are reflected as profit sharing expense associated with carried interest income earned from our funds within Compensation and Benefits in our consolidated and combined statements of operations. Apollo Principal Holdings VI, L.P. also holds 100% of the limited partner interests in Apollo Co-Investors VI (DC-D), L.P. and Apollo Co-Investors VII (DC-D), L.P. The general partner interest in Apollo Co-Investors VI (DC-D), L.P. and Apollo Co-Investors VII (DC-D), L.P. is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our Managing Partners. Apollo Principal Holdings VI, L.P. is also the sole owner of A/A Investor I, LLC and Apollo Credit Liquidity Investor, LLC.

(8) Apollo Principal Holdings VIII, L.P. holds 100% of the limited partner interests in the foreign capital markets co-invest vehicles set forth below its name in the chart above. The general partner interest in Apollo EPF Co-Investors (B), L.P. is held by Apollo EPF Administration, Limited, which is solely owned by one of our managing partners. The general partner interest in Apollo AIE II Co-Investors (B), L.P. is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners.

(9) Apollo Management Holdings, L.P. holds 100% of the management companies comprising the investment advisors of all of Apollo s funds including AIC, AIE I and AAA; however, a portion of the management fees, incentive income and other fees payable to these investment advisors are allocated to certain of our current and former professionals and are reflected as profit sharing expense within Compensation and Benefits in our consolidated and combined statements of operations (included elsewhere in this prospectus), as described in more detail under Reorganization Our Assets.

(10) Apollo Advisors IV, L.P. is the general partner of Fund IV, Apollo Advisors V, L.P. is the general partner of Fund V, Apollo Advisors VI, L.P. is the general partner of Fund VI and Apollo Advisors VII, L.P. is the general partner of Fund VII. Certain offshore vehicles that comprise the foregoing funds also have an administrative general partner, which is an affiliate of the foregoing general partner. AGRE CMBS GP LLC is the sole general partner of AGRE CMBS Fund L.P.

(11) Apollo Advisors V (EH Cayman), L.P. is the sole general partner of Fund V s Cayman Islands alternative investment vehicles. Apollo Advisors VI (EH), L.P. is the sole general partner of certain of Fund VI s Cayman Islands alternative investment vehicles. Apollo Advisors VII (EH), L.P. is the sole general partner of one of Fund VII s Cayman Islands alternative investment vehicle. AAA Associates, L.P. is the sole general partner of AAA Investments, the limited

partnership through which AAA s investments are made.

(12) Apollo Advisors VI (APO FC), L.P. is the general partner (or the member of the general partner) of certain alternative investment vehicles and special purpose vehicles formed in connection with various investments of Fund VI. Apollo Advisors VII (APO FC), L.P. is the general partner (or the member of the general partner) of certain alternative investment vehicles and special purpose vehicles formed in connection with various investments of Fund VII.

(13) Apollo Commodities Trading Advisors, L.P. is the sole general partner of Apollo Metals Trading Fund, L.P. Apollo Credit Opportunity Advisors I, L.P. is the sole general partner of COF I. Apollo Credit Opportunity Advisors II, L.P. is the sole general partner of COF II.

(14) Apollo SVF Advisors, L.P. is the general partner of SVF. Apollo Asia Advisors, L.P. is the general partner of AAOF. Apollo Credit Liquidity Advisors, L.P. is the sole general partner of ACLF. Apollo Value Advisors, L.P. is the general partner of VIF. Apollo SOMA Advisors, L.P. is the sole general partner of SOMA. A/A Capital Management, LLC is the sole general partner of Artus. Apollo Palmetto Advisors, L.P. is the general partner of Palmetto. Certain offshore vehicles that comprise the foregoing funds also have an administrative general partner, which is an affiliate of the foregoing general partners.

(15) Apollo EPF Advisors, L.P. is the sole general partner of EPF. Apollo Europe Advisors, L.P. is the sole general partner of AIE II.

(16) Apollo Advisors VI (APO DC), L.P. is the general partner (or the member of the general partner) of certain alternative investment vehicles and special purpose vehicles formed in connection with various investments of Fund VI. Apollo Advisors VII (APO DC), L.P. is the general partner (or the member of the general partner) of certain alternative investment vehicles and special purpose vehicles formed in connection with various investments of Fund VII.

Reorganization

Holding Company Structure

Apollo Global Management, LLC, through three intermediate holding companies (APO Corp., APO Asset Co., LLC and APO (FC), LLC), will own % of the economic interests of, and operate and control all of the businesses and affairs of, the Apollo Operating Group and its subsidiaries after giving effect to the IPO. Holdings will own the remaining % of the economic interests in the Apollo Operating Group after giving effect to the IPO. Apollo Global Management, LLC consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as a minority interest in Apollo Global Management, LLC s consolidated financial statements.

The Apollo Operating Group consists of the following partnerships: Apollo Principal Holdings I, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings II, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings III, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings IV, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings V, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings VI, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings VII, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings VIII, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings IX, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), and Apollo Management Holdings, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes).

Apollo Global Management, LLC conducts all of its material business activities through the Apollo Operating Group. Substantially all of our expenses, including substantially all expenses solely incurred by or attributable to Apollo Global Management, LLC are borne by the Apollo Operating Group; provided that obligations incurred under the tax receivable agreement by Apollo Global Management, LLC or its wholly-owned subsidiaries (which currently consist of our three intermediate holding companies, APO Corp., APO Asset Co., LLC and APO (FC), LLC), income tax expenses of Apollo Global Management, LLC and its wholly-owned subsidiaries and indebtedness incurred by Apollo Global Management, LLC and its wholly-owned subsidiaries are borne solely by Apollo Global Management, LLC and its wholly-owned subsidiaries.

Each of the Apollo Operating Group partnerships holds interests in different businesses or entities organized in different jurisdictions. Apollo Principal Holdings I, L.P. holds certain of our domestic general partners of our private equity funds and our domestic co-invest vehicles of our private equity funds as well as the domestic general partner of one of our real estate funds; Apollo Principal Holdings VI, L.P. holds certain of our domestic general partners of our private equity funds and our domestic co-invest vehicles of our private equity funds and certain of our capital markets funds; Apollo Principal Holdings II, L.P. holds certain of our domestic general

Table of Contents

partners of capital markets funds; Apollo Principal Holdings III, L.P. and Apollo Principal Holdings VII, L.P. generally hold our foreign general partners of private equity funds, including the foreign general partner of AAA Investments, our private equity foreign co-invest vehicles, one of our capital markets foreign co-invest vehicles, and one of our capital markets domestic co-invest vehicles; Apollo Principal Holdings IV, L.P. holds our foreign general partners of capital markets funds; Apollo Principal Holdings VIII, L.P. holds two capital markets foreign co-invest vehicles; Apollo Principal Holdings IX, L.P. holds the domestic general partner of certain of our capital markets funds; and AMH holds the management companies for each of our private equity funds (including AAA), our capital markets funds and our real estate funds.

In summary:

- Apollo Global Management, LLC is a holding company;
- Through its intermediate holding companies, Apollo Global Management, LLC, holds equity interests in, and is the sole general partner of, each of the Apollo Operating Group partnerships;
- Each of the Apollo Operating Group partnerships has an identical number of partnership units outstanding;
- Apollo Global Management, LLC holds, through wholly-owned subsidiaries, a number of Apollo Operating Group units equal to the number of Class A shares that Apollo Global Management, LLC has issued;
- The Apollo Operating Group units that are held by Apollo Global Management, LLC s wholly-owned subsidiaries are economically identical in all respects to the Apollo Operating Group units that are held by the managing partners and contributing partners through Holdings; and
- Apollo Global Management, LLC conducts all of its material business activities through the Apollo Operating Group partnerships.

Accordingly, and similar in many respects to the structure referred to as an umbrella partnership real estate investment trust, or UPREIT, that is frequently used in the real estate industry:

- Our business is conducted through limited partnerships of which Apollo Global Management, LLC, indirectly through wholly-owned subsidiaries, is the sole general partner;
- Our managing partners and contributing partners, through Holdings, hold equity interests in these limited partnerships that are exchangeable for the Class A shares of Apollo Global Management, LLC; and
- If and when any managing partner or contributing partner, through Holdings, exchanges an Apollo Operating Group unit for a Class A share of Apollo Global Management, LLC, the relative economic ownership positions of the exchanging managing partner or contributing partner and of the other equity owners of Apollo (whether held at Apollo Global Management, LLC or at the Apollo Operating Group) will not be altered.

We intend to cause the Apollo Operating Group to make distributions to its partners, including Apollo Global Management, LLC s wholly-owned subsidiaries, in order to fund any distributions Apollo Global Management, LLC may declare on its Class A shares. If the Apollo Operating Group makes such distributions, the limited partners of the Apollo Operating Group will be entitled to receive distributions pro rata based on their partnership interests in the Apollo Operating Group.

The partnership agreements of the Apollo Operating Group partnerships provide for cash distributions, which we refer to as tax distributions, to the partners of such partnerships if the wholly-owned subsidiaries of Apollo Global Management, LLC that wholly own the general partners of the Apollo Operating Group partnerships determine that the taxable income of the relevant partnership will give rise to taxable income for its partners. Generally, these tax distributions will be computed based on our estimate of the net taxable income of the relevant partnership allocable to a partner multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. Federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses and the character of our income). The Apollo Operating Group partnerships will make tax distributions only to the extent distributions from such partnerships for the relevant year are otherwise insufficient to cover such tax liabilities.

Our Manager

Our operating agreement provides that so long as the Apollo Group (as defined below) beneficially owns at least 10% of the aggregate number of votes that may be cast by holders of outstanding voting shares, our manager, which is 100% owned by BRH, will conduct, direct and manage all activities of Apollo Global Management, LLC. We refer to the Apollo Group s beneficial ownership of at least 10% of such voting power as the Apollo control condition. So long as the Apollo control condition is satisfied, our manager will manage all of our operations and activities and will have discretion over significant corporate actions, such as the issuance of securities, payment of distributions, sales of assets, making certain amendments to our operating agreement and other matters, and our board of directors will have no authority other than that which our manager chooses to delegate to it. See Description of Shares.

For purposes of our operating agreement, the Apollo Group means (i) our manager and its affiliates, including their respective general partners, members and limited partners, (ii) Holdings and its affiliates, including their respective general partners, members and limited partners, (iii) with respect to each managing partner, such managing partner and such managing partner s group (as defined in Section 13(d) of the Exchange Act), (iv) any former or current investment professional of or other employee of an Apollo employer (as defined below) or the Apollo Operating Group (or such other entity controlled by a member of the Apollo Operating Group), (v) any former or current executive officer of an Apollo employer or the Apollo Operating Group (or such other entity controlled by a member of the Apollo Operating Group); and (vi) any former or current director of an Apollo employer or the Apollo Operating Group (or such other entity controlled by a member of the Apollo Operating Group). With respect to any person, Apollo employer means Apollo Global Management, LLC or such other entity controlled by Apollo Global Management, LLC or its successor as may be such person s employer.

Holders of our Class A shares and Class B share have no right to elect our manager, which is controlled by our managing partners through BRH. Although our manager has no business activities other than the management of our businesses, conflicts of interest may arise in the future between us and our Class A shareholders, on the one hand, and our managing partners, on the other. The resolution of these conflicts may not always be in our best interests or those of our Class A shareholders. We describe the potential conflicts of interest in greater detail under Risk Factors Risks Related to Our Organization and Structure Potential conflicts of interest may arise among our manager, on the one hand, and us and our shareholders on the other hand. Our manager and its affiliates have limited fiduciary duties to us and our shareholders, which may permit them to favor their own interests to the detriment of us and our shareholders. We will reimburse our manager and its affiliates for all costs incurred in managing and operating us, and our operating agreement provides that our manager will determine the expenses that are allocable to us. Our operating agreement does not limit the amount of expenses for which we will reimburse our manager and its affiliates.

Our Assets

Prior to the Private Offering Transactions, our managing partners contributed to the Apollo Operating Group their interests in each of the entities included in our historical consolidated and combined financial statements, but excluding the excluded assets described below under Excluded Assets. As discussed further below, the managing partners received partnership interests in Holdings (representing an indirect ownership interest of an equivalent number of Apollo Operating Group units) in respect of the interests they contributed to the Apollo Operating Group.

More specifically, prior to the Private Offering Transactions, our managing partners contributed to the Apollo Operating Group the intellectual property rights associated with the Apollo name and the indicated equity interests in the following businesses (other than the excluded assets), which we refer to collectively as the Contributed Businesses :

- 100% of the investment advisors of all of Apollo s funds, which provide investment management services to, and are entitled to any management fees and incentive income payable in respect of, these funds, as well as transaction, advisory and other fees that may be payable by these funds portfolio companies, other than the percentage of fees that has been allocated or that we determine to allocate to our professionals, as described below.

- With respect to Fund IV, Fund V, Fund VI and AAA, which constituted all of our private equity funds that were either actively investing or had a meaningful amount of unrealized investments:

  - 100% of the entire non-economic general partner interests in the general partners of such funds, which non-economic interests give the Apollo Operating Group control of these funds;

  - 100% of the economic interests in the managing general partner of AAA; and

  - 46% to 57% (depending on the particular fund investment) of all limited partner interests in the general partners of such funds, representing 46% to 57% of the carried interest earned in relation to investments by such funds; this includes all of the carried interest in these funds that had been allocated to our managing partners, with the remainder of such carried interest continuing to be held by certain of our professionals.

- With respect to a number of our capital markets funds (the Value Funds, AAOF, SOMA and EPF):

  - 100% of the entire non-economic general partner interests in the general partners of these funds, which non-economic interests give the Apollo Operating Group control of these funds; and

  - 54% to 100% (depending on the particular fund investment) of all limited partner interests in the general partners of these funds, representing 54% to 100% of the incentive income earned in relation to investments by these funds; this includes all of the incentive income in these funds that had been allocated to our managing partners, with the remainder of such incentive income continuing to be held by certain of our professionals.

In addition, prior to the Private Offering Transactions, our contributing partners contributed to the Apollo Operating Group a portion of their points. We refer to such contributed points as partner-contributed interests. In return for a contribution of points, each contributing partner received an interest in Holdings (representing an indirect, unit-for-unit ownership interest of an equivalent number of Apollo Operating Group units).

Prior to the exchange, the points held by each managing partner and contributing partner were designated values based upon the estimated 2007 cash flows of each entity that was contributed to the Apollo Operating Group and from which such partner was to receive management fees and incentive income. The 2007 estimated cash flow of the entities contributed was agreed between the managing partners and the contributing partners to be the best proxy for measuring of the total value of the interests that were contributed by each partner to the Apollo Operating Group. The partnership interests in Holdings that were granted to each managing partner and contributing partner, correspond to the aggregate value of the points such partner contributed. Specifically, for purposes of determining the number of Apollo Operating Group units each managing partner and contributing partner was to receive, the aggregate value of the points contributed by a given partner was divided by the aggregate value of all points contributed by all of the managing partners and contributing partners to determine a percentage of the ownership such partner had in the Apollo Operating Group prior to the completion of the Private Offering Transactions and the Strategic Investors

Transaction (for each managing partner and contributing partner, his or her AOG Ownership Percentage). In order to achieve the offering size targeted in the Private Offering Transactions within the proposed offering price range per Class A share, the managing partners also determined the aggregate amount of units that the Apollo Operating Group should issue and have outstanding immediately prior to the completion of the Private Offering Transactions and Strategic

Table of Contents

Investors Transaction. This aggregate amount of Apollo Operating Group units was then allocated to each managing partner and contributing partner based upon their respective AOG Ownership Percentage. For example, if a partner contributed points constituting an AOG Ownership Percentage of 10% of the aggregate value of all points contributed to the Apollo Operating Group, such partner received 10% of the aggregate amount of Apollo Operating Group units issued and outstanding prior to the completion of the Private Offering Transactions and Strategic Investors Transaction.

Each contributing partner continues to own directly those points that such partner did not contribute to the Apollo Operating Group or sell to the Apollo Operating Group in connection with the Strategic Investors Transaction. Each contributing partner remained entitled (on an individual basis and not through ownership interests in Holdings) to receive payments in respect of his partner-contributed interests with respect to fiscal year 2007 based on the date his partner-contributed interests were contributed or sold as described below under Distributions to Our Managing Partners and Contributing Partners Related to the Reorganization. The Strategic Investors similarly received a pro rata portion of our net income prior to the date of the Private Offering Transactions for our fiscal year 2007, calculated in the same manner as for the managing partners and contributing partners, as described in more detail under Strategic Investors Transaction. In addition, we issued points in Fund VII, and intend to issue points in future funds, to our contributing partners and other of our professionals.

As a result of these contributions and the contributions of our managing partners, the Apollo Operating Group and its subsidiaries generally are entitled to:

- all management fees payable in respect of all our current and future funds as well as transaction and other fees that may be payable by these funds portfolio companies (other than fees that certain of our professionals have a right to receive, as described below);

- 50% 66% (depending on the particular fund investment) of all incentive income earned from the date of contribution in relation to investments by both our current private equity and capital markets funds (with the remainder of such incentive income continuing to be held by certain of our professionals);

- all incentive income earned from the date of contribution in relation to investments made by our future private equity and capital markets funds, other than the percentage we determine to allocate to our professionals, as described below; and

- all returns on current or future investments of our own capital in the funds we sponsor and manage.

With respect to our existing funds that are currently investing as well as any future funds that we may sponsor, we intend to continue to allocate a portion of the management fees, transaction and advisory fees and incentive income earned in relation to these funds to our professionals, including the contributing partners, in order to better align their interests with our own and with those of the investors in these funds. Our current estimate is that approximately 20% to 40% of management fees, 20% of transaction and advisory fees and 34% to 50% of incentive income earned in relation to our funds will be allocated to our investment professionals, although these percentages may fluctuate up or down over time. When apportioning incentive income to our professionals we typically cause our general partners in the underlying funds to issue these professionals limited partner interests, thereby causing our percentage ownership of the limited partner interests in these general partners to fluctuate. Our managing partners will not receive any allocations of management fees, transaction and advisory fees or incentive income, and all of their rights to receive such fees and incentive income earned in relation to our actively investing funds and future funds will be solely through their ownership of Apollo Operating Group units, until July 13, 2012.

The income of the Apollo Operating Group (including management fees, transaction and advisory fees, and incentive income) benefits Apollo Global Management, LLC to the extent of its equity interest in the Apollo Operating Group. See Business Fees, Carried Interest, Redemption and Termination.

Table of Contents

Excluded Assets

Excluded assets consist of any direct or indirect interest in the following, whether existing now or in the future:

- any personal investment or co-investment in any fund or co-investment vehicle by any managing partner or a related group member, as defined below (including any future personal investments or co-investments and investments funded through any Apollo management fee waiver program, which allows each of our managing partners to waive the right to receive any future distribution that he would otherwise be entitled to receive on a periodic basis from AMH in respect of management fees from certain private equity funds in exchange for a profits interest in the applicable Apollo fund, which satisfies his obligation to make a capital contribution to such fund in the amount of the waived management fee), although no managing partner may waive compensation that would not otherwise be paid to the managing partner, directly or indirectly, from the members of the Apollo Operating Group;

- amounts owed, directly or indirectly, to any managing partner or a related group member by an Apollo fund pursuant to any fee deferral arrangement in an investment management agreement;

- any direct or indirect amounts owed to any managing partner or a related group member pursuant to any escrow of Fund VI carried interest payments, or escrowed carry, to secure the clawback obligation of the general partner of Fund VI pursuant to its organizational documents;

- Apollo Real Estate or Ares, which are funds formerly managed by us but in which neither we nor our managing partners continue to exert any managerial control although our managing partners continue to have minority interests in such entities, including their general partners and management companies;

- the general partners of Funds I, II and III;

- compensation and benefits paid or given to a managing partner consistent with the terms of his employment agreement;

- director options issued prior to January 1, 2007 by any portfolio company;

- Hamlet Holdings, LLC, an entity partially owned by our managing partners (without any economics) that has 100% voting control over the investment of Fund VI in Harrah s Entertainment, Inc. and that will remain exclusively in the personal control of the managing partners; and

- other miscellaneous, non-core assets.

The excluded assets were not contributed to the Apollo Operating Group; however, due to the existence of a common control group, Funds I, II and III and the general partner are consolidated in our historical financial statements for the periods prior to July 13, 2007.

With respect to our contributing partners, excluded assets includes all points not contributed to the Apollo Operating Group or purchased in connection with the Strategic Investors Transaction, any personal investment or co-investment in any fund or co-investment vehicle by any contributing partner, the right to receive escrowed carry and all other assets not specifically described in this prospectus as being contributed to the Apollo Operating Group.

Related group member means, with respect to each of our managing partners, (i) such managing partner s spouse, (ii) a lineal descendant of such managing partner s parents, the spouse of any such descendant or a lineal descendent of any such spouse, (iii) a charitable institution controlled by such managing partner or one of his related group members, (iv) a trustee of a trust (whether inter vivos or testamentary), all of the current beneficiaries and presumptive remaindermen of which are one or more of such managing partners and persons described in clauses (i) through (iii) of this definition, (v) a corporation, limited liability company or partnership, of which all of the outstanding shares of capital stock or interests therein are owned by one or more of such managing partners and persons described in clauses (i) through (iv) of this definition, (vi) an individual mandated under a qualified domestic relations order, or (vii) a legal or personal representative of such managing partner in the event of his death or disability; for purposes of this definition, (x) lineal descendants shall not include individuals adopted after attaining the age of 18 years and such adopted person s descendants, (y) presumptive remaindermen shall refer to those persons entitled to a share of a trust s assets if it were then to terminate, and (z) no managing partner shall ever be deemed a related group member of another managing partner.

Equity Interests Retained by Our Managing Partners and Contributing Partners

Our managing partners, through their interests in BRH and Holdings, will own % of the Apollo Operating Group units and, through their ownership of BRH, the Class B share that we have issued to BRH, in each case after giving effect to the IPO. The Agreement Among Managing Partners provides that each managing partner s interest in the Apollo Operating Group units that he holds indirectly through his interest in Holdings is subject to vesting. Each of Messrs. Harris and Rowan vests in his interest in the Apollo Operating Group units in 60 equal monthly installments, and Mr. Black vests in his interest in the Apollo Operating Group units and in 72 equal monthly installments. Although the Agreement Among Managing Partners was entered into on July 13, 2007, for purposes of its vesting provisions, our managing partners are credited for their employment with us since January 1, 2007. In the event that a managing partner terminates his employment with us for any reason, he will be required to forfeit the unvested portion of his Apollo Operating Group units to the other managing partners. The number of Apollo Operating Group units that must be forfeited upon termination depends on the cause of the termination. See Certain Relationships and Related Party Transactions Agreement Among Managing Partners. However, this agreement may be amended and the terms and conditions of the agreement may be changed or modified upon the unanimous approval of the managing partners. We, our shareholders (other than our Strategic Investors, as set forth under Certain Relationships and Related Party Transactions Lenders Rights Agreement Amendments to Managing Partner Transfer Restrictions) and the Apollo Operating Group have no ability to enforce any provision of this agreement or to prevent the managing partners from amending the agreement or waiving any of its obligations.

Pursuant to the Managing Partner Shareholders Agreement, no managing partner may voluntarily effect transfers of his Equity Interests for a period of two years after the shelf effectiveness date, subject to certain exceptions, including an exception for certain transactions entered into by one or more managing partners the results of which are that the managing partners no longer exercise control over us or the Apollo Operating Group or no longer hold at least 50.1% of the economic interests in us or the Apollo Operating Group. The transfer restrictions applicable to Equity Interests held by our managing partners and the exceptions to such transfer restrictions are described in more detail under Certain Relationships and Related Party Transactions Managing Partner Shareholders Agreement Transfer Restrictions. Our managing partners and contributing partners also were granted demand, piggyback and shelf registration rights through Holdings which are exercisable six months after the shelf effectiveness date.

Our contributing partners, through their interests in Holdings, will own % of the Apollo Operating Group units after giving effect to the IPO. Pursuant to the Roll-Up Agreements, no contributing partner may voluntarily effect transfers of his Equity Interests for a period of two years after the shelf effectiveness date. The transfer restrictions applicable to Equity Interests held by our contributing partners are described in more detail under Certain Relationships and Related Party Transactions Roll-Up Agreements.

Subject to certain procedures and restrictions (including the vesting schedules applicable to our managing partners and any applicable transfer restrictions and lock-up agreements described above), upon 60 days written notice prior to a designated quarterly date, each managing partner and contributing partner will have the right to cause Holdings to exchange the Apollo Operating Group units that he owns through his partnership interest in Holdings for Class A shares, to sell such Class A shares at the prevailing market price (or at a lower price that such managing partner or contributing partner is willing to accept) and to distribute the net proceeds of such sale to such managing partner or contributing partner. We have reserved for issuance 240,000,000 Class A shares, corresponding to the number of existing Apollo Operating Group units held indirectly through Holdings by our managing partners and contributing partners. Upon receipt of the notice described above, APO Corp., one of our

Table of Contents

intermediate holding companies, will purchase from us the number of Class A shares that are exchangeable for the Apollo Operating Group units to be surrendered by the managing partner or contributing partner. To effect the exchange, a managing partner or contributing partner, through Holdings, must then simultaneously exchange one Apollo Operating Group unit, being an equal limited partner interest in each Apollo Operating Group entity, for each Class A share received from our intermediate holding companies. As a managing partner or contributing partner exchanges his Apollo Operating Group units, our interest in the Apollo Operating Group units will be correspondingly increased and the voting power of the Class B share will be correspondingly decreased. If and when any managing partner or contributing partner, through Holdings, exchanges an Apollo Operating Group unit for a Class A share of Apollo Global Management, LLC, the relative economic ownership positions of the exchanging managing partner or contributing partner and of the other equity owners of Apollo (whether held at Apollo Global Management, LLC or at the Apollo Operating Group) will not be altered. We considered whether this redemption feature results in accounting implications under U.S. GAAP which requires securities with redemption features that are not solely within the control of the issuer to be classified outside of permanent equity. The extent of our obligation is to (i) exchange physical Class A shares for Apollo Operating Group units and (ii) sell the shares at the prevailing market price on behalf of the holder. We never have any future cash obligations to the unit holders. Specifically, in the event we are unable to sell the Class A shares, we are not required to provide liquidity to the holders of Apollo Operating Group units in any manner. Rather, in the event that we were unable to sell the Class A shares, the transaction would essentially be unwound and the Class A shares would be converted back to Apollo Operating Group units. Based on U.S. GAAP and the terms of this feature, we are deemed to control settlement by delivery of our own shares, and as noted above, we have reserved for issuance a sufficient number of shares to settle any contracts. As such, Non-Controlling Interest is reported in the consolidated and combined financial statements of the company within shareholders equity, separately from the total Apollo Global Management, LLC shareholders equity.

Deconsolidation of Apollo Funds

Certain of our private equity funds and capital markets funds have historically been consolidated into our financial statements, due to our controlling interest in certain funds notwithstanding that we have only a non-controlling equity interest in these funds. Consequently, our pre-Reorganization financial statements do not reflect our ownership interest at fair value in these funds, but rather reflect on a gross basis the assets, liabilities, revenues, expenses and cash flows of our funds. We amended the governing documents of most of our funds to provide that a simple majority of the funds unaffiliated investors have the right to liquidate that fund. These amendments, which became effective on either August 1, 2007 or November 30, 2007, deconsolidated these funds that have historically been consolidated in our financial statements. Accordingly, we no longer reflect the share that other parties own in total assets and Non-Controlling Interests in these respective funds. The deconsolidation of these funds will present our financial statements in a manner consistent with how Apollo evaluates its business and the related risks. Accordingly, we believe that deconsolidating these funds will provide investors with a better understanding of our business. We did not seek or receive any consideration from the investors in our funds for granting them these rights. There was no change in either our equity or net income as a result of the deconsolidation.

Distribution to Our Managing Partners Prior to the Private Offering Transactions

On April 20, 2007, AMH, one of the entities in the Apollo Operating Group, entered into the AMH credit facility, under which AMH borrowed a $1.0 billion variable-rate term loan. We used these borrowings to make a $986.6 million distribution to our managing partners and to pay related fees and expenses. This distribution was a distribution of prior undistributed earnings, and an advance on possible future earnings, of AMH. As a result, this distribution caused the managing partners accumulated equity basis in AMH to become negative. The AMH credit facility is guaranteed by Apollo Management, L.P.; Apollo Capital Management, L.P.; Apollo International Management, L.P.; Apollo Principal Holdings II, L.P.; Apollo Principal Holdings IV, L.P.; Apollo Principal Holdings V, L.P.; Apollo Principal Holdings IX, L.P.; and AAA Holdings, L.P. and matures on April 20, 2014. It is secured by (i) a first priority lien on substantially all assets of AMH and the guarantors and (ii) a pledge of the equity interests of each of the guarantors, in each case subject to customary carveouts.

Table of Contents

Distributions to Our Managing Partners and Contributing Partners Related to the Reorganization

We made distributions to our managing partners and contributing partners that represented all of the undistributed earnings generated by the businesses contributed to the Apollo Operating Group prior to July 13, 2007. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to July 13, 2007 or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to July 13, 2007 were treated as having been earned prior to that date. Undistributed earnings of the contributed businesses through the date of the Reorganization that were attributable to the managing partners and contributing partners for the sold portion of their interest were $238.4 million and $148.6 million, respectively. As of December 31, 2009 and December 31, 2008, the undistributed earnings that were attributable to the managing partners for the sold portion of their interest were zero. As of December 31, 2009 and 2008, the undistributed earnings that were attributable to the contributing partners for the sold portion of their interest were zero. The undistributed earnings attributable to the managing partners and contributing partners were recorded in the consolidated and combined financial statements as a component of due to affiliates and profit sharing payable, respectively.

In addition, we have also entered into a tax receivable agreement with our managing partners and contributing partners which requires us to pay them 85% of any tax savings received by APO Corp. from our step-up in tax basis. In our consolidated and combined financial statements, the item due to affiliates includes $514.0 million and $516.6 million that was payable to our managing partners and contributing partners in connection with the tax receivable agreement as of December 31, 2009 and 2008, respectively.

As part of the Reorganization, the managing partners and the contributing partners received the following:

- Apollo Operating Group units having a fair value per unit of $24 and $20 issued to the managing partners and contributing partners, respectively on issuance date with a total approximate value of $5.6 billion (subject to five- or six-year forfeiture);

- $1.2 billion in cash in July 2007, excluding any potential contingent consideration;

- In January 2008 and April 2008, a preliminary and final distribution related to a contingent consideration of $37.7 million. The determination of the amount and timing of the distribution were based on net income with discretionary adjustments, all of which were determined by Apollo Management Holdings GP, LLC. Included in the distribution were AAA RDUs valued at approximately $12.7 million and a distribution of interests in Apollo VIF Co-Investors, LLC in settlement of deferred compensation units in Apollo Value Investment Offshore Fund, Ltd. of approximately $0.8 million; and

- The fair value of carried interest related to the sale of portfolio companies where definitive sales contracts were executed but had not closed at July 13, 2007. We accrued an estimated payment of approximately $387.0 million at December 31, 2007, of which $200.2 million was distributed during the year ended December 31, 2008. The definitive sales contract in respect of which the remaining $186.8 million was accrued, was terminated during the fourth quarter of 2008 and as a result, no amounts were accrued at December 31, 2009 and 2008.

Strategic Investors Transaction

On July 13, 2007, we sold securities to the Strategic Investors in return for a total investment of $1.2 billion. The Strategic Investors are two of the largest alternative asset investors in the world and have been significant investors with us in multiple funds, covering a variety of strategies. In total, from our inception through the date hereof, the Strategic Investors have invested or committed to invest approximately $7.6 billion of capital in us and our funds. The Strategic Investors have been significant supporters of our integrated platform, having invested in multiple private equity and capital markets funds. The Strategic Investors have no obligation to invest further in our funds, and any future investments by the Strategic Investors in our funds or other alternative

Table of Contents

investment categories will likely depend on the performance of each Strategic Investor s overall investment portfolio and other investment opportunities available to them. In connection with our sale of securities to the Strategic Investors, we granted to each of them the option, exercisable until July 13, 2010, to invest or commit to invest up to 10% of the aggregate dollar amount invested or committed by investors in the initial closing of any privately placed fund that we offer to third-party investors, subject to limited exceptions. The Strategic Investors have no obligation to exercise this option.

Through our intermediate holding companies, we used all of the proceeds from the issuance of the securities to the Strategic Investors to purchase from our managing partners 17.4% of their Apollo Operating Group units for an aggregate purchase price of $1,068 million, and to purchase from our contributing partners a portion of their points for an aggregate purchase price of $156.4 million, excluding any potential contingent consideration. Upon completion of the Private Offering Transactions, the securities sold to the Strategic Investors converted into non-voting Class A shares, which will represent % of our issued and outstanding Class A shares and % of the economic interest in the Apollo Operating Group, in each case, after giving effect to the IPO. Based on our agreement with the Strategic Investors, we were obligated to distribute to the Strategic Investors the greater of 7% on the convertible notes issued or a pro rata portion of our net income for our fiscal year 2007, based on (i) their proportionate interests in Apollo Operating Group units during the period after the Strategic Investors Transaction and prior to the date of the Private Offering Transactions, and (ii) the number of days elapsed during such period. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to the date of the Private Offering Transactions or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to the date of the Private Offering Transactions was treated as having been earned prior to the date of the Private Offering Transactions. On August 8, 2007, we paid approximately $6 million in interest expense on the convertible notes and as a result of our net loss we have no further obligations for 2007 to pay the Strategic Investors.

In connection with the sale of securities to the Strategic Investors, we entered into the Lenders Rights Agreement with the Strategic Investors. For a more detailed summary of the Lenders Rights Agreement, see Certain Relationships and Related Party Transactions Lenders Rights Agreement.

Tax Considerations

We believe that under current law, Apollo Global Management, LLC will be treated as a partnership and not as a corporation for U.S. Federal income tax purposes. An entity that is treated as a partnership for U.S. Federal income tax purposes is not a taxable entity and incurs no U.S. Federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss and deduction of the partnership in computing its own U.S. Federal income tax liability, regardless of whether cash distributions have been made. Investors in this offering will be deemed to be limited partners of Apollo Global Management, LLC for U.S. Federal income tax purposes. See Material Tax Considerations Material U.S. Federal Tax Considerations for a summary discussing certain U.S. Federal income tax considerations related to the purchase, ownership and disposition of our Class A shares as of the date of this offering.

In December of 2009, the House of Representatives passed legislation that would, if enacted in its present form, cause Apollo Global Management, LLC to become taxable as a corporation, which would cause significant adverse tax consequences for us and/or the holders of Class A shares. Such legislation does provide a transition rule that could defer corporate treatment for 10 years. See Risk Factors Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects and Risk Factors Risks Related to Our Organization and Structure Members of the U.S. Congress have introduced and the House of Representatives has passed legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. If this or any

Table of Contents

similar legislation or regulation were to be enacted and apply to us, we would incur a substantial increase in our tax liability and it could well result in a reduction in the value of our Class A shares and Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Private Offering Transactions

The CS Investor purchased from us in a private placement that closed on August 8, 2007, concurrently with the Rule 144A Offering an aggregate of $180 million of the Class A shares at a price per share equal to $24, or 7,500,000 Class A shares, representing % of the total number of our Class A shares outstanding after giving effect to the IPO.

Apollo Global Management, LLC contributed the net proceeds it received in the Private Offering Transactions to its wholly-owned subsidiaries, APO Asset Co., LLC and APO Corp. These wholly-owned subsidiaries then contributed the funds to the Apollo Operating Group.

Amounts contributed to the Apollo Operating Group concurrently with the Private Offering Transactions diluted (i) the percentage ownership interests of our managing partners (held indirectly through Holdings) in those entities by 7.4% to 62.4%, and (ii) the percentage ownership interests of our contributing partners (held indirectly through Holdings) in those entities by 1.1% to 9.1%. The relative percentage ownership interests in the Apollo Operating Group held by Apollo Global Management, LLC, our managing partners and our contributing partners will continue to change over time including as a result of the IPO. Potential future events that would result in a relative increase in the number of Apollo Operating Group units held by Apollo Global Management, LLC, and result in a corresponding dilution of our managing partners and contributing partners percentage ownership interest in the Apollo Operating Group include (i) issuances of Class A shares (assuming that the proceeds of any such issuance is contributed to the Apollo Operating Group), (ii) the conversion by our managing partners or contributing partners of their Apollo Operating Group units for Class A shares and (iii) any offers, from time to time, at the discretion of our manager, to purchase from our managing partners and contributing partners their Apollo Operating Group units.

As a result of the Reorganization, the Strategic Investors Transaction and the Private Offering Transactions:

- Apollo Global Management, LLC, through its wholly-owned subsidiaries, will hold % of the outstanding Apollo Operating Group units after giving effect to the IPO;

- our managing partners, through BRH and Holdings, will hold % of the outstanding Apollo Operating Group units after giving effect to the IPO;

- our contributing partners, through Holdings, will hold % of the outstanding Apollo Operating Group units after giving effect to the IPO;

- the Strategic Investors own 60,000,001 of our non-voting Class A shares will represent % of our Class A shares outstanding after giving effect to the IPO, which will represent % of the economic interests in the Apollo Operating Group units;

- the Public Investors and the CS Investor will hold Class A shares after giving effect to the IPO, which will represent % of our Class A shares outstanding and % of the economic interests in the Apollo Operating Group units;

- our managing partners, through BRH, own the single Class B share of Apollo Global Management, LLC;

- on those few matters that may be submitted for a vote of the shareholders of Apollo Global Management, LLC, our Class A shareholders (other than the Strategic Investors) will collectively have % of the voting power of, and our Class B shareholder will have % of the voting power of, Apollo Global Management, LLC, in each case after giving effect to the IPO;

Table of Contents

APO Corp., APO Asset Co., LLC or APO (FC), LLC, as applicable, is the sole general partner of each of the entities that constitute the Apollo Operating Group; accordingly, we operate and control the businesses of the Apollo Operating Group and its subsidiaries; and

net profits, net losses and distributions of the Apollo Operating Group are generally allocated and made to its partners on a pro rata basis in accordance with their respective Apollo Operating Group units; accordingly, net profits and net losses allocable to Apollo Operating Group partners will initially be allocated, and distributions will initially be made, approximately % indirectly to us, approximately % indirectly to our managing partners and approximately % indirectly to our contributing partners, in each case after giving effect to the IPO.

93

Table of Contents

USE OF PROCEEDS

We are registering these Class A shares for resale pursuant to the registration rights granted to the selling shareholders in connection with the Rule 144A Offering and the Private Placement. We will not receive any proceeds from the sale of the Class A shares offered by this prospectus. The net proceeds from the sale of the Class A shares by this prospectus will be received by the selling shareholders.

Table of Contents

CASH DIVIDEND POLICY

Dividend Policy for Class A Shares

Our intention is to distribute to our Class A shareholders on a quarterly basis substantially all of our net after-tax cash flow from operations in excess of amounts determined by our manager to be necessary or appropriate to provide for the conduct of our businesses, to make appropriate investments in our businesses and our funds, to comply with applicable law, to service our indebtedness or to provide for future distributions to our Class A shareholders for any one or more of the ensuing four quarters. Our quarterly dividend is determined based on available cash flow from our management companies as well as any special activities which provide excess cash flow from our private equity or capital markets funds. Items such as the sale of a portfolio company, dividends from portfolio companies and interest income from the funds debt investments typically provide excess cash flows for distribution. On April 4, 2008, we announced our first cash distribution amounting to $0.33 per Class A share, resulting from the first quarter 2008 quarterly distribution of $0.16 per Class A share plus a special distribution of $0.17 per Class A share primarily resulting from the sale by Fund V of Goodman Global, Inc., one of its portfolio companies, to affiliates of another private equity firm, in February 2008. The $111.3 million aggregate distribution was paid to the owners of the Apollo Operating Group. Of this amount, $32.2 million was received by Apollo Global Management, LLC and distributed to its Class A shareholders of record on April 18, 2008. Additionally, on July 15, 2008, we declared a cash distribution amounting to $0.23 per Class A share, resulting from our second quarter 2008 quarterly distribution of $0.16 per Class A share plus a special distribution of $0.07 per Class A share primarily resulting from realizations from (i) portfolio companies of Fund IV, Sky Terra Communications, Inc. and United Rentals, Inc., (ii) dividend income from a portfolio company of Fund VI, and (iii) interest income related to debt investments of Fund VI. This $77.6 million aggregate distribution was paid to the owners of the Apollo Operating Group. Of this amount, $22.4 million was received by Apollo Global Management, LLC and distributed on July 25, 2008, to its Class A shareholders of record on July 18, 2008. Because we will not know what our actual available cash flow from operations will be for any year until sometime after the end of such year, we expect that a fourth quarter dividend payment will be adjusted to take into account actual net after-tax cash flow from operations for that year. From time to time, management may also declare special quarterly distributions based on investment realizations.

The declaration, payment and determination of the amount of our quarterly dividend will be at the sole discretion of our manager, which may change our dividend policy at any time. We cannot assure you that any dividends, whether quarterly or otherwise, will or can be paid. In making decisions regarding our quarterly dividend, our manager will take into account general economic and business conditions, our strategic plans and prospects, our businesses and investment opportunities, our financial condition and operating results, working capital requirements and anticipated cash needs, contractual restrictions and obligations, legal, tax and regulatory restrictions, restrictions and other implications on the payment of dividends by us to our common shareholders or by our subsidiaries to us and such other factors as our manager may deem relevant.

Because we are a holding company that owns intermediate holding companies, the funding of each dividend, if declared, will occur in three steps, as follows.

First, we will cause one or more entities in the Apollo Operating Group to make a distribution to all of its partners, including our wholly-owned subsidiaries APO Corp., APO Asset Co., LLC and APO (FC), LLC (as applicable), and Holdings, on a pro rata basis;

Second, we will cause our intermediate holding companies, APO Corp., APO Asset Co., LLC and APO (FC), LLC (as applicable), to distribute to us, from their net after-tax proceeds, amounts equal to the aggregate dividend we have declared; and

Third, we will distribute the proceeds received by us to our Class A shareholders on a pro rata basis.

If Apollo Operating Group units are issued to other parties, such as investment professionals, such parties would be entitled to a portion of the distributions from the Apollo Operating Group as partners described above.

We believe that the payment of dividends will provide transparency to our Class A shareholders and will impose upon us an investment discipline with respect to new products, businesses and strategies.

Table of Contents

Payments that any of our intermediate holding companies make under the tax receivable agreement will reduce amounts that would otherwise be available for distribution by us on Class A shares.

The Apollo Operating Group intends to make periodic distributions to its partners (that is, Holdings and our intermediate holding companies) in amounts sufficient to cover hypothetical income tax obligations attributable to allocations of taxable income resulting from their ownership interest in the various limited partnerships making up the Apollo Operating Group, subject to compliance with any financial covenants or other obligations. Tax distributions will be calculated assuming each shareholder was subject to the maximum (corporate or individual, whichever is higher) combined U.S. Federal, New York State and New York City tax rates, without regard to whether any shareholder was subject to income tax liability at those rates. Because tax distributions to partners are made without regard to their particular tax situation, tax distributions to all partners, including our intermediate holding companies, will be increased to reflect the disproportionate income allocation to our managing partners and contributing partners with respect to built-in gain assets at the time of the Private Offering Transactions. Tax distributions will be made only to the extent all distributions from the Apollo Operating Group for such year are insufficient to cover such tax liabilities and all such distributions will be made to all partners on a pro rata basis based upon their respective interests in the applicable partnership; provided that for 2009 and 2010, as a result of the Special Allocation, which is described under Certain Relationships and Related Party Transactions Special Allocation of AMH Income, any tax distributions made by AMH with respect to its income for 2009 and 2010 will be limited to the actual tax liabilities of the partners of AMH. On January 8, 2009, we declared a special tax distribution amounting to $0.05 per Class A share. The distribution was paid on January 15, 2009 to Class A shareholders of record on January 12, 2009. No such tax distribution will necessarily be required to be distributed by us for future periods and there can be no assurance that we will pay cash dividends on the Class A shares in an amount sufficient to cover any tax liability arising from the ownership of Class A shares.

Under Delaware law we are prohibited from making a distribution to the extent that our liabilities, after such distribution, exceed the fair value of our assets. Our operating agreement does not contain any restrictions on our ability to make distributions, except that we may only distribute Class A shares to holders of Class A shares. The AMH credit facility, however, restricts the ability of AMH to make cash distributions to us by requiring mandatory collateralization and restricting payments under certain circumstances. AMH will generally be restricted from paying dividends, repurchasing stock and making distributions and similar types of payments if any default or event of default occurs, if it has failed to deposit the requisite cash collateralization or does not expect to be able to maintain the requisite cash collateralization or if, after giving effect to the incurrence of debt to finance such distribution, its debt to EBITDA ratio would exceed specified levels. Instruments governing indebtedness that we or our subsidiaries incur in the future may contain further restrictions on our or our subsidiaries ability to pay dividends or make other cash distributions to equityholders.

In addition, the Apollo Operating Group s cash flow from operations may be insufficient to enable it to make required minimum tax distributions to its partners, in which case the Apollo Operating Group may have to borrow funds or sell assets, and thus our liquidity and financial condition could be materially adversely affected. Furthermore, by paying cash distributions rather than investing that cash in our businesses, we might risk slowing the pace of our growth, or not having a sufficient amount of cash to fund our operations, new investments or unanticipated capital expenditures, should the need arise.

Our dividend policy has certain risks and limitations, particularly with respect to liquidity. Although we expect to pay dividends according to our dividend policy, we may not pay dividends according to our policy, or at all, if, among other things, we do not have the cash necessary to pay the intended dividends. To the extent we do not have cash on hand sufficient to pay dividends, we may have to borrow funds to pay dividends, or we may determine not to borrow funds to pay dividends. By paying cash dividends rather than investing that cash in our future growth, we risk slowing that pace of our growth, or not having a sufficient amount of cash to fund our operations or unanticipated capital expenditures, should the need arise.

As of December 31, 2009, 95,624,541 Class A shares were entitled to receive dividends. In addition, as of December 31, 2009, approximately 13.8 million RSUs granted to Apollo employees (net of forfeited awards) were entitled to distribution equivalents, to be paid in the form of cash compensation.

Table of Contents

Distributions to Our Managing Partners and Contributing Partners

We made a distribution to our managing partners in April 2007 in respect of their ownership of AMH totaling $986.6 million, which was paid out of the net proceeds of borrowings under the AMH credit facility. In addition, we used all of the proceeds received from the Strategic Investors Transaction to purchase Apollo Operating Group units from our managing partners and points from our contributing partners.

We made distributions to our managing partners and contributing partners representing all of the undistributed earnings generated by the businesses contributed to the Apollo Operating Group prior to July 13, 2007. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to July 13, 2007 or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to July 13, 2007 were treated as having been earned prior to that date. Undistributed earnings of the contributed businesses through the date of the Reorganization that were attributable to the managing partners and contributing partners for the sold portion of their interest were $238.4 million and $148.6 million, respectively. As of December 31, 2009 and 2008, the undistributed earnings that were attributable to the managing partners and contributing partners for the sold portion of their interest were zero. The undistributed earnings attributable to the managing partners and contributing partners were recorded in the consolidated and combined financial statements as a component of due to affiliates and profit sharing payable, respectively.

In addition, we have also entered into a tax receivable agreement with our managing partners and contributing partners which requires us to pay them 85% of any tax savings received by APO Corp. from our step-up in tax basis. In our consolidated and combined financial statements, the item due to affiliates includes $514.0 million and $516.6 million that was payable to our managing partners and contributing partners in connection with the tax receivable agreement as of December 31, 2009 and 2008, respectively.

As part of the Reorganization, the managing partners and the contributing partners received the following:

- Apollo Operating Group units having a fair value per unit of $24 and $20 issued to the managing partners and contributing partners, respectively, on issuance date with a total approximate value of $5.6 billion (subject to five- or six-year forfeiture);

- $1.2 billion in cash in July 2007, excluding any potential contingent consideration;

- In January 2008 and April 2008, a preliminary and final distribution related to a contingent consideration of $37.7 million. The determination of the amount and timing of the distribution were based on net income with discretionary adjustments, all of which were determined by Apollo Management Holdings GP, LLC. Included in the distribution were AAA RDUs valued at approximately $12.7 million and a distribution of interests in Apollo VIF Co-Investors, LLC in settlement of deferred compensation units in Apollo Value Investment Offshore Fund, Ltd. of approximately $0.8 million; and

- The fair value of carried interest related to the sale of portfolio companies where definitive sales contracts were executed but had not closed at July 13, 2007. We accrued an estimated payment of approximately $387.0 million at December 31, 2007, of which $200.2 million was distributed during the year ended December 31, 2008. The definitive sales contract in respect of which the remaining $186.8 million was accrued, was terminated during the fourth quarter of 2008 and as a result, no amounts were accrued at December 31, 2009 and 2008.

Prior to the Apollo Operating Group Formation, 100% of the Apollo Operating Group was owned by our managing partners and contributing partners. Accordingly, all decisions regarding the amount and timing of distributions were made in prior periods by our managing partners with regard to their personal financial and tax situations and their assessments of appropriate amounts of distributions, taking into account Apollo s capital needs as well as actual and potential earnings and borrowings.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization and cash and cash equivalents as of December 31, 2009:

- on an actual basis; and
- on an as adjusted basis after giving effect to the IPO at an assumed offering price that is the midpoint of the estimated offering price range of $ and $ and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

This table should be read in conjunction with Our Structure, Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in this prospectus.

	As of December 31, 2009	
	Actual	**As Adjusted**
	(in thousands)	
Cash and Cash Equivalents	$ 366,226	$
Total Debt	$ 933,834	$
Shareholders Equity	1,299,110	
Total Capitalization	$ 2,232,944	$

98

Table of Contents

DILUTION

Dilution is the amount by which the offering price paid by the purchasers of the Class A shares to be sold in the IPO exceeds the net tangible book value per share of the Class A shares after the IPO. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of Class A shares deemed to be outstanding at that date.

Our net tangible book value as of December 31, 2009 was approximately $ million, or $ per share based on Class A shares outstanding as of December 31, 2009.

After giving effect to the receipt and our intended use of approximately $ million of estimated net proceeds from our sale of Class A shares in the IPO at an assumed offering price of $ per share (the midpoint of the estimated offering price range of $ and $), our adjusted net tangible book value as of December 31, 2009 would have been approximately $ million, or $ per share. This represents an immediate increase in the adjusted net tangible book value of $ per share to existing Class A shareholders and an immediate dilution of $ per share to new investors purchasing Class A shares in the IPO. The following table illustrates this substantial and immediate per share dilution to new investors:

	Per Class A Share
Assumed initial public offering price per share	$
Net tangible book value per share as of December 31, 2009	
Increase in net tangible book value per share attributable to the IPO	
As adjusted net tangible book value per share after giving effect to the IPO	
Dilution of net tangible book value per share to new investors	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the estimated offering price range of $ and $) would increase (decrease) our adjusted net tangible book value by $, the adjusted net tangible book value per share after the IPO by $ per share and the dilution per share to new investors in the IPO by $, assuming the number of Class A shares offered by us in the IPO, as set forth in Prospectus Summary The Offering, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us in the IPO.

If the underwriters exercise their option to purchase additional Class A shares in full, the adjusted net tangible book value per share after the IPO would be $ per share, and the dilution in the adjusted net tangible book value per share to new investors in the IPO would be $ per share.

The following table summarizes on an as adjusted basis as of December 31, 2009, giving effect to:

- the total number of Class A shares sold in the IPO;
- the total consideration paid to us in the IPO, assuming an initial public offering price of $ per share (before deducting the estimated underwriting discount and commissions and offering expenses payable by us in connection with the IPO); and
- the average price per share paid by existing shareholders and by new investors purchasing Class A shares in the IPO.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	

Existing shareholders[1]	%	$	%	$
Investors in the IPO[2]				
Total	100%	$	100%	$

99

Table of Contents

(1) Excludes the Class A shares being sold by the selling shareholders in the IPO. The average price per share is computed based on the total Class A shares of existing shareholders prior to the IPO of Class A shares, which includes the Class A shares being sold by the selling shareholders.

(2) Includes Class A shares being sold by the selling shareholders in the IPO.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the estimated offering price range of $ and $) would increase (decrease) total consideration paid by existing shareholders, total consideration paid by new investors and the average price per share by $, $ and $, respectively, assuming the number of Class A shares offered by us and the selling shareholders in the IPO, as set forth in Prospectus Summary The Offering, remains the same, and without deducting underwriting discounts and commissions and estimated expenses payable by us in the IPO.

Table of Contents

SELECTED FINANCIAL DATA

The following selected historical consolidated and combined financial and other data of Apollo Global Management, LLC should be read together with Our Structure, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical financial statements and related notes included elsewhere in this prospectus.

The selected historical consolidated and combined statements of operations data of Apollo Global Management, LLC for each of the years ended December 31, 2009, 2008 and 2007 and the selected historical consolidated and combined statements of financial condition data as of December 31, 2009 and 2008 have been derived from our consolidated and combined financial statements which are included elsewhere in this prospectus.

We derived the selected historical consolidated and combined statements of operations data of Apollo Global Management, LLC for the year ended December 31, 2005 and the selected consolidated and combined statements of financial condition data as of December 31, 2006 from our audited consolidated and combined financial statements which are not included in this prospectus. We derived the selected historical consolidated and combined statements of operations data for the year ended December 31, 2005 and the consolidated and combined statements of financial condition data as of December 31, 2006 and 2005 from our unaudited consolidated and combined statements of financial statements which are not included in this prospectus. The unaudited consolidated and combined financial statements have been prepared on substantially the same basis as the audited combined financial statements and include all adjustments that we consider necessary for a fair presentation of our combined financial position and results of operations for all periods presented.

The selected historical financial data are not indicative of our expected future operating results. In particular, after undergoing the Reorganization on July 13, 2007 and providing liquidation rights to limited partners of certain of the funds we manage on either August 1, 2007 or November 30, 2007, Apollo Global Management, LLC no longer consolidated in its financial statements certain of the funds that have historically been consolidated in our financial statements.

	Year Ended December 31, 2009	2008	2007[e]	2006[e]	2005
			(in thousands)		
Statement of Operations Data					
Revenues:					
Advisory and transaction fees from affiliates	$ 56,075	$ 145,181	$ 150,191	$ 147,051	$ 80,926
Management fees from affiliates	406,257	384,247	192,934	101,921	33,492
Carried interest income (loss) from affiliates	504,396	(796,133)	294,725	97,508	69,347
Total Revenues	966,728	(266,705)	637,850	346,480	183,765
Expenses:					
Compensation and benefits	1,495,010	843,600	1,450,330	266,772	309,235
Interest expense	50,252	62,622	105,968	8,839	1,405
Interest expense beneficial conversion feature			240,000		
Professional fees	33,889	76,450	81,824	31,738	45,687
Litigation settlement[a]		200,000			
General, administrative and other	61,066	71,789	36,618	38,782	25,955
Placement fees	12,364	51,379	27,253		47,028
Occupancy	29,625	20,830	12,865	7,646	5,993
Depreciation and amortization	24,299	22,099	7,869	3,288	2,304
Total Expenses	1,706,505	1,348,769	1,962,727	357,065	437,607
Other Income (Loss):					
Net gains (losses) from investment activities	510,935	(1,269,100)	2,279,263	1,620,554	1,970,770
Gain from repurchase of debt[b]	36,193				
Dividend income from affiliates			238,609	140,569	25,979
Interest income	1,450	19,368	52,500	38,423	33,578
Income (loss) from equity method investments	83,113	(57,353)	1,722	1,362	412
Other income (loss)	41,410	(4,609)	(36)	3,154	2,832
Total Other Income (Loss)	673,101	(1,311,694)	2,572,058	1,804,062	2,033,571
(Loss) Income Before Income Tax (Provision) Benefit	(66,676)	(2,927,168)	1,247,181	1,793,477	1,779,729
Income tax (provision) benefit	(28,714)	36,995	(6,726)	(6,476)	(1,026)
Net (Loss) Income	(95,390)	(2,890,173)	1,240,455	1,787,001	1,778,703
Net (income) loss attributable to Non-Controlling Interests in Consolidated Entities[c]	(460,226)	1,176,116	(2,088,655)	(1,414,022)	(1,577,459)
Net loss attributable to Non-Controlling Interests in Apollo Operating Group[d]	400,440	801,799	278,549		
Net (Loss) Income attributable to Apollo Global Management, LLC	$ (155,176)	$ (912,258)	$ (569,651)	$ 372,979	$ 201,244
Dividends Declared per Class A share	$ 0.05	$ 0.56	$	N/A	N/A

	As of December 31, 2009	2008	2007	2006	2005
			(in thousands)		
Statement of Financial Condition Data					
Total Assets	$ 3,385,197	$ 2,474,532	$ 5,115,642	$ 11,179,921	$ 7,571,249
Total Debt Obligations	933,834	1,026,005	1,057,761	93,738	20,519
Total Shareholders Equity	1,299,110	325,785	2,408,329	10,331,990	6,895,246
Non-Controlling Interests	1,603,146	822,843	2,312,286	9,847,069	6,556,622

(a) Litigation settlement charge was incurred in connection with an agreement with Huntsman to settle certain claims related to Hexion s now terminated merger agreement with Huntsman.

(b) During April and May 2009, the company repurchased a combined total of $90.9 million of face value of debt for $54.7 million and recognized a net gain of $36.2 million which is included in other income (loss) in the consolidated and combined statements of operations.

(c) Reflects Non-Controlling Interests attributable to AAA and the remaining interests held by certain former employees in the net income (loss) of our capital markets management companies.

(d) Reflects the Non-Controlling Interests in the net income (loss) of the Apollo Operating Group relating to the units held by our managing partners and contributing partners post-Reorganization. This amount is calculated by applying the ownership percentage of 71.1% subsequent to the Reorganization and prior to the share repurchase during February 2009, and 71.5% thereafter to the consolidated net income (loss) of the Apollo Operating Group before an income tax provision and after allocations to the Non-Controlling Interests in consolidated funds and other Non-Controlling Interests in certain of the Apollo Operating Group entities.

(e) Significant changes in the consolidated and combined statement of operations for 2007 and 2006 compared to their respective comparative period are due to (i) the Reorganization, (ii) the deconsolidation of certain funds, and (iii) the Strategic Investors Transaction.

Some of the significant impacts of the above items are as follows:

Revenue from affiliates increased due to the deconsolidation of certain funds.

Compensation and benefits, including non-cash charges related to equity-based compensation increased due to amortization of Apollo Operating Group units, RDUs and RSUs.

Interest expense increased as a result of conversion of debt on which the Strategic Investors had a beneficial conversion feature. Additionally, interest expense increased related to the AMH credit facility obtained in April 2007.

Professional fees increased due to Apollo Global Management, LLC s formation and ongoing requirements.

Net gain from investment activities increased due to increased activity in our consolidated funds through the date of deconsolidation.

Non-Controlling Interests changed significantly due to the formation of Holdings and reflects net losses attributable to Holdings post-Reorganization.

Note: As a result of the adoption of U.S. GAAP guidance applicable to Non-Controlling Interests, the presentation and disclosure of all periods presented were impacted as follows: (1) Non-Controlling Interests were reclassified as a separate component of shareholders equity on our consolidated and combined statements of financial condition, (2) net (loss) income was adjusted to include the net (loss) income attributed to the Non-Controlling Interests on our consolidated and combined statements of operations, (3) the primary components of Non-Controlling Interests are now separately presented in the company s consolidated and combined financial statements to clearly distinguish the interest in the Apollo Operating Group and the interest held by limited partners in AAA from the interests of the company, and (4) profits and losses are allocated to Non-Controlling Interests in proportion to their ownership interests regardless of their basis.

Table of Contents

MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As Apollo Global Management, LLC was formed in July 2007, the Apollo Operating Group is considered our predecessor for accounting purposes and its consolidated and combined financial statements are our historical financial statements for the periods prior to our Reorganization on July 13, 2007.

The following discussion should be read in conjunction with Apollo Global Management, LLC s consolidated and combined financial statements and the related notes as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those included in the section entitled Risk Factors. The highlights listed below have had significant effects on many items within our consolidated and combined financial statements and affect the comparison of the current period s activity with those of prior periods.

General

Our Businesses

Founded in 1990, Apollo is a leading global alternative asset manager. We are contrarian, value-oriented investors in private equity, credit-oriented capital markets and real estate with significant distressed expertise and a flexible mandate in the majority of our funds that enables our funds to invest opportunistically across a company s capital structure. We raise, invest and manage funds on behalf of some of the world s most prominent pension and endowment funds as well as other institutional and individual investors.

Apollo conducts its management and incentive businesses through the following segments: (i) private equity, (ii) capital markets and (iii) real estate. These segments are differentiated based on the varying investment strategies of the respective funds and how we monitor and manage each segment.

(i) ***Private equity*** primarily invests in control equity and related debt instruments, convertible securities and distressed debt instruments;

(ii) ***Capital markets*** primarily invests in non-control debt and non-control equity instruments, including distressed instruments; and

(iii) ***Real estate*** we recently organized a commercial real estate finance company and launched a vehicle to invest principally in legacy commercial mortgage-backed securities. We may seek to sponsor additional real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions.

The performance of these business segments is measured by management on an unconsolidated basis because management makes operating decisions and assesses the performance of each of Apollo s business segments based on financial and operating metrics and data that exclude the effects of consolidation of any of the affiliated funds. Management further evaluates the segments based on our management and incentive business within each segment.

Our financial results vary since carried interest, which generally constitutes a large portion of the income we receive from the funds that we manage, as well as the transaction and advisory fees that we receive, can vary significantly from quarter to quarter and year to year. As a result, we emphasize long-term financial growth and profitability to manage our business.

Business Environment

Beginning in the second half of 2007, the financial markets encountered a series of negative events starting with the sub-prime contagion that subsequently led to a global liquidity and broader economic crisis. During

2008, the world financial markets experienced unprecedented volatility and declines across asset classes. Credit fears served to substantially stall lending markets, including the inter-bank lending market. The lack of lending between financial institutions and to corporations left many companies, both healthy and unhealthy, unable to access credit.

During 2008, substantial value was lost across investment asset classes on a global basis. The S&P 500 index declined 38.5%, the European Dow Jones STOXX 600 index declined 46.0% and the Dow Jones Asia-Pacific index declined 40.8%. Credit spreads widened and high yield and high grade bond indices declined during the year. Slowing global economic growth also led to a decline in commodities pricing. Oil also declined and the U.S. dollar rose against both the Euro and Pound Sterling. Investors reacted to weakening markets by significantly reducing equity and fixed income holdings. As a consequence, many equity and fixed income mutual funds and hedge funds experienced substantial redemptions and reductions in value. Declining market prices forced many leveraged investors to sell assets to meet margin requirements and reduce leverage ratios regardless of market prices. Lenders severely restricted commitments to new debt, limiting industry-wide leveraged acquisition activity levels in both corporate and real estate markets. General acquisition activity declined, which had an impact on several of our businesses. Government intervention in the U.S., Europe and Asia was swift and significant. Several U.S. and European financial institutions have required government support in the form of guarantees or capital injections. Coordinated interest rate cuts, capital injections, equity participation and a framework for purchases of illiquid securities provided support to the global financial system. The external shocks to the financial services industry have reshaped, and likely will continue to reshape, the competitive landscape. Some of the largest financial institutions are no longer in existence or have been acquired. Two of the largest investment banking firms have become bank holding companies.

Subsequent to March 31, 2009, valuations across investment asset classes began to recover and the S&P 500 index, the European Dow Jones STOXX 600 index and the Dow Jones Asia-Pacific index rose well above their respective 52-week lows although global financial markets remain significantly volatile. Our businesses are materially affected by conditions in the financial markets and economic conditions in the United States, Western Europe, Asia and to some extent elsewhere in the world. The rally across equity and debt markets from March 2009 through December 2009 may or may not be a sign of global economic recovery and the outcome will affect the performance of the funds we manage.

Regardless of the market or economic environment at any given time, we rely on our contrarian, value-oriented approach to consistently invest capital on behalf of our investors throughout economic cycles by focusing on opportunities that we believe are often overlooked by other investors. We believe that our expertise in capital markets, focus on nine core industry sectors and investment experience allow us to respond quickly to changing environments. For example, in our private equity business, our private equity funds have had success investing in buyouts and credit opportunities during both expansionary and recessionary economic periods. During the recovery and expansionary periods of 1994 through 2000 and late 2003 through the first half of 2007, our private equity funds invested or committed to invest approximately $13.6 billion primarily in traditional and corporate partner buyouts. During the recessionary periods of 1990 through 1993, 2001 through late 2003 and the current recessionary period, our private equity funds have invested $17.1 billion, of which $12.4 billion was in distressed buyouts and debt investments when the debt securities of quality companies traded at deep discounts to par value.

Our Reorganization and the Private Offering Transactions

We were formed as a Delaware limited liability company on July 3, 2007. We are managed and operated by our manager, AGM Management, LLC, which in turn is wholly owned and controlled by our managing partners.

Apollo s business was historically conducted through a large number of entities for which there was no single holding entity but which were separately owned by our managing partners and other individuals (the Predecessor Owners), and controlled by our managing partners. In order to facilitate the Private Offering Transactions, we completed a reorganization as of the close of business on July 13, 2007 whereby, except for

Table of Contents

Apollo Advisors, L.P. and Apollo Advisors II, L.P. (collectively, the Advisor Entities) each of the operating entities that were owned by the Predecessor Owners and the intellectual property rights associated with the Apollo name were contributed to five newly-formed holding partnerships (Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., AMH and Apollo Principal Holdings IV, L.P.). Additional holding partnerships were formed in 2008 (Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P. and Apollo Principal Holdings IX, L.P.). The ten holding partnerships (collectively referred to as the Apollo Operating Group) were formed for the purpose of, among other activities, holding certain of our interests, principally investments in the funds.

We, through three intermediate holding companies (APO Corp., a Delaware corporation that is a domestic corporation for U.S. Federal income tax purposes, APO Asset Co., LLC, a Delaware limited liability company that is a disregarded entity for U.S. Federal income tax purposes, and APO (FC), LLC, an Anguilla limited liability company that is treated as a corporation for U.S Federal income tax purposes and was formed in 2008), will own % of the economic interests of, and we operate and control all of the businesses and affairs of, the Apollo Operating Group after giving effect to the IPO. Holdings is the entity through which the managing partners and contributing partners hold Apollo Operating Group units, which will represent % of the economic interests in the Apollo Operating Group after giving effect to the IPO. We consolidate the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as Non-Controlling Interests in Apollo s consolidated and combined financial statements.

As part of the Reorganization, the company issued convertible notes with a principal amount of $1.2 billion to the Strategic Investors. The notes bore interest at 7% per annum and had a stated 15-year term. The notes included provisions calling for either an optional or mandatory conversion of the notes to non-voting Class A shares at a conversion price of $20 per share. Based on the guidance included within U.S. GAAP guidance applicable to accounting for convertible securities, we calculated the intrinsic value of this beneficial conversion feature, or BCF ; as the difference between the conversion price of $20 per share and the $24 fair value for each of the 60,000,001 Class A shares to be issued upon conversion. The total intrinsic value was calculated as $240 million and was to have been amortized over the notes 15-year term. However, the Private Placement triggered the mandatory conversion provision previously noted. As such, the remaining unamortized amount was charged to interest expense on the date of conversion and the $1.2 billion of notes held by the Strategic Investors were converted to 60,000,001 Class A shares.

On July 13, 2007, the company contributed to APO Corp. and APO Asset Co., LLC $1.2 billion of proceeds from the sale of convertible securities to the Strategic Investors. APO Corp. and APO Asset Co., LLC used these proceeds to purchase from the managing partners for $1.1 billion certain interests in the limited partnerships that operate the business, and contributed those purchased interests to the Apollo Operating Group in return for approximately 17.4% of the limited partner interests of the Apollo Operating Group. In addition, APO Corp. and APO Asset Co., LLC purchased from the contributing partners a portion of their interests in subsidiaries of the Apollo Operating Group for an aggregate purchase price of $156.4 million (excluding any potential contingent consideration) and contributed those purchased interests to the Apollo Operating Group in return for approximately 2.6% of the limited partner interests of the Apollo Operating Group. Additionally, on August 8, 2007 and September 5, 2007, Apollo issued 34,500,000 Class A shares and 2,824,541 Class A shares, respectively, through the Private Offering Transactions. The proceeds from the Class A shares issued on September 5, 2007 were used by Apollo to purchase a corresponding number of Apollo Operating Group units from Holdings, thereby diluting the Non-Controlling Interests by 8.9%. The purchase agreement related to the managing partners and contributing partners interests also included a provision for contingent consideration.

Although Apollo has less than 50% of the economics in the Apollo Operating Group, it has a majority voting interest and controls the management of the Apollo Operating Group. Additionally, although Holdings has a majority of the economic interests in the Apollo Operating Group, it does not have the right to dissolve the partnerships or have substantive kick-out rights or participating rights that would overcome the presumption of control by Apollo. Accordingly, Apollo consolidates the Apollo Operating Group and records the economic interest in the Apollo Operating Group directly held by Holdings as Non-Controlling Interests.

In January 2008 and April 2008, a preliminary and final distribution were made to the company s managing partners and contributing partners related to a contingent consideration of $29.9 million and $7.8 million, respectively. The determination of the amount and timing of the distribution was based on net income with discretionary adjustments, all of which were determined by Apollo Management Holdings GP, LLC, the general partner of AMH. Included in the distribution were RDUs of AAA valued at approximately $12.7 million for the managing partners combined with a distribution of interests in Apollo VIF Co-Investors, LLC in settlement of interest with respect to units in Apollo Value Investment Offshore Fund, Ltd. of approximately $0.5 million and $0.3 million for the managing partners and contributing partners, respectively.

Consolidation and Deconsolidation of Apollo Funds

Subsequent to the Reorganization, the Contributed Businesses that act as general partners of most of the consolidated funds granted rights to the unaffiliated investors in each respective fund to provide that a simple majority of such fund s unaffiliated investors have the right, without cause, to liquidate that fund in accordance with certain procedures. These rights were granted in order to achieve the deconsolidation of such funds from the company s financial statements. For the Apollo funds previously consolidated, these rights became effective either on August 1, 2007 or November 30, 2007. The deconsolidation of these funds present our financial statements in a manner consistent with how Apollo evaluates its business and its related risks. Accordingly, we believe that deconsolidating these funds provides investors with a better understanding of our business. The results of the deconsolidated funds are included in the consolidated and combined financial statements through the date of deconsolidation. Apollo has not granted voting rights to the limited partners of AAA to allow them to liquidate this entity. Therefore, Apollo will continue to control and consolidate this entity in accordance with U.S. GAAP. Apollo also has significant control and consolidates the Apollo Commodities Trading Fund, L.P., or Commodities Trading Fund, which was formed in March 2008.

Because the company and the Advisor Entities were under the same control group as defined by U.S. GAAP guidance for entities under common control, the Advisor Entities are combined for the periods prior to the effective date of the Reorganization in the accompanying consolidated and combined financial statements. Also in accordance with U.S. GAAP guidance for determining when a general partner should consolidate certain entities, the Advisor Entities consolidate their respective funds. These Advisor Entities were excluded assets in the Reorganization on July 13, 2007 (see note 1 to our consolidated and combined financial statements included elsewhere in this prospectus). As such, they are not presented in the consolidated and combined financial statements subsequent to the Reorganization.

Market Considerations

Our revenues consist of the following:

- Management fees, which are calculated based upon any of net asset value, gross assets, adjusted costs of all unrealized portfolio investments, capital commitments, adjusted assets, capital contributions, invested capital or stockholders equity each as defin the applicable management agreement of the unconsolidated funds;

- Advisory and transaction fees relating to the investments our funds make, or individual monitoring agreements with individual portfolio companies of the private equity funds and capital markets funds as well as advisory services provided to a capital markets fund; and

- Carried interest with respect to our private equity funds and our capital markets funds.

Our ability to grow our revenues depends in part on our ability to attract new capital and investors, which in turn depends on our ability to appropriately invest our funds capital, and on the conditions in the financial markets, including the availability and cost of leverage, and economic conditions in the United States, Western Europe, Asia, and to some extent, elsewhere in the world. The market factors that impact this include the following:

The strength of the alternative investment management industry, including the amount of capital invested and withdrawn from alternative investments. Allocations of capital to the alternative investment sector are dependent, in part, on the strength of the economy and the returns available from other investments relative to returns from alternative investments. Our share of this capital is dependent on the strength of our performance relative to the performance of our competitors. The capital we attract and our returns are drivers of our Assets Under Management, which, in turn, drive the fees we earn. In light of the current volatile conditions in the financial markets, our funds returns may be lower than they have been historically and fundraising efforts may be more challenging.

The strength and liquidity of the U.S. and relevant global equity markets generally, and the initial public offering market specifically. The strength of these markets affects the value of and our ability to successfully exit our equity positions in our private equity portfolio companies in a timely manner.

The strength and liquidity of the U.S. and relevant global debt markets. Our funds and our portfolio companies borrow money to make acquisitions and our funds utilize leverage in order to increase investment returns that ultimately drive the performance of our funds. Furthermore, we utilize debt to finance the principal investments in our funds and for working capital purposes. To the extent our ability to borrow funds becomes more expensive or difficult to obtain, the net returns we can earn on those investments may be reduced.

Stability in interest rate and foreign currency exchange rate markets. We generally benefit from stable interest rate and foreign currency exchange rate markets. The direction and impact of changes in interest rates or foreign currency exchange rates on certain of our funds is dependent on the funds expectations and the related composition of their investments at such time.

For the most part, we believe the trends in these factors have historically created a favorable investment environment for our funds. However, adverse market conditions may affect our businesses in many ways, including reducing the value or hampering the performance of the investments made by our funds, and/or reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenue, net income and cash flow, and affect our financial condition and prospects. As a result of our value-oriented, contrarian investment style which is inherently long-term in nature, there may be significant fluctuations in our financial results from quarter to quarter and year to year.

The financial markets encountered a series of negative events in 2007 and 2008 which led to a global liquidity and broad economic crisis and impacted the performance of many of our portfolio companies and capital markets funds. The impact of such events on our private equity and capital markets funds resulted in volatility in our revenue. If this market volatility continues, we and the funds we manage may experience further tightening of liquidity, reduced earnings and cash flow, impairment charges, as well as challenges in raising additional capital, obtaining investment financing and making investments on attractive terms. These market conditions could also have an impact on our ability to liquidate positions in a timely and efficient manner.

For a more detailed description of how economic and global financial market conditions can materially affect our financial performance and condition, see Risk Factors Risks Related to Our Businesses Difficult market conditions may adversely affect our businesses in many ways, including by reducing the value or hampering the performance of the investments made by our funds or reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenue, net income and cash flow and adversely affect our financial prospects and condition.

Uncertainty remains regarding Apollo s future taxation levels. In December of 2009, the House of Representatives passed legislation that would, if enacted in its present form, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. See Risk Factors Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects, Risk Factors Risks Related to Our Organization and Structure Members of the U.S. Congress have introduced and the House of Representatives has passed legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a substantial increase in our tax liability and it could well result in a reduction in the value of our Class A shares and Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Our Recent Growth

Despite the recent economic difficulties, we have experienced significant growth in the number of funds that we manage during the past five years. We have achieved this growth by raising additional capital in our private equity, credit-oriented capital markets and real estate businesses, growing AUM where applicable through appreciation and by expanding our businesses using new strategies and geographies. Despite the market turmoil and volatility of the last two years, Fund VII had its final closing in December 2008, with total committed capital of $14.7 billion. In capital markets, we raised COF I, COF II, EPF and three separately managed accounts. We formally introduced the real estate segment into our platform and launched a publicly-traded REIT and a vehicle that invests in CMBS. As a result of our growth, we have experienced an increase in our management fees. To support this growth, we have also experienced a material increase in operating expenses, resulting from hiring additional personnel, opening new offices to expand our geographical reach and incurring additional professional fees.

Managing Business Performance

We believe that the presentation of Economic Net Income (Loss) supplements a reader s understanding of the economic operating performance of each segment.

Economic Net Income (Loss)

ENI represents segment income (loss), excluding the impact of non-cash charges related to equity-based compensation, income taxes and Non-Controlling Interests. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds that are included in the consolidated and combined financial statements. Adjustments relating to income tax expense and Non-Controlling Interests are common in the calculation of supplemental measures of performance in our industry. In addition, we believe the exclusion of non-cash charges related to equity-based compensation provides investors with meaningful indication of our performance because these charges relate to the equity portion of our capital structure and not our core operating performance.

ENI is a key performance measure used for understanding the performance of our operations from period to period and although not every company in our industry defines these metrics in precisely the same way that we do, we believe that this metric, as we use it, facilitates comparisons with other companies in our industry. We use ENI to evaluate the performance of our private equity, capital markets and real estate segments as the amount of management fees, advisory and transaction fees and carried interest income are indicative of the company s performance. Management also uses ENI in making key operating decisions such as the following:

Decisions related to the allocation of resources such as staffing decisions including hiring and locations for deployment of the new hires. As the amount of fees, investment income, and ENI is indicative of the performance of the management companies and advisors within each segment, management can assess the need for additional resources and the location for deployment of the new hires based on the results of this measure. For example, a positive ENI could indicate the need for additional staff to manage the respective segment whereas a negative ENI could indicate the need to reduce staff assigned to manage the respective segment.

Decisions related to capital deployment such as providing capital to facilitate growth for our business and/or to facilitate expansion into new businesses. As the amount of fees, investment income, and ENI is indicative of the performance of the management companies and advisors within each segment, management can assess the availability and need to provide capital to facilitate growth or expansion into new businesses based on the results of this measure. For example, a negative ENI may indicate the lack of performance of a segment and thus determine that available capital may be deployed to another segment.

Decisions related to compensation expense, such as determining annual discretionary bonuses to our employees. As the amount of fees, investment income, and ENI is indicative of the performance of the management companies and advisors within each segment, management can better identify higher performing businesses and employees to allocate discretionary bonuses based on the results of this measure. As it relates to compensation, our philosophy has been and remains to better align the interests of certain professionals and selected other individuals who have a profit sharing interest in the carried interest earned in relation to our funds with our own and with those of the investors in the funds. To achieve that objective, a significant amount of compensation paid is based on our performance and growth for the year. For example, a positive ENI could indicate a higher discretionary bonus for a team whereas a negative ENI could indicate the need to reduce bonuses based on poor performance.

ENI is a measure of profitability and has certain limitations in that it does not take into account certain items included under U.S. GAAP. The items we exclude when calculating ENI are significant to our business: (i) non-cash charges related to equity-based compensation are expected to be recurring components of our costs and we may be able to incur lower cash compensation costs as a result of the financial benefits provided to certain partners and employees and the equity grants that may be made under our equity incentive plan; furthermore, any measure that eliminates compensation costs has material limitations as a performance measure; (ii) income tax expense represents a necessary element of our costs and our ability to generate revenue because ongoing revenue generation is expected to result in future income tax expense; and (iii) Non-Controlling Interests which is expected to be a recurring item and represents the aggregate of the income or loss that is not owned by the company. In light of the foregoing limitations, we do not rely solely on ENI as a performance measure and also consider our U.S. GAAP results.

We believe that ENI is helpful to an understanding of our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. This measure supplements and should be considered in addition to and not in lieu of the results of operations discussed below in the Overview of Results of Operations that have been prepared in accordance with U.S. GAAP.

The following summarizes the adjustments to ENI that reconcile ENI to the net income (loss) attributable to Apollo Global Management, LLC determined in accordance with U.S. GAAP:

Inclusion of the impact of non-cash charges such as equity-based compensation to our managing partners, contributing partners and employees related to Apollo Operating Group units, RSUs, AAA RDUs and ARI Restricted Stock Awards that vested during the period. Management assesses our performance based on management fees, advisory and transaction fees, and carried interest income generated by the business and excludes the impact of non-cash charges related to equity-based compensation because this non-cash charge is not viewed as part of our core operations.

Inclusion of the impact of income taxes as we do not take income taxes into consideration when evaluating the performance of our segments or when determining compensation for our employees.

Table of Contents

Additionally, income taxes at the segment level (which exclude APO Corp. s corporate taxes) are not meaningful, as the majority of the entities included in our segments operate as partnerships and therefore are only subject to New York City unincorporated business taxes and foreign taxes when applicable.

Carried interest income, management fees and other revenues from Apollo funds are reflected on an unconsolidated basis. As such, ENI excludes the Non-Controlling Interests from AAA, which remains consolidated in our consolidated and combined financial statements. Management views the business as an alternative asset management firm and therefore assesses performance using the combined total of carried interest income and management fees from each of our funds.

ENI may not be comparable to similarly titled measures used by other companies and is not a measure of performance calculated in accordance with U.S. GAAP. We use ENI as a measure of operating performance, not as a measure of liquidity. ENI should not be considered in isolation or as a substitute for operating income, net income, operating cash flows, investing and financing activities, or other income or cash flow statement data prepared in accordance with U.S. GAAP. The use of ENI without consideration of related U.S. GAAP measures is not adequate due to the adjustments described above. Management compensates for these limitations by using ENI as a supplemental measure to U.S. GAAP results to provide a more complete understanding of our performance as management measures it. To ensure a complete understanding, a reconciliation of ENI to our U.S. GAAP net loss attributable to Apollo Global Management, LLC can be found in the notes to our consolidated and combined financial statements included elsewhere in this prospectus.

In evaluating its various segments, the company also utilizes Adjusted ENI as a performance measure. In arriving at Adjusted ENI, the company removes items from ENI which management believes are non-recurring or related to events which are unusual such as costs associated with raising a new fund, registering its Class A shares, the Reorganization, securities offerings, litigation settlement, insurance reimbursements, placement fees and gains or losses on debt repurchases. When evaluating the company s management business, management does not consider these adjustments in the assessment of its performance or in making decisions regarding the allocation of resources and the deployment of its assets.

Operating Metrics

We monitor certain operating metrics that are common to the alternative asset management industry. These operating metrics include assets under management, private equity dollars invested and uncalled private equity commitments.

Assets Under Management

Assets Under Management, or AUM, refers to the assets we manage or with respect to which we have control. Our AUM equals the sum of:

(i) the fair value of our private equity investments plus the capital that we are entitled to call from our investors pursuant to the terms of their capital commitments plus non-recallable capital to the extent a fund is within the commitment period in which management fees are calculated based on total commitments to the fund;

(ii) the net asset value, or NAV, of our capital markets funds, other than collateralized senior credit opportunity funds (such as Artus, which we measure by using the mark-to-market value of the aggregate principal amount of the underlying collateralized loan obligations), plus used or available leverage and/or capital commitments;

(iii) the gross asset values of our real estate entities and the structured portfolio vehicle investments included within the funds we manage, which includes the leverage used by such structured portfolio companies;

Table of Contents

(iv) the incremental value associated with the reinsurance investments of the funds we manage; and

(v) the fair value of any other assets that we manage plus unused credit facilities, including capital commitments for investments that may require pre-qualification before investment plus any other capital commitments available for investment that are not otherwise included in the clauses above.

During the year ended December 31, 2009, the company refined its definition of AUM to reflect leveraged products that had not been identified in our previous AUM definition. Prior period AUM amounts have been recalculated utilizing the above definition.

Our AUM measure includes assets under management for which we charge either no or nominal fees. Our definition of AUM is not based on any definition of assets under management contained in our operating agreement or in any of our Apollo fund management agreements. We consider multiple factors for determining what should be included in our definition of AUM. Such factors include but are not limited to (1) our ability to influence the investment decisions for existing and available assets; (2) our ability to generate income from the underlying assets in our funds; and (3) the AUM measures that we believe are used by other asset managers. Given the differences in the investment strategies and structures among other alternative asset managers, our calculation of AUM may differ from the calculations employed by other asset managers and, as a result, this measure may not be directly comparable to similar measures presented by other asset managers.

AUM as of December 31, 2009, 2008 and 2007 are set forth below:

	Year Ended December 31,		
	2009	**2008**	**2007**
		(in millions)	
AUM:			
Private equity	$ 34,002	$ 29,094	$ 30,237
Capital markets	19,112	15,108	10,533
Real estate	495		
Total	$ 53,609	$ 44,202	$ 40,770

Table of Contents

The following tables summarize changes in total AUM and AUM for each of our segments for the years ended December 31, 2009, 2008 and 2007.

	Year Ended December 31,		
	2009	2008 (in millions)	2007
Change in AUM:			
Beginning of period	$ 44,202	$ 40,770	$ 24,578
Income (loss)	9,505	(11,738)	801
Subscriptions	1,935	9,871	14,235
Distributions / redemptions	(1,789)	(2,600)	(884)
Change in leverage	(244)	7,899	2,040
End of period	$ 53,609	$ 44,202	$ 40,770
Private Equity AUM Rollforward:			
Beginning of period	$ 29,094	$ 30,237	$ 20,186
Income (loss)	6,432	(8,625)	637
Subscriptions		5,223	9,459
Distributions / redemptions	(828)	(1,991)	(596)
Change in leverage	(696)	4,250	551
End of period	$ 34,002	$ 29,094	$ 30,237
Capital Markets AUM Rollforward:			
Beginning of period	$ 15,108	$ 10,533	$ 4,392
Income (loss)	3,076	(3,113)	164
Subscriptions	1,618	4,648	4,776
Distributions / redemptions	(961)	(609)	(288)
Change in leverage	271	3,649	1,489
End of period	$ 19,112	$ 15,108	$ 10,533
Real Estate AUM Rollforward:			
Beginning of period	$	$	$
Loss	(3)		
Subscriptions	317		
Distributions / redemptions			
Change in leverage	181		
End of period	$ 495	$	$

Private Equity

During the year ended December 31, 2009, the AUM in our private equity segment increased by $4.9 billion, or 16.9%. This increase was impacted by $6.4 billion of income that was primarily attributable to improved investment valuations in our private equity funds, including $4.2 billion in Fund VI. Offsetting this increase was $0.3 billion of distributions from Fund IV, $0.2 billion of distributions from Fund VI, and $0.2 billion of distributions from Fund VII. See Segment Analysis, which includes a detailed discussion of the impact that significant changes in our AUM within our private equity, capital markets and real estate segments had on our revenues by segment.

During the year ended December 31, 2008, the AUM in our private equity segment decreased by $1.1 billion, or 3.8%. There was $5.2 billion of capital commitments raised for Fund VII and a $4.3 billion change in leverage, which was primarily attributable to additional leverage provided by LeverageSource, L.P., or LeverageSource, a special-purpose entity that invests in numerous portfolio companies that in turn invest in

debt securities and derivative instruments. These AUM increases were offset by $2.0 billion in distributions, which was primarily attributable to $1.7 billion in sales of Fund V portfolio investments. There were also $4.8 billion and $1.9 billion of declines in the investment valuations of Fund VI and Fund V, respectively, which were primarily due to the economic crisis that expanded during 2008.

The $10.1 billion, or 49.8%, increase in the AUM of our private equity segment during the year-ended December 31, 2007 was primarily the result of raising $9.5 billion in capital commitments to Fund VII, which commenced operations during late 2007.

Capital Markets

During the year ended December 31, 2009, AUM in our capital markets segment increased by $4.0 billion, or 26.5%. This increase was primarily attributable to improved investment valuations in COF I and COF II of $0.8 billion and $0.6 billion, respectively, and $0.7 billion and $0.4 billion of improved investment valuations in ACLF and the Value Funds, respectively. The overall AUM gain in our capital markets segment was also positively impacted by additional subscriptions of $1.6 billion, which was primarily comprised of additional capital raised by EPF, Palmetto and AIC of approximately $0.6 billion, $0.5 billion and $0.3 billion, respectively.

During the year ended December 31, 2008, AUM in our capital markets segment increased by $4.6 billion, or 43.4%. This increase was mainly driven by COF I and COF II, which had a combined $2.9 billion in additional subscriptions and $3.2 billion of leverage added during this period. These funds began investing in 2008 in order to capitalize on the supply-demand imbalances in the leveraged finance market. EPF also had $0.8 billion in subscriptions during the year ended December 31, 2008. Offsetting these increases were $3.1 billion of declines in the investment valuations in several of our capital markets funds, including $0.8 billion in AIC and $0.5 billion in AIE I, which were the result of the economic crisis that expanded during 2008.

During the year ended December 31, 2007, AUM in our capital markets segment increased by $6.1 billion, or 139.8%, which was primarily comprised of $4.8 billion in additional capital raised, including $1.0 billion for the collateralized loan obligation vehicle in which Artus has invested, $0.8 billion for SOMA, $0.7 billion for ACLF, $0.8 billion for AIC, $0.4 billion for AIE I, $0.4 billion for AAOF and $0.4 billion for EPF. There was also $1.5 billion in additional leverage that was primarily used by AIE I and AIC during 2007.

Real Estate

During the year ended December 31, 2009, AUM in our real estate segment increased by $495 million. This increase was comprised of a $317 million of subscriptions that resulted from the $210 million initial public offering and concurrent private placement by ARI as well as the formation of AGRE CMBS Fund L.P., which raised $107 million in equity capital.

Assets Under Management Fee-Generating/Non-Fee Generating

Fee generating AUM consists of assets that we manage and on which we earn management fees or monitoring fees pursuant to management agreements on a basis that varies among the Apollo funds. Management fees are normally based on net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, stockholders equity, invested capital or capital contributions, e defined in the applicable management agreement. Monitoring fees for AUM purposes are based on the total value of certain structured portfolio vehicle investments, which normally include leverage, less any portion of such total value that is already considered in fee-generating AUM.

Non-fee generating AUM consists of assets that do not produce management fees or monitoring fees. These assets generally consist of the following: (a) fair value above invested capital for those funds that earn management fees based on invested capital, (b) net asset values related to general partner interests and co-investments, (c) unused credit facilities, (d) available commitments on those funds that generate management

113

Table of Contents

fees on invested capital, and (e) structured portfolio vehicle investments that do not generate monitoring fees. We use non-fee generating AUM combined with fee-generating AUM as a performance measurement of our investment activities, as well as to monitor fund size in relation to professional resource and infrastructure needs. Non-fee generating AUM includes assets on which we could earn carried interest income.

The table below displays fee-generating and non-fee generating AUM by segment as of December 31, 2009, 2008 and 2007. The changes in market conditions and additional funds raised have had significant impacts to our AUM.

Assets Under Management Fee-Generating/Non-Fee Generating

		As of December 31,	
	2009	2008	2007
		(in millions)	
Private equity	$ 34,002	$ 29,094	$ 30,237
Fee-generating	28,092	28,314	14,039
Non-fee generating	5,910	780	16,198
Capital markets	19,112	15,108	10,533
Fee-generating	14,854	12,629	8,502
Non-fee generating	4,258	2,479	2,031
Real estate	495		
Fee-generating	279		
Non-fee generating	216		
Total Assets Under Management	53,609	44,202	40,770
Fee-generating	43,225	40,943	22,541
Non-fee generating	10,384	3,259	18,229

In the years ended December 31, 2009, 2008 and 2007, our fee-generating AUM changed as a result of our fundraising efforts and changes in invested capital resulting from realizations of investments. Fund VII, which had its final closing on December 17, 2008, had final total committed capital of $14.7 billion, as compared with Fund VI, which had total committed capital of $10.1 billion. Additionally, in 2008, COF I, COF II and EPF raised significant capital, which is included in our capital markets AUM. In 2007, we raised approximately $4.8 billion of capital for our new capital markets funds. We also experienced significant negative value impacts on our AUM for periods in late 2008 and early 2009, as a result of the economic crisis that began in the second half of 2007. Investment values began to increase as signs of economic improvement were noted during the second and third quarters of 2009. During the year ended December 31, 2009, our non-fee generating AUM changed primarily as a result of the increases in fair values of investments above invested capital in our private equity and capital markets funds. When the fair value of an investment exceeds invested capital, we are normally entitled to carried interest income on the difference between the fair value and invested capital after also considering certain expenses and preferred return amounts, as specified in their respective partnership agreements. However, we do not earn management fees on such excess.

As a result of the growth in both the size and number of funds that we manage, we have experienced an increase in our management fees and advisory and transaction fees. To support this growth, we have also experienced an increase in operating expenses, resulting from hiring additional personnel, opening new offices to expand our geographical reach and incurring additional professional fees.

With respect to our private equity funds and certain of our capital markets funds, we charge management fees on the amount of committed or invested capital and we generally are entitled to carried interest on the realized gains on the investments that are disposed of. Certain funds may have current fair values below invested

Table of Contents

capital. However, the management fee would still be computed on the invested capital for such funds. With respect to ARI, we receive management fees on stockholders equity as defined in its management agreement. In addition, our fee-generating AUM reflects leverage vehicles that generate monitoring fees on value in excess of fund commitments. Our total fee generating AUM is comprised of approximately 83% of assets that earn management fees and the balance of assets earn monitoring fees.

See The Historical Investment Performance of Our Funds Investment Record for additional discussion of our funds investment performance.

The company s entire fee-generating AUM is subject to management or monitoring fees. The components of fee-generating AUM as of the end of the year are presented below:

	For the Year Ended December 31, 2009			
	Private Equity	Capital Markets	Real Estate	Total
		(in millions)		
As of the period end:				
Fee-generating AUM based on capital commitments	$ 14,289	$ 2,472	$	$ 16,761
Fee-generating AUM based on invested capital	9,336	1,782		11,118
Fee-generating AUM based on gross/adjusted assets	902	4,755	279[4]	5,936
Fee-generating AUM based on leverage[1]	3,565	3,580		7,145
Fee-generating AUM based on NAV		2,265		2,265
Total Fee-Generating AUM, end of period	**$ 28,092**[2]	**$ 14,854** [3]	**$ 279**	**$ 43,225**

(1) Monitoring fees are normally based on the total value of certain special purpose vehicle investments, which includes leverage, less any portion of such total value that is already considered for fee-generating AUM.

(2) The weighted average remaining life of the private equity funds excluding permanent capital vehicles at December 31, 2009 is 82 months.

(3) The fee-generating AUM for the capital markets funds has no concentration across the investment strategies.

(4) The fee-generating AUM for our real estate entities is based on an adjusted equity amount as specified by the respective management agreements.

Private Equity Carried Interest Income

The table below presents carried interest income for the private equity funds that the company manages. Carried interest income fee rates are 20% for our private equity funds. In certain private equity funds, the company does not earn carried interest income until the investors in the fund have achieved cumulative investment returns on invested capital (including management fees and expenses) in excess of an 8% hurdle rate. So long as the investors achieve their priority returns, there is a catch-up formula whereby the company earns a priority return for a portion of the return until the company s carried interest income equates to its incentive fee rate for that fund; thereafter, the company participates in returns from the fund at the carried interest income rate. Carried interest income is subject to reversal to the extent that the carried interest income distributed exceeds the amount due to the general partner based on a fund s cumulative investment returns. The accrual for potential repayment of previously received carried interest income represents all amounts previously distributed to the general partner that would need to be repaid to the Apollo funds if these funds were to be liquidated based on the current fair value of the underlying funds investments as of the reporting date. The actual general partner obligation, however, would not become realized until the end of a fund s life.

Table of Contents

The following table summarizes our carried interest income since the inception of our private equity funds through December 31, 2009:

	Carried interest income since inception				
Fund	Undistributed by fund & recognized	Distributed by fund & recognized	General partner obligation as of December 31, 2009 (in millions)	Total undistributed and distributed by fund & recognized(1)	Maximum carried interest income subject to potential reversal(2)
Fund VII	$ 177.6	$ 25.3	$	$ 202.9	$177.6
Fund VI	0.7	43.7	(13.1)	31.3	
Fund V	147.1	1,234.9		1,382.0	406.5
Fund IV	1.6	386.1		387.7	95.5
Total	$ 327.0	$ 1,690.0	$ (13.1)	$ 2,003.9	$679.6

(1) Amounts were computed based on the fair value of fund investments on December 31, 2009. As a result, carried interest income has been allocated to and recognized by the general partner. Based on the amount of carried interest income allocated, a portion is subject to potential reversal at December 31, 2009.
(2) Represents the amount of carried interest income that would be reversed if remaining fund investments were liquidated at zero value on December 31, 2009. Amounts subject to potential reversal of carried interest income include amounts undistributed by a fund (i.e., the carried interest receivable), as well as a portion of the amounts that have been distributed by a fund, net of taxes not subject to clawback.

The following table summarizes the gains needed to generate carried interest for funds that are currently not generating carried interest income based on the current fair value of the underlying funds investments as of December 31, 2009.

Fund	Fair value of investments as of December 31, 2009	Gain to cross carried interest income threshold (in millions)	Gain to cross carried interest income threshold %
Fund VI	$ 8,810.7	$ 1,081.6	12.3%
Fund IV	529.8	200.0	37.8%
Total	$ 9,340.5	$ 1,281.6	13.7%

Note: Fund VII and Fund V are not included as these funds are allocating carried interest to their general partner.

The Historical Investment Performance of Our Funds

Below we present information relating to the historical performance of our funds, including certain legacy Apollo funds that do not have a meaningful amount of unrealized investments, and in respect of which the general partner interest has not been contributed to us. The data for these funds are presented from the date indicated through July 13, 2007 and have not been adjusted to reflect acquisitions or disposals of investments subsequent to that date.

When considering the data presented below, you should note that the historical results of our funds are not indicative of the future results that you should expect from such funds, from any future funds we may raise or from your investment in our Class A shares. An investment in our Class A shares is not an investment in any of the Apollo funds, and the assets and revenues of our funds are not directly available to us. As a result of the deconsolidation of most of our funds, we will not be consolidating those funds in our financial statements for periods after either August 1, 2007 or November 30, 2007. The historical and potential future returns of the funds we manage are not directly linked to returns on our Class A shares. Therefore, you should not conclude that continued positive performance of the funds we manage will necessarily result in positive returns on an

Table of Contents

investment in our Class A shares. However, poor performance of the funds that we manage would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the value in our Class A shares. There can be no assurance that any Apollo fund will continue to achieve the same results in the future.

Moreover, the historical returns of our funds should not be considered indicative of the future results you should expect from such funds or from any future funds we may raise, in part because:

- market conditions during previous periods were significantly more favorable for generating positive performance, particularly in our private equity business, than the market conditions we have experienced for the last two years and may continue to experience for the foreseeable future;

- our funds returns have benefited from investment opportunities and general market conditions that currently do not exist and may not repeat themselves, and there can be no assurance that our current or future funds will be able to avail themselves of profitable investment opportunities;

- our private equity funds rates of return, which are calculated on the basis of net asset value of the funds investments, reflect unrealized gains, which may never be realized;

- our funds returns have benefited from investment opportunities and general market conditions that may not repeat themselves, including the availability of debt capital on attractive terms, and we may not be able to achieve the same returns or profitable investment opportunities or deploy capital as quickly;

- the historical returns that we present in this prospectus derive largely from the performance of our earlier private equity funds, whereas future fund returns will depend increasingly on the performance of our newer funds, which may have little or no investment track record;

- Fund VI and Fund VII are several times larger than our previous private equity funds, and we may not be able to deploy this additional capital as profitably as our prior funds;

- the attractive returns of certain of our funds have been driven by the rapid return of invested capital, which has not occurred with respect to all of our funds and we believe is less likely to occur in the future;

- our track record with respect to our capital markets and real estate funds is relatively short as compared to our private equity funds;

- in recent years, there has been increased competition for private equity investment opportunities resulting from the increased amount of capital invested in private equity funds and periods of high liquidity in debt markets, which may result in lower returns for the funds; and

- our newly established funds may generate lower returns during the period that they take to deploy their capital; consequently, we do not provide return information for any funds which have not been actively investing capital for at least 36 months prior to the valuation date as we believe this information is not meaningful.

Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund IV has generated an 11% gross IRR and a 8% net IRR since its inception through December 31, 2009, while Fund V has generated a 62% gross IRR and a 46% net IRR since its inception through December 31, 2009. Accordingly, the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the applicable risks described elsewhere in this prospectus, including risks of the industries and businesses in which a particular fund invests. See Risk Factors Risks Related to Our Businesses The historical returns attributable to our funds should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our Class A shares.

Table of Contents

Investment Record

Private Equity

The following table summarizes the investment record for our private equity fund portfolios apart from AAA. All amounts are as of December 31, 2009, unless otherwise noted. See Terms Used in This Prospectus for the definitions of the terms multiple of invested capital, gross IRR, and net IRR used in the table below.

								As of December 31, 2009		As of December 31, 2008		As of December 31, 2007	
	Vintage Year	Committed Capital	Total Invested Capital	Realized	Unrealized[1]	Total Value	Multiple of Invested Capital	Gross IRR	Net IRR	Gross IRR	Net IRR	Gross IRR	Net IRR
			(in millions)										
Fund VII	2008	$ 14,676	$ 4,587	$ 1,803	$ 4,123	$ 5,926	NM[4]	NM[4]	NM[4]	NM[4]	NM[4]	NM[4]	NM[4]
Fund VI	2006	10,136	10,752	2,753	8,811	11,564	1.1x	5%	4%	NM[4]	NM[4]	NM[4]	NM[4]
Fund V	2001	3,742	5,192	9,981	2,507	12,488	3.3x	62	46	63%	47%	71%	54%
Fund IV	1998	3,600	3,481	5,693	530	6,223	1.8x	11	8	10	8	13	10
Fund III	1995	1,500	1,499	2,591	41	2,632	1.8x	18	11	18	11	18	11
Fund I, II & MIA[2]	1990/92	2,220	3,773	7,924		7,924	3.6x	47	37	47	37	47	37
Total		$ 35,874	$ 29,284	$ 30,745	$ 16,012	$ 46,757	2.3x[3]	39%	26%	39%	25%	41%	29%

(1) Figures include the market values, estimated fair value of certain unrealized investments and capital committed to investments. See Risk Factors Risks Related to Our Businesses Many of our funds invest in relatively high-risk, illiquid assets and we may fail to realize any profits from these activities for a considerable period of time or lose some or all of the principal amount we invest in these activities and Our funds may be forced to dispose of investments at a disadvantageous time for a discussion of why our unrealized investments may ultimately be realized at valuations different than those provided here.

(2) Fund I and Fund II were structured such that investments were made from either fund depending on which fund had available capital. We do not differentiate between Fund I and Fund II investments for purposes of performance figures because they are not meaningful on a separate basis and do not demonstrate the progression of returns over time.

(3) This figure represents an average of the multiples of invested capital for the funds included in the table, excluding funds that closed less than 36 months from the valuation date.

(4) Fund VI and Fund VII did not begin investing capital at least 36 months prior to the period indicated. Due to the limited investment period for these private equity funds and the longer overall investment period, multiple of invested capital and return information is not yet meaningful.

Capital Markets

The following table summarizes the investment record for COF I, COF II, ACLF, Artus, AIE II, EPF and Palmetto. Each fund included in the table below did not begin investing the majority of their capital at least 24 months prior to the valuation date of December 31, 2009. Due to the limited investment period for these funds, return information is not provided since we do not believe such information is meaningful. All amounts are as of December 31, 2009.

	Year of Inception	Committed Capital	Total Invested Capital	Current Net Asset Value

		(in millions)		
COF I	2008	$ 1,484.9	$ 1,039.7	$ 1,315.2
COF II	2008	1,583.0	1,002.1	1,389.6
ACLF	2007	984.0	641.4	805.0
Artus	2007	106.6	106.6	36.6
AIE II[1]	2008	295.8	233.8	308.0
EPF[1]	2007	1,854.6	592.3	530.8
Palmetto	2008	759.0	222.9	249.9

(1) Funds denominated in Euros and translated into U.S. Dollars at an exchange rate of 1.00 to $1.43 as of December 31, 2009.

Table of Contents

The following table summarizes the investment record for the Value Funds, SOMA, AAOF and AIC. All amounts are as of December 31, 2009, unless otherwise noted. See Terms Used in this Prospectus for the definitions of the terms used in the table below:

	Year of Inception	Current Net Asset Value (in millions)	Net Return Since Inception to December 31, 2009	Net Return For Year Ended December 31, 2009	Net Return For Year Ended December 31, 2008	Net Return For Year Ended December 31, 2007
Value Funds	2003/2006	797.5[(1)]	47.9%	57.7%	(29.4)%	4.6%
SOMA[(2)]	2007	927.2	20.3	87.1	(36.4)	1.1
AAOF	2007	391.2	3.0	16.2	(23.9)	16.5
AIC[(3)]	2004	1,826.7	34.8	17.0	(35.1)	21.0

(1) The current net asset value of the Value Funds is exclusive of $105.0 million of investments that were transferred to a separately managed account on January 1, 2010.
(2) SOMA returns for primary mandate.
(3) Return amounts for AIC represent net asset value returns.

For a description of each fund s investments and overall investment strategy, please refer to Business Our Businesses.

Performance information for our funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. An investment in our Class A shares is not an investment in any of our funds. The performance information reflected in this discussion and analysis is not indicative of the possible performance of our Class A shares and is also not necessarily indicative of the future results of any particular fund. There can be no assurance that our funds will continue to achieve, or that our future funds will achieve, comparable results.

Private Equity Dollars Invested and Uncalled Private Equity Commitments

Private equity dollars invested is the aggregate amount of capital invested by our private equity funds during a reporting period. Uncalled private equity commitments, by contrast, represents unfunded commitments by investors in our private equity funds to contribute capital to fund future investments or expenses incurred by the funds, fees and applicable expenses. Private equity dollars invested and uncalled private equity commitments are indicative of the pace and magnitude of fund capital that is deployed or will be deployed, and which therefore could result in future revenues that include transaction fees and incentive income. Private equity dollars invested and uncalled private equity commitments can also give rise to future costs that are related to the hiring of additional resources to manage and account for the additional capital that is deployed or will be deployed. Management uses private equity dollars invested and uncalled private equity commitments as key operating metrics since we believe the results measure the productivity and performance of our investment activities.

The following table summarizes the private equity dollars invested during the following reporting periods:

	For the Year Ended December 31, 2009	2008 (in thousands)	2007
Private equity dollars invested	$ 3,475,500	$ 8,079,099	$ 3,638,326

The following table summarizes the uncalled private equity commitments as of December 31, 2009, 2008 and 2007:

	As of December 31, 2009	2008 (in thousands)	2007
Uncalled private equity commitments	$ 13,027,100	$ 13,554,800	$ 16,406,200

Table of Contents

Redemption

Our global distressed and hedge funds and our Palmetto fund permit investors to withdraw capital through redemptions. Under the terms of their respective partnership agreements, investors in such funds are required to provide advance written notice prior to redemption. The timing of the required notice ranges from 5 days to 90 days prior to the redemption date or in the case of certain offshore feeder funds, such number of days as directors of the fund may from time to time determine. To date, none of the Apollo funds have suspended redemption requests. However, in December 2008 and March 2009, respectively, SVF and AAOF notified their investors of their intention to satisfy redemption requests partially in cash and partially in-kind. In respect of the in-kind portion of redemption payments, investors may choose between an actual in-kind distribution of securities having a net asset value equal to the remaining redemption proceeds due and the conversion of a portion of their interests in SVF or AAOF, as applicable, into a new liquidating class of interests. As investments are sold or monetized, the net proceeds attributable to liquidating interests are not reinvested but instead are held in cash or cash equivalents for distribution to the holders of liquidating interests. In the case of SVF, an investor holding a liquidating interest has a limited ability to direct SVF to sell assets for its benefit. In the case of AAOF, holders of liquidating interests may choose between two classes, one of which provides the holder with the additional limited ability to direct AAOF to sell assets for its benefit.

Our private equity funds and certain of our capital markets funds and real estate funds do not permit investors to withdraw capital through redemptions.

See Business Fees, Carried Interest, Redemption and Termination for additional discussion of redemption features in our funds.

Overview of Results of Operations

Revenues

Advisory and Transaction Fees from Affiliates. As a result of providing advisory services with respect to actual and potential private equity and capital markets investments, we are entitled to receive fees for transactions related to the acquisition and, in certain instances, disposition of portfolio companies as well as fees for ongoing monitoring of portfolio company operations and directors fees. We also receive an advisory fee for advisory services provided to a capital markets fund. In addition, monitoring fees are generated on certain special purpose vehicle investments. Under the terms of the limited partnership agreements for certain of our private equity and capital markets funds, the advisory and transaction fees earned are subject to a reduction of a percentage of such advisory and transaction fees (the Management Fee Offsets).

The Management Fee Offsets are calculated for each fund as follows:

- 65%-68% for private equity funds gross advisory, transaction and other special fees;
- 65%-80% for capital markets funds gross advisory, transaction and other special fees; and
- 100% for certain other capital markets funds gross advisory, transaction and other special fees.

These offsets are reflected as a decrease in Advisory and Transaction fees from Affiliates on our consolidated and combined statements of operations.

Additionally, in the normal course of business, the management companies incur certain costs related to private equity funds (and certain capital markets funds) transactions that are not consummated, or broken deal costs . A portion of broken deal costs related to certain of our private equity funds, up to the total amount of advisory and transaction fees, are reimbursed by the unconsolidated funds (through reductions of the management fee offset described above), except for Fund VII and certain of our capital markets funds which initially bear all broken deal costs and these costs are factored into the Management Fee Offsets.

Table of Contents

Management Fees from Affiliates. The significant growth of the assets we manage has had a positive effect on our revenues. Management fees are calculated based upon any of net asset value, gross assets, adjusted costs of all unrealized portfolio investments, capital commitments, invested capital, adjusted assets, capital contributions, or stockholders equity, each as defined in the applicable management agreement of the unconsolidated funds. Fees earned from our consolidated funds are eliminated in consolidation. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated on either August 1, 2007 or November 30, 2007, therefore, periods subsequent to these dates, management fees associated with these funds are included in the consolidated and combined statement of operations. As the number of funds we manage has increased year over year so have our management fees.

Carried Interest Income from Affiliates. The general partners of our funds, in general, are entitled to an incentive return that can amount to as much as 20% of the total returns on fund capital, depending upon performance of the underlying funds and subject to preferred returns and high water marks, as applicable. The carried interest income from affiliates is recognized in accordance with U.S. GAAP guidance applicable to accounting for arrangement fees based on a formula. In applying the U.S. GAAP guidance, the carried interest from affiliates for any period is based upon an assumed liquidation of the funds net assets at the reporting date, and distribution of the net proceeds in accordance with the funds allocation provisions.

The general partners of certain of our global distressed and hedge funds accrue carried interest when the fair value of investments exceeds the cost basis of the individual investors investments in the fund, including any allocable share of expenses incurred in connection with such investments. These high water marks are applied on an individual investor basis. All of our global distressed and hedge funds have investors with various high water marks and, subject to market conditions and investment performance, we believe that these high water marks are reasonably likely to be surpassed in future periods. As of December 31, 2009, the general partners of Fund V, Fund VII, our Value Funds, SOMA, Apollo Metals Trading Fund, L.P., COF I and COF II were accruing carried interest income because the fair value of the investments of certain investors in these funds are in excess of their cost basis and allocable share of expenses. The investment advisor of AIC was also accruing carried interest income because the underlying investments of AIC were generating interest and dividend income. As of December 31, 2009, approximately 95% and 99% of the investments in the Value Funds and SOMA, respectively, were generating carried interest income. All of the limited partners of COF I and COF II were above each fund s 8.0% and 7.5% hurdle rates, respectively, and generating carried interest income. See Operating Metrics Private Equity Carried Interest Income for a detailed discussion of the carried interest income of our private equity funds, including Fund V and Fund VII.

Carried interest income from our private equity funds and certain capital markets funds is subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative carried interest distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. Carried interest receivables are reported on a separate line item within the consolidated and combined statements of financial condition. Carried interest from our consolidated funds is eliminated in consolidation. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated on either August 1, 2007 or November 30, 2007; therefore, subsequent to these dates, the carried interest income associated with these funds subsequent to deconsolidation is included in the consolidated and combined statement of operations.

Expenses

Compensation and Benefits. Our most significant expense is compensation and benefits expense. This consists of fixed salary, discretionary and non-discretionary bonuses, profit sharing expense associated with the carried interest income earned from private equity funds and capital markets funds and recognition of compensation expense associated with the vesting of non-cash equity-based awards.

Table of Contents

Our compensation arrangements with certain partners and employees contain a significant performance-based bonus component. Therefore, as our net revenues increase, our compensation costs also rise or can be lower when net revenues decrease. In addition, our compensation costs reflect the increased investment in people as we expand geographically and create new funds. All payments for services rendered by our managing partners prior to the Reorganization have been accounted for as partnership distributions rather than compensation and benefits expense. As a result, the financial statements have not reflected compensation expense for services rendered by these individuals. Subsequent to the Reorganization, our managing partners are considered employees of Apollo. As such, payments for services made to these individuals, including the expense associated with Apollo Operating Group unit grants described below, have been recorded as compensation expense. The Apollo Operating Group units were granted to the managing partners and contributing partners at the time of the Reorganization, as discussed in note 1 of our consolidated and combined financial statements included elsewhere in this prospectus. In addition, certain professionals and selected other individuals have a profit sharing interest in the carried interest earned in relation to these funds in order to better align their interests with our own and with those of the investors in these funds. Profit sharing expense is part of our compensation and benefits expense and is based upon a fixed percentage of private equity and capital markets carried interest income on a pre-tax and a pre-consolidated basis. Profit sharing expense can reverse during periods when there is a decline in carried interest income that was previously recognized.

For the year ended December 31, 2009 compared to the year ended December 31, 2008, compensation and benefits expense was higher primarily due to increased profit sharing expense due to the change in carried interest income during 2009. Our total compensation and benefits expense is dependent to a certain extent on fund performance. For the year ended December 31, 2008 compared to the year ended December 31, 2007, the decrease in compensation and benefits expense was primarily the result of lower carried interest income and reversal of previously recognized profit sharing expense. The reversal of profit sharing expense was the result of the decline in fair value of several of our private equity fund portfolio investments, which were adversely impacted by the worsening economy in 2008. Profit sharing amounts are normally distributed to employees after the corresponding investment gains have been realized and preferred returns achieved for the investors. Therefore, changes in our unrealized gains (losses) for investments have the same effect on our profit sharing expense. Profit sharing expense increases when unrealized gains increase. Realizations only impact profit sharing expense to the extent that the effects on investments have not been recognized previously. If losses on other investments within a fund are subsequently realized, the profit sharing amounts previously distributed are normally subject to a general partner obligation to return carried interest income previously distributed back to the funds. This general partner obligation due to the funds would be realized only when the fund is liquidated, which generally occurs at the end of the fund s term. However, indemnification clauses may also exist for pre-reorganization realized gains, which, although our managing partners and contributing partners would remain personally liable, may indemnify our managing partners and contributing partners for 17.5% to 100% of the previously distributed profits regardless of the fund s future performance. Refer to note 13 to our consolidated and combined financial statements included elsewhere in this prospectus for further discussion of indemnification.

Salary expense for services rendered by our managing partners is limited to $100,000 per year for a five-year period that commenced in September 2007 and will likely increase subsequent to September 2012. Additionally, in connection with the Reorganization, the managing partners and contributing partners received Apollo Operating Group units with a vesting period of five to six years and certain employees were granted RSUs that typically have a vesting period of six years. Managing partners, contributing partners and certain employees have also been granted AAA RDUs, or incentive units that provide the right to receive AAA RDUs, which both represent common units of AAA and generally vest over three years for employees and fully vested for managing partners and contributing partners on the grant date. Refer to note 12 to our consolidated and combined financial statements included elsewhere in this prospectus for further discussion of Apollo Operating Group units and other share-based compensation.

Other Expenses. The balance of our other expenses includes interest, litigation settlement, professional fees, placement fees, occupancy, depreciation and amortization and other general operating expenses. Interest expense

Table of Contents

consists primarily of interest related to the AMH credit facility which has a variable interest amount based on LIBOR and ABR interest rates as discussed in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus. The litigation settlement was a result of the December 2008 agreement with Huntsman Corporation, or Huntsman, to settle certain actions related to the Hexion Specialty Chemicals, Inc., or Hexion, now-terminated acquisition of Huntsman, or the Hexion/Huntsman litigation settlement, as discussed in note 13 of the aforementioned financial statements. Placement fees are incurred in connection with our capital raising activities. Occupancy expense represents charges related to office leases and associated expenses, such as utilities and maintenance fees. Depreciation and amortization of fixed assets is normally calculated using the straight-line method over their estimated useful lives, ranging from two to sixteen years, taking into consideration any residual value. Leasehold improvements are amortized over the shorter of the useful life of the asset or the expected term of the lease. Intangible assets recognized from the acquisition of the Non-Controlling Interests during the third quarter of 2007 are amortized using the straight-line method over the expected useful lives of the assets, as discussed in note 3 to our consolidated and combined financial statements included elsewhere in this prospectus. Other general operating expenses normally include costs related to travel, information technology and administration.

Other Income

Net gains (losses) from investment activities. The performance of the consolidated Apollo funds has impacted our gains (losses) from investments. Gains (losses) from investments include both realized gains and losses and the change in unrealized gains and losses in our investment portfolio between the opening balance sheet date and the closing balance sheet date. Net unrealized gains (losses) are a result of changes in the fair value of investments that have not been realized as of the balance sheet date. Significant judgment and estimation goes into the assumptions that drive these models and the actual values realized with respect to investments could be materially different from values obtained based on the use of those models. The valuation methodologies applied impact the reported value of investment company holdings and their underlying portfolios in our consolidated and combined financial statements. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated on either August 1, 2007 or November 30, 2007. Therefore subsequent to deconsolidation, the consolidated and combined financial statements include only the net realized and unrealized gains (losses) of AAA and Apollo Commodities Trading Fund, L.P., the two funds that are consolidated at December 31, 2009.

Interest and Dividend Income and Other Income. Dividend income is recognized on the ex-dividend date and interest income is recognized as earned on an accrual basis. Discounts and premiums on securities purchased are accreted or amortized over the life of the respective investments using the effective interest method.

Debt Repurchase. To the extent we repurchase any of our debt, a gain or loss is recorded on the trade date of such transaction for any difference between cash paid and the carrying value of the debt purchased.

Income Tax (Provision) Benefit

Apollo has historically operated as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. As a result, income has not been subject to U.S. Federal and state income taxes. Taxes related to income earned by these entities represent obligations of the individual partners and members and have not been reflected in the consolidated and combined financial statements. Income taxes shown on the historical consolidated and combined statements of operations are attributable to the New York City unincorporated business tax and income taxes on certain entities located in non-U.S. jurisdictions.

Following the Reorganization, the Apollo Operating Group and its subsidiaries continue to operate in the U.S. generally as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases continue to be subject to New York City unincorporated business tax, or in the case of non-U.S. entities, to non-U.S. corporate income taxes. In addition, APO Corp. is subject to federal, state and local corporate income taxes at the entity level and these taxes are reflected in the consolidated and combined financial statements.

Table of Contents

Non-Controlling Interests

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than Apollo. The aggregate of the income or loss and corresponding equity that is not owned by the company is included in Non-Controlling Interests in the consolidated and combined financial statements. Subsequent to the Reorganization, the Non-Controlling Interests relating to Apollo Global Management, LLC primarily includes the 71.5% ownership interest in the Apollo Operating Group held by the managing partners and contributing partners as of December 31, 2009 through their partnership interests in Holdings and the approximate 97% ownership interest held by the limited partners in AAA.

In December 2007, the Financial Accounting Standards Board, or FASB, issued authoritative guidance for Non-Controlling Interests in consolidated financial statements. This guidance requires reporting entities to present Non-Controlling (minority) Interests as equity (as opposed to a liability or mezzanine equity) and provides guidance on the accounting for transactions between an entity and Non-Controlling Interests. This guidance applies prospectively as of January 1, 2009, except for the presentation and disclosure requirements, which are applied retrospectively for all periods presented. The company adopted this guidance effective January 1, 2009 and as a result, (1) Non-Controlling Interests were reclassified as a separate component of Shareholders Equity on the company s consolidated and combined statements of financial condition, (2) Net Loss was adjusted to include the net loss attributed to the Non-Controlling Interests on the company s consolidated and combined statements of operations, (3) the primary components of Non-Controlling Interests are now separately presented in the company s consolidated and combined financial statements to clearly distinguish the interest in the Apollo Operating Group and the interest held by limited partners in our consolidated funds from the interests of the company, and (4) profits and losses are allocated to Non-Controlling Interests in proportion to their ownership interests regardless of their basis. Prior to January 1, 2009, when losses attributable to the Non-Controlling Interests exceeded their basis, the company stopped attributing losses to the Non-Controlling Interests account and recorded the losses in excess of basis as part of accumulated deficit.

Investment Platform and Cost Trends

In order to accommodate the increasing demands of our funds rapidly growing investment portfolios, we have expanded our investment platform, which is comprised primarily of our people, financial and operating systems and supporting infrastructure. Expansion of our investment platform required increases in headcount, consisting of newly hired professionals and support staff, as well as leases and associated improvements to new offices to accommodate the increasing number of employees, and related augmentation of systems and infrastructure. Our headcount increased from 276 employees as of December 31, 2007 to 398 employees as of December 31, 2009. As a result, our compensation and other personnel-related expenses have increased, as have our rent and other office-related expenses. As we continue to expand our global platform, we anticipate our headcount and related expenses will continue to increase.

Our future growth will depend in part, on our ability to maintain an operating platform and management system sufficient to address our growth and will require us to incur significant additional expenses and to commit additional senior management and operational resources. As a result, we face significant challenges:

- maintaining adequate financial, regulatory and business controls;
- implementing new or updated information and financial systems, processes and procedures; and
- training, managing and hiring qualified professionals and appropriately sizing our work force and other components of our business on a timely and cost-effective basis.

We may not be able to manage our expanding operations effectively or be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

Table of Contents

Results of Operations

Below is a discussion of our consolidated and combined financial statements for the years ended December 31, 2009, 2008 and 2007. For additional analysis of the factors that affected our results at the segment level, refer to Segment Analysis following the analysis of the years ended December 31, 2009, 2008 and 2007.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Revenues

	Year Ended December 31, 2009	2008	Amount Change	Percentage Change
	(in thousands)			
Advisory and transaction fees from affiliates	$ 56,075	$ 145,181	$ (89,106)	(61.4)%
Management fees from affiliates	406,257	384,247	22,010	5.7
Carried interest income (loss) from affiliates	504,396	(796,133)	1,300,529	NM[(1)]
Total Revenues	$ 966,728	$ (266,705)	$ 1,233,433	NM

(1) Not meaningful. Changes from negative to positive amounts and positive to negative amounts are not considered meaningful. Increases or decreases from zero and changes greater than 500% are also not considered meaningful.

Our revenues and other income include fixed components that result from measures of capital and asset levels and variable components that result from realized and unrealized investment performance, as well as the value of successfully completed transactions.

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, decreased by $89.1 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. During the year ended December 31, 2009, gross and net transaction fees were $68.1 million and $22.9 million, respectively, and gross and net advisory fees, including director fees, were $108.5 million and $39.1 million, respectively. Transaction fees during 2009 were primarily driven by portfolio company transactions with Infineon Technologies AG and Charter Communications Inc. Advisory fees during 2009 were primarily generated by advisory and monitoring arrangements with the investments in our private equity and capital markets funds, including LeverageSource, Harrah s Entertainment, Realogy, Berry Plastics Group, Momentive Performance Materials, Claire s Stores and CEVA Logistics. The net transaction and net advisory fees were further offset by $5.9 million in broken deal costs that the company was obligated to repay primarily relating to Fund VII. Transaction and advisory fees are reported net of Management Fee Offsets as calculated under the terms of the respective limited partnership agreements. See Overview of Results of Operations Revenues Advisory and Transaction Fees from Affiliates for a summary that addresses how the Management Fee Offsets are calculated for each fund.

During the year ended December 31, 2008, gross and net transaction fees were $304.8 million and $115.0 million, respectively, and gross and net advisory fees were $105.8 million and $39.7 million, respectively. The net transaction and net advisory fees were further offset by $9.5 million in broken deal costs that the company was obligated to repay primarily relating to Fund VII. New deal activity related to investments in Harrah s Entertainment, Norwegian Cruise Lines and LeverageSource by Fund VI, Fund VII and AAA Investments generated the majority of transaction fees during the year ended December 31, 2008. Advisory fees during 2008 were generated by similar monitoring and advisory arrangements discussed in the 2009 results above.

Management fees from affiliates increased by $22.0 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was attributable to an increase in management fees earned from our private equity funds of $16.0 million primarily as a result of increased invested capital by Fund VI during the period. Management fees earned by our capital markets and real estate segments increased by $4.8 million and $1.2 million, respectively, as a result of increased net assets managed during the year ended December 31, 2009 as compared to 2008.

Table of Contents

Carried interest income (loss) from affiliates changed by $1,300.5 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. Carried interest income (loss) is related to investment gains and losses of unconsolidated affiliates. This change was primarily attributable to an increase of $1,594.3 million in net unrealized gains resulting from changes in the fair value of portfolio investments held by certain of our private equity and capital markets funds during the year ended December 31, 2009 as compared to 2008. This increase was partially offset by a decrease in realized gains of $293.8 million resulting from larger dispositions of investments of Fund V during 2008 as compared to the same period in 2009.

Expenses

	Year Ended December 31,		Amount	Percentage
	2009	2008	Change	Change
	(in thousands)			
Compensation and benefits	$ 1,495,010	$ 843,600	$ 651,410	77.2%
Interest expense	50,252	62,622	(12,370)	(19.8)
Professional fees	33,889	76,450	(42,561)	(55.7)
Litigation settlement		200,000	(200,000)	(100.0)
General, administrative and other	61,066	71,789	(10,723)	(14.9)
Placement fees	12,364	51,379	(39,015)	(75.9)
Occupancy	29,625	20,830	8,795	42.2
Depreciation and amortization	24,299	22,099	2,200	10.0
Total Expenses	$ 1,706,505	$ 1,348,769	$ 357,736	26.5%

Compensation and benefits increased $651.4 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. Compensation and benefits expense is comprised of non-cash compensation expense, profit sharing expense and salary, bonus and benefits expense. The increase in compensation and benefits was primarily attributable to the change in profit sharing expense of $644.6 million which was driven by the change in carried interest income earned from our private equity and capital markets funds, combined with an increase in compensation and salary, bonus and benefits expense of $31.9 million. These increases were partially offset by a decrease in non-cash compensation expense of $25.1 million primarily related to RSUs and AAA RDUs due to the decrease in fair value of granted shares in 2009 compared with 2008, as discussed in note 12 to our consolidated and combined financial statements included elsewhere in this prospectus.

Interest expense decreased by $12.4 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower interest expense incurred on the AMH credit facility due to the $90.9 million debt repurchase during April and May 2009 combined with lower LIBOR and ABR interest rates during the year ended December 31, 2009 as compared to 2008.

Professional fees decreased by $42.6 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower external accounting, tax, audit, legal and consulting fees incurred during year ended December 31, 2009 as compared to the same period during 2008.

A litigation settlement expense of $200.0 million was incurred during 2008 in connection with the Hexion/Huntsman litigation settlement.

General, administrative and other expenses fees decreased by $10.7 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008, which was primarily attributable to decreases in various expenses such as travel, information technology and other general expenses incurred as a result of our cost management initiatives across the company during the year ended December 31, 2009. These expense decreases were partially offset by $8.0 million of costs that related to the launch of ARI during the third quarter of 2009.

Table of Contents

Placement fees decreased $39.0 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. Placement fees are incurred in connection with the raising of committed capital for new and existing funds. These fees are normally payable to placement agents, who are third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering and marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors. This change was primarily attributable to decreased fundraising resulting in lower placement fees incurred for our private equity and capital markets funds of $25.6 million and $13.4 million, respectively, during the year ended December 31, 2009 as compared to 2008.

Occupancy expense fees increased by $8.8 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The increase was attributable to additional office space leased during 2009 as a result of the increase in our headcount to support the expansion of our global investment platform, as well as increased maintenance fees incurred on existing leased space and losses incurred on two subleases.

Depreciation and amortization expense increased by $2.2 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to increased depreciation expense associated with additional assets placed in service during the period totaling $3.4 million, partially offset by decreased amortization expense of $1.2 million incurred during 2009 relating to the intangible assets recognized from the acquisition of the contributing partners interest at the date of Reorganization.

Other Income (Loss)

	Year Ended December 31, 2009	2008	Amount Change	Percentage Change
		(in thousands)		
Net gains (losses) from investment activities	$ 510,935	$ (1,269,100)	$ 1,780,035	NM
Gain on repurchase of debt	36,193		36,193	NM
Interest income	1,450	19,368	(17,918)	(92.5)%
Income (loss) from equity method investments	83,113	(57,353)	140,466	NM
Other income (loss)	41,410	(4,609)	46,019	NM
Total Other Income (Loss)	$ 673,101	$ (1,311,694)	$ 1,984,795	NM

Net gains (losses) from investment activities increased by $1,780.0 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to a change in net unrealized gains (losses) of $1,702.5 million related to changes in the fair value of AAA Investments portfolio investments. Along with, a change in unrealized gains (losses) of $76.9 million which was related to the change in the fair value of Artus during 2009, where we as the general partner are allocated any negative equity of the fund.

Gain from repurchase of debt was $36.2 million during the year ended December 31, 2009. This was attributable to the purchase of $90.9 million face value of debt related to the AMH credit facility for $54.7 million in cash. As discussed in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus, the debt purchase was accounted for as if the debt was extinguished and the difference between the carrying amount and the reacquisition price resulted in a gain on extinguishment of $36.2 million.

Interest income decreased by $17.9 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower average cash balances combined with lower base rates, LIBOR and the Federal Funds Rate, resulting in less interest earned during the year ended December 31, 2009 as compared to 2008.

Table of Contents

Income (loss) from equity method investments changed by $140.5 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This increase was driven primarily by changes in the fair values of certain of our private equity and capital markets funds by $60.1 million and $81.1 million, respectively, during the year ended December 31, 2009 as compared to 2008.

Other income (loss) increased by $46.0 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to a $37.5 million insurance reimbursement received during 2009 towards the $200.0 million litigation settlement incurred during 2008. In addition, $8.5 million of increases in other income were primarily attributable to gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the year ended December 31, 2009 as compared to 2008.

Income Tax (Provision) Benefit

The income tax (provision) benefit was $(28.7) million for the year ended December 31, 2009 compared to $37.0 million for the year ended December 31, 2008, an increase of $65.7 million. As discussed in note 9 to our consolidated and combined financial statements included elsewhere in this prospectus, the earnings allocated to APO Corp. are subject to federal, state, local and foreign taxes. This change was primarily attributable to increases in deferred federal and state taxes of $51.2 million, along with increases in deferred NYC UBT and foreign taxes of $14.5 million during the year ended December 31, 2009 as compared to the same period during 2008 due to increased taxable GAAP income period over period.

Non-Controlling Interests

Non-Controlling Interests in consolidated entities consisted of the following:

	Year Ended December 31, 2009	2008
	(in thousands)	
AAA[1]	$ (452,408)	$ 1,191,034
Former employees[2]	(7,818)	(15,251)
Other		333
Total Non-Controlling Interests in consolidated entities	$ (460,226)	$ 1,176,116

(1) Reflects the Non-Controlling Interests in the net (income) loss of AAA and is calculated based on the Non-Controlling Interests ownership percentage in AAA, which was approximately 97%.
(2) Reflects the remaining interest held by certain former employees in the net income of our capital markets management companies.

Table of Contents

Non-Controlling Interests in the Apollo Operating Group consisted of the following:

	Year Ended December 31, 2009	2008
	(in thousands)	
Net loss	$ (95,390)	$ (2,890,173)
Net (income) loss attributable to Non-Controlling Interests in consolidated entities	(460,226)	1,176,116
Net loss after Non-Controlling Interests in consolidated entities	(555,616)	(1,714,057)
Adjustments:		
Income tax provision (benefit)[1]	28,714	(36,995)
NYC UBT and foreign tax (provision) benefit [2]	(11,638)	2,317
Net loss (income) in non-Apollo Operating Group entities	9,336	(3,937)
Total adjustments	26,412	(38,615)
Net loss after adjustments	(529,204)	(1,752,672)
Ownership percentage of Apollo Operating Group	71.50%	71.15%
Net loss attributable to Apollo Operating Group before basis adjustment[3]	(378,381)	(1,247,026)
Other adjustments:		
AMH special allocation[4]	(22,059)	
Losses in excess of basis[5]		445,227
Net loss attributable to Non-Controlling Interests in Apollo Operating Group	$ (400,440)	$ (801,799)

(1) Reflects all taxes recorded in our consolidated and combined statements of operations. Of this amount, U.S. Federal, state, and local corporate income tax attributable to APO Corp. is added back to income (loss) of the Apollo Operating Group before calculating Non-Controlling Interest as the income (loss) allocable to the Apollo Operating Group is not subject to such taxes.
(2) Reflects NYC UBT and foreign taxes that are attributable to the Apollo Operating Group and its subsidiaries related to its operations in the U.S. as partnerships and in non-U.S. jurisdictions as corporations. As such, these amounts are considered in the income (loss) attributable to the Apollo Operating Group.
(3) This amount is calculated by applying the ownership percentage of 71.15% during 2008 and prior to the share repurchase during February 2009, and 71.50% thereafter to the consolidated net income (loss) of the Apollo Operating Group before a corporate income tax provision and after allocations to the Non-Controlling Interests in consolidated entities.
(4) These amounts represent special allocation of income to APO Corp. and reduction of income allocated to Holdings due to the amendment to the AMH partnership agreement as discussed in note 13 to our consolidated and combined financial statements included elsewhere in this prospectus.
(5) Prior to January 1, 2009, when losses attributable to the Non-Controlling Interests exceeded their basis, the company stopped attributing losses to the Non-Controlling Interests account and reflects the losses in the excess of basis in the net loss attributable to Apollo Global Management, LLC in the consolidated and combined statements of operations.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Revenues

	Year Ended December 31, 2008	2007	Amount Change	Percentage Change
		(in thousands)		
Advisory and transaction fees from affiliates	$ 145,181	$ 150,191	$ (5,010)	(3.3)%
Management fees from affiliates	384,247	192,934	191,313	99.2
Carried interest (loss) income from affiliates	(796,133)	294,725	(1,090,858)	NM

Total Revenues	$ (266,705)	$ 637,850	$ (904,555)	NM

Our revenues and other income include fixed components that result from measures of capital and asset levels, and variable components that result from realized and unrealized investment performance, as well as the value of successfully completed transactions.

Total revenues were $(266.7) million for the year ended December 31, 2008 compared to $637.9 million for the year ended December 31, 2007, a decrease of $904.6 million. This change was primarily attributable to decreased carried interest income from affiliates due to the decline in the fair value of our private equity fund portfolio investments, partially offset by increased management fees driven by an increase in the net asset value of existing capital markets funds, as well as increased management fees earned from affiliates as a result of new funds with sizable capital commitments that commenced operations during the period.

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, were $145.2 million for the year ended December 31, 2008 compared to $150.2 million for the year ended December 31, 2007, a decrease of $5.0 million or 3.3%. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated during 2007. As such, a decrease of $59.6 million was attributable to Management Fee Offsets included in advisory and transaction fees that were previously eliminated in consolidation. During the year ended December 31, 2008, gross and net transaction fees were $304.8 million and $115.0 million, respectively, and gross and net advisory fees were $105.8 million and $39.7 million, respectively. The net transaction and net advisory fees were further offset by $9.5 million in broken deal costs that the company was obligated to repay primarily relating to Fund VII. New deal activity related to investments in Harrah s Entertainment, Norwegian Cruise Lines and LeverageSource by Fund VI, Fund VII and AAA Investments generated the majority of transaction fees during the year ended December 31, 2008. Advisory fees during 2008 were primarily the result of advisory and monitoring arrangements with the investments in our private equity and capital markets funds, including LeverageSource, Harrah s Entertainment, Realogy, Berry Plastics Group, Momentive Performance Materials, Claire s Stores and CEVA Logistics.

During the year ended December 31, 2007 and after excluding the effects of the $59.6 million of Management Fee Offsets that were previously eliminated in consolidation, gross and net transaction fees were $161.0 million and $64.6 million, respectively, and gross and net advisory fees were $46.7 million and $13.0 million, respectively. The net transaction and net advisory fees were increased by $13.0 million in broken deal costs related to Fund VI for which the company was reimbursed. Transaction fees during 2007 were primarily driven by portfolio company transactions with Realogy, CEVA Logistics, Claire s Stores, Noranda Aluminum and Jacuzzi Brands.

Management fees from affiliates were $384.2 million for the year ended December 31, 2008 compared to $192.9 million for the year ended December 31, 2007, an increase of $191.3 million or 99.2%. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated during 2007. As such, approximately $56.5 million of this increase was attributable to the management fees earned from the Apollo funds that were previously eliminated in consolidation. Excluding the impact of the above, management fees for private equity and capital markets segments increased by $95.3 million and $39.5 million, respectively. The $95.3 million increase in management fees earned from our private equity funds was primarily attributable to the commencement of Fund VII during the third quarter of 2007, which had committed capital of approximately $14.7 billion at December 31, 2008 and earned management fees of $177.9 million. The management fee increase was partially offset by a decrease within our existing private equity funds totaling $82.6 million which was primarily due to the reduction of management fees earned from Fund VI as its management fee calculation formula changed in 2008 after the investment period ended and its step-down date commenced. The $39.5 million increase in management fees earned from our capital markets funds was primarily driven by an increase in total net assets managed as a result of our new funds, EPF and ACLF which commenced operations during the third and fourth quarter of 2007, respectively, and COF I, COF II and AIE II which commenced operations during the second quarter of 2008.

Carried interest (loss) income from affiliates was $(796.1) million for the year ended December 31, 2008 compared to $294.7 million for the year ended December 31, 2007, a decrease of $(1,090.9) million. Carried interest (loss) income is related to investment gains and losses of unconsolidated affiliates. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated during 2007. As such, a change of approximately $442.4 million was

Table of Contents

attributable to the carried interest income that was previously eliminated in the consolidation of the Apollo funds. Furthermore, unrealized carried interest income from private equity funds decreased by $1,594.0 million primarily due to the decline in fair value of investments held by Fund IV, Fund V and Fund VI. Realized carried interest income from private equity funds increased by $92.5 million which was primarily driven by realized gains from the disposition of private equity investments, primarily in Fund V, partially offset by a decrease in realized gains on Fund IV and Fund VI. Unrealized carried interest income from capital markets funds decreased by $10.5 million, which was primarily due to a decline in the fair value of portfolio investments held by certain capital markets funds. Realized carried interest income from capital markets funds decreased by $21.3 million, which was primarily driven by a decrease in realized gains in certain capital markets funds.

Expenses

	Year Ended December 31, 2008	2007	Amount Change	Percentage Change
	(in thousands)			
Compensation and benefits	$ 843,600	$ 1,450,330	$ (606,730)	(41.8)%
Interest expense	62,622	105,968	(43,346)	(40.9)
Interest expense beneficial conversion feature		240,000	(240,000)	(100.0)
Professional fees	76,450	81,824	(5,374)	(6.6)
Litigation settlement	200,000		200,000	NM
General, administrative and other	71,789	36,618	35,171	96.0
Placement fees	51,379	27,253	24,126	88.5
Occupancy	20,830	12,865	7,965	61.9
Depreciation and amortization	22,099	7,869	14,230	180.8
Total Expenses	$ 1,348,769	$ 1,962,727	$ (613,958)	(31.3)%

Total expenses were $1,348.8 million for the year ended December 31, 2008 compared to $1,962.7 million for the year ended December 31, 2007, a decrease of $614.0 million or 31.3%. This change was primarily attributable to decreased compensation and benefits expense due to lower profit sharing expense, combined with lower interest expense since the BCF that was recognized during 2007. These decreases were partially offset by the litigation settlement expense incurred during 2008 associated with the Hexion/Huntsman litigation settlement, as discussed in note 14 to our consolidated and combined financial statements included elsewhere in this prospectus.

Compensation and benefits were $843.6 million for the year ended December 31, 2008 compared to $1,450.3 million for the year ended December 31, 2007, a decrease of $606.7 million or 41.8%. The $843.6 million of compensation and benefits expense for the year ended December 31, 2008 was comprised of $1,125.2 million of non-cash compensation expense combined with $201.1 million for salary, bonus and benefit expenses, partially offset by a $482.7 million reversal of previously recognized profit sharing expense resulting from a decrease in carried interest income earned due to a decline in the fair value of several of our private equity portfolio investments. The $1,450.3 million of compensation and benefits expense for the year ended December 31, 2007 was comprised of $989.8 million of non-cash compensation expense, $307.7 million of profit sharing expense and $152.8 million for salary, bonus and benefit expenses. Amortization on Apollo Operating Group units is the largest component of non-cash compensation expense, which was $1,034.9 million for the year ended December 31, 2008 compared to $980.7 million for the year ended December 31, 2007, an increase of $54.2 million or 5.5%. Non-cash compensation expense related to RSUs was $75.4 million and $5.3 million for the years ended December 31, 2008 and 2007, respectively, an increase of $70.1 million since RSUs were granted for the first time during the fourth quarter of 2007. In addition, non-cash compensation related to AAA RDUs was $14.9 million and $3.9 million for the years ended December 31, 2008 and 2007, respectively, an increase of $11.0 million. The $48.3 million increase in salary, bonus and benefit expenses was primarily driven by the hiring of additional employees to support the expansion of our investment platform during 2008.

Interest expense was $62.6 million during the year ended December 31, 2008 compared to $106.0 million for the year ended December 31, 2007, a decrease of $43.3 million or 40.9%. This decrease was primarily attributable to interest expense incurred during 2007 on the convertible notes and a related write-off of unamortized debt issuance costs as discussed in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus. The convertible notes were issued on July 13, 2007 and yielded 7% per annum with a 15-year term and a principal amount of $1.2 billion. The notes included provisions calling for either an optional or mandatory conversion of the loan to 60,000,001 non-voting Class A shares at a conversion price of $20 per share. The mandatory conversion occurred at the time of the Private Placement, which was completed on August 8, 2007 at $24 per share. There was $44.3 million of unamortized debt issuance costs that were associated with the convertible debt, which were written off on the conversion date and included as a component of interest expense during the year ended December 31, 2007, as well as $6.1 million of interest expense that was incurred on the convertible notes prior to their mandatory conversion in 2007. These decreases were partially offset by $7.1 million of interest expense that was incurred during the year ended December 31, 2008, which was primarily attributable to the AMH credit facility that was entered into during April 2007.

As discussed in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus, interest expense of $240.0 million was incurred during 2007 as a result of the accelerated amortization of the BCF when the notes subject to contingent conversion issued to the Strategic Investors on July 13, 2007 were mandatorily converted to 60,000,001 Class A shares on August 8, 2007. The intrinsic value of the BCF was based on the difference between the conversion price of $20 per share and $24 fair value per share.

Professional fees were $76.5 million for the year ended December 31, 2008 compared to $81.8 million for the year ended December 31, 2007, a decrease of $5.4 million or 6.6%. This change was primarily attributable to lower broken deal costs of $10.8 million due to reimbursement from Fund VII, partially offset by a $5.4 million increase in external accounting, tax, audit, legal and consulting fees that were incurred in connection with the expansion of our investment platform during 2008.

As discussed in note 14 to our consolidated and combined financial statements included elsewhere in this prospectus, $200.0 million was incurred during 2008 in connection with our December 2008 agreement with Huntsman to settle certain actions related to Hexion s now-terminated merger agreement with Huntsman.

General, administrative and other expenses were $71.8 million for the year ended December 31, 2008 compared to $36.6 million for the year ended December 31, 2007, an increase of $35.2 million or 96.0%. This change was primarily attributable to increased travel, information technology and other expenses incurred as a result of expanding our global platform and increased headcount during 2008.

Placement fees were $51.4 million for the year ended December 31, 2008 compared to $27.3 million for the year ended December 31, 2007, an increase of $24.1 million or 88.5%. Placement fees are incurred in connection with the raising of committed capital for new or existing funds. The fees are normally payable to placement agents, who are independent third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering and marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors. This change was primarily attributable to increased fundraising for our funds.

Occupancy expense was $20.8 million for the year ended December 31, 2008 compared to $12.9 million for the year ended December 31, 2007, an increase of $8.0 million or 61.9%. This change was primarily attributable to additional office space leased during 2008 to support the expansion of our investment platform, as well as increased maintenance fees incurred on our existing leased space.

Depreciation and amortization expense was $22.1 million for the year ended December 31, 2008 compared to $7.9 million for the year ended December 31, 2007, an increase of $14.2 million or 180.8%. This change was primarily attributable to increased amortization expense of $9.3 million incurred during 2008 relating to the intangible assets recognized from the acquisition of the contributing partners interest during the third quarter of 2007. The remaining increase of $4.9 million was primarily attributable to depreciation expense associated with new assets placed in service during 2008.

Other (Loss) Income

	Year Ended December 31, 2008	2007	Amount Change	Percentage Change
	(in thousands)			
Net (losses) gains from investment activities	$ (1,269,100)	$ 2,279,263	$ (3,548,363)	NM
Dividend income from affiliates		238,609	(238,609)	(100.0)%
Interest income	19,368	52,500	(33,132)	(63.1)
(Loss) income from equity method investments	(57,353)	1,722	(59,075)	NM
Other loss	(4,609)	(36)	(4,573)	NM
Total Other (Loss) Income	$ (1,311,694)	$ 2,572,058	$ (3,883,752)	NM

Total other (loss) income was $(1,311.7) million for the year ended December 31, 2008 compared to $2,572.1 million for the year ended December 31, 2007, a decrease of $3,883.8 million. This change was primarily attributable to increased net losses from investment activities driven by a decline in the fair values of fund portfolio investments, combined with lower realized gains due to the deconsolidation of certain Apollo funds during 2007.

Net (losses) gains from investment activities were $(1,269.1) million for the year ended December 31, 2008 compared to $2,279.3 million for the year ended December 31, 2007, a decrease of $3,548.4 million. As discussed in note 1 to our consolidated and combined financials statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated during 2007. As such, a decrease of $2,041.2 million was attributable to the realized gains of these funds during the year ended December 31, 2007. The remaining change was primarily attributable to an increase in net unrealized losses of $1,468.8 million related to the decline in the fair values of AAA Investments portfolio investments to a net unrealized loss of $1,230.7 million for the year ended December 31, 2008, as compared with net unrealized gains of $238.1 million during 2007. In addition, $38.4 million of unrealized losses for the year ended December 31, 2008 were attributable to a new capital markets fund, Artus.

Dividend income was $238.6 million for the year ended December 31, 2007. This income was attributable to dividends from portfolio company investments earned by the Apollo funds during 2007 that were previously consolidated as discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus.

Interest income was $19.4 million for the year ended December 31, 2008 compared to $52.5 million for the year ended December 31, 2007, a decrease of $33.1 million or 63.1%. This change was due to interest income of $33.1 million that was generated by the Apollo funds that were previously consolidated as discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus.

(Loss) income from equity method investments was $(57.4) million for the year ended December 31, 2008 compared to $1.7 million for the year ended December 31, 2007, a decrease of $59.1 million. Private equity losses from equity method investments increased by $23.0 million, which was primarily driven by losses incurred from investments in new equity method investments. Capital markets losses from equity method investments increased by $36.1 million primarily driven by losses from investments in our new capital markets funds, ACLF, COF I, COF II, Artus and EPF totaling $33.3 million.

Table of Contents

Other loss was $(4.6) million for the year ended December 31, 2008, which was primarily attributable to $13.6 million of net losses from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries partially offset by expense reimbursements totaling $8.5 million during 2008.

Income Tax Benefit (Provision)

The income tax benefit (provision) was $37.0 million for the year ended December 31, 2008 compared to $(6.7) million for the year ended December 31, 2007, a decrease of $43.7 million. As a result of the Reorganization of Apollo during the third quarter of 2007, two intermediate holding companies were created, APO Corp. and APO Asset Co., LLC. In addition, a third intermediate holding company, APO (FC), LLC was established during 2008. As discussed in note 9 to our consolidated and combined financial statements included elsewhere in this prospectus, the earnings allocated to APO Corp. are taxed at a combined 41% marginal rate which includes federal, state, local and foreign taxes. Prior to the Reorganization, Apollo was only subject to NYC UBT and taxes on foreign subsidiaries. The net loss reported by APO Corp. for the year ended December 31, 2008 has resulted in an incremental federal and state deferred corporate tax benefit of $36.0 million, combined with lower current and deferred NYC UBT and foreign tax expense of $7.7 million.

Non-Controlling Interests

Non-Controlling Interests in consolidated entities consisted of the following:

	Year Ended December 31,	
	2008	**2007**
	(in thousands)	
AAA[(1)]	$ 1,191,034	$ (226,569)
Private equity and capital markets funds consolidated prior to Reorganization[(2)]		(1,857,615)
Former employees[(3)]	(15,251)	(6,081)
Other	333	1,610
Total Non-Controlling Interests in consolidated entities	$ 1,176,116	$ (2,088,655)

(1) Reflects the Non-Controlling Interests in the net loss (income) of AAA and is calculated based on the Non-Controlling Interests ownership percentage in AAA. The Non-Controlling Interests percentage is approximately 97% of AAA.

(2) Reflects the Non-Controlling Interests in the net income of our private equity and capital markets funds prior to deconsolidation and is calculated based on the Non-Controlling Interests ownership percentage in the underlying funds after elimination of carried interest income.

(3) Reflects the remaining interest held by certain former employees in the net income of our capital markets management companies. In 2007, the amount also reflects interests held by contributing partners.

Table of Contents

Non-Controlling Interests in the Apollo Operating Group consisted of the following:

	Year Ended December 31, 2008	2007
	(in thousands)	
Net (loss) income	$ (2,890,173)	$ 1,240,455
Net loss (income) attributable to Non-Controlling Interests in consolidated entities	1,176,116	(2,088,655)
Net loss after Non-Controlling Interests in consolidated entities	(1,714,057)	(848,200)
Adjustments:		
Income tax (benefit) provision[(1)]	(36,995)	6,726
NYC UBT and foreign tax benefit (provision)[(2)]	2,317	(4,854)
Net loss before private placement[(3)]		455,419
Net income of non-Apollo Operating Group entities	(3,937)	
Total adjustments	(38,615)	457,291
Net loss after adjustments[(4)]	(1,752,672)	(390,909)
Ownership percentage of Apollo Operating Group	71.15%	71.75% / 71.15%
Net loss attributable to Apollo Operating Group before basis adjustment[(5)]	(1,247,026)	(278,549)
Other adjustments:		
Losses in excess of basis[(6)]	445,227	
Net loss attributable to Non-Controlling Interests in Apollo Operating Group	$ (801,799)	$ (278,549)

(1) Reflects all taxes recorded in our consolidated and combined statements of operations. Of this amount, U.S. Federal, state, and local corporate income tax attributable to APO Corp. is added back to income of the Apollo Operating Group before calculating Non-Controlling Interest as the income allocable to the Apollo Operating Group is not subject to such taxes.

(2) Reflects NYC UBT and foreign taxes that are attributable to the Apollo Operating Group and its subsidiaries related to their operations in the U.S. as partnerships and in non U.S. jurisdictions as corporations. As such, these amounts are considered in the income attributable to the Apollo Operating Group.

(3) Reflects Net Loss for period prior to the Private Placement (January 1, 2007 - August 8, 2007). This amount was excluded to reflect the losses that were incurred and attributable to the Apollo Operating Group for the period during 2007 after the Private Placement.

(4) Of the $(390,909) Net Loss incurred during the period from August 8, 2007 to December 31, 2007, $(69,499) was attributable to the period from August 8, 2007 to August 30, 2007 and $(321,410) was attributable to the period from September 1, 2007 to December 31, 2007.

(5) This amount is calculated by applying the ownership percentage of 71.75% for the period from August 8, 2007 to August 30, 2007 and 71.15% thereafter to the consolidated net loss of the Apollo Operating Group before corporate income tax provision and after allocations to the Non-Controlling Interests in consolidated entities.

(6)

Prior to January 1, 2009, when losses attributable to the Non-Controlling Interests exceeded their basis, the company stopped attributing losses to the Non-Controlling Interests account and reflected the losses in the excess of basis in the net loss attributable to Apollo Global Management, LLC in the consolidated and combined statements of operations.

Segment Analysis

Discussed below are our results of operations for each of our reportable segments. They represent the segment information available and utilized by our executive management, which consists of our managing partners, who operate collectively as our chief operating decision maker, to assess performance and to allocate resources. Management divides its operations into three reportable segments: private equity, capital markets and real estate. These segments were established based on the nature of investment activities in each fund, including the specific type of investment made, the frequency of trading, and the level of control over the investment. Segment results do not consider consolidation of funds, non-cash equity-based compensation, income taxes and Non-Controlling Interests.

Our financial results vary, since carried interest, which generally constitutes a large portion of the income from the funds that we manage, as well as the transaction and advisory fees that we receive, can vary significantly from quarter to quarter and year to year. As a result, we emphasize long-term financial growth and profitability to manage our business.

Table of Contents

Summary Combined Segments

The following tables combine our statement of operations information and our supplemental performance measure, ENI, for our management and incentive business for the years ended December 31, 2009, 2008 and 2007, respectively, which we believe is useful to the reader. In addition to providing the financial results of our three reportable business segments, we further evaluate our segments based on what we refer to as our management and advisor activities. Our management business is generally characterized by the predictability of its financial metrics, including revenues and expenses. This business includes management fee revenues, advisory and transaction revenues, carried interest income from certain of our mezzanine funds, and expenses, which we believe are more stable in nature. The financial performance of our incentive business, which is dependent upon quarterly mark-to-market unrealized valuations in accordance with U.S. GAAP guidance applicable to fair value measurements, includes carried interest income and profit sharing expenses which are associated with our general partner interests in the Apollo funds, and is generally less predictable and more volatile in nature.

	Year Ended December 31, (in thousands)		
	2009(1)(2)	**2008**(3)(4)	**2007**(4)(5)(6)
Management Business			
Revenues:			
Advisory and transaction fees from affiliates	$ 56,075	$ 145,181	$ 90,602
Management fees from affiliates	406,257	384,247	249,424
Carried interest income from affiliates	50,404	49,829	51,532
Total Revenues	512,736	579,257	391,558
Expenses:			
Compensation and benefits	227,356	201,098	149,553
Interest expense	50,252	62,622	103,226
Interest expense beneficial conversion feature			240,000
Professional fees(7)	33,220	72,907	71,583
Litigation settlement		200,000	
General, administrative and other	59,437	70,537	32,867
Placement fees	12,364	51,379	27,253
Occupancy	29,625	20,830	12,865
Depreciation and amortization	24,299	22,099	7,869
Total Expenses	436,553	701,472	645,216
Other Income (Loss):			
Net losses from investment activities			(73)
Dividend income			551
Gain from debt repurchase	36,193		
Interest income	1,450	19,368	19,421
Other income (loss)	41,410	(4,609)	(36)
Total Other Income	79,053	14,759	19,863
Economic Net Income (Loss)	$ 155,236	$ (107,456)	$ (233,795)

(1) Includes $8 million of offering costs related to the launch of a commercial real estate finance company during the third quarter of 2009.

(2) Includes $37.5 million of insurance proceeds related to the Hexion/Huntsman litigation settlement included in other income.

(3) Includes $200 million of litigation settlement expense related to the Hexion/Huntsman litigation settlement.

(4) Carried interest income earned from AIC of $49.8 million and $51.5 million during 2008 and 2007, respectively, and the related incentive fee compensation expense of $9.0 million and $10.3 million during 2008 and 2007, respectively, have been reclassed from the incentive business to conform with the 2009 presentation.

Table of Contents

(5) Includes $240 million of interest expense associated with the beneficial conversion feature, which was recorded during 2007.

(6) Includes $44 million of unamortized debt issuance costs that were associated with the convertible notes, which were written off on the conversion date, and $6 million of interest expense that was incurred on the convertible notes prior to their mandatory conversion, as described in note 5 above.

(7) Includes professional fees related to one time projects considered as non-recurring and public offering costs as follows:

Year Ended December 31, 2009	**2008**	**2007**
	(in thousands)	
$14,681	$26,777	$16,188

	2009	**Year Ended December 31, 2008[1] (in thousands)**	**2007[1]**
Incentive Business			
Revenues:			
Carried interest income (loss) from affiliates:			
Unrealized gains (losses)	$ 383,016	$ (1,211,300)	$ 393,122
Interest income	22,995	3,857	23,438
Realized gains	47,981	361,481	268,995
Total Revenues	453,992	(845,962)	685,555
Expenses:			
Compensation and benefits:			
Realized profit sharing expense	24,073	164,326	147,317
Unrealized profit sharing expense	143,475	(647,008)	163,611
Total Expenses	167,548	(482,682)	310,928
Other Income (Loss):			
Net gains (losses) from investment activities	39,062	(38,444)	
Income (loss) from equity method investments	100,280	(101,770)	12,014
Total Other Income (Loss)	139,342	(140,214)	12,014
Economic Net Income (Loss)	$ 425,786	$ (503,494)	$ 386,641

(1) Carried interest income earned from AIC and the related incentive fee compensation expense have been reclassed to the Management Business to conform with the 2009 presentation.

Summary

Below is the summary of management and incentive business combined segments:

	2009	Year Ended December 31, 2008 (in thousands)	2007
Revenues	$ 966,728	$ (266,705)	$ 1,077,113
Expenses	604,101	218,790	956,144
Other income (loss)	218,395	(125,455)	31,877
Economic Net Income (Loss)	$ 581,022	$ (610,950)	$ 152,846

Table of Contents

Private Equity

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

The following table sets forth our segment statement of operations information and our supplemental performance measure, ENI, for our private equity segment for the years ended December 31, 2009 and 2008, respectively.

	Year Ended December 31, 2009			Year Ended December 31, 2008		
		Private Equity			Private Equity	
	Management	Incentive	Total	Management	Incentive	Total
			(in thousands)			
Revenues:						
Advisory and transaction fees from affiliates	$ 48,642	$	$ 48,642	$ 120,813	$	$ 120,813
Management fees from affiliates	260,478		260,478	244,468		244,468
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)		262,890	262,890		(1,206,060)	(1,206,060)
Realized gains		47,981	47,981		361,481	361,481
Total Revenues	309,120	310,871	619,991	365,281	(844,579)	(479,298)
Expenses:						
Compensation and benefits	127,751	124,048	251,799	118,889	(482,682)	(363,793)
Interest expense	28,808		28,808	34,190		34,190
Professional fees	19,228		19,228	45,430		45,430
Litigation settlement				200,000		200,000
General, administrative and other	27,745		27,745	42,713		42,713
Placement fees	2,644		2,644	28,236		28,236
Occupancy	14,683		14,683	9,601		9,601
Depreciation and amortization	16,420		16,420	16,663		16,663
Total Expenses	237,279	124,048	361,327	495,722	(482,682)	13,040
Other Income (Loss):						
Net gains from investment activities		584	584			
Gain from repurchase of debt	20,548		20,548			
Interest income	603		603	11,967		11,967
Income (loss) from equity method investments		54,639	54,639		(67,052)	(67,052)
Other income (loss)	37,550		37,550	(6,886)		(6,886)
Total Other Income (Loss)	58,701	55,223	113,924	5,081	(67,052)	(61,971)
Economic Net Income (Loss)	$ 130,542	$ 242,046	$ 372,588	$ (125,360)	$ (428,949)	$ (554,309)

Revenues

	Year Ended December 31,		Amount	Percentage
	2009	2008	Change	Change
	(in thousands)			
Advisory and transaction fees from affiliates	$ 48,642	$ 120,813	$ (72,171)	(59.7)%
Management fees from affiliates	260,478	244,468	16,010	6.5
Carried interest income (loss) from affiliates				
Unrealized gains (losses)	262,890	(1,206,060)	1,468,950	NM
Realized gains	47,981	361,481	(313,500)	(86.7)

Total carried interest income (loss) from affiliates	310,871	(844,579)	1,155,450	NM
Total Revenues	$ 619,991	$ (479,298)	$ 1,099,289	NM

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs decreased by $72.2 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. Gross advisory and transaction fees were $148.1 million and $329.9 million for the years ended December 31, 2009 and 2008, respectively, a decrease of $181.8 million or 55.1%. Advisory and transaction fees, including directors fees, are reported net of Management Fee Offsets, totaling $93.8 million and $199.6 million for the years ended December 31, 2009 and 2008, respectively, a decrease of $105.8 million or 53.0%. The transaction fees during 2009 were primarily driven by portfolio company transactions with Infineon Technologies AG and Charter Communications Inc. New deal activity by Fund VI, Fund VII and AAA Investments related to investments in Harrah s Entertainment, Norwegian Cruise Lines and LeverageSource generated a majority of the advisory and transaction fees earned during the year ended December 31, 2008. Advisory fees during 2009 were primarily generated by advisory arrangements with the portfolio companies investments in our private equity funds, including Harrah s Entertainment, Realogy, Berry Plastics Group, Momentive Performance Materials, Claire s Stores and CEVA Logistics. In addition, broken deal costs associated with these advisory and transaction fees decreased by $3.8 million.

Management fees from affiliates increased by $16.0 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to increased management fees earned from Fund VI totaling $21.6 million as a result of increased invested capital of this fund during the period, partially offset by decreases on our other private equity funds of $5.6 million driven by a decrease in net assets managed during the year ended December 31, 2009 as compared to 2008.

Carried interest income (loss) from affiliates changed by $1,155.5 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to modest improvements in the fair value of the underlying portfolio investments held by Fund IV, Fund V, Fund VI and Fund VII during the year ended December 31, 2009 resulting in an increase of $1,469.0 million in net unrealized gains as compared to significant decreases in the fair values during the year ended December 31, 2008, which led to large reversals of unrealized carried interest income. This increase was offset by decreases in net realized gains of $313.5 million primarily resulting from dispositions of portfolio investments by Fund V during 2008, partially offset by 2009 tax distributions related to interest income earned from portfolio investments held by Fund VI and Fund VII, which are not subject to the general partner s potential obligation to return previously distributed carried interest income.

Expenses

	Year Ended December 31,		Amount	Percentage
	2009	2008	Change	Change
		(in thousands)		
Compensation and benefits	$ 251,799	$ (363,793)	$ 615,592	NM
Interest expense	28,808	34,190	(5,382)	(15.7)%
Professional fees	19,228	45,430	(26,202)	(57.7)
Litigation settlement		200,000	(200,000)	(100.0)
General, administrative and other	27,745	42,713	(14,968)	(35.0)
Placement fees	2,644	28,236	(25,592)	(90.6)
Occupancy	14,683	9,601	5,082	52.9
Depreciation and amortization	16,420	16,663	(243)	(1.5)
Total Expenses	$ 361,327	$ 13,040	$ 348,287	NM

Compensation and benefits increased by $615.6 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to a $606.7 million increase in profit sharing expense, which was driven by the change in carried interest income earned from our private equity funds, along with an increase in salary, bonus and benefits expense of $8.9 million during the year ended December 31, 2009 as compared to 2008.

Interest expense decreased by $5.4 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower interest incurred on the AMH credit

Table of Contents

facility due to the $90.9 million debt repurchase during April and May 2009 combined with lower variable LIBOR and ABR interest rates during the year ended December 31, 2009 as compared to 2008.

Professional fees decreased by $26.2 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower external accounting, tax, audit, legal and consulting fees incurred during the year ended December 31, 2009 as compared to 2008.

A litigation settlement expense of $200.0 million was incurred during 2008 in connection with the Hexion/Huntsman litigation settlement.

General, administrative and other expense decreased by $15.0 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to decreases in various expenses such as travel, information technology and other general expenses incurred as a result of our cost management initiatives across the company during the year ended December 31, 2009 as compared to 2008.

Placement fees decreased by $25.6 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to decreased fundraising resulting in lower placement fees incurred for our private equity funds during the year ended December 31, 2009 as compared to 2008, primarily related to Fund VII.

Occupancy expense increased by $5.1 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to losses incurred on two subleases totaling $1.6 million during the year ended December 31, 2009. The remaining increase was attributable to additional office space leased during 2009 as a result of the increase in our headcount to support the expansion of our global investment platform, as well as increased maintenance fees incurred on existing leased space.

Other Income (Loss)

	Year Ended December 31, 2009	Year Ended December 31, 2008	Amount Change	Percentage Change
		(in thousands)		
Net gains from investment activities	$ 584	$	$ 584	NM
Gain from repurchase of debt	20,548		20,548	NM
Interest income	603	11,967	(11,364)	(95.0)%
Income (loss) from equity method investments	54,639	(67,052)	121,691	NM
Other income (loss)	37,550	(6,886)	44,436	NM
Total Other Income (Loss)	$ 113,924	$ (61,971)	$ 175,895	NM

Gain from repurchase of debt was $20.5 million during the year ended December 31, 2009. This was attributable to the purchase of debt related to the AMH credit facility. As discussed in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus, the debt purchase resulted in the recognition of a gain as the purchase price was below the carrying value of the debt.

Interest income decreased by $11.4 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower average cash balances combined with lower base rates, LIBOR and the Federal Funds Rate, resulting in less interest earned during the year ended December 31, 2009 as compared to 2008.

Table of Contents

Income (loss) from equity method investments changed by $121.7 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This increase was driven by changes in the fair values of our private equity investments held, primarily relating to Apollo Global Management, LLC s ownership interest in AAA units and Fund VII by $61.6 million and $46.3 million, respectively, during the year ended December 31, 2009 as compared to the same period during 2008.

Other income (loss) increased by $44.4 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to a $37.5 million insurance reimbursement received during 2009 towards the $200.0 million litigation settlement incurred during 2008. In addition, $6.9 million of increases in other income was primarily attributable to gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the year ended December 31, 2009 as compared to 2008.

Table of Contents

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

The following table sets forth our segment statement of operations information and our supplemental performance measure, ENI, for our private equity segment for the years ended December 31, 2008 and 2007, respectively.

	Year Ended December 31, 2008			Year Ended December 31, 2007		
	Management	Private Equity Incentive	Total	Management	Private Equity Incentive	Total
			(in thousands)			
Revenues:						
Advisory and transaction fees from affiliates	$ 120,813	$	$ 120,813	$ 90,408	$	$ 90,408
Management fees from affiliates	244,468		244,468	149,180		149,180
Carried interest (loss) income from affiliates:						
Unrealized (losses) gains		(1,206,060)	(1,206,060)		387,906	387,906
Realized gains		361,481	361,481		268,995	268,995
Total Revenues	365,281	(844,579)	(479,298)	239,588	656,901	896,489
Expenses:						
Compensation and benefits	118,889	(482,682)	(363,793)	70,226	307,739	377,965
Interest expense	34,190		34,190	56,647		56,647
Interest expense beneficial conversion feature				126,720		126,720
Professional fees	45,430		45,430	59,119		59,119
Litigation settlement	200,000		200,000			
General, administrative and other	42,713		42,713	22,695		22,695
Placement fees	28,236		28,236	22,753		22,753
Occupancy	9,601		9,601	8,551		8,551
Depreciation and amortization	16,663		16,663	5,467		5,467
Total Expenses	495,722	(482,682)	13,040	372,178	307,739	679,917
Other (Loss) Income:						
Net losses from investment activities				(73)		(73)
Dividend income from affiliates				551		551
Interest income	11,967		11,967	16,394		16,394
(Loss) income from equity method investments		(67,052)	(67,052)		10,664	10,664
Other loss	(6,886)		(6,886)	(36)		(36)
Total Other Income (Loss)	5,081	(67,052)	(61,971)	16,836	10,664	27,500
Economic Net (Loss) Income	$ (125,360)	$ (428,949)	$ (554,309)	$ (115,754)	$ 359,826	$ 244,072

Table of Contents

Revenues

	Year Ended December 31, 2008	2007	Amount Change	Percentage Change
	(in thousands)			
Advisory and transaction fees from affiliates	$ 120,813	$ 90,408	$ 30,405	33.6%
Management fees from affiliates	244,468	149,180	95,288	63.9
Carried interest (loss) income from affiliates				
Unrealized (losses) gains	(1,206,060)	387,906	(1,593,966)	NM
Realized gains	361,481	268,995	92,486	34.4
Total carried interest (loss) income from affiliates	(844,579)	656,901	(1,501,480)	NM
Total Revenues	$ (479,298)	$ 896,489	$ (1,375,787)	NM

Total revenues for the private equity segment were $(479.3) million for the year ended December 31, 2008 compared to $896.5 million for the year ended December 31, 2007, a decrease of $1,375.8 million. This change was primarily attributable to lower carried interest income earned from affiliates due to the decline in the fair value of our fund portfolio investments, partially offset by increased management fees earned from affiliates as a result of the commencement of Fund VII combined with increased advisory and transaction fees earned from affiliates due to the funding of large private equity acquisitions during 2008.

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, were $120.8 million for the year ended December 31, 2008 compared to $90.4 million for the year ended December 31, 2007, an increase of $30.4 million or 33.6%. This change was driven by new deal activity related to LeverageSource during the year ended December 31, 2008. Fund VI, Fund VII and AAA Investments each made investments in LeverageSource, which generated the majority of transaction fees earned in 2008. Gross advisory and transaction fees were $329.9 million and $207.5 million for the years ended December 31, 2008 and 2007, respectively, an increase of $122.4 million or 59.0%. Advisory and transaction fees, including directors fees, are reported net of Management Fee Offsets totaling $199.6 million and $130.1 million for the years ended December 31, 2008 and 2007, respectively, an increase of $69.5 million, or 53.4%. In addition, broken deal costs associated with these advisory and transaction fees that the company is obligated to repay increased by $22.5 million.

Management fees from affiliates were $244.5 million for the year ended December 31, 2008 compared to $149.2 million for the year ended December 31, 2007, an increase of $95.3 million or 63.9%. This change was primarily attributable to management fees earned from Fund VII totaling $177.9 million, which commenced operations during late 2007 and had committed capital of $14.7 billion as of December 31, 2008. This increase was partially offset by a decrease in management fees earned of $82.6 million within our existing private equity funds, which was primarily due to the reduction in management fees earned from Fund VI as its management fee calculation formula changed in 2008 after the investment period ended and its step down date commenced.

Carried interest (loss) income from affiliates was $(844.6) million for the year ended December 31, 2008 compared to $656.9 million for the year ended December 31, 2007, a decrease of $1,501.5 million. This change was primarily attributable to a decrease of $1,594.0 million in unrealized gains from our fund portfolio investments to unrealized losses of $1,206.1 million for the year ended December 31, 2008 as compared to gains of $387.9 million for the same period in 2007, primarily driven by an increase in unrealized losses and the reversal of unrealized gains of our underlying portfolio investments held by Fund IV, Fund V, Fund VI and AAA Investments. The remaining change was attributable to an increase in realized gains of $92.5 million from portfolio investments to a realized gain of $361.5 million for the year ended December 31, 2008 as compared to a realized gain of $269.0 million for the same period in 2007, primarily due to realized gains from the disposition of private equity investments, primarily in Fund V, partially offset by a decrease in realized gains on Fund IV and Fund VI.

Table of Contents

Expenses

	Year Ended December 31, 2008	2007	Amount Change	Percentage Change
	(in thousands)			
Compensation and benefits	$ (363,793)	$ 377,965	$ (741,758)	NM
Interest expense	34,190	56,647	(22,457)	(39.6)%
Interest expense beneficial conversion feature		126,720	(126,720)	(100.0)
Professional fees	45,430	59,119	(13,689)	(23.2)
Litigation settlement	200,000		200,000	NM
General, administrative and other	42,713	22,695	20,018	88.2
Placement fees	28,236	22,753	5,483	24.1
Occupancy	9,601	8,551	1,050	12.3
Depreciation and amortization	16,663	5,467	11,196	204.8
Total Expenses	$ 13,040	$ 679,917	$ (666,877)	(98.1)%

Total expenses for the private equity segment were $13.0 million for the year ended December 31, 2008 compared to $679.9 million for the year ended December 31, 2007, a decrease of $666.9 million or 98.1%. This change was primarily attributable to lower compensation and benefits due to decreased profit sharing expense combined with lower interest expense since the BCF was recognized during 2007. These decreases were partially offset by a litigation settlement expense incurred during 2008 associated with the Hexion/Huntsman litigation settlement, as discussed in note 14 to our consolidated and combined financial statements included elsewhere in this prospectus.

Compensation and benefits were $(363.8) million for the year ended December 31, 2008 compared to $378.0 million for the year ended December 31, 2007, a decrease of $741.8 million. This change was primarily attributable to a reversal in previously recognized profit sharing expense of $790.4 million from $307.7 million for the year ended December 31, 2007 to $(482.7) million for the year ended December 31, 2008. The reversal was impacted by the decrease in carried interest income earned from affiliates, which resulted from the decline in fair value of our private equity portfolio investments during 2008 as compared to 2007. This decrease was partially offset by an increase in compensation and benefits of $48.6 million as a result of the growth in our overall headcount during 2008 to support the expansion of our investment platform along with an $8.9 million increase in non-cash waivers.

Interest expense was $34.2 million during the year ended December 31, 2008 compared to $56.6 million for the year ended December 31, 2007, a decrease of $22.4 million or 39.6%. This decrease was primarily attributable to interest expense incurred during 2007 on the convertible notes and a related write-off of unamortized debt issuance costs, which totaled $26.8 million and is discussed further in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus. This decrease was partially offset by additional interest incurred during 2008 of $4.3 million, primarily attributable to the AMH credit facility that was entered into during April 2007.

Interest expense of $126.7 million was incurred during the year ended December 31, 2007 as a result of the recognition of the BCF when the convertible notes issued to the Strategic Investors on July 13, 2007, were mandatorily converted to 60,000,001 Class A shares on August 8, 2007. The allocation of this interest expense to this segment was based on the fair value of the entities in this segment on July 13, 2007.

Professional fees were $45.4 million for the year ended December 31, 2008 compared with $59.1 million, for the year ended December 31, 2007, a decrease of $13.7 million or 23.2%. This change was primarily attributable to a decrease in broken deal costs of $10.8 million due to reimbursement from Fund VII, combined with lower external accounting, tax, audit, legal and consulting fees incurred during 2008.

Table of Contents

As discussed in note 14 to our consolidated and combined financial statements included elsewhere in this prospectus, a litigation settlement expense of $200.0 million was incurred during 2008 in connection with the Hexion/Huntsman litigation settlement.

General, administrative and other expense were $42.7 million for the year ended December 31, 2008 compared to $22.7 million for the year ended December 31, 2007, an increase of $20.0 million or 88.2%. This change was primarily attributable to increased travel, information technology and other expenses incurred during 2008 associated with the commencement of Fund VII and the expansion of our platform and increased headcount.

Placement fees incurred were $28.2 million for the year ended December 31, 2008 compared to $22.8 million for the year ended December 31, 2007, an increase of $5.5 million or 24.1%. This change was driven by higher commitments during 2008, primarily related to Fund VII.

Depreciation and amortization expense was $16.7 million for the year ended December 31, 2008 compared to $5.5 million for the year ended December 31, 2007, an increase of $11.2 million or 204.8%. This change was primarily attributable to increased amortization expense of $9.2 million incurred relating to the intangible assets recognized from the acquisition of the contributing partners interest during the third quarter of 2007. The remaining increase of $2.0 million was primarily attributable to depreciation expense associated with new assets placed in service during the year ended December 31, 2008.

Other (Loss) Income

	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount Change	Percentage Change
	(in thousands)			
Net losses from investment activities	$	$ (73)	$ 73	(100.0)%
Dividend income from affiliates		551	(551)	(100.0)
Interest income	11,967	16,394	(4,427)	(27.0)
(Loss) income from equity method investments	(67,052)	10,664	(77,716)	NM
Other loss	(6,886)	(36)	(6,850)	NM
Total Other (Loss) Income	$ (61,971)	$ 27,500	$ (89,471)	NM

Total other (loss) income for the private equity segment was $(62.0) million for the year ended December 31, 2008 compared to $27.5 million for the year ended December 31, 2007, a decrease of $89.5 million. This change was primarily attributable to investment losses as a result of the decline in the values of equity method investments.

Interest income was $12.0 million for the year ended December 31, 2008 compared to $16.4 million for the year ended December 31, 2007, a decrease of $4.4 million or 27.0%. This change was primarily attributable to lower average cash balances during 2008 combined with lower base rates, LIBOR and the Federal Funds Rate, resulting in less interest earned during the year ended December 31, 2008 as compared to 2007.

(Loss) income from equity method investments was $(67.1) million for the year ended December 31, 2008 compared to $10.7 million for the year ended December 31, 2007, a decrease of $77.7 million. This change was primarily attributable to a decline in the value of private equity investments held during 2008 of $54.7 million, primarily relating to Apollo Global Management, LLC s ownership interest in AAA, along with declines in value from new private equity investments in Fund VII and portfolio investments in VC Holdings, L.P., a Delaware

Table of Contents

Series limited partnership (together with its subsidiaries, Vantium), totaling $14.8 million and $6.6 million, respectively. Vantium is a co-investment with Fund VII, in which we have invested approximately $25.0 million in the aggregate through each of Vantium s Series limited partnerships. Vantium was formed in late 2007 to trade whole loans and residential mortgage-backed securities, as well as to originate and service whole loans.

Other loss was $6.9 million for the year ended December 31, 2008, which was primarily attributable to losses resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries totaling $13.8 million, partially offset by an expense reimbursement of $7.2 million.

Capital Markets

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

The following table sets forth segment statement of operations information and ENI, for our capital markets segment for the years ended December 31, 2009 and 2008, respectively.

	Year Ended December 31, 2009 Capital Markets			Year Ended December 31, 2008 Capital Markets		
	Management	**Incentive**	**Total**	**Management(1)**	**Incentive(1)**	**Total**
			(in thousands)			
Revenues:						
Advisory and transaction fees from affiliates	$ 7,433	$	$ 7,433	$ 24,368	$	$ 24,368
Management fees from affiliates	144,578		144,578	139,779		139,779
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)		120,126	120,126		(5,240)	(5,240)
Interest income	50,404	22,995	73,399	49,829	3,857	53,686
Total Revenues	202,415	143,121	345,536	213,976	(1,383)	212,593
Expenses:						
Compensation and benefits	88,686	43,500	132,186	77,530		77,530
Interest expense	20,144		20,144	28,432		28,432
Professional fees	12,144		12,144	27,376		27,376
General, administrative and other	22,191		22,191	26,694		26,694
Placement fees	9,720		9,720	23,143		23,143
Occupancy	14,112		14,112	11,136		11,136
Depreciation and amortization	7,737		7,737	5,436		5,436
Total Expenses	174,734	43,500	218,234	199,747		199,747
Other Income (Loss):						
Net gains (losses) from investment activities		38,478	38,478		(38,444)	(38,444)
Gain on debt repurchase	14,704		14,704			
Interest income	845		845	7,401		7,401
Income (loss) from equity method investments		46,384	46,384		(34,718)	(34,718)
Other income	3,760		3,760	2,277		2,277
Total Other Income (Loss)	19,309	84,862	104,171	9,678	(73,162)	(63,484)
Economic Net Income (Loss)	$ 46,990	$ 184,483	$ 231,473	$ 23,907	$ (74,545)	$ (50,638)

(1) Carried interest income earned from AIC of $49.8 million and related incentive fee compensation expense of $9.0 million during 2008 have been reclassed to the management business from the incentive business to conform with the 2009 presentation.

Table of Contents

Revenues

	Year Ended December 31, 2009	2008	Amount Change	Percentage Change
	(in thousands)			
Advisory and transaction fees from affiliates	$ 7,433	$ 24,368	$ (16,935)	(69.5)%
Management fees from affiliates	144,578	139,779	4,799	3.4
Carried interest income (loss) from affiliates				
Unrealized gains (losses)	120,126	(5,240)	125,366	NM
Realized interest income	73,399	53,686	19,713	36.7
Total carried interest income from affiliates	193,525	48,446	145,079	299.5
Total Revenues	$ 345,536	$ 212,593	$ 132,943	62.5%

Advisory and transaction fees from affiliates decreased by $16.9 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was attributable to fewer acquisitions and divestitures during the period. Gross advisory and transaction fees were $28.4 million and $80.7 million for the years ended December 31, 2009 and 2008, respectively, a decrease of $52.3 million or 64.8%. Advisory and transaction fees are reported net of Management Fee Offsets totaling $21.0 million and $56.3 million for the years ended December 31, 2009 and 2008, respectively, a decrease of $35.3 million or 62.7%. Deal activity related to investments in LeverageSource generated the majority of higher transaction fees during the year ended December 31, 2008 compared to 2009.

Management fees from affiliates increased by $4.8 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was attributable to increases in committed capital to EPF and invested capital by COF I and COF II, as well as increased net assets managed by certain capital markets funds including ACLF and AIE II, which collectively resulted in increased management fees earned of $36.3 million during the year ended December 31, 2009 as compared to 2008. The remaining change was attributable to decreases in net assets managed by certain capital markets funds, specifically SVF, AIC, AAOF and VIF, resulting in decreased management fees earned of $27.7 million during the year ended December 31, 2009 as compared to 2008. In addition, AIE I fees decreased by $3.8 million as a result of a monetization plan put into place during 2009. The investment performance of AIE I was adversely impacted due to market conditions in 2008 and its shareholders subsequently approved the monetization plan to sell its assets over a three-year period. During 2008, the company at its discretion established a $12.6 million management fee waiver to limit the adverse impact that deteriorating market conditions were having on AIE I s performance. As a result of the monetization plan, we expect AIE I to have adequate cash flow to satisfy its obligations as they come due. Management fees charged to AIE I during 2008 were $5.5 million (net of a $12.6 million fee waiver) as compared to $1.7 million in 2009 (net of a $2.0 million fee waiver). The company continues to charge AIE I management fees at a reduced rate of 1.5% of the net assets of AIE I, whereas prior to the monetization plan the management fees were based on 2.0% of the gross assets.

Carried interest income (loss) from affiliates changed by $145.1 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to an increase in net unrealized gains of $125.4 million driven by changes in the fair values of investments held by certain of our capital markets funds, specifically COF I, COF II, SVF and VIF. The remaining change was attributable to an increase in net realized gains of $19.7 million resulting from the disposition of fund investments held by VIF, SVF and SOMA during the year ended December 31, 2009 as compared to the same period during 2008. There was $2.8 million and $10.3 million of incentive fees that were waived during the years ended December 31, 2009 and 2008, respectively, in connection with AIE I s monetization plan.

Expenses

	Year Ended December 31, 2009	2008	Amount Change	Percentage Change
	(in thousands)			
Compensation and benefits	$ 132,186	$ 77,530	$ 54,656	70.5%
Interest expense	20,144	28,432	(8,288)	(29.2)
Professional fees	12,144	27,376	(15,232)	(55.6)
General, administrative and other	22,191	26,694	(4,503)	(16.9)
Placement fees	9,720	23,143	(13,423)	(58.0)
Occupancy	14,112	11,136	2,976	26.7
Depreciation and amortization	7,737	5,436	2,301	42.3
Total Expenses	$ 218,234	$ 199,747	$ 18,487	9.3%

Compensation and benefits increased by $54.7 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to profit sharing expense of $37.9 million relating to COF I and COF II during the year ended December 31, 2009 along with increased incentive fee compensation expense of $5.6 million. The remaining change was attributable to increased salary, bonus and benefits expenses of $11.2 million during the year ended December 31, 2009 as compared to 2008.

Interest expense decreased by $8.3 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower interest incurred on the AMH credit facility due to the $90.9 million debt repurchase during April and May 2009 combined with lower variable LIBOR and ABR interest rates during the year ended December 31, 2009 as compared to 2008.

Professional fees decreased by $15.2 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower external accounting, tax, audit, legal and consulting fees incurred during the year ended December 31, 2009 as compared to 2008.

General, administrative and other expenses decreased by $4.5 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to decreases in various expenses such as travel, information technology and other general expenses incurred as a result of our cost management initiatives across the company during the year ended December 31, 2009 as compared to 2008.

Placement fees decreased by $13.4 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to decreased fundraising during 2009. During 2008, COF I and COF II were new funds and were actively raising additional committed capital.

Occupancy expense increased by $3.0 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to losses incurred on two subleases totaling $1.5 million during the year ended December 31, 2009. The remaining increase was attributable to additional office space leased during 2009 as a result of the increase in our headcount to support the expansion of our global investment platform, as well as increased maintenance fees incurred on existing leased space.

Depreciation and amortization expense increased by $2.3 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to increased depreciation expense associated with additional assets placed in service during the period.

Table of Contents

Other Income (Loss)

	Year Ended December 31, 2009	2008	Amount Change	Percentage Change
		(in thousands)		
Net gains (losses) from investment activities	$ 38,478	$ (38,444)	$ 76,922	NM
Gain from repurchase of debt	14,704		14,704	NM
Interest income	845	7,401	(6,556)	(88.6)%
Income (loss) from equity method investments	46,384	(34,718)	81,102	NM
Other income	3,760	2,277	1,483	65.1
Total Other Income (Loss)	$ 104,171	$ (63,484)	$ 167,655	NM

Net gains (losses) from investment activities increased by $76.9 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was attributable to a change in unrealized gains (losses) of $76.9 million related to Artus, where we as the general partner are allocated the negative equity of the fund. During the year ended December 31, 2009, the fair value of Artus increased which resulted in the reversal of a previously recognized obligation.

Gain from repurchase of debt was $14.7 million during the year ended December 31, 2009. This was attributable to the purchase of debt related to the AMH credit facility. As discussed in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus, the debt purchase resulted in the recognition of a gain as the purchase price was below the carrying value of the debt.

Interest income decreased by $6.6 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to lower average cash balances combined with lower base rates, LIBOR and the Federal Funds Rate, resulting in less interest earned during the year ended December 31, 2009 as compared to 2008.

Income (loss) from equity method investments changed by $81.1 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This increase was primarily driven by changes in the fair values of certain of our capital markets funds, specifically COF I, COF II, ACLF and Artus, totaling $70.6 million during the year ended December 31, 2009 as compared to 2008.

Other income increased by $1.5 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This change was primarily attributable to gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the year ended December 31, 2009 as compared to 2008.

Table of Contents

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

The following table sets forth segment statement of operations information and ENI, for our capital markets segment for the years ended December 31, 2008 and 2007, respectively.

	Year Ended December 31, 2008			Year Ended December 31, 2007		
	Capital Markets			Capital Markets		
	Management(1)	Incentive(1)	Total	Management(2)	Incentive(2)	Total
	(in thousands)					
Revenues:						
Advisory and transaction fees from affiliates	$ 24,368	$	$ 24,368	$ 194	$	$ 194
Management fees from affiliates	139,779		139,779	100,244		100,244
Carried interest (loss) income from affiliates:						
Unrealized (losses) gains		(5,240)	(5,240)		5,216	5,216
Interest income	49,829	3,857	53,686	51,532	23,438	74,970
Total Revenues	213,976	(1,383)	212,593	151,970	28,654	180,624
Expenses:						
Compensation and benefits	77,530		77,530	79,327	3,189	82,516
Interest expense	28,432		28,432	46,579		46,579
Interest expense beneficial conversion feature				113,280		113,280
Professional fees	27,376		27,376	12,464		12,464
General, administrative and other	26,694		26,694	10,172		10,172
Placement fees	23,143		23,143	4,500		4,500
Occupancy	11,136		11,136	4,314		4,314
Depreciation and amortization	5,436		5,436	2,402		2,402
Total Expenses	199,747		199,747	273,038	3,189	276,227
Other (Loss) Income:						
Net losses from investment activities		(38,444)	(38,444)			
Interest income	7,401		7,401	3,027		3,027
(Loss) income from equity method investments		(34,718)	(34,718)		1,350	1,350
Other income	2,277		2,277			
Total Other Income (Loss)	9,678	(73,162)	(63,484)	3,027	1,350	4,377
Economic Net Income (Loss)	$ 23,907	$ (74,545)	$ (50,638)	$ (118,041)	$ 26,815	$ (91,226)

(1) Carried interest income earned from AIC of $49.8 million and related incentive fee compensation expense of $9.0 million during 2008 have been reclassed to the management business from the incentive business to conform with the 2009 presentation.

(2) Carried interest income earned from AIC of $51.5 million and related incentive fee compensation expense of $10.3 million during 2007 have been reclassed to the management business from the incentive business to conform with the 2009 presentation.

Table of Contents

Revenues

	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount Change	Percentage Change
	(in thousands)			
Advisory and transaction fees from affiliates	$ 24,368	$ 194	$ 24,174	NM
Management fees from affiliates	139,779	100,244	39,535	39.4%
Carried interest (loss) income from affiliates				
Unrealized (losses) gains	(5,240)	5,216	(10,456)	NM
Realized interest income	53,686	74,970	(21,284)	(28.4)
Total carried interest income from affiliates	48,446	80,186	(31,740)	(39.6)
Total Revenues	$ 212,593	$ 180,624	$ 31,969	17.7%

Total revenues for the capital markets segment were $212.6 million for the year ended December 31, 2008 compared to $180.6 million for the year ended December 31, 2007, an increase of $32.0 million or 17.7%. This change was primarily attributable to an increase of management fees earned from affiliates as a result of the increase in the net asset values of our existing funds combined with the commencement of new funds, along with an increase in advisory and transaction fees earned from affiliates partially offset by a net decrease of carried interest income earned from affiliates due to a decrease in the fair value of our fund portfolio investments.

Advisory and transaction fees from affiliates were $24.4 million for the year ended December 31, 2008 compared to $0.2 million for the year ended December 31, 2007, an increase of $24.2 million. This change was primarily attributable to acquisitions by new funds, Artus, COF I and COF II which generated net transaction fees of $21.6 million during the year ended December 31, 2008. Gross advisory and transaction fees were $80.7 million for the year ended December 31, 2008 as compared to $0.2 million for the same period during 2007, an increase of $80.5 million. Advisory and transaction fees are reported net of Management Fee Offsets, totaling $56.3 million for the year ended December 31, 2008.

Management fees from affiliates were $139.8 million for the year ended December 31, 2008 compared to $100.2 million for the year ended December 31, 2007, an increase of $39.5 million or 39.4%. The increase in management fees earned from our capital markets funds was primarily driven by an increase in total net assets managed as a result of our new funds. EPF and ACLF commenced operations during the third and fourth quarters of 2007, respectively, and COF I, COF II and AIE II commenced operations during the second quarter of 2008. Our remaining existing capital markets funds had a combined net increase of $9.1 million during the year ended December 31, 2008, net of a $12.6 million management fee waiver for AIE I, when compared to 2007. The investment performance of AIE I was adversely impacted due to market conditions in 2008, and its shareholders subsequently approved a monetization plan to sell AIE I s assets over a three-year period. During 2008, the company at its discretion established $12.6 million in management fee waiver to limit the adverse impact that deteriorating market conditions were having on AIE I s performance. As a result of the monetization plan, we expect AIE I to have adequate cash flow to satisfy its obligations as they come due. Therefore, we do not anticipate any additional waivers for AIE I in the future. Management fees charged to AIE I during 2008 were $5.5 million (net of the $12.6 million fee waiver), compared to $13.9 million in 2007. The company continues to charge AIE I management fees at a reduced rate of 1.5% of the net assets of AIE I. Prior to the monetization plan, the management fees were based on 2.0% of the gross assets of AIE I.

Carried interest income (loss) from affiliates was $48.4 million for the year ended December 31, 2008 compared to $80.2 million for the year ended December 31, 2007, a decrease of $31.7 million or 39.6%. This change was primarily attributable to the increase in net unrealized losses of $10.4 million from our fund portfolio investments to a carried interest loss of $5.2 million for the year ended December 31, 2008 as compared to income of $5.2 million for the same period in 2007, primarily driven by decreases in the fair values of investments held by SVF and VIF of $5.4 million and $4.4 million, respectively. The remaining change was attributable to a decrease in realized gains of $21.3 million from our fund portfolio investments to $53.7 million for the year ended December 31, 2008 as compared to $75.0 million for the same period in 2007, primarily due to a decrease in realized gains in VIF, AAOF and SVF of $6.3 million, $6.3 million and $5.3 million, respectively.

Expenses

	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount Change	Percentage Change
	(in thousands)			
Compensation and benefits	$ 77,530	$ 82,516	$ (4,986)	(6.0)%
Interest expense	28,432	46,579	(18,147)	(39.0)
Interest expense beneficial conversion feature		113,280	(113,280)	(100.0)
Professional fees	27,376	12,464	14,912	119.6
General, administrative and other	26,694	10,172	16,522	162.4
Placement fees	23,143	4,500	18,643	414.3
Occupancy	11,136	4,314	6,822	158.1
Depreciation and amortization	5,436	2,402	3,034	126.3
Total Expenses	$ 199,747	$ 276,227	$ (76,480)	(27.7)%

Total expenses for the capital markets segment were $199.7 million for the year ended December 31, 2008 compared to $276.2 million for the year ended December 31, 2007, a decrease of $76.5 million or 27.7%. This change was primarily attributable to lower interest expense incurred since the BCF was recognized during 2007.

Compensation and benefits were $77.5 million for the year ended December 31, 2008 compared to $82.5 million for the year ended December 31, 2007, a decrease of $5.0 million or 6.0%. This change was primarily attributable to lower incentive-based compensation expense of $3.2 million driven by decreased carried interest income earned from affiliates during the period.

Interest expense was $28.4 million for the year ended December 31, 2008 compared to $46.6 million for the year ended December 31, 2007, a decrease of $18.1 million or 39.0%. This change was primarily attributable to additional interest incurred during 2007 on the convertible notes and a related write-off of unamortized debt issuance costs, which totaled $24.0 million and is discussed further in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus. This decrease was partially offset by additional interest of $5.9 million incurred during 2008, primarily attributable to the AMH credit facility that was entered into during April 2007.

Interest expense of $113.3 million was incurred during the year ended December 31, 2007 as a result of the recognition of the BCF when the convertible notes issued to the Strategic Investors on July 13, 2007, were mandatorily converted to 60,000,001 Class A shares in August 2007. The allocation of this interest expense to this segment was based on the fair value of the entities in this segment on July 13, 2007.

Professional fees were $27.4 million for the year ended December 31, 2008 compared to $12.5 million for the year ended December 31, 2007, an increase of $14.9 million or 119.6%. This change was primarily attributable to increased external accounting, tax, audit, legal and consulting fees incurred during 2008 in connection with the expansion of our platform.

General, administrative and other expenses were $26.7 million for the year ended December 31, 2008 compared to $10.2 million for the year ended December 31, 2007, an increase of $16.5 million or 162.4%. This change was primarily attributable to increased travel, information technology and other expenses incurred during 2008 as a result of expanding our global platform and increased headcount.

Placement fees incurred were $23.1 million for the year ended December 31, 2008 compared to $4.5 million for the year ended December 31, 2007, an increase of $18.6 million or 414.3%. These expenses were incurred in relation to the raising of additional committed capital during 2008 for new capital markets funds.

Occupancy expense was $11.1 million for the year ended December 31, 2008 compared to $4.3 million for the year ended December 31, 2007, an increase of $6.8 million or 158.1%. This change was primarily attributable to the expansion of office space leased during 2008 as a result of the increase in our headcount, as well as increased maintenance fees incurred on existing office space leased.

Depreciation and amortization expense was $5.4 million for the year ended December 31, 2008 compared to $2.4 million for the year ended December 31, 2007, an increase of $3.0 million or 126.3%. This change was primarily attributable to depreciation expense associated with new assets placed in service during the period.

Other (Loss) Income

	Year Ended December 31,			
	2008	2007	Amount Change	Percentage Change
	(in thousands)			
Net losses from investment activities	$ (38,444)	$	$ (38,444)	NM
Interest income	7,401	3,027	4,374	144.5%
(Loss) income from equity method investments	(34,718)	1,350	(36,068)	NM
Other income	2,277		2,277	NM
Total Other (Loss) Income	$ (63,484)	$ 4,377	$ (67,861)	NM

Total other (loss) income for the capital markets segment was $(63.5) million for the year ended December 31, 2008 compared to $4.4 million for the year ended December 31, 2007, a decrease of $67.9 million. This change was primarily attributable to investment losses as a result of the decline in the values of equity method investments, combined with increased net losses from investment activities.

Net losses from investment activities were $38.4 million for the year ended December 31, 2008. This amount was attributable to an unrealized loss related to Artus, where we as the general partner, are guaranteeing the negative equity of the fund.

Interest income was $7.4 million for the year ended December 31, 2008 compared to $3.0 million for the year ended December 31, 2007, an increase of $4.4 million or 144.5%. This change was primarily attributable to higher average cash balances during 2008 resulting in additional interest earned during the year ended December 31, 2008 as compared to the same period during 2007.

(Loss) income from equity method investments was $(34.7) million for the year ended December 31, 2008 compared to $1.4 million for the year ended December 31, 2007, a decrease of $36.1 million. This change was primarily attributable to equity method investment losses associated with new capital markets funds, specifically Artus, ACLF, COF I, COF II, and EPF totaling $33.3 million, combined with losses on existing investments of $2.8 million.

Table of Contents

Real Estate

Year ended December 31, 2009 Compared to Year ended December 31, 2008

The following table sets forth our segment statement of operations information and our supplemental performance measure, ENI, for our real estate segment for the years ended December 31, 2009 and 2008.

	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Real Estate			Real Estate		
	Management	Incentive	Total	Management	Incentive	Total
Revenues:						
Advisory and transaction fees from affiliates	$	$	$	$	$	$
Management fees from affiliates	1,201		1,201			
Carried interest income from affiliates						
Total Revenues	1,201		1,201			
Expenses:						
Compensation and benefits	10,919		10,919	4,679		4,679
Interest expense	1,300		1,300			
Professional fees	1,848		1,848	101		101
General, administrative and other	9,501		9,501	1,130		1,130
Occupancy	830		830	93		93
Depreciation and amortization	142		142			
Total Expenses	24,540		24,540	6,003		6,003
Other Income (Loss):						
Gain from repurchase of debt	941		941			
Interest income	2		2			
Loss from equity method investments		(743)	(743)			
Other income	100		100			
Total Other Income (Loss)	1,043	(743)	300			
Economic Net Loss	$ (22,296)	$ (743)	$ (23,039)	$ (6,003)	$	$ (6,003)

Total expenses for the real estate segment were $24.5 million and $6.0 million for the years ended December 31, 2009 and 2008, respectively. The majority of these expenses were incurred to establish our investment platform that will target real estate investment opportunities. There were approximately $8.0 million of offering costs that were included in general, administrative and other expenses during the year ended December 31, 2009, which were incurred in connection with the launching of our commercial real estate finance company during the third quarter of 2009.

Liquidity and Capital Resources

Historical

Although we have managed our historical liquidity needs by looking at deconsolidated cash flows, our historical consolidated and combined statement of cash flows reflects the cash flows of Apollo, as well as those of our consolidated Apollo funds.

The primary cash flow activities of Apollo are:

Generating cash flow from operations;

Making investments in Apollo funds;

Table of Contents

Meeting financing needs through credit agreements; and

Distributing cash flow to equity holders and Non-Controlling Interests.

Primary cash flow activities of the consolidated Apollo funds are:

Raising capital from their investors, which have been reflected historically as Non-Controlling Interests of the consolidated subsidiaries in our financial statements;

Using capital to make investments;

Generating cash flow from operations through dividends, interest and the realization of investments; and

Distributing cash flow to investors.

While primarily met by cash flows generated through fee income and carried interest income received, working capital needs have also been met (to a limited extent) through borrowings as follows:

	December 31, 2009		December 31, 2008	
	Outstanding Balance (in thousands)	**Annualized Weighted Average Interest Rate**	**Outstanding Balance (in thousands)**	**Annualized Weighted Average Interest Rate**
AMH credit facility	$ 909,091	5.15%[1]	$ 1,000,000	5.90%[1]
CIT master loan agreement	24,743	3.64	26,005	5.79
Total Debt	$ 933,834	5.11%	$ 1,026,005	5.90%

(1) Includes the effect of interest rate swaps.

We determine whether to make capital commitments to our private equity funds in excess of our minimum required amounts based on a variety of factors, including estimates regarding our liquidity resources over the estimated time period during which commitments will have to be funded, estimates regarding the amounts of capital that may be appropriate for other funds that we are in the process of raising or are considering raising, and our general working capital requirements.

We have made one or more distributions to our managing partners and contributing partners, representing all of the undistributed earnings generated by the businesses contributed to the Apollo Operating Group prior to the Private Offering Transactions. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to the Private Offering Transactions or carry-generating transactions to which a definitive agreement was executed, but that did not close, prior to the Private Offering Transactions are treated as having been earned prior to the Private Offering Transactions.

On April 21, 2009 and May 1, 2009, the company purchased a combined total of $90.9 million face value of AMH debt related to the credit agreement for a cost of approximately $54.7 million resulting in a net gain of $36.2 million.

155

Table of Contents

Cash Flows

Significant captions and amounts from our consolidated and combined statements of cash flows for the years ended December 31, 2009, 2008 and 2007 are summarized and discussed within the table and corresponding commentary below. Prior to August 1, 2007, the funds cash flows were reflected in our consolidated and combined statement of cash flows and caused our cash flow to be substantially higher. Subsequent to the deconsolidation of most of the Apollo funds, the main drivers of cash flows are our management and incentive businesses.

	Year Ended December 31,		
	2009	2008	2007
		(in thousands)	
Operating Activities	$ 107,993	$ 153,071	$ 855,741
Investing Activities	(16,870)	(186,458)	(29,113)
Financing Activities	(106,264)	(348,299)	(272,922)
Net (Decrease) Increase in Cash and Cash Equivalents	$ (15,141)	$ (381,686)	$ 553,706

Operating Activities

Net cash provided by operating activities was $107.9 million during the year ended December 31, 2009. During this period there was a $95.4 million net loss, to which $1.1 billion of equity based compensation, a non-cash expense, was added to reconcile net loss to net cash provided by operating activities. Additional adjustments to reconcile cash provided by operating activities during the year ended December 31, 2009 included $471.9 million of unrealized gains on investments held by AAA and the Commodities Trading Fund, a $406.8 million increase in our carried interest receivable and $83.1 million of income from equity method investments. The increase in our carried interest receivable balance during the year ended December 31, 2009 was driven by a $504.4 million increase in the fair value of the funds for which we act as general partner, offset by fund cash distributions of $97.6 million. There was also a $45.3 million change in deferred revenue and $40.0 million change in net purchases of investments. These unfavorable cash adjustments were offset by a $144.5 million increase in our profit sharing payable, which was also primarily driven by increases in the fair value of the funds for which we act as general partner.

Net cash provided by operating activities was $153.1 million during the year ended December 31, 2008. During this period there was a $2.9 billion net loss, to which $1.1 billion of equity based compensation, a non-cash expense, was added to reconcile net loss to net cash provided by operating activities. Additional adjustments to reconcile cash provided by operating activities during the year ended December 31, 2008 included $1.2 billion of unrealized losses on investments held by AAA, a $1.2 billion decrease in our carried interest receivable and a $211.0 million increase in deferred revenue that was primarily driven by new deal activity related to LeverageSource. The significant decrease in our carried interest receivable balance during the year ended December 31, 2008 was driven by a $783.1 million decrease in the fair value of the funds for which we act as general partner and fund cash distributions of $456.0 million. These favorable cash adjustments were offset by a $566.8 million reduction in our profit sharing payable, which was also primarily driven by decreases in the fair value of the funds for which we act as general partner, and a $207.9 million decrease in due to affiliates that was primarily the result of a reduction in amounts due to managing partners in connection with the Reorganization.

Net cash provided by operating activities was $855.7 million during the year ended December 31, 2007. During this period there was $1.2 billion of net income, to which $1.0 billion of equity based compensation, a non-cash expense, was added to reconcile net income to net cash provided by operating activities. Additional adjustments to reconcile cash provided by operating activities during the year ended December 31, 2007 included $3.8 billion in proceeds from the sale of investments and liquidating dividends in our consolidated funds, $240.0 million from a non-cash interest charge related to a beneficial conversion feature, a $174.8 million increase in profit sharing payable and a $102.8 million increase in accounts payable and accrued expenses. These favorable cash adjustments were offset by $3.0 billion of investment purchases in our consolidated funds, $1.3 billion of unrealized gains on investments held by consolidated funds, $1.0 billion of realized gains on investments held by consolidated funds, a $203.1 million increase in our carried interest receivable and $142.2 million in cash relinquished with deconsolidation of funds.

The operating cash flow amounts from the Apollo funds represent the significant variances between net (loss) income and cash flow from operations and were classified as operating activities pursuant to the American Institute of Certified Public Accountants, or AICPA, Audit and Accounting Guide, *Investment Companies*, or Investment Company Guide . The increasing capital needs reflect the growth of our business while the fund-related requirements vary based upon the specific investment activities being conducted at a point in time. These movements do not adversely affect our liquidity or earnings trends because we currently have sufficient cash reserves compared to planned expenditures.

Investing Activities

Net cash used in investing activities was $16.9 million for the year ended December 31, 2009, which was primarily comprised of $40.2 million of cash contributions to equity method investments and $15.8 million of fixed asset purchases, offset by $40.1 million of cash distributions from equity method investments. Cash contributions to equity method investments were primarily related to Fund VII, ARI, COF II and EPF. Cash distributions from equity method investments were primarily related to COF I, Fund VII, EPF and ACLF.

Net cash used in investing activities was $186.5 million for the year ended December 31, 2008, which was primarily comprised of $165.0 million of cash contributions to equity method investments and $57.3 million of fixed asset purchases, offset by $34.1 million of cash distributions from equity method investments. Cash contributions to equity method investments were primarily related to Fund VII, COF I, COF II, ACLF, EPF and Vantium. Cash distributions from equity method investments were primarily related to Apollo Value Investment Offshore Fund, Ltd., Fund VII, COF II and EPF. Fixed asset purchases were primarily comprised of leasehold improvements, furniture and equipment that were needed for the expansion of our investment platform.

Net cash used in investing activities was $29.1 million for the year ended December 31, 2007, which was primarily comprised of $16.0 million of cash relinquished related to excluded assets, $9.2 million of contributions to equity method investments and $6.9 million of fixed asset purchases.

Financing Activities

Net cash used in financing activities was $106.3 million for the year ended December 31, 2009, which was primarily comprised of $55.8 million in repurchases of debt related to the AMH credit facility and principal repayments on debt, $18.0 million of distributions to Non-Controlling Interests in the Apollo Operating Group, $12.4 million of distributions to Non-Controlling Interests in consolidated entities and $4.9 million and $12.0 million of dividends paid to Class A shareholders and Non-Controlling Interests in the Apollo Operating Group, respectively.

Net cash used in financing activities was $348.3 million for the year ended December 31, 2008, which was primarily comprised of $134.4 million of dividends paid to Non-Controlling Interests in the Apollo Operating Group, $58.6 million of principal repayments on debt that was primarily related to the AAA Holdings credit facility, $62.2 million in distributions to Non-Controlling Interests in consolidated entities and $54.9 million of dividends paid to Class A shareholders. These decreases in cash were offset by a $26.9 million increase in proceeds from a credit agreement in connection with the CIT Secured Loan Agreement.

Net cash used in financing activities was $272.9 million for the year ended December 31, 2007, which was primarily comprised of $2.7 billion in distributions to Non-Controlling Interests in consolidated entities, $1.1 billion in distributions to managing partners in connection with the Reorganization, $1.2 billion and $39.0 million in additional distributions to managing partners and contributing partners, respectively, $227.7 million in withdrawals paid to the investors in our consolidated Apollo funds, which were historically reflected as Non-Controlling Interests prior to the deconsolidation of these funds, and $156.4 million in purchases of interests from contributing partners. The aforementioned uses of cash in financing activities were

Table of Contents

offset by $2.2 billion in contributions from Non-Controlling Interests in consolidated entities, a $1.2 billion issuance of convertible notes that were issued to the Strategic Investors and subsequently converted into Class A shares, $1.0 billion in proceeds from the AMH credit facility and $818.9 million in net proceeds from the issuance of additional Class A shares.

Dividends/Distributions

The declaration, payment and determination of the amount of quarterly dividends are at the sole discretion of the company.

On September 9, 2009, the Apollo Operating Group made a total distribution of $27.0 million to APO Corp. and Holdings, in accordance with their pro rata interests, to satisfy the liability under the tax receivable agreement for a portion of the tax savings APO Corp. realized as result of the acquisition of Apollo Operating Group units from the managing partners and the contributing partners. As such, $17.9 million was distributed to the managing partners and contributing partners through their ownership of Holdings and the remaining $9.1 million was paid to APO Corp. for it to pay its liability under the tax receivable agreement.

During December 2008, the Apollo Operating Group made a total distribution of $18.1 million to APO Corp. and Holdings, in accordance with their pro rata interests, to satisfy the liability under the tax receivable agreement for a portion of the tax savings APO Corp. realized as a result of the acquisition of Apollo Operating Group units from the managing partners and the contributing partners. See Certain Relationships and Related Party Transactions Tax Receivable Agreement for a discussion of the required payment. As such, $14.4 million was distributed to the managing partners and contributing partners through their ownership of Holdings and the remaining $3.7 million was paid to APO Corp. for it to pay its liability under the tax receivable agreement.

On January 15, 2009, the company declared a cash dividend of $0.05 per Class A share, which was paid on March 31, 2009. Of the $16.9 million aggregate distribution from the Apollo Operating Group, the company received $4.9 million, and the remaining $12.0 million was paid to Holdings related to the tax year ended December 31, 2008. The company also accrued $0.3 million for distribution equivalents on vested RSUs, which were paid in January 2010.

The company accrued $0.4 million in distribution equivalents during the third quarter of 2008, which related to unvested RSUs granted to employees that are subject to accelerated vesting conditions in respect of distributions in accordance with the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan. These amounts were paid in January 2009.

On July 15, 2008, the company declared a cash distribution amounting to $0.23 per Class A share, which included a second quarter 2008 quarterly distribution of $0.16 per Class A share plus a special distribution of $0.07 per Class A share that primarily related to realizations from (i) portfolio companies of Fund IV, Sky Terra Communications, Inc. and United Rentals, Inc., (ii) dividend income from a portfolio company of Fund VI and (iii) interest income related to debt investments of Fund VI. This $77.6 million aggregate distribution was paid to the owners of the Apollo Operating Group. Of this amount, $22.4 million was received by Apollo Global Management, LLC and distributed on July 25, 2008, to its Class A shareholders of record on July 18, 2008, and the remaining $55.2 million was paid to Holdings.

On April 4, 2008, the company declared a cash distribution amounting to $0.33 per Class A share, which included a first quarter 2008 quarterly distribution of $0.16 per Class A share plus a special distribution of $0.17 per Class A share that primarily related to the realization of a fund portfolio company in February 2008. The $111.3 million aggregate distribution was paid to the owners of the Apollo Operating Group. Of this amount, $32.2 million was received by Apollo Global Management, LLC and distributed to its Class A shareholders of record on April 18, 2008, and the remaining $79.1 million was paid to Holdings.

The dividends declared in 2008 and 2009 are returns of amounts paid in by our Class A shareholders. All cash distributions paid in 2009 and 2008 have been charged against additional paid in capital.

Table of Contents

Excluded Assets

At the time of the Reorganization on July 13, 2007, certain assets were not contributed to Apollo Global Management, LLC. The following summarizes the impact of the excluded assets in the periods prior to their exclusion:

	Period January 1, 2007 July 13, 2007 (in thousands)
Revenues	$
Expenses	(297)
Net losses from investment activities	(4,513)
Net Loss	(4,810)
Net Loss attributable to Non-Controlling Interests in consolidated entities	3,942
Net Loss attributable to Apollo Global Management, LLC.	$ (868)

Future Cash Flows

We have contributed the net proceeds of the Private Offering Transactions to the Apollo Operating Group, which is using the net proceeds:

- to provide capital to facilitate the growth of our existing private equity and capital markets businesses, including through funding a portion of our general partner capital commitments to our funds;
- to provide capital to facilitate our expansion into new businesses that are complementary to our existing businesses and that can benefit from being affiliated with us, including possibly through selected strategic acquisitions; and
- for other general corporate purposes.

We expect the proceeds from the IPO, the cash on hand, capital calls from limited partners and our cash flows from operating activities will satisfy our liquidity needs with respect to current commitments relating to investments and with respect to our debt obligations over the next twelve months. We expect to meet our long-term liquidity requirements, including the repayment of our debt obligations and any new commitments, through the generation and growth of operating income and by raising capital, if necessary.

Our ability to execute our business strategy, particularly our ability to increase our AUM, depends on our ability to establish new funds and to raise additional investor capital within such funds. Our liquidity will depend on a number of factors, such as our ability to project our financial performance, which is highly dependent on our funds and our ability to manage our projected costs, fund performance, having access to credit facilities, being in compliance with existing credit agreements, as well as industry and market trends. Also during economic downturns the funds we manage might experience cash flow issues or liquidate entirely. In these situations we might be asked to reduce or eliminate the management fee and incentive fees we charge. As was the situation with AIE I, this could adversely impact our cash flow in the future.

For example, the investment performance of AlE I was adversely impacted due to market conditions in 2008 and early 2009, and its shareholders subsequently approved a monetization plan to sell AlE I s assets over a three-year period. The company waived management fees of $12.6 million for the year ended December 31, 2008 and an additional $2.0 million for the year ended December 31, 2009 to limit the adverse impact that deteriorating market conditions were having on AIE I s performance. As a result of the monetization plan, we expect AIE I to have adequate cash flow to satisfy its obligations as they come due, Therefore, we do not anticipate any additional fee waivers for AIE I in the future. The company continues to charge AIE I management fees at a reduced rate of 1.5% of the net assets of AIE I. Prior to the monetization plan, the management fees were based on 2.0% of the gross assets of AIE I. The company has no future plans to waive additional management fees charged to AIE I or to lower the current management fee arrangement.

Table of Contents

An increase in the fair value of our funds investments, by contrast, could favorably impact our liquidity through higher management fees where the management fees are calculated based on the net asset value, gross assets and adjusted assets. Additionally, higher carried interest income would generally result when investments appreciate over their basis.

The company has agreed to grant 6.7 million RSUs to its employees in the first quarter of 2010. This would impact the company s compensation expense as these grants are amortized over their vesting term of 3 to 6 years. The grant date fair value and the related compensation expense will not be determined until the grant date. These grants will not have an impact on the company s cash flow.

Although Apollo Global Management, LLC expects to pay dividends according to our dividend policy, we may not pay dividends according to our policy, or at all, if, among other things, we do not have the cash necessary to pay the intended dividends. To the extent we do not have cash on hand sufficient to pay dividends, we may have to borrow funds to pay dividends, or we may determine not to pay dividends. The declaration, payment and determination of the amount of our quarterly dividend is at the sole discretion of our manager.

Carried interest income from our funds can be distributed to us on a current basis, but is subject to repayment by the subsidiary of the Apollo Operating Group that acts as general partner of the fund in the event that certain specified return thresholds are not ultimately achieved. The managing partners, contributing partners and certain other investment professionals have personally guaranteed, to the extent of their ownership interest, subject to certain limitations, the obligations of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular managing partner s or contributing partner s distributions. The shareholders agreement dated July 13, 2007, includes clauses that indemnify each of our managing partners and certain contributing partners against all amounts that they pay pursuant to any of these personal guarantees in favor of Fund IV, Fund V and Fund VI (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that our managing partners and contributing partners have contributed or sold to the Apollo Operating Group.

Accordingly, in the event that our managing partners, contributing partners and certain investment professionals are required to pay amounts in connection with a general partner obligation for the return of previously made carried interest distributions with respect to Fund IV, Fund V and Fund VI, we will be obligated to reimburse our managing partners and certain contributing partners for the indemnifiable percentage of amounts that they are required to pay even though we did not receive the distribution to which that general partner obligation related. As of December 31, 2009, the company has indemnified $23.2 million of such distributions related to Fund VI, which is included in the above accrued liability of $33.0 million due to Fund VI.

Distributions to Managing Partners and Contributing Partners

The three managing partners who became employees of Apollo Global Management, LLC on July 13, 2007, are each entitled to a $100,000 base salary. Any additional consideration will be paid to them in their proportional ownership interest in Holdings. Please refer to the structure chart for participation of profits in the Apollo Operating Group by Holdings. Additionally, 85% of any tax savings APO Corp. recognizes as a result of the tax receivable agreement will be paid to any exchanging or selling managing partners.

It should be noted that subsequent to the Reorganization, the contributing partners retained ownership interests at the entity level below the Apollo Operating Group; therefore any distributions prior to flowing up to the Apollo Operating Group are shared pro rata with the contributing partners who have a direct interest in the entity (management or advisory entity). These distributions are considered compensation expense post-Reorganization.

Table of Contents

The contributing partners are entitled to receive the following:

Profit sharing private equity carried interest income, from direct ownership of advisory entities. Any changes in fair value of the underlying fund investments would result in changes to Apollo Global Management, LLC s profit sharing payable.

Net management fee income distributable cash determined by the general partner of each management company, from direct ownership of the management company entity. The contributing partners will continue to receive net management fee income payments based on the interests they retained in management companies directly. Such payments are treated as compensation expense post-Reorganization as described above.

Any additional consideration will be paid to them in their proportional ownership interest in Holdings. Please refer to the structure chart for participation of profits in and distributions from the Apollo Operating Group by Holdings.

No base compensation is paid to the contributing partners from the company.

Additionally, 85% of any tax savings APO Corp. recognizes as a result of the tax receivable agreement will be paid to any exchanging or selling contributing partner.

Commitments

Our management companies and general partners have committed that we, or our affiliates, will invest into the funds a certain percentage of their capital. While a small percentage of these amounts are funded by us, the majority of these amounts have historically been funded by our affiliates, including certain of our employees and certain Apollo funds. The table below presents the commitment and remaining commitment amounts of Apollo and its affiliates, the percentage of total fund commitments of Apollo and its affiliates, the commitment and remaining commitment amounts of Apollo only (excluding affiliates), and the percentage of total fund commitments of Apollo only (excluding affiliates) for each private equity fund and each capital markets fund as of December 31, 2009 as follows ($ in millions):

Fund	Apollo and Affiliates Commitments	% of Total Fund Commitments	Apollo Only (Excluding Affiliates) Commitments	Apollo Only (Excluding Affiliates) % of Total Fund Commitments	Apollo and Affiliates Remaining Commitments	Apollo Only (Excluding Affiliates) Remaining Commitments
Fund VII	$469.1(1)	3.20%	$ 197.8	1.35%	$348.4(1)	$ 151.3
Fund VI	246.3	2.43	5.6	.06	33.5	0.8
Fund V	100.0	2.67	0.5	.01	6.5	(2)
Fund IV	100.0	2.78	0.2	.01	0.5	(2)
Fund III	100.6	6.71			15.5	
ACLF	23.9	2.43	23.9	2.43	6.2	6.2
EPF	628.9(3)	33.91	25.3	1.36	452.7(4)	19.1
SOMA	9.2	1.14	9.2	1.14	1.7	1.7
ACLF Co-Invest	(5)	(5)	(5)	(5)	(5)	(5)
COF I	484.9(6)	32.66	29.6	1.99	273.4(6)	8.4
COF II	71.0	4.49	23.4	1.48	18.1	6.3
AIE II	9.3	3.15	5.7	1.93	2.0	1.2
Palmetto	9.0	1.19	9.0	1.19	6.3	6.3

Total	$ 2,252.2	$ 330.2	$ 1,164.8	$ 201.3

(1) As of December 31, 2009, Palmetto had commitments and remaining commitment amounts in Fund VII of $110.0 million and $83.9 million, respectively.
(2) As of December 31, 2009, Apollo had an immaterial amount of remaining commitments in Fund IV and Fund V. Accordingly, presentation of such remaining commitments was not deemed meaningful for inclusion in the table above.
(3) Of the total commitment amount in EPF, AAA, SOMA and Palmetto have approximately $317.9 million, $107.4 million and $151.7 million, respectively.
(4) Of the total remaining commitment amount in EPF, AAA, SOMA and Palmetto have approximately $210.7 million, $77.1 million and $99.6 million, respectively.

Table of Contents

(5) As of December 31, 2009, the general partner of ACLF Co-Invest had committed an immaterial amount to ACLF Co-Invest. Accordingly, presentation of such commitment was not deemed meaningful for inclusion in the table above.
(6) As of December 31, 2009, SOMA had commitments and remaining commitment amounts in COF I of $250.0 million and $200.6 million, respectively.

As a limited partner, the general partner and manager of the Apollo private equity funds and capital markets funds, Apollo has unfunded capital commitments of $201.3 million at December 31, 2009.

Apollo has an ongoing obligation to acquire additional common units from AAA on a quarterly basis in an amount equal to 25% of the aggregate after tax cash distributions, if any, that are made to Apollo affiliates pursuant to the carried interest distribution rights that are applicable to the investments that are made through AAA Investments.

The AMH credit facility, which provides for a variable-rate term loan, will have future impacts on our cash uses. Borrowings under the AMH credit facility accrue interest at a rate of (i) LIBOR loans (LIBOR plus 1.50%), or (ii) base rate loans (base rate plus 0.50%). The loan matures in April 2014. Additionally, the company has hedged $600 million of the variable-rate loan with fixed rate swaps to minimize our interest rate risk. In April and May 2009, the company repurchased a combined total of $90.9 million of par value of the AMH debt for $54.7 million and recognized a net gain of $36.2 million.

On June 30, 2008, the company entered into a credit agreement with Fund VI, pursuant to which the fund advanced $18.9 million of carried interest that was otherwise distributable to us under the partnership agreement in July 2008. The loan terminates on the earlier of June 30, 2017 or the termination of Fund VI and accrues interest based on a fixed rate of 3.45%.

As of December 31, 2009, assuming Fund VI liquidated on the balance sheet date, we accrued a liability to Fund VI of $13.1 million associated with the potential general partner obligation to return carried interest income previously distributed from Fund VI. Combined with the $18.9 million loan mentioned previously, along with accrued interest on the loan of $1.0 million, represents a total liability of $33.0 million to Fund VI.

In accordance with the Managing Partners Shareholders Agreement dated July 13, 2007, as amended, and the above credit agreement, we have indemnified the managing partners and certain contributing partners (at varying percentages) for any carried interest income distributed from Fund IV, Fund V and Fund VI that is subject to contingent repayment by the general partner. As of December 31, 2009, we have indemnified $23.2 million of such distributions related to Fund VI, which is included in the above accrued liability of $33.0 million due to Fund VI.

In accordance with the Hexion/Huntsman litigation settlement, which is discussed in note 14 to our consolidated and combined financial statements included elsewhere in this prospectus, we have paid $200.0 million to Huntsman, while reserving all rights with respect to reallocation of the payment to certain of our other affiliates. As of December 31, 2009, the company has received $37.5 million of insurance proceeds related to the Hexion/Huntsman litigation settlement. This amount has been presented within other income in the consolidated and combined financial statements.

Potential Future Costs

We anticipate our annual cost of complying with regulatory requirements once we are a public company will be approximately as follows:

Board of Directors and Committee Member Fees $700,000;

Audit Fees $1.0 million;

Finance Staff $3.0 million;

Computer Systems and Information Technology Staff $1.3 million;

- Investor Relations and Other External Communications $1.5 million; and

- Internal Audit Function $2.1 million.

We also may make grants of RSUs to independent directors that we appoint in the future.

Table of Contents

Critical Accounting Policies

This Management s Discussion and Analysis of Financial Condition and Results of Operations is based upon the consolidated and combined financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates. A summary of our significant accounting policies is presented in our consolidated and combined financial statements. The following is a summary of our accounting policies that are affected most by judgments, estimates and assumptions.

Consolidation

Our investments in Apollo funds are generally accounted for under the equity method of accounting based on our ownership interest in the fund. Our policy is to consolidate Apollo funds that are determined to be variable interest entities, or VIE, where we absorb a majority of the expected losses or a majority of the expected residual returns, or both, pursuant to the requirements of U.S. GAAP guidance applicable to variable interest entities. The evaluation of whether a fund is a VIE and whether we should consolidate such VIE requires management s judgment. These judgments include (1) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support; (2) evaluating whether the equity group can make decisions that have a significant effect on the success of the entity; (3) determining whether two or more parties interests should be aggregated; (4) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity; (5) evaluating the nature of relationships and activities of the parties involved in determining which party within a related-party group is most closely associated with a VIE; and (6) estimating cash flows in evaluating which member within the equity group absorbs a majority of the expected losses and, hence, would be deemed the primary beneficiary. These judgments have a material impact on certain components of our consolidated and combined financial statements, but do not affect our net income or equity. In addition, we consolidate those entities we control through a majority voting interest or otherwise, including those Apollo funds in which the general partners are presumed to have control pursuant to U.S. GAAP.

Revenue Recognition

Carried Interest Income from Affiliates. We earn carried interest income from our funds as a result of such funds achieving specified performance criteria. Such carried interest income generally is earned based upon a fixed percentage of realized and unrealized gains of various funds after meeting any applicable hurdle rate or threshold minimum. Carried interest income from certain of the private equity and capital markets funds that we manage is subject to contingent repayment. Carried interest income is generally paid to us as particular investments made by the funds are realized. If, however, upon liquidation of a fund, the aggregate amount paid to us as carried interest exceeds the amount actually due to us based upon the aggregate performance of the fund, the excess (in certain cases net of taxes) is required to be returned by us to that fund. For a majority of our capital markets funds, once the annual carried interest income has been determined, there generally is no look-back to prior periods for a potential contingent repayment, however, carried interest income on certain other capital markets funds can be subject to contingent repayment at the end of the life of the fund. We have elected to adopt Method 2 from U.S. GAAP guidance applicable to accounting for management fees based on a formula, and under this method, we accrue carried interest income quarterly based on fair value of the underlying investments and separately assess if contingent repayment is necessary. The determination of carried interest income and contingent repayment considers both the terms of the respective partnership agreements and the current fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used. Refer to note 16 to our consolidated and combined financial statements included elsewhere in this prospectus for disclosure of the amounts of carried interest income (loss) income from affiliates that was generated from realized versus unrealized losses. See the Valuation of Investments section below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments in our capital markets and private equity funds.

Management Fees from Affiliates. The management fees related to our private equity funds are generally based on a fixed percentage of the committed capital or invested capital. The corresponding fee calculations that consider committed capital or invested capital are both objective in nature and therefore do not require the use of significant estimates or assumptions. Management fees related to our capital markets funds, by contrast, can be based on net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, or capital contributions, all as defined in the respective partnership agreements. The capital markets management fee calculations that consider net asset value, gross assets, adjusted cost of all unrealized portfolio investments and adjusted assets, are normally based on the terms of the respective partnership agreements and the current fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used. See the Valuation of Investments section below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments in our capital markets and private equity funds.

Valuation of Investments

Equity Method Investments. For funds over which we exercise significant influence but which do not meet the requirements for consolidation, we use the equity method of accounting pursuant to U.S. GAAP guidance applicable to equity method of accounting, whereby we record our share of the underlying income or loss of these funds. As such, our results are based on the reported fair value of the funds as of the reporting date with our pro rata ownership interest of the changes in each fund s net asset value reflected in our results of operations.

Pre-Deconsolidation. Prior to the deconsolidation on August 1, 2007 and November 30, 2007, a number of funds were consolidated into Apollo s consolidated and combined financial statements. These funds are, for U.S. GAAP purposes, investment companies that apply specialized accounting principles specified by the Investment Company Guide, and reflect their investments on the individual consolidated and combined statement of financial condition at their estimated fair value, with unrealized gains and losses resulting from changes in fair value reflected as a component of other income in the consolidated and combined statements of operations. The realized and unrealized gains had a significant impact on our results of operations.

Subsequent to Deconsolidation. Subsequent to deconsolidation of certain funds, our investments in Apollo funds are accounted for under the equity method of accounting, except for AAA and the Commodities Trading Fund. The funds we manage, except AAA and the Commodities Trading Fund, will impact our carried interest income from affiliates to the extent there is a change in the fair value of the funds underlying investments. The impact on our consolidated and combined statements of operations will only be effected to a certain percentage, typically 20%, of the change in fair value of the funds underlying investments, unless the general partner has a potential obligation to return previously recorded carried interest income in which case there is no effect. Management fees and advisory and transaction fees are impacted to the extent we have additional AUM and more transaction activity. AAA will continue to impact the company s consolidated and combined financial statements.

Private Equity Investments. The majority of the investments within our private equity funds are valued using the market approach, which provides an indication of fair value based on a comparison of the subject company to comparable publicly traded companies and transactions in the industry.

Market Approach. The market approach is driven by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the subject company being valued. Consideration may also be given to any of the following factors: (1) the subject company s historical and projected financial data; (2) valuations given to comparable companies; (3) the size and scope of the subject company s operations; (4) the subject company s individual strengths and weaknesses; (5) expectations relating to the market s receptivity to an offering of the subject company s securities; (6) applicable restrictions on transfer; (7) industry and market information; (8) general economic conditions; and (9) other factors deemed relevant. Market approach valuation models typically employ a multiple that is based on one or more of the factors described above. Sources for gaining additional knowledge related to comparable companies include public filings, annual reports, analyst research reports, and press releases. Once a comparable company set is determined, we review certain aspects of the subject company s performance and determine how its performance compares to the group and to certain individuals in the group. We compare certain measurements such as EBITDA margins, revenue growth over certain time periods, leverage ratios, and growth opportunities. In addition, we compare our entry multiple and its relation to the comparable set at the time of acquisition to understand its relation to the comparable set on each measurement date.

Income Approach. For investments where the market approach does not provide adequate fair value information, we rely on the income approach. The income approach is also used to value investments or validate the market approach within our private equity funds. The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology used in the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are significant assumptions related to the subject company s expected results and a calculated discount rate, which is normally based on the subject company s weighted average cost of capital, or WACC . The WACC represents the required rate of return on total capitalization, which is comprised of a required rate of return on equity, plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt that are typical in the industry. The most critical step in determining the appropriate WACC for each subject company is to select companies that are comparable in nature to the subject company. Sources for gaining additional knowledge about the comparable companies include public filings, annual reports, analyst research reports, and press releases. The general formula then used for calculating the WACC considers the after-tax rate of return on debt capital and the rate of return on common equity capital, which further considers the risk-free rate of return, market beta, market risk premium and small stock premium, if applicable. The variables used in the WACC formula are inferred from the comparable market data obtained. The company evaluates the comparable companies selected and concludes on WACC inputs based on the most comparable company or analyzes the range of data for the investment.

The value of liquid investments, where the primary market is an exchange (whether foreign or domestic) is determined using period end market prices. Such prices are generally based on the close price on the date of determination.

Apollo utilizes a valuation committee consisting of members from senior management that reviews and approves the valuation results related to our private equity investments. Management also retains an independent valuation firm to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the independent valuation firm assist management with validating their valuation results. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Capital Markets Investments. The investments in our capital markets funds are valued based on valuation models and quoted market prices. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing recognized pricing services, market participants or other sources. The capital markets funds also enter into foreign currency exchange contracts, credit default swap contracts, and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. Changes in value are recorded in income currently. Realized gains or losses are recognized when contracts are settled. Credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the credit default contract and the original contract price.

Forwards are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers. When determining fair value pricing when an investment is thinly traded or no observable market value exists, the value attributed to an investment is based on the enterprise value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation approaches used to estimate the fair value of our capital markets investments also may include the market approach and the income approach, as previously described above.

Apollo also utilizes a valuation committee that reviews and approves the valuation results related to our capital markets investments. Management performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analysis.

The fair values of the investments in our private equity and capital markets funds can be impacted by changes to the assumptions used in the underlying valuation models. For further discussion on the impact of changes to valuation assumptions refer to Management s Discussion and Analysis of Financial Condition and Results of Operations Sensitivity included elsewhere in this prospectus. There have been no material changes to the underlying valuation models during the periods that our financial results are presented.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets of a business, including identifiable intangible assets, as a result of acquired interests in the predecessor businesses pursuant to the Reorganization.

The company s intangible assets with finite lives relate to (i) trade names, (ii) contractual rights to receive future fee income from management and advisory services, and (iii) the contractual rights to earn future carried interest income from the private equity and capital markets funds.

Goodwill. We test goodwill for impairment annually on a reporting unit basis for those entities organized underneath the Apollo Operating Group. See Our Structure for a structure chart of those entities.

In determining the fair value for each reporting unit, we utilize a discounted cash flow methodology based on the adjusted cash flows from operations for each reporting unit. We believe this method provides the best approximation of fair value given the inability to conduct a market approach-based valuation due to the lack of public companies available that are comparable to each reporting unit. The discounted cash flow methodology requires management s judgment and assumptions which include, but are not limited to, long-term projections of future financial performance, the selection of appropriate discount rates used to present value estimated future cash flows, and perpetual growth rates for periods beyond the long-term projection period. Discount rates are determined by examining the projected cash flow of each reporting unit and selecting a market participant rate of return that matches the risk characteristics of that reporting unit s estimated future cash flow. Such discount rates reflect the weighted average cost of capital adjusted for the risks inherent in the estimated future cash flows for each reporting unit.

Intangible Assets. We amortize our finite-life intangible assets over their estimated lives using the straight-line method in accordance with U.S. GAAP guidance applicable to intangible assets. The amortization periods assigned to finite-life intangible assets are expected to range between 2 and 20 years and are included in note 3 to our consolidated and combined financial statements included elsewhere in this prospectus. No intangible assets with indefinite-lives were identified as of December 31, 2009.

Table of Contents

No impairments were identified in goodwill and finite-life intangible assets as of December 31, 2009 or in prior periods. We have determined that the estimated fair value of each reporting unit substantially exceeds the carrying value. However, a prolonged period of weakness in the Apollo funds performance or in our ability to earn income from management and advisory fees, and carried interest income could adversely impact our businesses and impair the value of our goodwill and/or finite-life intangible assets.

Compensation and Benefits

Compensation and benefits include salaries, bonuses, profit sharing plans and the amortization of equity-based compensation. Bonuses are accrued over the service period. From time to time, the company may distribute profits interests as a result of waived management fees to its investment professionals, which are considered compensation. Additionally, certain employees have arrangements whereby they are entitled to receive a percentage of carried interest income based on the fund s performance. To the extent that individuals are entitled to a percentage of the carried interest income and such entitlement is subject to potential forfeiture at inception, such arrangements are accounted for as profit sharing plans, and compensation expense is recognized as the related carried interest income is recognized.

Equity-based compensation is accounted for under U.S. GAAP, whereby the cost of employee services received in exchange for an award of equity instruments is generally measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are recognized over the relevant service period. Further, as required under U.S. GAAP, the company estimates forfeitures using industry comparables or historical trends for equity-based awards that are not expected to vest. Apollo s equity-based compensation awards consist of, or provide rights with respect to Apollo Operating Group units, RSUs, AAA RDUs and ARI Restricted Stock. The company s assumptions made to determine the fair value on grant date and the estimated forfeiture rate are embodied in the calculations of compensation expense.

Our compensation expense related to our profit sharing payable is a result of agreements with our contributing partners and employees to compensate them based on the ownership interest they have in the general partners of the Apollo funds. Therefore, any movements in the fair value of the underlying investments in the funds we manage and advise affect the profit sharing payable. As of December 31, 2009, our total private equity investments were approximately $16.0 billion. The contributing partners and employees are allocated approximately 40% of the total carried interest income; therefore, any changes in fair value of the underlying fund s investments related to these individuals is treated as compensation expense.

Another significant part of our compensation expense is derived from amortization of the Apollo Operating Group units subject to forfeiture by our managing partners and contributing partners. The estimated fair value was determined and recognized over the forfeiture period on a straight-line basis. We have estimated a 0% and 3% forfeiture rate for our managing partners and contributing partners, respectively, based on the company s historical attrition rate for this level of staff as well as industry comparable rates. If either the managing partners or contributing partners are no longer associated with Apollo or if there is no turn over, we will revise our estimated compensation expense to the actual amount of expense based on the units vested at the balance sheet date in accordance with U.S. GAAP.

Additionally, the value of the Apollo Operating Group units have been reduced to reflect the transfer restrictions imposed on units issued to the managing partners and contributing partners as well as the lack of rights to participate in future Apollo Global Management, LLC equity offerings. These awards have the following characteristics:

Awards granted to the managing partners (i) are not permitted to be sold to any parties outside of the Apollo Global Management, LLC control group and transfer restrictions lapse pro rata during the forfeiture period over 60 or 72 months, and (ii) allow the managing partners to initiate a change in control.

Awards granted to the contributing partners (i) are not permitted to be sold or transferred to any parties except to the Apollo Global Management, LLC control group and (ii) the transfer restriction period lapses over six years (which is longer than the forfeiture period which lapses ratably over 60 months).

As noted above, the Apollo Operating Group units issued to the managing partners and contributing partners have different restrictions which affect the liquidity of and the discounts applied to each grant.

We utilized the Finnerty Model to calculate a discount on the Apollo Operating Group units granted to the contributing partners. The Finnerty Model provides for a valuation discount reflecting the holding period restriction embedded in a restricted stock preventing its sale over a certain period of time. Along with the Finnerty Model we applied adjustments to account for the existence of liquidity clauses specific to contributing partner units and a minority interest consideration as compared to units sold through the Strategic Investor transaction. The combination of these adjustments yielded a fair value estimate of the Apollo Operating Group units granted to the contributing partners.

The Finnerty Model proposes to estimate a discount for lack of marketability such as transfer restrictions by using an option pricing theory. This model has gained recognition through its ability to address the magnitude of the discount by considering the volatility of a company s stock price and the length of restriction. The concept underpinning the Finnerty Model is that restricted stock cannot be sold over a certain period of time. Further simplified, a restricted share of equity in a company can be viewed as having forfeited a put on the average price of the marketable equity over the restriction period (also known as an Asian Put Option). If we price an Asian Put Option and compare this value to that of the assumed fully marketable underlying stock, we can effectively estimate the marketability discount.

The assumptions utilized in the model were (i) length of holding period, (ii) volatility, (iii) dividend yield and (iv) risk free rate. Our assumptions were as follows:

(i) We assumed a maximum two year holding period.

(ii) We concluded based on industry peers, that our volatility annualized would be approximately 40%.

(iii) We assumed no dividends.

(iv) We assumed a 4.88% risk free rate based on U.S. Treasuries with a two year maturity.

For the contributing partners grants, the Finnerty Model calculation, as detailed above, yielded a marketability discount of 25%. This marketability discount, along with adjustments to account for the existence of liquidity clauses and consideration of non-controlling interests as compared to units sold through the Strategic Investor transaction, resulted in an overall discount for these grants of 29%.

We determined a 14% discount for the grants to the managing partners based on the equity value per share of $24. We determined that the value of the grants to the managing partners was supported by the recent sale of an identical security to the CS Investor at $24 per share. Based on an equity value per share of $24, the implied discount for the grants to the managing partners was 14%. The contributing partners yielded a larger overall discount of 29%, as they are unable to cause a change in control of Apollo. This results in a lower fair value estimate, as their units have fewer beneficial features than those of the managing partners.

Income Taxes

Apollo has historically operated as partnerships for U.S. Federal income tax purposes and primarily corporate entities in non-U.S. jurisdictions. As a result, income has not been subject to U.S. Federal and state income taxes. Taxes related to income earned by these entities represent obligations of the individual partners and members and have not been reflected in the consolidated and combined financial statements. Income taxes presented on the consolidated and combined statements of operations are attributable to the New York City unincorporated business tax and income taxes on certain entities located in non-U.S. jurisdictions.

Following the Reorganization, the Apollo Operating Group and its subsidiaries continue to operate in the U.S. as partnerships for U.S. Federal income purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases continue to be subject to New York City unincorporated business tax, or in the case of non-U.S. entities, to non-U.S. corporate income taxes. In addition, APO Corp. is subject to Federal, state and local corporate income taxes at the entity level and these taxes are reflected in the consolidated and combined financial statements.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amount of assets and liabilities and their respective tax basis using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Fair Value Measurements

The company follows U.S. GAAP applicable to fair value measurements, which among other things, requires enhanced disclosures about investments that are measured and reported at fair value. In accordance with U.S. GAAP, investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by U.S. GAAP, the company does not adjust the quoted price for these investments, even in situations where the company holds a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table summarizes the valuation of Apollo s investments in fair value hierarchy levels as of December 31, 2009 and 2008:

	Level III December 31, 2009	Level III December 31, 2008
	(in thousands)	
Investment in AAA Investments	$ 1,324,939	$ 854,442
Investment in Apollo Metals Trading Fund, L.P.	40,034	
Total	$ 1,364,973	$ 854,442

Table of Contents

The changes in AAA s investments measured at fair value that the company has characterized as Level III investments are:

	Year Ended December 31, 2009	Year Ended December 31, 2008
	(in thousands)	
Balance, beginning of period	$ 854,442	$ 2,132,847
Purchases	4,121	3,098
Proceeds	(5,497)	(50,847)
Change in unrealized gains (losses)	471,873	(1,230,656)
Balance, end of period	$ 1,324,939	$ 854,442

The changes in the Commodities Trading Fund s investments measured at fair value which the company has characterized as Level III investments are:

	Year Ended December 31, 2009 (in thousands)
Balance, beginning of period	$
Purchases	40,000
Distributions	
Change in unrealized gains	34
Balance, end of period	$ 40,034

The above changes in unrealized gains (losses) have been recorded within the caption Net gains (losses) from investment activities on the consolidated and combined statements of operations.

Table of Contents

The following table summarizes a look through of the company s Level III investments by valuation methodology of the underlying investments held by AAA Investments:

	Private Equity December 31,			
	2009		2008	
	(in thousands)	% of Investment of AAA	(in thousands)	% of Investment of AAA
Approximate values based on Net Asset Value of the underlying funds, which are based on the funds underlying investments that are valued using the following:				
Comparable company and industry multiples	$ 527,105	33.2%	$ 496,415	38.0%
Discounted cash flow models	480,100	30.2	367,959	28.1
Broker quotes on underlying assets of debt investment vehicles	440,344	27.8	144,345	11.0
Options models	14,000	0.9	49,058	3.8
Listed quotes	40,447	2.6	6,796	0.5
Other net assets (liabilities)(1)	83,514	5.3	243,044	18.6
Total Investments	1,585,510	100.0%	1,307,617	100.0%
Other net assets (liabilities)(2)	(260,571)		(453,175)	
Total Net Assets	$ 1,324,939		$ 854,442	

(1) Balances include other assets and liabilities of certain funds that AAA Investments has invested in. Other assets and liabilities at the fund level primarily includes cash and cash equivalents, broker receivables and payables and amounts due to and from affiliates. Carrying values approximate fair value for other assets and liabilities, and accordingly, extended valuation procedures are not required.

(2) Balances include other assets and liabilities and general partner interests of AAA Investments, and is primarily comprised of $650.0 million and $900.0 million in long-term debt offset by cash and cash equivalents at December 31, 2009 and 2008, respectively.

Quantitative and Qualitative Disclosures About Market Risk

Our predominant exposure to market risk is related to our role as investment manager for our funds and the sensitivity to movements in the fair value of their investments and resulting impact on carried interest income and management fee revenues. Our direct investments in the funds also expose us to market risk whereby movements in the fair values of the underlying investments will increase or decrease both net gains (losses) from investment activities and income (loss) from equity method investments. For a discussion of the impact of market risk factors on our financial instruments refer to Critical Accounting Policies Consolidation Valuation of Investments.

The fair value of our financial assets and liabilities of our funds may fluctuate in response to changes in the value of investments, foreign exchange, commodities and interest rates. The net effect of these fair value changes impacts the gains and losses from investments in our consolidated and combined statements of operations. However, the majority of these fair value changes are absorbed by the Non-Controlling Interests.

Risks are analyzed across funds from the bottom up and from the top down with a particular focus on asymmetric risk. We gather and analyze data, monitor investments and markets in detail, and constantly strive to better quantify, qualify and circumscribe relevant risks.

Table of Contents

Each segment runs its own investment and risk management process subject to our overall risk tolerance and philosophy:

- The investment process of our private equity funds involves a detailed analysis of potential acquisitions, and asset management teams assigned to monitor the strategic development, financing and capital deployment decisions of each portfolio investment.

- Our capital markets funds continuously monitor a variety of markets for attractive trading opportunities, applying a number of traditional and customized risk management metrics to analyze risk related to specific assets or portfolios, as well as, fund-wide risks.

Impact on Management Fees Our management fees are based on one of the following:

- capital commitments to an Apollo fund;

- capital invested in an Apollo fund; or

- the gross, net or adjusted asset value of an Apollo fund, as defined.

Management fees could be impacted by changes in market risk factors and management could consider an investment permanently impaired as a result of (i) such market risk factors cause changes in invested capital or in market values to below cost, in the case of our private equity funds and certain capital markets funds, or (ii) such market risk factors cause changes in gross or net asset value, for the capital markets funds. The proportion of our management fees that are based on NAV is dependent on the number and types of our funds in existence and the current stage of each fund s life cycle.

Impact on Advisory and Transaction Fees We earn transaction fees relating to the negotiation of private equity and capital markets transactions and may obtain reimbursement for certain out-of-pocket expenses incurred. Subsequently, on a quarterly or annual basis, ongoing advisory fees, and additional transaction fees in connection with additional purchases or follow-on transactions, may be earned. Management Fee Offsets and any broken deal costs are reflected as a reduction to advisory and transaction fees from affiliates. Advisory and transaction fees will be impacted by changes in market risk factors to the extent that they limit our opportunities to engage in private equity and capital markets transactions or impair our ability to consummate such transactions. The impact of changes in market risk factors on advisory and transaction fees is not readily predicted or estimated.

Impact on Carried Interest Income We earn carried interest income from our funds as a result of such funds achieving specified performance criteria. Our carried interest income will be impacted by changes in market risk factors. However, several major factors will influence the degree of impact:

- the performance criteria for each individual fund in relation to how that fund s results of operations are impacted by changes in market risk factors;

- whether such performance criteria are annual or over the life of the fund;

- to the extent applicable, the previous performance of each fund in relation to its performance criteria; and

- whether each funds carried interest income is subject to contingent repayment.

As a result, the impact of changes in market risk factors on carried interest income will vary widely from fund to fund. The impact is heavily dependent on the prior and future performance of each fund, and therefore is not readily predicted or estimated.

Market Risk We are directly and indirectly affected by changes in market conditions. Market risk generally represents the risk that values of assets and liabilities or revenues and expenses will be adversely affected by changes in market conditions. Market risk is inherent in each of our investments and activities, including equity investments, loans, short-term borrowings, long-term debt, hedging instruments, credit default

Table of Contents

swaps, and derivatives. Just a few of the market conditions that may shift from time to time, thereby exposing us to market risk, include fluctuations in interest and currency exchange rates, equity prices, changes in the implied volatility of interest rates and price deterioration. For example, subsequent to the second quarter of 2007, the debt capital markets around the world began to experience significant dislocation, severely limiting the availability of new credit to facilitate new traditional buyouts. Volatility in the debt and equity markets can impact our pace of capital deployment, the timing of receipt of transaction fee revenues, and the timing of realizations. These market conditions could have an impact on the value of investments and our rates of return. Accordingly, depending on the instruments or activities impacted, market risks can have wide ranging, complex adverse affects on our results from operations and our overall financial condition. We monitor our market risk using certain strategies and methodologies which management evaluates periodically for appropriateness. We intend to continue to monitor this risk going forward and continue to monitor our exposure to all market factors.

Interest Rate Risk Interest rate risk represents exposure we have to instruments whose values vary with the change in interest rates. These instruments include, but are not limited to, loans, borrowings and derivative instruments. We may seek to mitigate risks associated with the exposures by taking offsetting positions in derivative contracts. Hedging instruments allow us to seek to mitigate risks by reducing the effect of movements in the level of interest rates, changes in the shape of the yield curve, as well as, changes in interest rate volatility. Hedging instruments used to mitigate these risks may include related derivatives such as options, futures and swaps.

Credit Risk Certain of our funds are subject to certain inherent risks through their investments.

Certain of our entities invest substantially all of their excess cash in open-end money market funds and money market demand accounts, which are included in cash and cash equivalents. The money market funds invest primarily in government securities and other short-term, highly liquid instruments with a low risk of loss. We continually monitor the funds performance in order to manage any risk associated with these investments.

Certain of our entities hold derivatives instruments that contain an element of risk in the event that the counterparties may be unable to meet the terms of such agreements. We minimize our risk exposure by limiting the counterparties with which we enter into contracts to banks and investment banks who meet established credit and capital guidelines. We do not expect any counterparty to default on its obligations and therefore do not expect to incur any loss due to counterparty default.

Foreign Exchange Risk Foreign exchange risk represents exposures we have to changes in the values of current holdings and future cash flows denominated in other currencies and investments in non-U.S. companies. The types of investments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans, foreign currency-denominated transactions, and various foreign exchange derivative instruments whose values fluctuate with changes in currency exchange rates or foreign interest rates. Instruments used to mitigate this risk are foreign exchange options, currency swaps, futures and forwards. These instruments may be used to help insulate us against losses that may arise due to volatile movements in foreign exchange rates and/or interest rates.

Non-U.S. Operations We conduct business throughout the world and are continuing to expand into foreign markets. We currently have offices in London, Frankfurt, Luxembourg, Mumbai, Hong Kong and Singapore, and have been strategically growing our international presence. Our investments and revenues are primarily derived from our U.S. operations. With respect to our non-U.S. operations, we are subject to risk of loss from currency fluctuations, social instability, changes in governmental policies or policies of central banks, expropriation, nationalization, unfavorable political and diplomatic developments and changes in legislation relating to non-U.S. ownership. We also invest in the securities of corporations which are located in non-U.S. jurisdictions. As we continue to expand globally, we will continue to focus on minimizing these risk factors as they relate to specific non-U.S. investments.

Table of Contents

Sensitivity

Our assets and unrealized gains, and our related equity and net income are sensitive to changes in the valuations of our funds underlying investments and could vary materially as a result of changes in our valuation assumptions and estimates. See Critical Accounting Policies Valuation of Investments for details related to the valuation methods that are used and the key assumptions and estimates employed by such methods. We also quantify the Level III investments that are included on our consolidated and combined statements of financial condition by valuation methodology in Fair Value Measurements . We employ a variety of valuation methods of which no single methodology is used to value our consolidated investments more than any other methodology. Furthermore, the investments that we manage but are not on our consolidated and combined statements of financial condition, and therefore impact carried interest, also employ a variety of valuation methods of which no single methodology is used more than any other. A 10% change in any single key assumption or estimate that is employed by any of the valuation methodologies that we use will not have a material impact on our financial results. As described in Quantitative and Qualitative Disclosures About Market Risk, changes in fair value will have the following impacts before a reduction of profit sharing expense and Non-Controlling Interests in the Apollo Operating Group and on a pre-tax basis on our results of operations for the years ended December 31, 2009 and 2008:

Management fees from the funds in our capital markets segment are based on the net asset value of the relevant fund, gross assets, capital commitments or invested capital, each as defined in the respective management agreements. Changes in the fair values of the investments in capital markets funds that earn management fees based on net asset value or gross assets will have a direct impact on the amount of management fees that are earned. Management fees from our capital markets funds that were dependent upon estimated fair value during the years ended December 31, 2009 and 2008 would decrease by approximately $8.0 million and $11.3 million, respectively, after assuming that the fair values of the investments held by such funds were 10% lower during the same respective periods.

Management fees for our private equity funds range from 0.65% to 1.5% and are charged on either (a) a fixed percentage of committed capital over a stated investment period or (b) a fixed percentage of invested capital of unrealized portfolio investments. Changes in values of investments could indirectly affect future management fees from private equity funds by, among other things, reducing the funds access to capital or liquidity and their ability to currently pay the management fees or if such change resulted in a write-down of investments below their associated invested capital.

Management fees earned from AAA and its affiliates range between 1.0% and 1.25% of AAA adjusted assets, defined as invested capital plus proceeds of any borrowings of AAA Investments, plus its cumulative distributable earnings at the end of each quarterly period (taking into account actual distributions but excluding the management fees relating to the period or any non-cash equity compensation expense), net of any amount AAA pays for the repurchase of limited partner interests, as well as capital invested in Apollo funds and temporary investments and any distributable earnings attributable thereto. Management fees earned from AAA Investments during the years ended December 31, 2009 and 2008 would decrease by approximately $1.0 million and $1.1 million, respectively, if the fair values of the investments held by AAA Investments were 10% lower during the same respective periods.

Carried interest income from most of our capital markets funds, which are quantified above under Results of Operations and Segment Analysis, are impacted directly by changes in the fair value of their investments. Carried interest income from most of our capital markets funds generally is earned based on achieving specified performance criteria. We anticipate that a 10% decline in the fair values of investments held by all of the capital markets funds at December 31, 2009 and 2008 would decrease consolidated carried interest income for the years ended December 31, 2009 and 2008 by approximately $55.2 million and zero, respectively. A 10% decline in fair value would not impact carried interest income from our capital markets segment during the year ended December 31, 2008 as the related funds fell below their respective high water marks. Additionally, the changes to carried

Table of Contents

interest income from most of our capital markets business assume there is no loss in the fund for the relevant period. If the fund had a loss for the period, no carried interest income would be earned by us. By contrast, a 10% increase in fair value would increase consolidated carried interest income for the years ended December 31, 2009 and 2008 by approximately $74.3 million and zero, respectively.

Carried interest income from private equity funds generally is earned based on achieving specified performance criteria and is impacted by changes in the fair value of their fund investments. We anticipate that a 10% decline in the fair values of investments held by all of the private equity funds at December 31, 2009 and 2008 would decrease consolidated carried interest income for the years ended December 31, 2009 and 2008 by $130.8 million and $40.5 million, respectively. The effects on private equity fees and income assume that a decrease in value does not cause a permanent write-down of investments below their associated invested capital.

For select Apollo funds, our share of investment income as a limited partner in such funds is derived from unrealized gains or losses on investments in funds included in the consolidated and combined financial statements. For funds in which we have an interest, but are not included in our consolidated and combined financial statements, our share of investment income is limited to our accrued compensation units and direct investments in the funds, which ranges from 0.006% to 14.2%. A 10% decline in the fair value of investments at December 31, 2009 and 2008 would result in an approximately $18.9 million and $10.4 million, respectively, decrease in investment income at the consolidated level.

Recent Accounting Pronouncements

A list of recent accounting pronouncements that are relevant to Apollo and its industry are included in note 2 to our consolidated and combined financial statements, included elsewhere in this prospectus.

Off-Balance Sheet Arrangements

In the normal course of business, we engage in off-balance sheet arrangements, including transactions in derivatives, guarantees, commitments, indemnifications and potential contingent repayment obligations. See note 14 to our consolidated and combined financial statements included elsewhere in this prospectus, for a discussion of guarantees and contingent obligations.

Contractual Obligations, Commitments and Contingencies

As of December 31, 2009, the company s material contractual obligations consist of lease obligations, contractual commitments as part of the ongoing operations of the funds and debt obligations. In addition, on a historical basis, the company had the contractual obligations of the consolidated funds while the capital commitments to these funds were substantially eliminated in consolidation. Fixed and determinable payments due in connection with these obligations are as follows:

	2010	2011	2012	2013	2014	Thereafter	Total
				(in thousands)			
Operating lease obligations	$ 23,151	$ 22,364	$ 22,246	$ 21,746	$ 21,233	$ 49,680	$ 160,420
Other long-term obligations[1]	11,057	6,434	4,033	1,906	669	669	24,768
AMH credit facility[2]	46,795	46,795	46,795	46,795	923,402		1,110,582
CIT master loan agreement	2,349	2,185	2,136	20,775			27,445
Total Obligations as of December 31, 2009	$ 83,352	$ 77,778	$ 75,210	$ 91,222	$ 945,304	$ 50,349	$ 1,323,215

(1) Includes (i) payments on management service agreements related to certain assets and (ii) payments with respect to certain consulting agreements entered into by Apollo Investment Consulting, LLC.

(2) The AMH credit facility matures in April 2014. Amounts represent estimated interest payments until the loan matures using an estimated annual interest rate of 5.15%, which includes the effects of the interest rate swap described in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus.

Table of Contents

Note: Due to the fact that the timing of certain amounts to be paid cannot be determined or for other reasons discussed below, the following contractual commitments have not been presented in the table above.

(i) Amounts do not include the senior secured revolving credit facility entered into by AAA s investment vehicle, of which $650 million was utilized as of December 31, 2009. The credit facility matures on May 31, 2012. AAA is consolidated by the company in accordance with U.S. GAAP. The company does not guarantee and has no legal obligation to repay amounts outstanding under the credit facility. Accordingly, the $650 million outstanding balance was excluded from the table above.

(ii) As noted previously, we have entered into a tax receivable agreement with our managing partners and contributing partners which requires us to pay to our managing partners and contributing partners 85% of any tax savings received by APO Corp. from our step-up in tax basis. The tax savings achieved may not ensure that we have sufficient cash available to pay this liability and we might be required to incur additional debt to satisfy this liability.

Contingent Obligations Carried interest income in both private equity funds and certain capital markets funds is subject to reversal in the event of future losses to the extent of the cumulative carried interest recognized in income to date. If all of the existing investments and receivables from these investments were liquidated at zero values, the amounts of cumulative revenues that have been recognized by Apollo through December 31, 2009 that would be reversed approximates $787.8 million. Management views the possibility of liquidating all existing investments at zero values as remote. Carried interest is affected by changes in the fair values of the underlying investments in the funds that we manage. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors such as bond yields and industry trading multiples. Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable. The table below indicates only the potential future reversal of carried interest income.

	December 31, 2009 (in thousands)
Fund V	$ 406,455
Fund VII	177,578
Fund IV	95,547
COF I	70,093
COF II	38,155
	$ 787,828

Note: EPF has not paid carried interest as of December 31, 2009 and Fund VI has a clawback as indicated in note 13 to our consolidated and combined financial statements included elsewhere to this prospectus.

Additionally, at the end of the life of the funds there could be a payment due to a fund by the company if the company has received more carried interest than was ultimately earned. The current estimate of the General Partner obligation for carried interest previously distributed at December 31, 2009 is $13.1 million, as discussed in Due to Private Equity Funds in note 13 to our consolidated and combined financial statements included elsewhere in this prospectus. The General Partner obligation amount, if any, will depend on final realized values of investments at the end of the life of the fund.

Certain private equity and capital markets funds are not generating carried interest income due to unrealized and realized losses in the current and prior reporting periods. In certain cases, carried interest income will not be generated until additional unrealized and realized gains occur. Any appreciation would first cover the deductions for invested capital, unreturned organizational expenses, operating expenses, management fees and priority returns based on the terms of the respective fund agreements.

INDUSTRY

Asset Management

Overview

Asset management involves the management of investments on behalf of investors in exchange for a fee, and often cases include incentive income based upon the financial performance of investments. Asset managers employ a variety of investment strategies, which fall into two broad categories: traditional asset management and alternative asset management. The key differences between traditional asset managers and alternative asset managers primarily relate to investment strategies, return objectives, compensation structure and investor access to funds.

Traditional asset managers, such as mutual fund managers, engage in managing and trading investment portfolios of equity, fixed income, derivative securities and commodities. The investment objectives of these portfolios may include total return, capital appreciation, current income and/or replicating the performance of a particular index. Managers of such portfolios are compensated on a predetermined fee based on a percentage of the assets under management, generally substantially independent of performance. Performance measurement of traditional funds is typically against given benchmark market indices and peer groups over various time periods. Investors in traditional funds generally have unrestricted access to their funds either through market transactions in the case of closed-end mutual funds and exchange traded funds, or through withdrawals in the case of open-end mutual funds and separately managed accounts.

Alternative asset managers such as managers of hedge funds, private equity funds, venture capital funds, real estate funds, mezzanine funds and distressed investment funds, utilize a variety of investment strategies to achieve returns within certain stipulated risk parameters and investment criteria. These returns are evaluated on an absolute basis, rather than benchmarked in relation to an index. The compensation structure for alternative asset managers may include management fees on committed or contributed capital, transaction and advisory fees as capital is invested (typically for private equity funds) and carried interest or incentive fees tied to achieving certain absolute return hurdles. Unlike traditional asset managers, alternative asset managers may limit investors access to funds once committed or invested until the investments have been realized.

The asset management industry has experienced significant growth in worldwide assets under management in the past decade, fueled by growth in pension assets and savings globally. According to the Boston Consulting Group, as cited in their July 2009 report, Conquering the Crisis Global Asset Management 2009 (Copyright, The Boston Consulting Group 2009), the total value of assets under management globally reached an estimated $48.6 trillion in 2008, an 18% decline from 2007. This sharp decline followed average growth of 12% per year from 2002 through 2007. According to the 2007-2008 Russell Survey on Alternative Investing, which polled 326 large, tax exempt organizations from different geographic regions on their investments in private equity, hedge funds and real estate, average strategic allocations to alternative assets, comprised of private equity, hedge funds, and real estate, have increased on a relative basis across the world and aggregate alternative asset allocations in North America are projected to be 23% in 2009.

Private Equity

Private equity funds raise pools of capital from institutional investors, such as insurance companies and pension and endowment funds, as well as high net worth individuals. These funds typically seek to acquire controlling or influential ownership interests in businesses. Private equity funds typically invest in the common equity or preferred stock of private and sometimes those of public companies.

Private equity funds are typically structured as unregistered limited partnership funds with terms of typically eight to ten years, and can contain provisions to extend the life of the fund under certain circumstances. Investors in private equity funds provide a commitment to the fund that is called by the fund as investments are made and equity capital is required. Private equity fund managers typically are compensated as follows: (i) management

Table of Contents

fees based on the amount of invested or committed capital, (ii) transaction and advisory fees as capital is invested and portfolio companies are managed and (iii) a carried interest in the profits of the fund, which is often subject to a preferred return for investors, or hurdle.

The objective of a private equity fund is to earn attractive returns on its investment commensurate with the risk being taken. The returns come either in the form of capital gains upon realization of the fund s underlying investments, or in the form of income, such as interest, dividends or fees. Private equity funds aim to realize their capital gain on an underlying business by either selling the business or selling its shares in the public markets. Since time is required to implement the value growth strategy for the business, private equity investments tend to be held for three or more years, although typical hold periods vary according to market conditions.

Private equity funds may seek to enhance returns through the use of financial leverage, which led to the term leveraged buyout, or LBO. In the course of acquiring a business, a private equity fund will utilize capital that it has raised from its investors to pay for a portion of the transaction value and will typically borrow the remaining proceeds. In leveraged buyouts, the borrowings typically constitute the majority of funds used to pay the transaction value, generally ranging from 60% to 80% of the purchase price.

Prior to the current global economic downturn, global private equity activity had increased significantly in recent years. According to Thomson Financial as of March 4, 2010, European LBO volume set a new record in 2006 at $234 billion but recorded lower volume in 2007 of $155 billion; additionally, Europe surpassed the U.S. market in buyout activity in 2008 with $53 billion in volume compared to the U.S. market s $35 billion. Both the U.S. and Europe recorded lower LBO levels in 2009 of $21 billion and $20 billion, respectively. The same source indicates that in 2006 the Asia-Pacific region increased its LBO volume significantly to reach $20 billion, though 2007 Asia-Pacific LBO volume was down from that record high to $6 billion with 2008 volume further declining to $3 billion but had a minor recovery in 2009 of $4 billion. Conditions in the debt markets had been very favorable in 2006 through the first half of 2007; however, beginning in the second half of 2007, the markets experienced a serious contraction in the availability of debt financing for traditional LBO transactions resulting in a significant decline of such transactions in 2008 and the first half of 2009. The use of leverage increases both the potential risk and potential reward of investments, including assets purchased in LBOs. The chart below shows global LBO volume from 2000-2009.

Global LBO Volume ($ billions)

Source: Thomson Financial as of March 2010

Over the past two decades, from 1989 to 2008, the upper quartile of private equity funds has, in the aggregate, outperformed the S&P 500 Index by about 21.2% per year net of management fees, partnership expenses and fund managers carried interest, according to Thomson Financial. In 2005 through 2007, U.S. buyout and mezzanine inflows experienced significant growth, with more money raised in each of these three years than the cumulative funds raised in the previous three years, according to Thomson Financial (Buyouts Magazine, January 7, 2008). According to the same source, several established fund managers with superior track records have recently closed funds of nearly $15 billion or more. More recently, however, private equity and mezzanine fundraising has experienced a significant slowdown as institutional investors have become over-allocated to alternative investments as a result of declines in the overall values of their public portfolios, which has exceeded the decline in value of their private investments as well as a reduction in the value of cash realizations from their investments in private equity, mezzanine and real estate funds.

As displayed in the chart below, the pace of private equity fundraising had accelerated dramatically in the past few years prior to the current global economic downturn. The duration and impact of the current economic environment on private equity and mezzanine fundraising in the future is unknown.

U.S. LBO and Mezzanine Fundraising ($ billions)

Source: Thomson Financial (Buyouts Magazine, March 2, 2009 and January 7, 2008)

Record fundraising, together with historically high levels of liquidity in the debt capital markets, was a key driver of large private equity transactions. The scope of transaction size and complexity has also grown, often requiring several private equity firms to form a consortium to acquire a specific target. The above source reports that in 2007 alone, there were four completed LBOs with transaction values exceeding $25 billion. According to Thomson Financial as of March 4, 2010, private equity transactions increasingly comprised a larger percentage of total merger and acquisition transaction dollar volume, with financial sponsor activity reaching 19.3% of U.S. volume in 2007, particularly as large public-to-private transactions had become more prevalent. However, the same source indicates a decrease in financial sponsor activity in the wake of recent credit turmoil as LBO transactions represented only 2.8% of U.S. merger and acquisition transaction dollar volume in 2009, respectively. As a result, private equity fund managers are focused on managing their existing portfolio companies and are evaluating non-control transactions such as private investments in public equity, or PIPE . According to PrivateRaise s PIPE Market Blurb, there have been approximately 2,700 PIPEs since the beginning of 2008 with over $160 billion of capital invested.

Mezzanine Funds

Mezzanine funds are investment vehicles that invest primarily in mezzanine securities, typically high-yielding long-term subordinated loans or preferred stock that may include an equity component or feature, such as warrants or co-investment rights, to enhance returns for the lender. Mezzanine lending is related to the volume of financial sponsor-driven transactions. This form of financing is most frequently utilized in the buyout of middle-market and smaller public companies.

There are several factors that are commonly believed to have contributed to the expansion of mezzanine investing over the past decade. The broad-based consolidation of the U.S. financial services industry over the past two decades has significantly reduced the number of FDIC-insured financial institutions. In recent years, this is believed to have caused many senior lenders to de-emphasize their service and product offerings to middle market businesses in favor of lending to larger corporate clients and managing larger capital markets transactions. As a result, many middle-market firms have faced increased difficulty raising debt from commercial

Table of Contents

lenders, thus creating demand for alternative sources of financing such as mezzanine debt financing. Additionally, over the past several years, the availability of large pools of capital has increased as mutual funds, private equity funds and hedge funds have all experienced significant growth. In particular, we believe that there is a considerable amount of un-invested private equity capital that will seek mezzanine capital to support investments in middle market companies being made by the private equity capital.

Given the fragmented nature of the mezzanine market, capital providers of mezzanine financing include a broad array of companies. Early mezzanine lenders include traditional investment management firms, investment arms of major companies and insurance companies. Growth in demand for such capital has encouraged various capital providers to enter this market over the last decade, including private equity firms, hedge funds, high-yield debt investors, business development companies and investment banks with dedicated mezzanine funds.

Distressed Funds

Distressed funds typically engage in the purchase or short sale of securities of companies where the price has been, or is expected to be, affected by a distressed situation. This may involve reorganizations, bankruptcies, distressed sales or other corporate restructurings. Investment opportunities arise in the market for distressed securities because holders of previously sound instruments find themselves in possession of creditor claims of uncertain value and, therefore, under pressure to dispose of them.

Investments are made for both the short-and long-term and are both active and passive with respect to participation in restructuring and company operations. In a distressed buyout, the investor works proactively through the restructuring process to equitize its debt position and gain control of the company with the objective of achieving a large return via a turnaround. A second strategy, more common among hedge funds, is to hold a position in a distressed debt security with the expectation that improved performance will lead to a run-up in the price of the debt instrument that will result in high short-term internal rate of return.

The chart below from the Fourth Quarter 2009 HFR Industry Report shows that the distressed investing industry experienced increased net asset flow during the recessionary period of 2002, during which stock market valuations were relatively depressed, there was an increase in the number of corporate distressed sellers of assets who needed to raise cash and company earnings had decreased. However, in light of the current global economic downturn, which is more severe than the one experienced in 2002, the distressed investing industry experienced declines in net asset flows in both 2008 and 2009.

Estimated Growth of Assets/ Net Asset Flow Distressed / Restructuring ($ billions)

Source: Fourth Quarter 2009 HFR Industry Report

Table of Contents

Hedge Funds

Hedge funds are privately held and unregistered investment vehicles managed with the primary aim of delivering positive risk-adjusted returns under various market conditions. Hedge funds differ from traditional asset managers such as mutual funds by the asset classes in which they invest and/or the investment strategies they employ. Asset classes in which hedge funds invest may include liquid and illiquid securities, asset-backed securities, pools of loans and bonds or other financial assets. Hedge funds also employ a variety of strategies that may include short selling, equity long-short convertible arbitrage, fixed income arbitrage, merger arbitrage, event-driven, global macro and other quantitative strategies. The strategies may employ use of leverage, hedges, swaps and other derivative instruments.

Hedge funds are typically structured as limited partnerships, limited liability companies or offshore corporations. Hedge fund managers earn a base management fee typically based on the net asset value of the fund and incentive fees based on a percentage of the fund s profits. Some hedge funds set a hurdle rate under which the fund manager does not earn an incentive fee until the fund s performance exceeds a benchmark rate. Another feature common to hedge funds is the high water mark under which a fund manager does not earn incentive fees until the net asset value exceeds the highest historical value on which incentive fees were last paid. Typical investors include high net worth individuals and institutions. These investors can invest and withdraw funds periodically in accordance with the terms of the funds, which may include lock-up periods on withdrawals. Hedge fund managers often commit a portion of their own capital in the funds they manage to align their interests with the investors.

According to the Fourth Quarter 2009 HFR Industry Report, as of December 31, 2009, there were 9,050 hedge funds in existence globally. The same report shows global assets under management in the hedge fund industry have grown by approximately 22% annually since 1990 to exceed $1.6 trillion at December 31, 2009. Net asset inflows in 2007 increased to a record high of $195 billion, but reversed course in 2008 and 2009 with net asset outflows of $154 billion and $131 billion, respectively. The chart below shows hedge fund assets under management from 1990-2009.

Hedge Fund Assets Under Management ($ billions)

Source: Fourth Quarter 2009 HFR Industry Report

181

Table of Contents

BUSINESS

Overview

Founded in 1990, Apollo is a leading global alternative asset manager. We are contrarian, value-oriented investors in private equity, credit-oriented capital markets and real estate, with significant distressed expertise. We have a flexible mandate in the majority of the funds we manage that enables the funds to invest opportunistically across a company s capital structure. We raise, invest and manage funds on behalf of some of the world s most prominent pension and endowment funds, as well as other institutional and individual investors. As of December 31, 2009, we had AUM of $53.6 billion in our private equity and capital markets businesses. Our latest private equity fund, Fund VII, held a final closing in December 2008, raising a total of $14.7 billion. We have consistently produced attractive long-term investment returns in our private equity funds, generating a 39% gross IRR and a 26% net IRR on a compound annual basis from inception through December 31, 2009. A number of our capital markets funds have also performed well since their inception through December 31, 2009.

Over our 20-year history of investing, we have grown to become one of the largest alternative asset managers in the world and attribute our historical success to the following key competitive strengths:

- our track record of generating attractive long-term risk-adjusted returns in our private equity investment funds;
- our integrated business model which combines the strength of our businesses and the intellectual capital base of the global Apollo franchise to create a sustainable competitive advantage;
- our expertise in distressed investing and ability to invest capital and grow AUM throughout economic cycles;
- our deep industry knowledge and expertise with complex transactions;
- our partnership with our portfolio company management teams;
- our creation of an edge in investing by combining our core industry expertise, comfort with complexity and use of strategic platforms to create proprietary investment opportunities;
- our long-standing investor relationships that include many of the world s most prominent alternative asset investors;
- our strong management team, brand name and reputation; and
- our long-term capital base.

Apollo is led by our managing partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 20 years and lead a team of 398 employees, including 135 investment professionals, as of December 31, 2009. This team possesses a broad range of transaction, financial, managerial and investment skills. We have offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. We operate our private equity, capital markets and real estate businesses in an integrated manner, which we believe distinguishes us from other alternative asset managers. Our investment professionals frequently share information across disciplines, which contributes to our library of industry knowledge. We believe that this collaboration, including market insight, management, banking and consultant contacts, as well as investment opportunities, enables us to more successfully invest across a company s capital structure. This platform and the depth and experience of our investment team have enabled us to deliver strong long-term investment performance in our private equity funds throughout a range of economic cycles. For example, Apollo s most successful private equity funds (in terms of net IRR), Funds I, II, MIA and Fund V, were initiated during economic downturns. Funds I, II and MIA, which generated a combined gross IRR of 47% and a combined net IRR of 37% on a compound annual basis since inception through the date of the disposition of their final investment on September 30, 2004, were initiated during the economic downturn of 1990 through 1993 and Fund V, which generated a gross IRR of 62% and a net IRR of 46% on a compound annual basis since inception through December 31, 2009, was initiated during the economic downturn of 2001 through late 2003. We began investing our latest private equity fund, Fund VII, in January 2008 in the midst of the current economic downturn. Similarly, with respect to our

Table of Contents

capital markets business, our flagship Value Funds, which were launched in 2003 and 2006, have also delivered attractive returns since inception through a range of economic cycles.

Our objective is to achieve superior long-term risk-adjusted returns for our fund investors. The majority of our investment funds are designed to invest capital over periods of seven or more years from inception, thereby allowing us to generate attractive long-term returns throughout economic cycles. Our investment approach is value-oriented, focusing on nine core industries in which we have considerable knowledge, and emphasizing downside protection and the preservation of capital. We are frequently contrarian in our investment approach, which is reflected in a number of ways, including:

- our willingness to invest in industries that our competitors typically avoid;
- the often complex structures we employ in some of our investments, including our willingness to pursue difficult corporate carve-out transactions;
- our experience investing during periods of uncertainty or distress in the economy or financial markets when many of our competitors simply reduce their investment activity;
- our orientation towards sole sponsored transactions when other firms have opted to partner with others; and
- our willingness to undertake transactions that have substantial business, regulatory or legal complexity.

We have successfully applied this investment philosophy over our 20-year history, allowing us to identify what we believe are attractive investment opportunities, deploy capital across the balance sheet of industry leading, or franchise, businesses and create value throughout economic cycles.

Since the onset of the current global economic crisis, which we believe began in the third quarter of 2007, we have been relying on our deep industry, credit and financial structuring experience, coupled with our strengths as value-oriented, distressed investors, to deploy a significant amount of new capital. As examples of this, from the beginning of the second quarter of 2008 through December 31, 2009, we have invested approximately $12 billion of capital across our private equity and capital markets funds focused on control distressed and buyout investments, leveraged loan portfolios and mezzanine, non-control distressed and non-performing loans. In addition, from the beginning of the third quarter of 2007 through December 31, 2009, the funds managed by Apollo have acquired approximately $8.5 billion in face value of distressed debt at discounts to par value and purchased over $25 billion in face value of leveraged senior loans at discounts to par value from financial institutions. Since we purchased these leveraged loan portfolios from highly motivated sellers, we were able to secure attractive long-term, low cost financing and select credits of companies well known to Apollo. For the year ended December 31, 2009, the benchmark S&P/LSTA Leveraged Loan Index, which includes a group of securities we believe is similar to those owned by our funds, had a net return of approximately 52%, and the performance of our leveraged loan investments has exceeded this benchmark during this period.

As in prior market downturns, we have been purchasing distressed securities and continue to opportunistically build positions in high quality companies with stressed balance sheets in industries where we have expertise such as cable, chemicals, packaging and transportation. Our approach towards investing in distressed situations often requires us to purchase particular debt securities as prices are declining, since this allows us both to reduce our average cost and accumulate sizable positions which may enhance our ability to influence any restructuring plans and maximize the value of our distressed investments. As a result, our investment approach may produce negative short-term unrealized returns in certain of the funds we manage. However, we concentrate on generating attractive, long-term, risk-adjusted realized returns for our fund investors, and we therefore do not overly depend on short-term results and quarterly fluctuations in the unrealized fair value of the holdings in our funds.

In addition to deploying capital in new investments, we have been depending on our 20 years of experience to enhance value in the current investment portfolio of the funds we manage. We have been relying on our restructuring and capital markets experience to work proactively with our funds portfolio company management

Table of Contents

teams to generate cost and working capital savings, reduce capital expenditures, and optimize capital structures through several means such as debt exchange offers and the purchase of portfolio company debt at discounts to par value. For example, as of December 31, 2009, Fund VI and its underlying portfolio companies purchased or retired approximately $17.2 billion in face value of debt and captured approximately $8.4 billion of discount to par value of debt in portfolio companies such as CEVA Logistics, Harrah s Entertainment, Realogy and Momentive Performance Materials. In certain situations, such as CEVA Logistics, funds managed by Apollo are the largest owner of the total outstanding debt of the portfolio company. In addition to the attractive return profile associated with these portfolio company debt purchases, we believe that building positions as senior creditors within the existing portfolio companies is strategic to the existing equity ownership positions. Additionally, the portfolio companies of Fund VI have implemented over $2.7 billion of cost savings programs on an aggregate basis from the date we acquired them through December 31, 2009, which we believe will positively impact their operating profitability.

Since the beginning of 2007, we have experienced significant globalization and expansion of our investment management activities. We have grown our global network by opening offices in Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. Since the beginning of 2007, we have also launched a new private equity fund and a commercial real estate finance company, as well as several new capital markets funds and leveraged investment vehicles with a combined AUM of $32.6 billion as of December 31, 2009. In addition, in order to more fully leverage our long history of investing in the real estate sector, we have hired a senior management team and established a dedicated real estate investment business. Similar to the creation of our real estate business, we expect to continue to grow our company by applying our value-oriented approach across related investment categories which we believe have synergies with our core business and provide attractive opportunities for us to continue to expand our equity base.

We had total AUM of $53.6 billion as of December 31, 2009, consisting of $34.0 billion in our private equity business, $19.1 billion in our capital markets business, and $0.5 billion in our real estate business. See Risk Factors Risks Related to our Businesses We may not be successful in raising new funds or in raising more capital for certain of our funds. We have grown our total AUM at a 36.5% compound annual growth rate, or CAGR, from December 31, 2004 to December 31, 2009. In addition, we benefit from mandates with long-term capital commitments in both our private equity and capital markets businesses. Our long-lived capital base allows us to invest assets with a long-term focus, which is an important component in generating attractive returns for our investors. We believe our long-term capital also leaves us well-positioned during economic downturns, when the fundraising environment for alternative assets has historically been more challenging than during periods of economic expansion. In addition, our permanent capital vehicles are able to grow organically through continuous investment and reinvestment of capital, which we believe provides us with stability and with a valuable potential source of long-term income. As of December 31, 2009, approximately 90% of our AUM was in funds with a contractual life at inception of seven years or more, and 12% of our AUM was in permanent capital vehicles with unlimited duration, as highlighted in the chart below:

We expect our growth in AUM to continue over time by creating value in our funds existing private equity and capital markets investments, continuing to deploy our available capital in what we believe are attractive investment opportunities, and raising new funds and investment vehicles as market opportunities present themselves. See Risk Factors Risks Related to Our Businesses We may not be successful in raising new funds or in raising more capital for certain of our funds.

Our Businesses

We have three business segments: private equity, capital markets and real estate. We also manage (i) AAA, a publicly listed permanent capital vehicle, which invests substantially all of its capital in or alongside Apollo-sponsored entities, funds and other investments, and (ii) Palmetto, a separately managed account established to facilitate investments by a third-party institutional investor directly in Apollo-sponsored funds and other transactions. The diagram below summarizes our current businesses:

(1) All data is as of December 31, 2009. The chart does not reflect legal entities or assets managed by former affiliates.
(2) Includes three funds that are denominated in Euros and translated into U.S. dollars at an exchange rate of 1.00 to $1.43 as of December 31, 2009.
(3) Includes proceeds from ARI s initial public offering and concurrent private placement, which closed on September 29, 2009, as well as the formation of AGRE CMBS Fund L.P., which raised equity capital during 2009. The proceeds from ARI s initial public offering are net of issuance costs.

Our financial results are highly variable, since carried interest (which generally constitutes a large portion of the income from the funds we manage), and the transaction and advisory fees that we receive, can vary significantly from quarter to quarter and year to year. We manage our business and monitor our performance with a focus on long-term performance, an approach that mirrors the investment horizons of the funds we manage and is driven by the investment returns of our funds.

Private Equity

Private Equity Funds

Our private equity business had total and fee-generating AUM of $34.0 billion and $28.1 billion as of December 31, 2009, respectively. Our private equity business grew total and fee-generating AUM by a 28.3% and 46.5% CAGR, respectively, from December 31, 2004 through December 31, 2009. From our inception in 1990 through December 31, 2009, our private equity business invested approximately $30.7 billion of capital. As of December 31, 2009, our private equity funds had $13.0 billion of uncalled capital commitments, providing us

Table of Contents

with a significant source of capital for future investment activities. Since inception through December 31, 2009, the returns of our private equity funds have performed in the top quartile for all U.S. buyout funds, as measured by Thomson Financial. Our private equity funds have generated a gross IRR of 39% and a net IRR of 26% on a compound annual basis from inception through December 31, 2009, as compared with a total annualized return of 6% for the S&P 500 Index over the same period. In addition, since our inception, our private equity funds (excluding Fund VII, which closed less than 36 months prior to the valuation date) have achieved a 2.3x average multiple of invested capital. See Management s Discussion and Analysis of Financial Condition and Results of Operations The Historical Investment Performance of Our Funds for reasons why our historical private equity returns are not indicative of the future results you should expect from our current and future funds or from us.

As a result of our long history of successful private equity investing across market cycles, we believe we have developed a unique set of skills which we rely on to make new investments and to maximize the value of our existing investments. As an example, through our experience with traditional private equity buyouts, we apply a highly disciplined approach towards structuring and executing these types of transactions, the key tenets of which include acquiring companies at below industry average purchase price multiples, and establishing flexible capital structures with long-term debt maturities and few, if any, financial maintenance covenants. We believe our adherence to these tenets has enabled us to construct our private equity portfolios with companies that are well-positioned to withstand market declines and thrive during times of economic recovery, allowing us to deliver attractive long-term returns to investors in our funds.

We believe we have a demonstrated ability to adapt quickly to changing market environments and capitalize on market dislocations through our traditional, distressed and corporate buyout approach. In prior periods of strained financial liquidity and economic recession, our private equity funds have made attractive private equity investments by buying the debt of quality businesses (which we refer to as classic distressed debt), converting that debt to equity, creating value through active management, and ultimately monetizing the investment. This combination of traditional and corporate buyout investing with a distressed option has been successful throughout prior economic cycles and has allowed our funds to achieve attractive long-term rates of return in different economic and market environments. See Risk Factors Risks Related to Our Businesses Difficult market conditions may adversely affect our businesses in many ways, including by reducing the value or hampering the performance of the investments made by our funds or reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenue, net income and cash flow and adversely affect our financial prospects and condition. In addition, during prior economic downturns we have relied on our restructuring experience and worked closely with our funds portfolio companies to maximize the value of our funds investments. For example, during the economic downturn during 2001-2003, we successfully restructured several of the portfolio companies in Fund IV that were experiencing financial difficulties, and as a result, Fund IV was able to produce a multiple of invested capital of nearly 1.8x. During this same time period, we relied on our credit market expertise to deploy approximately 54% of the capital from Fund V, primarily in distressed for control situations, and this fund generated a gross IRR of 62% and a net IRR of 46% on a compound annual basis as of December 31, 2009. See Management s Discussion and Analysis of Financial Condition and Results of Operations The Historical Investment Performance of Our Funds for a discussion of the reasons we do not believe our future IRRs will be similar to the IRRs for Fund V.

Traditional Buyouts

Traditional buyouts have historically comprised the majority of our investments. We generally target investments in companies where an entrepreneurial management team is comfortable operating in a leveraged environment. We also pursue acquisitions where we believe a non-core business owned by a large corporation will function more effectively if structured as an independent entity managed by a focused, stand-alone management team. Our leveraged buyouts have generally been in situations that involved consolidation through merger or follow-on acquisitions; carveouts from larger organizations looking to shed non-core assets; situations requiring structured ownership to meet a seller s financial goals; or situations in which the business plan involved substantial departures from past practice to maximize the value of its assets. Some of our traditional buyout investments include Compass Minerals International in 2001, Nalco Investment Holdings and United Agri Products in 2003, Intelsat in 2004, Berry Plastics in 2006, Smart & Final in 2007 and Harrah s in 2008.

Distressed Buyouts and Debt Investments

Over our 20 year history, approximately 44% of our private equity investments have involved distressed buyouts and debt investments. We target assets with high quality operating businesses but low-quality balance sheets, consistent with our traditional buyout strategies. The distressed securities we purchase include bank debt, public high-yield debt and privately held instruments, often with significant downside protection in the form of a senior position in the capital structure, and in certain situations we also provide DIP financing to companies in bankruptcy. Our investment professionals generate these distressed buyout and debt investment opportunities based on their many years of experience in the debt markets, and as such they are generally proprietary in nature.

We believe distressed buyouts and debt investments represent a highly attractive risk/reward profile. Our investments in debt securities have generally resulted in two outcomes. The first has been when we succeed in taking control of a company through its distressed debt. By working proactively through the restructuring process, we are able to equitize our debt position, resulting in a well-financed buyout. Once we control the company, the investment team works closely with management toward an eventual exit, typically over a three- to five-year period as with a traditional buyout. The second outcome for debt investments has been when we do not gain control of the company. This is typically driven by an increase in the price of the debt beyond what is considered an attractive acquisition valuation. The run-up in bond prices is usually a result of market interest or a strategic investor s interest in the company at a higher valuation than we are willing to pay. In these cases, we typically sell our securities for cash and seek to realize a high short-term internal rate of return. Some of our distressed buyout investments in prior economic downturns include Vail Resorts in 1991, Telemundo in 1992, SpectraSite in 2003 and Cablecom in 2003. As in prior market downturns, since the onset of the current economic downturn, we have been purchasing distressed securities and continue to opportunistically build positions in high quality companies with stressed balance sheets in industries where we have expertise such as cable, chemicals, packaging and transportation.

Corporate Partner Buyouts

Corporate partner buyouts offer another way to capitalize upon investment opportunities during environments in which purchase prices for control of companies are at high multiples of earnings, making them less attractive for traditional buyout investors. Corporate partner buyouts focus on companies in need of a financial partner in order to consummate acquisitions, expand product lines, buy back stock or pay down debt. In these investments, we do not seek control but instead make significant investments that typically allow us to demand control rights similar to those that we would require in a traditional buyout, such as control over the direction of the business and our ultimate exit. Although corporate partner buyouts historically have not represented a large portion of our overall investment activity, we do engage in them selectively when we believe circumstances make them an attractive strategy.

Corporate partner buyouts typically have lower purchase multiples and a significant amount of downside protection, when compared with traditional buyouts. Downside protection can come in the form of seniority in the capital structure, a guaranteed minimum return from a creditworthy partner, or extensive governance provisions. Importantly, Apollo has often been able to use its position as a preferred security holder in several buyouts to weather difficult times in a portfolio company s lifecycle and to create significant value in investments that otherwise would have been impaired. Some of our corporate partner buyouts include Sirius Satellite Radio in 1998, Educate in 2000, AMC Entertainment in 2001 and Oceania Cruises (now Prestige Cruise Holdings) in 2007.

Table of Contents

Our Recent Buyouts

The following table presents the 18 most recent buyouts made by our private equity funds as of December 31, 2009, except as otherwise indicated. All of the buyouts listed below were traditional buyouts, except for Oceania Cruises and Norwegian Cruise Lines.

Company	Year of Initial Investment	Industry	Region	Equity Invested[(1)]	Transaction Value[(2)]	Sole Financial Sponsor
				(in millions)		
Parallel Petroleum	2009	Materials	North America	252	500	Yes
Charter Communications	2009	Media, Entertainment & Cable	North America	973	15,000	No
Skylink	2008	Logistics	North America	80	116	Yes
Harrah s Entertainment	2008	Gaming & Leisure	North America	1,332	29,947	No
Norwegian Cruise Line	2008	Cruise	North America	830	4,450	Yes
Smart & Final	2007	Food Retail	North America	262	895	Yes
Noranda Aluminum	2007	Materials	North America	215	1,224	Yes
Countrywide[(3)]	2007	Real Estate Services	Western Europe	417	1,877	Yes
Claire s	2007	Specialty Retail	North America	498	2,947	Yes
Prestige Cruise Holdings[(4)]	2007	Cruise	North America	910	1,864	Yes
Realogy	2007	Real Estate Services	North America	1,050	8,337	Yes
Jacuzzi Brands	2007	Building Products	North America	112	435	Yes
Verso Paper	2006	Paper Products	North America	261	1,475	Yes
Berry Plastics[(5)]	2006	Packaging	North America	347	2,360	Yes
Momentive Performance Materials	2006	Chemicals	North America	454	3,928	Yes
CEVA Logistics[(6)]	2006	Logistics	Western Europe	423	4,169	Yes
Rexnord[(7)]	2006	Diversified Industrial	North America	714	2,811	Yes
SOURCECORP	2006	Business Services	North America	145	475	Yes
Totals				$ 9,275	$ 82,810	

(1) Equity invested in Fund VI investments includes co-investments by AAA.

(2) Combined debt and equity values plus transaction fees and expenses.

(3) Transaction value from initial acquisition. Equity invested includes initial equity contribution in the original LBO, as well as subsequent investments in Countrywide s debt securities and follow-on equity contributions.

(4) In connection with its acquisition of Regent Seven Seas Cruises, Oceania Cruise Holdings, Inc. changed its name to Prestige Cruise Holdings, Inc. Prestige now owns both Oceania Cruises and Regent Seven Seas Cruises, which operate as independent brands under Prestige Cruise Holdings, Inc.

(5) Prior to the merger with Covalence.

(6) Includes add-on investment in EGL, Inc.

(7) Includes add-on investment in Zurn.

Building Value in Portfolio Companies

We are a hands-on investor and remain actively involved with the operations of our buyout investments for the duration of the investment. As a result of our organization around core industries, and our extensive network of executives and other industry participants, we are able to actively participate in building value for our portfolio of investments. Following an investment, the deal team that executed the transaction focuses its role on functioning as a catalyst for business-transforming events and participates in all significant decisions to develop and support management in the execution of each portfolio company s business strategy. In connection with this strategy, we have established relationships with operating executives that assist in the diligence review of new opportunities and provide strategic and operational oversight for portfolio investments.

Exiting Investments

We realize the value of the investments that we have made on behalf of our funds typically through either an initial public offering, or IPO, of common stock on a nationally recognized exchange or through the private sale of the companies in which we have invested. The advantage of having long-lived funds and complete investment

Table of Contents

discretion is that we are able to time our exit when we believe we may most easily maximize value. We rigorously review the ongoing business plan for each portfolio company and determine if we believe we can continue to compound increases in equity value at acceptable rates of return. Generally, if we believe we can, we continue to hold and manage the investment and if we do not, we seek to exit. We also monitor the debt capital markets closely, which often times provides windows of opportunity to reduce risk in an investment by recouping a large portion of our investment through a leveraged recapitalization. We sponsored the IPOs of 12 of our portfolio companies from January 1, 2002 through December 31, 2009. We believe that a track record of successful IPOs facilitates access to the public markets in exiting fund investments.

Our Recent Private Equity Funds

The following charts summarize the breakdown of our funds private equity investments by type and industry from our inception through December 31, 2009.

Private Equity Investments by Type

Private Equity Investments by Industry

* Includes investments in special purpose entities that invest in debt-related securities of companies included in multiple industries.

Among our more recent funds, Fund V, with $3.7 billion of committed capital, started investing during the economic downturn of 2001 through late 2003. This fund has generated a gross IRR of 62% and a net IRR of 46% from our first investment in April 2001 to December 31, 2009. It has already returned nearly $10.0 billion to investors through December 31, 2009. At December 31, 2009, Fund V had an estimated unrealized value of $2.5 billion and a current multiple of invested capital of 3.3x. This performance was generated during an initial period of economic distress followed by substantial economic and capital markets expansion, which we believe illustrates our ability to use our flexible investment approach to generate returns across a range of economic environments. Fund V is in the top quartile of similar vintage funds according to Thomson Financial.

With $10.1 billion of committed capital as of December 31, 2009, Fund VI has invested or committed to invest approximately $10.8 billion through December 31, 2009. Currently, the Fund VI portfolio includes 17 companies, all but two of which are transactions where we were the sole financial sponsor, ten of which were proprietary in nature (meaning deals that arise other than from winning a competitive auction process), six of which were complex corporate carveouts and all of which were in industries well known to us. The Fund VI portfolio also includes debt investment vehicles formed by our affiliates to invest in debt securities to take advantage of volatility in the credit markets.

Fund VI has generated a gross IRR of 5% and a net IRR of 4% from the first investment in July 2006 to December 31, 2009 and has already returned approximately $2.8 billion to investors. We believe these IRRs reflect the early stage nature of Fund VI, the impact of applying mark-to-market valuations to the portfolio of investments, and the impact of the current global economic downturn on the performance of our funds investments. While we cannot predict the length and severity of the current global economic downturn and the impact it will ultimately have on our funds portfolio investments, as in past recessionary periods we are relying on our restructuring and distressed investing experience to work proactively with our funds portfolio company management teams to generate cost and working capital savings, reduce capital expenditures, divest non-core business lines and optimize capital structures through several means such as debt exchange offers and the purchase of portfolio debt at discounts to par. As of December 31, 2009, Fund VI and its underlying portfolio companies purchased or retired approximately $17.2 billion of debt and captured approximately $8.4 billion of discount to par value of debt in portfolio companies such as CEVA Logistics, Harrah s Entertainment, Realogy and Momentive Performance Materials. In certain situations, such as CEVA Logistics, funds managed by Apollo are the largest owner of the total outstanding debt of the portfolio company. In addition to the attractive return profile associated with these portfolio company debt purchases, we believe that building positions as senior creditors within the existing portfolio companies is strategic to the existing equity ownership positions from the date of acquisition through December 31, 2009. Portfolio companies of Fund VI have also implemented over $2.7 billion of cost savings programs on an aggregate basis, which we believe will positively impact their operating profitability.

Our most recent private equity fund, Fund VII, which closed with $14.7 billion in commitments in December 2008, has been making investments since January 2008, and as of December 31, 2009, Fund VII had invested $4.6 billion, approximately 75% of which has been invested in debt investments.

Capital Markets

Since Apollo s founding in 1990, we believe our capital markets expertise has served as an integral component of our company s growth and success. Our credit-oriented capital markets operations commenced in 1990 with the management of a $3.5 billion high-yield bond and leveraged loan portfolio. Since that time, our capital markets activities have grown significantly, and leverage Apollo s integrated platform and utilize the same disciplined, value-oriented investment philosophy that we employ with respect to our private equity funds. Our capital markets operations are led by James Zelter, who has served as the managing director of the capital markets business since April 2006. Our capital markets business had total and fee-generating AUM of $19.1 billion and $14.9 billion, respectively, as of December 31, 2009 and grew its total and fee-generating AUM by a 65.1% and 57.3% CAGR, respectively, from December 31, 2004 through December 31, 2009.

Our credit-oriented capital markets funds have been established to capitalize upon the library of information which is generated as a result of Apollo s integrated platform and deep industry expertise. We seek to participate in high margin capital markets businesses where our industry expertise and library of information can be used to generate attractive investment returns. As depicted in the chart below, our capital markets activities span a broad range of the credit spectrum, including non-performing loans, distressed debt, mezzanine debt, senior bank loans and value-oriented fixed income.

The value-oriented fixed income segment of the capital markets spectrum is the most recent investment area for Apollo, and it is characterized by its ability to generate attractive risk-adjusted returns relative to traditional fixed income investments. An example of our value-oriented fixed income investments is Athene Asset

Table of Contents

Management. We recently established Athene Asset Management, which is substantially owned by a subsidiary of Apollo, to provide asset management services to Athene Life Re and other third parties. Athene Life Re is an Apollo sponsored vehicle we formed recently to focus on opportunities in the life reinsurance sector. Athene Life Re sources, analyzes and negotiates the acquisition of fixed annuity policies from primary insurance companies. As of December 31, 2009, Athene Asset Management had over $800 million of AUM.

As of December 31, 2009, our capital markets funds included six global distressed and hedge funds with total AUM of $2.4 billion, three mezzanine funds with total AUM of $4.3 billion, four credit opportunity funds with total AUM of $9.3 billion, and a European non-performing loan fund with total AUM of $1.9 billion. Our capital markets segment also includes separately managed accounts and Athene Asset Management.

Global Distressed and Hedge Funds

We currently manage six global distressed and hedge funds that invest primarily in North America, Europe and Asia. These funds had a total of $2.4 billion in AUM as of December 31, 2009. Investors can invest in several of our global distressed and hedge funds as frequently as monthly. Our global distressed and hedge funds utilize similar value-oriented investment philosophies as our private equity business and are focused on capitalizing on our substantial industry knowledge. In addition to owning the companies that manage our global distressed and hedge funds, the Apollo Operating Group holds the general partner interests in the general partners of each of these funds.

Value Funds. We are the investment managers for our flagship distressed Value Funds, which utilize similar investment strategies. The Value Funds seek to identify and capitalize on absolute-value driven investment opportunities. VIF began investing capital in October 2003 and is currently closed to new investors. SVF began investing capital in June 2006 and is currently open to new investors. The Value Funds had a combined net asset value of approximately $797.5 million as of December 31, 2009, and had a net return of 47.9% since inception and 57.7% for the year ended December 31, 2009. See Management s Discussion and Analysis of Financial Condition and Results of Operations The Historical Investment Performance of Our Funds for reasons why future performance by the Value Funds might fall short of their historical performance.

The Value Funds flexible investment strategy primarily focuses on investments in distressed companies before, during, or after a restructuring, as well as undervalued securities with catalysts. Investments are executed primarily through the purchase or sale of senior secured bank debt, second lien debt, high yield debt, trade claims, credit derivatives, preferred stock and equity. In addition to owning the companies that manage the Value Funds, the Apollo Operating Group holds the general partner interests in the general partners of each of these funds. As of December 31, 2009, the Value Funds investments were primarily located in North America and comprised approximately 77% of the portfolio, with the remaining 23% of the total portfolio being investments made internationally.

The following charts break down the Value Funds portfolio by investment type and industry as of December 31, 2009:

Value Funds Portfolio by Investment Type

Value Funds Portfolio Investments by Industry

Table of Contents

SOMA. SOMA is a private investment fund we formed to manage for one of our Strategic Investors and that seeks to generate attractive risk-adjusted returns through investment in distressed opportunities, primarily in North America and Europe. This fund s primary mandate is a very similar investment strategy to our Value Funds and is currently managed by the same investment professionals. SOMA began investing capital in March 2007 and represents a commitment by one of our Strategic Investors of $800.0 million. The fund had a net asset value of approximately $927.2 million as of December 31, 2009, including $618.2 million in the primary mandate, which had a net return of 20.3% since inception and 87.1% for the year ended December 31, 2009.

Asian Credit-Oriented Hedge Fund (AAOF). AAOF is an investment vehicle that seeks to generate attractive risk-adjusted returns throughout economic cycles by capitalizing on investment opportunities in the Asian markets, excluding Japan, and targeting event-driven volatility across capital structures, as well as opportunities to develop proprietary platforms. AAOF began investing capital in February 2007. We believe our experienced Asia team has unique access to private deals throughout Asia. The fund primarily invests in the securities of public and private companies in need of capital for acquisitions, refinancing, monetization of assets and distressed financings and other special situations. AAOF primarily focuses on two core strategies, event driven investments and strategic opportunity investments. We believe the investment team s local expertise is complemented by Apollo s global reach across its core industry verticals. In addition to owning the company that manages AAOF, the Apollo Operating Group holds the general partner interests in the general partner of AAOF. The fund s first investment was made in February 2007. The fund had a net asset value of approximately $391.2 million as of December 31, 2009, and had a net return of 3.0% since inception and 16.2% for the year ended December 31, 2009.

Metals Trading Fund. Our metals trading fund was established recently to leverage Apollo s long-standing experience in the metals sector and capitalize upon what we perceive to be inefficiencies in metals-related derivatives, securities and resource companies. The fund s strategy has a long/short directional approach to alpha generation through investments primarily in aluminum, copper, lead, nickel, platinum, palladium, silver, tin, zinc, gold and mining-related securities. This fund began trading on a limited basis in March 2009 with $40 million of capital from Apollo, and we have begun to raise capital from third-party investors for this fund.

Mezzanine Funds

As of December 31, 2009, we managed one U.S. and two European-based mezzanine funds and related investment vehicles with total AUM of $4.3 billion as of December 31, 2009, including: (i) AIC, a U.S.-based permanent capital vehicle, is a publicly traded, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act and to be treated for tax purposes as a regulated investment company under the Internal Revenue Code; (ii) AIE I, which is an unregistered private closed-end investment fund formed in June 2006; and (iii) AIE II, which is an unregistered private closed-end investment fund formed in April 2008, that seek to capitalize upon mezzanine and subordinated debt opportunities with a focus on Western Europe.

Apollo Investment Corporation. AIC s common stock is quoted on the NASDAQ Global Select Market under the symbol AINV and is currently a component of the S&P MidCap 400 index. AIC raised over $900 million of permanent investment capital through its initial public offering on the NASDAQ in April 2004. Since that time, AIC has successfully completed several secondary offerings and raised approximately $1.7 billion of incremental permanent investment capital. Since inception in April 2004 through December 31, 2009, the annualized return on AIC s net asset value was 5.4%, and as of December 31, 2009, AIC s net asset value was approximately $1.8 billion. See Management s Discussion and Analysis of Financial Condition and Results of Operations The Historical Investment Performance of Our Funds for reasons why future AIC returns might fall short of its historical performance. AIC has the ability to incur indebtedness by issuing senior securities in amounts such that its asset coverage equals at least 200% after each such issuance.

Table of Contents

Set forth in the chart below are the market values and yields of the AIC portfolio since inception.

AIC Portfolio Growth and Yield Since Inception

The information above is as of December 31, 2009, is presented for illustrative purposes only and is no guarantee of the future success of AIC.

The charts below break down AIC s portfolio by investment type and industry as of December 31, 2009.

AIC Portfolio by Investment Type

AIC Portfolio Investments by Industry

European Mezzanine Funds (AIE I and AIE II). AIE I and AIE II are unregistered private closed-end investment funds formed in June 2006 and April 2008, respectively, that seek to more fully capitalize upon mezzanine and subordinated debt opportunities with a primary focus on Western Europe. As of December 31, 2009, AIE I and AIE II had an investment portfolio of approximately 75% in secured and unsecured subordinated loans (also referred to as mezzanine loans), senior secured loans and high-yield debt.

As of December 31, 2009, AIE I had an investment portfolio of approximately $244.2 million at market value, based on an exchange rate of 1.00 to $1.43 as of such date. Due to market conditions in 2008 and early 2009, AIE I s investment performance was adversely impacted, and on July 10, 2009, its shareholders approved a monetization plan, the primary objective of which is to maximize shareholder recovery value by (i) opportunistically selling AIE I s assets over a three-year period from July 2009 to July 2012 (subject to a one-year extension with the consent of a majority of AIE I s shareholders) and (ii) reducing the overall costs of the fund. The reduction of costs included a management fee waiver of $12.6 million for the year ended December 31, 2008 and an additional $2.0 million for the year ended December 31, 2009. Furthermore, management fees from AIE I are currently based on a reduced rate of 1.5% of the net assets of AIE I. Prior to the approval of the monetization plan, management fees were based on 2% of the gross assets of AIE I. The company has no future plans to reserve for additional management fees charged to AIE I or to lower the current management fee arrangement. Subject to compliance with applicable law and maintaining adequate liquidity, available cash received from the sale of assets will be returned to shareholders on a quarterly basis once all leverage in the fund is repaid.

The investment objective of AIE II is to generate both capital appreciation and current income through debt and equity investments. Within a flexible overall investment approach, AIE II utilizes a disciplined approach that seeks to evaluate the appropriate part of the capital structure in which to invest based on the risk/reward profile of the investment opportunity. AIE II invests primarily in European mezzanine investments, with a primary focus in Western Europe. AIE II participates in both the primary and secondary credit markets based on the relative attractiveness of each at any given time.

As of December 31, 2009, AIE II had an investment portfolio of approximately $377.5 million at market value based on an exchange rate of 1.00 to $1.43 as of such date, and had a net return of 31.8% since inception and 87.8% for the year ended December 31, 2009. See Management s Discussion and Analysis of Financial Condition and Results of Operations The Historical Investment Performance of Our Funds for reasons why AIE II s returns might decrease from its historical performance and the historical performances of our other funds. The net return since inception for AIE II is based on the net cumulative change in net assets from the inception of the fund through December 31, 2009 as a percentage of aggregate capital contributions and is not a geometric return. AIE II s net returns are net of all fees and performance allocations, if any, to the general partner. The charts below break down the portfolio of AIE II by investment type and industry as of December 31, 2009.

AIE II Portfolio by Investment Type

AIE II Portfolio Investments by Industry

Senior Credit Funds

We manage senior credit funds, which currently comprise four credit opportunity funds, with total AUM of $9.3 billion as of December 31, 2009. We established our credit opportunity funds, which are primarily oriented towards the acquisition of leveraged loans and other performing senior debt, in late 2007 and 2008 in order to capitalize upon the supply-demand imbalances in the leveraged finance market. We have been actively investing these funds since they were formed, and together with our private equity funds, as of December 31, 2009 we have deployed approximately $22.0 billion, including leverage, in credit opportunity investments. We believe our credit opportunity funds benefit from the broad range of investment opportunities that arise as a result of our integrated business model and deep industry and credit expertise. As the opportunity set continues to evolve, we expect we will continue to offer the credit opportunity fund series to capitalize primarily upon senior credit opportunities in the market.

Table of Contents

COF I. COF I began investing in April 2008 and, as of December 31, 2009, had aggregate capital commitments of approximately $1.5 billion, primarily from one of our Strategic Investors. COF I principally invests, through privately negotiated transactions, in senior secured debt instruments, including bank loans and bonds, as well as opportunistically investing in a variety of other public and private debt instruments such as DIP financings, rescue or bridge financings, and other debt instruments. COF I may use leverage to finance portfolio investments, including as incurred by the fund s subsidiaries or special-purpose vehicles, and may enter into credit facilities or other debt transactions to leverage its investments.

Our capital commitment to COF I is equal to 2.0% of the aggregate capital commitments of COF I s limited partners (without regard to any co-investment commitments). COF I is closed to additional investors. As of December 31, 2009, COF I had a net asset value of approximately $1.3 billion.

COF II. COF II began investing in June 2008 and has aggregate capital commitments of approximately $1.6 billion as of the date hereof. COF II principally invests, through privately negotiated transactions, in senior secured debt instruments, including bank loans and bonds, as well as opportunistically investing in a variety of other public and private debt instruments such as debtor-in-possession (DIP) financings, rescue or bridge financings, and other debt instruments. COF II may use leverage to finance portfolio investments, including as incurred by the fund s subsidiaries or special-purpose vehicles, and may enter into credit facilities or other debt transactions to leverage its investments.

Our capital commitment to COF II is equal to 1.5% of the aggregate capital commitments of COF II s limited partners (without regard to any co-investment commitments). COF II is closed to additional investors. As of December 31, 2009, COF II had a net asset value of $1.4 billion.

ACLF. ACLF began investing capital in October 2007 and held its final closing on November 13, 2007 with initial aggregate capital commitments of $681.6 million. ACLF invests principally in senior secured bank debt and debt related securities in the United States and Western Europe. Additionally, up to 20% of ACLF s capital commitments may be invested in other types of debt and debt related securities, including non-senior bank debt, publicly traded debt securities, bridge financings and the equity tranche of any collateralized debt obligation fund sponsored by Apollo or others. Investments may be effected using a wide variety of investment types and transaction structures, including the use of derivatives or other credit instruments, such as credit default swaps, total return swaps and any other credit securities or other credit instruments.

Our capital commitment to ACLF is equal to 2.4% of the aggregate capital commitments of ACLF s limited partners (without regard to any co-investment commitments). ACLF is closed to additional investors. As part of the initial closing of ACLF, Apollo closed on a co-investment vehicle that has the capacity to invest alongside ACLF on a pre-determined proportionate basis in senior debt investments, which we refer to as ACLF Co-Invest. As of December 31, 2009, ACLF had net assets of $805.0 million and was primarily invested in debt-related securities and various derivative instruments.

Artus. Artus closed on October 19, 2007 with aggregate capital commitments of $106.6 million, including a commitment from one of our Strategic Investors. In November 2007, Artus purchased certain collateralized loan obligations. The collateralized loan obligations are secured by a diversified pool of approximately $1.0 billion in aggregate principal amount of United States dollar denominated commercial loans and cash as of December 31, 2009. As a result of the global credit crisis, the pace of ratings downgrades, defaults and mark-to-market volatility increased dramatically throughout 2008 and the first quarter of 2009, putting pressure on the expected performance of loan portfolios in general. The portfolio in Artus is well diversified, and contains over 96% first lien bank loans.

Non-Performing Loan Fund

European Non-Performing Loan Fund (EPF). EPF is an investment vehicle launched in May 2007 to invest principally in NPLs. NPLs are loans held by financial institutions that are in default of principal or interest payments for 90 days or more. We estimate that the current size of the European NPL market is more than 500 billion, and we anticipate substantial growth in this market as financial institutions face increasing pressure to improve their balance sheets and make new loans. EPF seeks to capitalize on the inefficiencies of financial institutions in managing and restructuring their NPLs. We believe the EPF team s global experience and local network of relationships complements Apollo s background in distressed and private equity investing. Currently, EPF has ten investments in the United Kingdom, Spain and Portugal.

In December 2009, EPF closed with 1.3 billion ($1.9 billion) in total commitments. EPF is structured with many characteristics typically associated with private equity funds, including multi-year capital commitments from the fund s investors. The fund had a net asset value of approximately $530.8 million as of December 31, 2009 based on an exchange rate of 1.00 to $1.43 as of such date. In addition to owning the company that manages EPF, the Apollo Operating Group holds the general partner interest in the general partner of EPF.

Strategic Investment Vehicles

In addition to the funds described above, we manage two investment vehicles, AAA and Palmetto, which have been established to invest either directly in or alongside our private equity and capital markets funds and certain other transactions that we sponsor and manage.

AP Alternative Assets, L.P. (AAA)

AAA issued approximately $1.9 billion of equity capital in its initial global offering in June 2006. AAA is designed to give investors in its common units exposure as a limited partner to certain of the strategies that we employ and allows us to manage the asset allocations to those strategies by investing alongside our private equity funds and directly in our capital markets funds and certain other transactions that we sponsor and manage. The common units of AAA, which represent limited partner interests, are listed on Euronext Amsterdam. AAA is the sole limited partner in AAA Investments, the vehicle through which AAA s investments are made, and the Apollo Operating Group holds the economic general partnership interests in AAA Investments. On June 1, 2007, AAA Investments entered into a credit facility that provided for a $900 million revolving line of credit, thus increasing the amount of cash that AAA Investments has available for making investments, and funding its liquidity and working capital needs. In connection with AAA s ongoing liquidity management and deleveraging strategy, the revolving credit facility was permanently reduced to $612.5 million. In October 2009, AAA Investments repaid $225.0 million to the lenders in return for the right for AAA Investments or one of its affiliates to purchase its debt in the future at a discount to par value, subject to certain conditions. In December 2009 and February 2010, AAA Investments purchased $25.0 million and $37.5 million, respectively, of its own debt for a purchase price of 85% of par value.

Since its formation, AAA has allowed us to quickly target investment opportunities by capitalizing new investment vehicles formed by Apollo in advance of a lengthier third-party fundraising process. AAA Investments was the initial investor in one of our mezzanine funds, two of our global distressed and hedge funds, and our non-performing loan fund. AAA Investments current portfolio also includes private equity co-investments in Fund VI and Fund VII portfolio companies, certain opportunistic investments and temporary cash investments. AAA Investments may also invest in additional funds and other opportunistic investments identified by Apollo Alternative Assets, L.P., the investment manager of AAA.

AAA Investments generates management fees for us through the Apollo funds in which it invests. In addition, AAA Investments generates management fees and incentive income on the portion of its assets that are not invested directly in Apollo funds or temporary investments. AAA Investments pays management fees to Apollo Alternative Assets, L.P., its investment manager, which is 100% owned by the Apollo Operating Group, and pays incentive income to AAA Associates, L.P.

AAA Investments entered into co-investment agreements which allow it to co-invest alongside Fund VI and Fund VII. Under the co-investment agreement with Fund VI, AAA Investments initially agreed to co-invest with

Table of Contents

Fund VI in each of its investments in an amount equal to 12.5% of the total amount invested by Fund VI, subject to certain exceptions pursuant to which AAA Investments may be excluded from, or may opt out of, an investment. In the fourth quarter of 2009, the co-investment agreement with Fund VI was amended to provide that no new co-investments will be made, and only follow-on investments which are expected to protect AAA Investments interests in its existing portfolio companies will be made going forward. Under its co-investment agreement with Fund VII, AAA Investments has a variable co-investment commitment ranging from 0% to 12.5% of investments committed to by Fund VII during each calendar year, subject to certain exceptions pursuant to which AAA Investments may be excluded from, or may opt out of, an investment. The Fund VII co-investment percentage is set at the beginning of each calendar year by the board of directors of AAA s managing general partner. In the fourth quarter of 2009, the co-investment agreement with Fund VII was amended to provide that where a follow-on investment is made with Fund VII for reasons other than to protect AAA Investments interest in an existing portfolio company, it will be made at the co-investment percentage that has been set by the board of directors of AAA s managing general partner for the relevant year (or, if lower, at the percentage necessary to ensure that AAA Investments and Fund VII continue to hold the relevant portfolio company in the same proportions as it is then owned by each of them). AAA Investments committed to co-invest in an amount equal to 0% of new investments committed to by Fund VII during the 2010 and 2009 calendar years and 5% during the 2008 calendar year.

As of December 31, 2009, AAA Investments had utilized $650 million of its line of credit for certain investments and had a cash balance of approximately $389 million. The amount of loans that may be borrowed under the AAA Investments credit facility cannot exceed the borrowing base, which is calculated based on the value of investments held by AAA Investments, including temporary investments, multiplied by advance rates ranging from 100% for cash equivalents to 35% for unquoted private equity investments. As a result, a decline in the value of investments held by AAA Investments could result in a borrowing base deficiency, and such deficiency may, if not cured in accordance with the terms of the credit facility, limit AAA Investments ability to borrow under its credit facility and eventually result in an event of default under such facility. AAA may incur additional indebtedness from time to time, subject to availability in the credit markets, among other things.

In light of recent market volatility and significant tightening of the credit markets, particularly during the fourth quarter of 2008 and first quarter of 2009, AAA Investments took certain steps to manage its borrowing base under its credit agreement and maintain an appropriate level of liquidity:

Beginning in the fourth quarter of 2008 and continuing into the third quarter of 2009, AAA Investments exercised the right to opt-out of new co-investments alongside Fund VI and Fund VII and their parallel investment vehicles, as permitted by its co-investment agreements described above. Opt-out decisions are each made on a case-by-case basis taking into consideration reserves and liquidity at the time of the potential co-investment transaction. Beginning in the third quarter of 2009, the Investment Partnership resumed making co-investments alongside the private equity funds. In the fourth quarter of 2009, the co-investment agreements with Fund VI and Fund VII were amended. The co-investment agreement with Fund VI was amended to provide that no new co-investments will be made and only follow-on investments which are expected to protect AAA Investments interests in its existing portfolio companies will be made going forward. The co-investment agreement with Fund VII was amended to provide that where a follow-on investment is made with Fund VII for reasons other than to protect AAA Investments interest in an existing portfolio company, it will be made at the co-investment percentage that has been set by the board of directors of AAA s managing general partner for the relevant year (or, if lower, at the percentage necessary to ensure that AAA Investments and Fund VII continue to hold the relevant portfolio company in the same proportions as it is then owned by each of them). The board of directors of AAA s managing general partner continues to set the Fund VII co-investment percentage for new co-investments at the beginning of each calendar year.

During 2008, AAA Investments requested the redemption of a portion of its outstanding shares of SVF with a value of $475.0 million, subject to certain terms and conditions. Of the $475.0 million

Table of Contents

redeemable in 2008, $200.0 million was redeemed in 2008. The remaining $275.0 million redemption, which represented the remainder of AAA Investments investment in SVF, was converted into liquidating shares issued by SVF. The liquidating shares are generally allocated a pro rata portion of each of SVF s existing investments and liabilities, and as those investments are sold, AAA Investments is allocated the proceeds from such disposition less its proportionate share of any expenses incurred by SVF. During the year ended December 31, 2009, AAA Investments received redemptions of $163.4 million from SVF.

During 2009, AAA Investments requested redemptions of portions of its outstanding shares of AAOF with a value of $90.0 million, which were converted into liquidating shares. AAA Investments also requested the redemption of an additional portion of its outstanding shares of AAOF with a value of $50.0 million effective December 31, 2009, which was converted into liquidating shares in January 2010. The liquidating shares are generally allocated a pro rata portion of each of AAOF s existing investments and liabilities, and as those investments are sold, AAA Investments is allocated the proceeds from such disposition less its proportionate share of any expenses incurred or reserves set by AAOF. During the year ended December 31, 2009, AAA Investments received redemptions of $49.3 million from AAOF.

The following chart shows the breakdown of AAA Investments $1.6 billion in investments as of December 31, 2009.

AAA Investments

As is common with investments in private equity funds, AAA Investments may follow an over-commitment approach when making investments in order to maximize the amount of capital that is invested at any given time. When an over-commitment approach is followed, the aggregate amount of capital committed by AAA Investments to, or to co-investment programs with, private equity funds and capital markets funds at a given time may exceed the aggregate amount of cash and available credit lines that AAA Investments has available for immediate investment. We cannot assure you that any of such commitments will be funded. As of December 31, 2009, AAA Investments was not overcommitted.

We are contractually committed to reinvest a certain amount of our carried interest income from AAA into common units or other equity interests of AAA, as described in more detail below under General Partner and Professionals Investments and Co-Investments General Partner Investments.

198

Table of Contents

Separately Managed Account

We also manage Palmetto, which is a SMA for a single investor. As of December 31, 2009, the capital commitments to Palmetto were $759.0 million, which included a capital commitment of $750 million from one institutional investor that is a large state pension fund, and $9.0 million of current commitments from Apollo. Palmetto was established to facilitate investments by such third-party investor directly in our private equity and capital markets funds and certain other transactions that we sponsor and manage. As of December 31, 2009, Palmetto had committed approximately $415 million for investments primarily in our European non-performing loan fund, our private equity funds and SVF.

Institutional investors are expressing increasing levels of interest in SMAs, since these accounts can provide investors with greater levels of transparency, liquidity, and control over their investments as compared to more traditional investment funds. Consequently, we expect our AUM through SMAs to continue to grow over time. For example, in 2009 we established two new SMAs that invest alongside SVF and from which we earn fees.

Real Estate

We have assembled a dedicated team to pursue real estate investment opportunities, which we expect will benefit from Apollo s long-standing history of investing in real estate-related sectors such as hotels and lodging, leisure, and logistics. Our real estate group, which includes seven investment professionals as of December 31, 2009, is led by Joseph Azrack, who joined Apollo in 2008 with 30 years of real estate investment management experience, serving most recently as President and CEO of Citi Property Investors.

We believe our dedicated real estate platform will benefit from, and contribute to, Apollo s integrated platform, which will further expand Apollo s deep real estate industry knowledge and relationships, and also provide structuring expertise. For example, we recently formed ACREFI Management, LLC, an indirect subsidiary of Apollo Global Management, LLC, that serves as the manager for ARI, a newly organized commercial real estate finance company that has been formed primarily to originate, invest in, acquire, and manage senior performing commercial real estate mortgage loans, CMBS, commercial real estate corporate debt and loans and other real estate-related investments in the United States. On September 29, 2009, ARI completed the initial public offering of 10 million shares of its common stock, at a price to the public of $20.00 per share, for gross proceeds of $200 million, and a concurrent private placement of 500,000 shares of its common stock to Apollo and certain of its affiliates at a price per share equal to the initial public offering price. The proceeds to ARI from the initial public offering and the concurrent private placement, net of related issuance costs, were approximately $208 million. In addition, ARI intends to elect to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code commencing with its taxable year ending December 31, 2009. To maintain its status as a REIT, ARI must distribute at least 90% of its taxable income to its shareholders and meet, on a continuing basis, certain other complex requirements under the Internal Revenue Code.

In addition to ARI, we may seek to sponsor a series of real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions including corporate real estate, distress for control situations, and the acquisition and recapitalization of real estate portfolios, platforms, and operating companies including non-performing and deeply discounted loans.

In December 2009, we launched AGRE CMBS Fund L.P., a real estate investment vehicle formed to invest principally in CMBS and leverage those investments by borrowing from the Federal Reserve Bank of New York s TALF.

Table of Contents

Competitive Strengths

Over our 20-year history, we have grown to be one of the largest alternative asset managers in the world, which we attribute to the following competitive strengths:

Our Investment Process and Approach to Investing Have Delivered a Strong Track Record. In aggregate, our private equity funds have generated a 39% gross IRR and a 26% net IRR from inception through December 31, 2009. Our track record of generating attractive long-term risk-adjusted private equity fund returns is a key differentiating factor for our fund investors and, we believe, will allow us to continue to expand our AUM and capitalize new investment vehicles. See Management s Discussion and Analysis of Financial Condition and Results of Operations The Historical Investment Performance of Our Funds for reasons why our historical returns are not indicative of the future results you should expect from our current or future funds or from us. Some of the elements that have enabled us to generate these attractive returns include:

Our flexibility to invest throughout market cycles and across the capital structure We have consistently invested capital on behalf of our investors throughout economic cycles by focusing on opportunities that we believe are often overlooked by other investors. We believe that our expertise in capital markets, focus on core industry sectors and investment experience allows us to respond quickly to changing environments. We believe our ability to invest capital through market cycles will allow us to grow our AUM consistently and generate attractive investment opportunities in various market environments.

We pay close attention to the cycles that our core industry sectors are experiencing and are opportunistic in entering and exiting investments when the risk/reward profile is in our favor. Our private equity funds have had success investing in buyouts and credit opportunities during both expansionary and recessionary economic periods. During the recovery and expansionary periods of 1994 through 2000 and late 2003 through the first half of 2007, our private equity funds invested or committed to invest approximately $13.6 billion primarily in traditional and corporate partner buyouts. In the recessionary periods of 1990 through 1993, 2001 through late 2003 and the current recessionary period, our private equity funds invested approximately $17.1 billion, through December 31, 2009, $12.4 billion of which was in distressed buyouts and debt investments when the debt securities of quality companies traded at deep discounts to par value. We believe distressed buyouts represent a highly attractive risk/reward profile and allow our funds to invest at below-market multiples when historically our peer private equity firms have largely been inactive. Our capital markets funds follow the same disciplined approach to investing throughout economic cycles.

Since the onset of the current global economic downturn, we have been drawing on our credit expertise and long history of investing across market cycles to deploy our investors capital in ways which we believe will allow our funds to achieve attractive long-term rates of return. Between September 30, 2007 and December 31, 2009, Apollo s private equity and capital markets funds have invested a combined $30.1 billion in debt securities with a face value of $41.4 billion. The $30.1 billion invested includes $22.0 billion of capital from the funds managed by Apollo and $8.1 billion of additional leverage.

Table of Contents

The table below summarizes our view of how our private equity business differed from that of a typical private equity firm during the U.S. economic cycles since our inception in 1990 and our view of certain market conditions during these cycles.

	Recession 1990-1993	Recovery 1994-1997	Expansion 1998-2000	Recession 2001-2003 3Q	Recovery 2003 4Q-2005	Expansion 2006-2007 2Q	Recession 2007 3Q-current
Liquidity	Low	High	High	Low	High	High	Low
Valuation	Low	Low-Medium	High	Low	Medium	Medium-High	Low
Typical private equity firm	Inactive	Active	Inactive or paid high prices	Inactive	Active and paid high prices	Active and paid high prices	Inactive
Apollo	Focus on distressed buyout option	Traditional buyouts	Seeks to reduce acquisition price through complex buyouts and corporate partnerships	Focus on distressed buyout option	Traditional buyouts using industry expertise to reduce acquisition price	Seeks to reduce acquisition price through complex buyouts and corporate partnerships	Focus on distressed investments and strategic acquisitions
Apollo s traditional and corporate partner buyouts (1)	$490	$1,297	$3,107	$596	$2,393	$5,845	$3,607(2)
Apollo s distressed buyouts and debt investments (1)	$2,907	$113	$50	$1,025	$846	$3	$8,447(2)

(1) Dollars in millions. Amounts set forth above represent capital invested by our private equity business.
Note: Characterization of economic cycles is based on our management s views.

(2) Amounts are through December 31, 2009.

Our deep industry expertise and focus on complex transactions We have substantial expertise in nine core industry sectors and our funds have invested in over 300 companies since inception. Our core industry sectors are chemicals; commodities; consumer and retail; distribution and transportation; financial and business services; manufacturing and industrial; media and leisure; packaging and materials; and satellite and wireless. Our deep experience in these industry sectors has allowed us to develop an extensive network of strategic relationships with CEOs, CFOs and board members of current and former portfolio companies, as well as consultants, investment bankers and other industry-focused intermediaries. We believe that situational and structural complexity often hides compelling value that competitors may lack the inclination or ability to uncover. For example, carveouts of divisions of larger corporations are complex transactions that often provide compelling investment opportunities. We believe that we are known in the market for having substantial corporate carveout experience, having consummated 15 buy-side carveouts since 2000, and that our industry expertise and comfort with complexity help drive our performance.

Table of Contents

The table below lists and briefly describes the background of all proprietary carve-out deals our funds have completed since 2000.

Proprietary Corporate Carve-outs

Company	Seller	Date of Initial Investment	Date of Final Exit	Multiple of Invested Capital(1)
Prestige Cruise Holdings (Regent Seven Seas)	Carlson	January 2008	NA	0.7x
Noranda Aluminum	Xstrata plc	May 2007	NA	1.9x
Momentive Performance Materials	General Electric	December 2006	NA	0.9x
CEVA Logistics	TNT Group	November 2006	NA	1.6x
Verso Paper	International Paper	August 2006	NA	1.2x
Berry Plastics Corporation (formerly Covalence)	Tyco	February 2006	NA	1.5x
Hughes Communications	DirecTV Group	February 2006	NA	3.3x
United Agri Products	ConAgra Foods	November 2003	November 2006	7.7x
Compass Minerals	IMC Global	November 2001	November 2004	5.0x
Hexion Specialty Chemicals	Shell, Eastman, Rutgers, KKR	November 2000	NA	2.1x
Educate	Sylvan	July 2000	NA	3.0x

(1) Multiple of invested capital is calculated from total value (realized proceeds plus any unrealized fair value as of December 31, 2009) divided by original investment amount.

Our investment edge creates proprietary investment opportunities We believe our industry expertise allows us to create strategic platforms and approach new investments as a strategic buyer with synergies, cross-selling opportunities and economies of scale advantages over other purely financial sponsors. Examples include the creation of Hexion Specialty Chemicals, Inc., a chemical company that had over $6 billion in revenues during 2008, and Berry Plastics, a plastic packaging company that had over $3 billion in revenues during 2008, both of which were built through multiple acquisitions in our core industry verticals. Additionally, our expertise in complex corporate carveouts allows us to source investment opportunities in a private-to-private negotiation, oftentimes exclusively, which facilitates deployment of capital at attractive valuations. Examples include the purchase of United Agri Products from ConAgra Foods (where we realized 7.7x invested capital) and the purchase of Compass Minerals from IMC Global (where we realized 5.0x invested capital). Since our inception through December 31, 2009, we believe over 80% of the private equity buyouts completed by our funds have been proprietary in nature. We have also avoided the market trend of consortium transactions (defined as including more than one main financial sponsor), with our funds being the sole financial sponsor in 16 of the last 18 private equity portfolio company transactions.

We believe that our proprietary investment opportunities provide the ability to consistently invest capital and generate market leading returns for our funds. We believe these competitive advantages often result in our funds buyouts being effected at a lower multiple of adjusted EBITDA than many of our peers. For example, for the buyouts completed by our funds in 2006 and 2007 with values over $500 million, the average purchase price multiple was 7.6x of adjusted EBITDA. The average purchase price multiple of all financial sponsor transactions, as tracked by Thomson Financial as of March 4, 2010, was 12.0x for deals with values over $500 million in 2006 and 2007. In addition, Apollo created these companies at a net Debt to EBITDA ratio of 5.5x and an average equity contribution of approximately 27%.

Our collaboration with portfolio company management teams We possess two decades of experience working with management teams to help create significant long-term value for the portfolio companies of our funds. We believe we add value to our funds investments by working closely with the portfolio company management teams. Among other things, in partnership with our management teams, we identify and execute growth opportunities including strategic mergers and acquisitions, generate cost and working capital savings, divest non-core business lines, optimize capital structures and create synergies among our network of current and former portfolio companies. For example, as of December 31, 2009, Fund VI and its underlying portfolio

202

Table of Contents

companies purchased or retired approximately $17.2 billion of debt and captured approximately $8.4 billion of discount to par value of debt. In addition, from the date of acquisition through December 31, 2009, Fund VI portfolio companies have implemented over $2.7 billion of cost savings programs on an aggregate basis, which we believe will positively impact their operating profitability.

Our Integrated Business Model. Generally, we operate our global franchise as an integrated investment platform with a free flow of information across our businesses. See Risk Factors Risks Related to Our Businesses Possession of material non-public information could prevent Apollo funds from undertaking advantageous transactions; our internal controls could fail; we could determine to establish information barriers. Our investment professionals interact frequently across our businesses on a formal and informal basis. Each of our businesses contributes to and draws from what we refer to as our library of information and experience. This library includes market insight, management, industry consultant and banking contacts, as well as potential investment opportunities. For example, in the course of reviewing a large buyout opportunity, a partner from our private equity business might discover an opportunity to invest in an attractive non-control debt investment and convey the opportunity to one of our capital markets partners. See Risk Factors Risks Related to Our Businesses Possession of material, non-public information could prevent Apollo funds from undertaking advantageous transactions; our internal controls could fail; we could determine to establish information barriers. In addition, members of the private equity investment committee currently serve on the investment committees of each of our capital markets funds.

Our Strong, Longstanding Investor Relationships. We manage capital for hundreds of investors in our private equity funds, which include many of the world s most prominent pension funds, university endowments, financial institutions and individuals. Most of our private equity investors are invested in multiple Apollo private equity funds, and many have invested in one or more of our capital markets funds, including as seed investors in new strategies. We believe that our deep investor relationships, founded on our consistent performance, disciplined and prudent management of our fund investors capital and our frequently contrarian investment approach, have facilitated the growth of our existing businesses and will assist us with the launch of new businesses and investment offerings, thereby increasing our fee-generating AUM.

Table of Contents

Investor Base of Apollo Private Equity

Represents Investor Base of Funds III, IV, V, VI and VII. Data as of December 31, 2009.

Long-Term Capital Base. A significant portion of our $53.6 billion of AUM as of December 31, 2009 was long term in nature. As of December 31, 2009, approximately 90% of our AUM was in funds with a contractual life at inception of seven years or more, including 12% that was in permanent capital vehicles with unlimited duration, as highlighted in the chart below. Our long-lived capital base allows us to invest assets with a long-term focus, which we believe is an important component in generating attractive returns for our funds investors. We believe our long-term capital also leaves us well-positioned during economic downturns, when the fundraising environment for alternative assets has historically been more challenging than during periods of economic expansion. In addition, our permanent capital vehicles are able to grow organically through continuous investment and reinvestment of capital, which we believe provides us with stability and with a valuable potential source of long-term income and the ability to invest in growth opportunities throughout economic cycles.

The Continuity of Our Strong Management Team and Reputation. Our managing partners actively participate in the oversight of the investment activities of our funds, have worked together for more than 20 years and lead a team of 135 investment professionals as of December 31, 2009 who possess a broad range of transaction, financial, managerial and investment skills. Our investment team includes our contributing partners, who, together with our managing partners, have worked together for an average of 16 years, as well as exclusive relationships with operating executives who are former CEOs with significant experience in our core industries. We have developed a strong reputation in the market as an investor and partner who can make significant contributions to a business or investing decision, and we believe the longevity of our management team is a key competitive advantage.

Alignment of Interests with Investors in Our Funds and Shareholders. Fundamental to our business model is the alignment of interests of our professionals with those of the investors in our funds and with those of our shareholders. From our inception through December 31, 2009, our professionals have committed or invested an estimated $1.0 billion of their own capital to our funds (including Fund VII). In addition, our practice is to allocate a portion of the management fees and incentive income payable by our funds to our professionals, which we believe serves to incentivize those employees to generate superior risk-adjusted investment returns. Also, the majority of our employees own RSUs which vest over time, and our managing partners and contributing partners will own % of the company after giving effect to the IPO. We expect to continue to increase the equity ownership of our employees over time through additional grants of RSUs in lieu of cash compensation. We believe that the alignment of interests with our shareholders and fund investors helps us to raise new funds, execute our growth strategy and deliver earnings to our shareholders.

Growth Strategy

Our growth and investment returns have been supported by an institutionalized and strategic organizational structure designed to promote teamwork, industry specialization, longevity of capital, compliance and regulatory excellence and internal systems and processes. Our ability to grow our AUM and revenues depends on our performance and on our ability to attract new capital and fund investors, which we have done successfully over the last 20 years.

The following are key elements of our growth strategy.

Continue to Achieve Long-Term Returns in Our Funds. Continued achievement of superior long-term returns will support growth in AUM. We believe our experienced investment team, value-oriented investment strategy and flexible investment approach will continue to drive superior returns. We will emphasize creating long-term value for our shareholders with less focus on our quarter-to-quarter or year-to-year earnings volatility.

Continued Commitment to Our Fund Investors. We intend to continue managing our businesses with a strong focus on developing and maintaining long-term relationships with our fund investors. Our fund investors include many of the world s most prominent pension and endowment funds as well as other institutional and individual investors. Most of our private equity investors are invested in multiple Apollo private equity funds, and many invested in one or more of our capital markets funds. We believe that our strong investor relationships facilitate the growth of our existing businesses and the successful launch of new businesses.

Raise Additional Investment Capital for our Current Businesses. We will continue to utilize our firm s reputation and track record to seek to grow our AUM. Our funds capital raising activities benefit from our 20-year investment track record, the reputation of our firm and investment professionals, our access to public markets through entities such as AIC and AAA and our strong relationships with our investors.

Expand Into New Investment Strategies, Markets and Businesses. We intend to grow our businesses through the targeted development of new investment strategies such as real estate that we believe are complementary to our existing businesses. In addition, we expect to continue expanding into new businesses, possibly through strategic acquisitions of other investment management companies or other strategic initiatives.

Capitalize Upon the Benefits of Being a Public Company, including the Pursuit of Complementary and Strategic Acquisitions. We believe that being a public company will help us grow our AUM and revenues. We believe that fund investors will increasingly prefer to trust their capital to publicly traded asset managers because of the corporate-governance and disclosure requirements that apply to such managers, as well as the more efficient succession-planning and reduced key man risk that we believe result from becoming a public company, as we become more institutionalized. As a public company we expect to become less dependent on a small number of individuals and better able to attract senior talent with the backing of public investors and with the ability to provide senior talent with more liquid equity incentive income. We also believe that we can utilize our currency as a public company to broaden our industry verticals and capital markets products and expand into new product offerings and strategies.

Performance Results

Our revenues and other income consist principally of (i) management fees, which are based upon a percentage of the committed or invested capital (in the case of our private equity funds and certain of our capital markets funds), adjusted assets (in the case of AAA), gross invested capital or fund net asset value (in the case of the rest of our capital markets funds) and stockholders equity (in the case of ARI); (ii) transaction and advisory fees received from private equity and certain capital markets portfolio companies in respect of business and transaction consulting services that we provide, as well as advisory services provided to a capital markets fund; (iii) income based on the performance of our funds, which consists of allocations, distributions or fees from our private equity funds, AAA and our capital markets funds; and (iv) investment income from our investments as general partner and other direct investments primarily in the form of net gains from investment activities as well as interest and dividend income. Carried interest from our private equity funds and certain of our capital markets funds entitles us to an allocation of a portion of the income and gains from that fund and is as much as 20% of the net realized income and gains that are achieved by the funds net of fund expenses, generally subject to an annual preferred return for the limited partners of 8% with a catch-up allocation to us thereafter. The general partner of each of the funds accrues for its portion of carried interest at each quarter-end balance sheet date for any changes in value of the funds underlying investments. For example, if one of our private equity funds were to exceed the preferred return threshold and generate $100 million of profits net of allocable fees and expenses from a given investment, our carried interest would entitle us to receive as much as $20 million of these net profits less appropriate compensation expense for our investment professionals.

Carried interest from most of our capital markets funds is as much as 20% of either the fund s income and gain or the yearly appreciation of the fund s net asset value. For such capital markets funds, we accrue carried interest on both realized and unrealized gains, subject to any applicable hurdles and high-water marks. Certain of our capital markets funds are subject to a preferred return. Our ability to generate carried interest is an important element of our business and has historically accounted for a very significant portion of our income. For the year ended December 31, 2009, management fees, transaction and advisory fees, and carried interest income represented 42%, 6% and 52%, respectively, of our $966.7 million of revenues.

Management further evaluates our segments based on our management and incentive business within each segment. We believe this information provides enhanced transparency with respect to our financial performance. Our management business is generally characterized by the predictability of its financial metrics, including revenues and expenses. This business includes management fee revenues, advisory and transaction revenues, carried interest income from certain of our mezzanine funds, and expenses exclusive of profit sharing, which we believe are more stable in nature. The financial performance of our incentive business, which is dependent upon quarterly mark-to-market unrealized valuations in accordance with U.S. GAAP guidance applicable to fair value measurements, includes carried interest income and profit sharing expense in connection with our investment funds, and is generally less predictable and more volatile in nature.

For more information regarding the financial performance of our segments, refer to Prospectus Summary Summary Historical and Other Data which includes our statement of operations information and our supplemental performance measure, ENI, for our management and incentive business, as well as further reconciliation of ENI to Adjusted ENI to identify non-recurring or unusual items for the years ended December 31, 2009, 2008 and 2007.

Fundraising and Investor Relations

We believe our performance track record across our funds has resulted in strong relationships with our fund investors. Our fund investors include many of the world s most prominent pension funds, university endowments and financial institutions, as well as individuals. We maintain an internal team dedicated to investor relations across our private equity, credit-oriented capital markets and real estate businesses.

In our private equity business, fundraising activities for new funds begin once the investor capital commitments for the current fund are largely invested or committed to be invested. The investor base of our private equity funds includes both investors from prior funds and new investors. In many instances, investors in our private equity funds have increased their commitments to subsequent funds as our private equity funds have increased in size. During our Fund VI fundraising effort, investors representing over 88% of Fund V s capital committed to the new fund. During our Fund VII fundraising effort, investors representing over 84% of Fund VI s capital committed to Fund VII. The single largest unaffiliated investor represents only 6% of Fund VI s commitments and 7% of Fund VII s commitments. In addition, our investment professionals commit their own capital to each private equity fund.

During the management of a fund, we maintain an active dialogue with our fund investors. We host quarterly webcasts for our fund investors led by members of our senior management team and we provide quarterly reports to our fund investors detailing recent performance by investment. We also organize an annual meeting for our private equity investors that consists of detailed presentations by the senior management teams of many of our current investments. From time to time, we also hold meetings for the advisory board members of our private equity funds.

AAA is an important component of our business strategy, as it has allowed us to quickly target attractive investment opportunities by capitalizing new investment vehicles formed by Apollo in advance of a lengthier third-party fundraising process. In particular, we have used AAA capital to make initial investments in AIE I, SVF, AAOF and EPF. The common units of AAA are listed on Euronext Amsterdam by NYSE Euronext and AAA complies with the reporting requirements of that exchange. AAA provides monthly information and quarterly reports to, and hosts quarterly conference calls with, our AAA investors. See Strategic Investment Vehicles AP Alternative Assets, L.P. (AAA) for information regarding AAA s liquidity condition.

In our capital markets business, we have raised capital from prominent institutional investors, similar to our private equity and real estate businesses, and have also raised capital from public market investors, as in the case of AIC. AIC provides quarterly reports to, and hosts conference calls with, investors that highlight investment activities. AIC is listed on the NASDAQ Global Select Market and complies with the reporting requirements of that market.

Similar to our private equity and capital markets businesses, in our real estate business we have raised capital from a prominent institutional investor for the AGRE CMBS Fund L.P., and we have also raised capital from public market investors with respect to ARI. ARI provides quarterly reports to, and hosts conference calls with, investors that highlight investment activities. ARI is listed on the NYSE and complies with the reporting requirements of that market.

Investment Process

We maintain a rigorous investment process and a comprehensive due diligence approach across all of our funds. We have developed policies and procedures, the adequacy of which are reviewed annually, that govern the investment practices of our funds. Moreover, each fund is subject to certain investment criteria set forth in its governing documents that generally contain requirements and limitations for investments, such as limitations relating to the amount that will be invested in any one company and the geographic regions in which the fund will invest. Our investment professionals are thoroughly familiar with our investment policies and procedures and the investment criteria applicable to the funds that they manage, and these limitations have generally not impacted our ability to invest our funds.

Table of Contents

Our investment professionals interact frequently across our businesses on a formal and informal basis. Each of our private equity and credit-oriented capital markets businesses contributes to and draws from what we refer to as our library of information and experience. This library includes market insight, management, industry consultant and banking contacts, as well as potential investment opportunities. In addition, members of the private equity investment committee currently serve on the investment committees of each of our capital markets funds. We believe this structure is uncommon and provides us with a competitive advantage.

We have in place certain procedures to allocate investment opportunities among our funds. These procedures are meant to ensure that each fund is treated fairly and that transactions are allocated in a way that is equitable, fair and in the best interests of each fund, subject to the terms of the governing agreements of such funds. Each of our funds has primary investment mandates, which are carefully considered in the allocation process.

Private Equity

Private Equity Funds. Our private equity investment professionals are responsible for selecting, evaluating, structuring, diligencing, negotiating, executing, monitoring and exiting investments for our traditional private equity funds, as well as pursuing operational improvements in our funds portfolio companies. These investment professionals perform significant research into each prospective investment, including a review of the company s financial statements, comparisons with other public and private companies and relevant industry data. The due diligence effort will also typically include:

- on-site visits;
- interviews with management, employees, customers and vendors of the potential portfolio company;
- research relating to the company s management, industry, markets, products and services, and competitors; and
- background checks.

After an initial selection, evaluation and diligence process, the relevant team of investment professionals will prepare a detailed analysis of the investment opportunity for our private equity investment committee. Our private equity investment committee generally meets weekly to review the investment activity and performance of our private equity funds.

After discussing the proposed transaction with the deal team, the investment committee will decide whether to give its preliminary approval to the deal team to continue the selection, evaluation, diligence and negotiation process. The investment committee will typically conduct several lengthy meetings to consider a particular investment before finally approving that investment and its terms. Both at such meetings and in other discussions with the deal team, our managing partners and partners will provide guidance to the deal team on strategy, process and other pertinent considerations. Every private equity investment requires the approval of our three managing partners.

Our private equity investment professionals are responsible for monitoring an investment once it is made and for making recommendations with respect to exiting an investment. Disposition decisions made on behalf of our private equity funds are subject to careful review and approval by the private equity investment committee, including all three of our managing partners.

AAA. Investment decisions on behalf of AAA are subject to investment policies and procedures that have been adopted by the board of directors of the managing general partner of AAA. Those policies and procedures provide that all AAA investments (except for temporary investments) must be reviewed and approved by the AAA investment committee. In addition, they provide that over time AAA will invest approximately 90% or more of its capital in Apollo funds and Apollo sponsored private equity transactions and, subject to market conditions, target approximately 50% or more in private equity transactions. Pending those uses, AAA capital is invested in temporary liquid investments. AAA s investments do not need to be exited within fixed periods of time or in any specified manner. AAA is, however, required to exit any co-investments it makes with an Apollo

208

fund at the same time and on the same terms as the Apollo fund in question exits its investment. The AAA investment policies and procedures provide that the AAA investment committee should review the policies and procedures on a regular basis and, if necessary, propose changes to the board of directors of the managing general partner of AAA when the committee believes that those changes would further assist AAA in achieving its objective of building a strong investment base and creating long-term value for its unitholders.

Capital Markets

Each of our capital markets funds maintains an investment process similar to that described above under Private Equity. Our capital markets investment professionals are responsible for selecting, evaluating, structuring, diligencing, negotiating, executing, monitoring and exiting investments for our capital markets funds. The investment professionals perform significant research into and due diligence of each prospective investment, and prepare analyses of recommended investments for the investment committee of the relevant fund.

Investment decisions are carefully scrutinized by the investment committees, who review potential transactions, provide input regarding the scope of due diligence and approve recommended investments and dispositions. Close attention is given to how well a proposed investment is aligned with the distinct investment objectives of the fund in question, which in many cases have specific geographic or other focuses. At least one of our managing partners approves every significant capital markets fund investment decision. The investment committee of each of our capital markets funds generally reviews the investment activity and performance of the relevant capital markets funds on a weekly basis.

Independent Valuation Firms

We are responsible for determining the fair value of our private equity fund portfolio investments on a quarterly basis in good faith, subject to the approval of the advisory board for the relevant private equity fund. We have retained independent valuation firms to provide third-party valuation consulting services to the company which consist of certain limited procedures that the company identifies and requests them to perform. Upon completion of the limited procedures, the independent valuation firms generally assess whether the fair value of those investments subjected to the limited procedures do not appear to be unreasonable. The limited procedures do not involve an audit, review, compilation or any other form of examination or attestation under generally accepted auditing standards. In accordance with U.S. GAAP, an investment for which a market quotation is readily available will be valued using a market price for the investment as of the end of the applicable reporting period and an investment for which a market quotation is not readily available will be valued at the investment s fair value as of the end of the applicable reporting period as determined in good faith. While there is no single standard for determining fair value in good faith, the methodologies described below will generally be followed when fair value pricing is applied.

Valuation of Our Private Equity Funds

We calculate the aggregate realized value of a private equity fund s portfolio company investments based on the historical amount of the net cash and marketable securities actually distributed to fund investors from all of the fund s investments made from the date of the fund s formation through the valuation date. Such amounts do not give effect to the allocation of any realized returns to the fund s general partner pursuant to carried interest or the payment of any applicable management fees to the fund s investment advisor. Where the value of an investment is only partially realized, we classify the actual cash and other consideration distributed to fund investors as realized value, and we classify the balance of the value of the investment as unrealized and valued using the methodology described below.

We calculate the aggregate estimated unrealized value of a private equity fund by adding the individual estimated unrealized values of the fund s portfolio companies. We determine individual investment valuations using market prices where a market quotation is available for the investment or fair value pricing where a market quotation is not available for the investment. For debt securities, if no sales occurred as of year-end and there is no closing price (i.e. the date of determination), we value the securities at the bid price at the close of business on such day. Since December 31, 2008, we have valued the securities based on the average of the bid and

Table of Contents

ask (the mid) price. Fair value pricing represents an investment s fair value as determined by us in good faith. Market value represents a valuation of an investment derived from the last available closing sales price as of the valuation date. Market values that we derive from market quotations do not take into account various factors which may affect the value that may ultimately be realized in the future, such as the possible illiquidity associated with a large ownership position or a control premium.

There is no single standard for determining fair value in good faith and, in many cases, fair value is best expressed as a range of fair values from which a single estimate may be derived. We determine the fair values of investments for which market quotations are not readily available based on the enterprise values at which we believe the portfolio companies could be sold in orderly dispositions over a reasonable period of time between willing parties other than in a forced or liquidation sale. The portfolio companies are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses comparable public company multiples such as the ratio of terminal enterprise value to earnings before interest, taxes, depreciation and amortization, and the ratio of terminal enterprise value to revenue, as well as other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. These estimated unrealized values may not be realized for the amount provided.

Valuation of Our Capital Markets Funds

Capital Markets Funds other than AIC. For our capital markets funds other than AIC, we generally value securities that are listed on a recognized exchange or a computerized quotation system and that are freely transferable at their last sales price on the relevant exchange based on the last sale recorded on such exchange as of the valuation date. When a security is not traded on an active market exchange, we seek market pricing data from at least two brokers, collateral agents or market makers. In cases where there is only a single broker quoting a specific security, we seek to corroborate any quote received by attempting to obtain quotes on similar securities from independent pricing services. In most cases, the average of mid prices will be used; however, if no ask price is obtained, the bid price will be used in valuing the investment. Since the end of 2008, all capital markets funds, except AAOF, are pricing their securities based on the mid broker price. For most private illiquid investments, we seek an opinion from a third-party valuation firm that will either determine the appropriate value or provide a supporting opinion to our internally modeled valuation. We value all other assets of the fund at fair value in accordance with the valuation policies of the funds. We may change the foregoing valuation methods if we determine in good faith that such change is advisable to better reflect market conditions or activities. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the value of investments by certain of our capital markets funds may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

AIC. Under procedures established by its board of directors, AIC s investments, including certain subordinated debt, senior secured debt and other debt securities with maturities greater than 60 days, for which market quotations are readily available, are valued at such market quotations (unless they are deemed not to represent fair value). AIC also utilizes independent third-party valuation firms to assist in determining fair value if and when such market quotations are deemed not to represent fair value. Investments purchased within 60 days of maturity are valued at cost plus accreted discount, or minus amortized premium, which approximates fair value. Debt and equity securities that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of AIC s board of directors. Such determination of fair values may involve subjective judgments and estimates. With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, AIC s board of directors has approved a multi-step quarterly valuation process. AIC s quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of AIC s investment advisor that are responsible for the portfolio investment. Preliminary valuation conclusions are then documented and discussed with senior management of AIC s investment advisor.

Table of Contents

Independent valuation firms engaged by AIC s board of directors conduct independent appraisals and review the investment advisor s preliminary valuations and make their own independent assessment. The audit committee of AIC s board of directors then reviews and discusses the preliminary valuation of the investment adviser and that of the independent valuation firms. Finally, the board of directors discusses valuations and determines the fair value of each investment in AIC s portfolio in good faith based on the input of AIC s investment advisor, the respective independent valuation firm and the audit committee.

AIC s investments are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that AIC may take into account in fair value pricing its investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company s ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, the principal market and enterprise values, among other factors. 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 AIC s investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Fees, Carried Interest, Redemption and Termination

Our revenues from the management of our funds consist primarily of:

- management/monitoring fees, which are based on committed or invested capital (in the case of our private equity funds and certain of our capital markets funds), gross invested capital or fund net asset value (in the case of most of our capital markets funds) and gross asset value of structured portfolio vehicle instruments, which includes the leverage used by such structured portfolio vehicles;

- carried interest based on the performance of our funds; and

- transaction and advisory fees relating to the investments our private equity and certain capital markets funds make.

In addition, we earn management fees based on the adjusted assets (as defined below) of AAA and are entitled to a carried interest based on the realized gains on each co-investment made by AAA pursuant to a committed co-investment facility and other opportunistic investments. We also earn incentive income from the underlying investments of AAA in our capital markets funds, calculated per the terms of the applicable funds. In addition, with respect to Artus we earn an investment advisory fee based on the sum of the average principal amount of the underlying collateralized loan obligations.

We also receive investment income from the direct investment of capital in our funds in our capacity as general partner, which is described below under General Partner and Professionals Investments and Co-Investments General Partner Investments. Please see Management s Discussion and Analysis of Financial Condition and Results of Operations for a more detailed description of our revenues.

Overview of Fund Operations

Investors in our private equity funds make commitments to provide capital at the outset of a fund and deliver capital when called by us as investment opportunities become available. We determine the amount of initial capital commitments for any given private equity fund by taking into account current market opportunities and conditions, as well as investor expectations. The general partner s capital commitment is determined through negotiation with the fund s investor base. The commitments are generally available for six years during what we call the investment period. We have typically invested the capital committed to our funds over a three to four year period. Generally, as each investment is realized, our private equity funds first return the capital and expenses related to that investment and any previously realized investments to fund investors and then distribute any profits. These profits are typically shared 80% to the investors in our private equity funds and 20% to us so long as the investors receive at least an 8% compounded annual return on their investment, which we refer to as a preferred return or hurdle. Our private equity funds typically terminate ten years after the final closing, subject to the potential for two one-year extensions. After the amendments we sought in order to deconsolidate most of our funds, dissolution of those funds can be accelerated upon a majority vote of investors not affiliated with us and, in any case, all of our funds also may be terminated upon the occurrence of certain other events, as described below under Redemption and Termination. Ownership interests in our private equity funds and certain of our capital markets funds, are not, however, subject to redemption prior to termination of the funds.

The processes by which our capital markets funds receive and invest capital vary by type of fund. AIC, for instance, raises capital by selling shares in the public markets and it can also issue debt. Our distressed and hedge funds sell shares or limited partner interests, subscriptions for which are payable in full upon a fund s acceptance of an investor s subscription, via private placements. The investors in SOMA, EPF and AIE II made a commitment to provide capital at the formation of such funds and deliver capital when called by us as investment opportunities become available. COF I and COF II invest in a wide variety of public and private debt and debt-related securities and the limited partners subscribe for interests in each of the funds by making commitments through subscription agreements. Limited partners of COF I and COF II respond to capital calls as they arise. As with our private equity funds, the amount of initial capital commitments for our capital markets funds is determined by taking into account current market opportunities and conditions, as well as investor expectations. The general partner commitments for our capital markets funds that are structured as limited partnerships are determined through negotiation with the funds investor base. The fees and incentive income we earn for management of our capital markets funds and the performance of these funds and the terms of such funds governing withdrawal of capital and fund termination vary across our capital markets funds and are described in detail below.

We conduct the management of our private equity and capital markets funds primarily through a partnership structure, in which limited partnerships organized by us accept commitments and/or funds for investment from investors. Funds are generally organized as limited partnerships with respect to private equity funds and other U.S. domiciled vehicles and limited partnership and limited liability (and other similar) companies with respect to non-U.S. domiciled vehicles. Typically, each fund has an investment advisor affiliated with an advisor registered under the Advisers Act. Responsibility for the day-to-day operations of the funds is typically delegated to the funds respective investment advisors pursuant to an investment advisory (or similar) agreement. Generally, the material terms of our investment advisory agreements relate to the scope of services to be rendered by the investment advisor to the applicable funds, certain rights of termination in respect of our investment advisory agreements and, generally, with respect to our capital markets funds (as these matters are covered in the limited partnership agreements of the private equity funds), the calculation of management fees to be borne by investors in such funds, as well as the calculation of the manner and extent to which other fees received by the investment advisor from fund portfolio companies serve to offset or reduce the management fees payable by investors in our funds. The funds themselves do not register as investment companies under the Investment Company Act, in reliance on Section 3(c)(7) or Section 7(d) thereof or, typically in the case of funds formed prior to 1997, Section 3(c)(1) thereof. Section 3(c)(7) of the Investment Company Act excepts from its registration requirements funds privately placed in the United States whose securities are owned exclusively by persons who, at the time of acquisition of such securities, are qualified purchasers or knowledgeable employees for purposes of the Investment Company Act. Section 3(c)(1) of the Investment Company Act excepts from its registration requirements privately placed funds whose securities are beneficially owned by not more than 100 persons. In addition, under current interpretations of the SEC, Section 7(d) of the Investment Company Act exempts from registration any non-U.S. fund all of whose outstanding securities are beneficially owned either by non-U.S. residents or by U.S. residents that are qualified purchasers.

In addition to having an investment advisor, each fund that is a limited partnership, or partnership fund, also has a general partner that makes all policy and investment decisions relating to the conduct of the fund s business. The general partner is responsible for all decisions concerning the making, monitoring and disposing of investments, but such responsibilities are typically delegated to the fund s investment advisor pursuant to an investment advisory (or similar) agreement. The limited partners of the partnership funds take no part in the conduct or control of the business of the funds, have no right or authority to act for or bind the funds and have no influence over the voting or disposition of the securities or other assets held by the funds. These decisions are made by the fund s general partner in its sole discretion, subject to the investment limitations set forth in the agreements governing each fund. The limited partners often have the right to remove the general partner or investment advisor for cause or cause an early dissolution by a majority vote. In connection with the Private Offering Transactions, we have amended the governing agreements of certain of our consolidated private equity funds (with the exception of AAA) and capital markets funds to provide that a simple majority of a fund s investors will have the right to accelerate the dissolution date of the fund.

In addition, the governing agreements of our private equity funds enable the limited partners holding a specified percentage of the interests entitled to vote not to elect to continue the limited partners capital commitments in the event certain of our managing partners do not devote the requisite time to managing the fund or in connection with certain Triggering Events (as defined below). This is true of Fund VI and Fund VII on which our near- to medium-term performance will heavily depend. EPF, COF I and COF II have a similar provision. In addition to having a significant, immeasurable negative impact on our revenue, net income and cash flow, the occurrence of such an event with respect to any of our funds would likely result in significant reputational damage to us. Further, the loss of one or more our of managing partners may result in the acceleration of our debt. The loss of the services of any of our managing partners would have a material adverse effect on us, including our ability to retain and attract investors and raise new funds, and the performance of our funds. We do not carry any key man insurance that would provide us with proceeds in the event of the death or disability of any of our managing partners.

Management Fees

During the investment period, we earn semi-annual management fees from our private equity funds and EPF ranging between 1.0% to 1.75% per annum of the capital commitments of limited partners, other than designated management investors and certain other investors. Upon the third anniversary of the final closing for EPF, the management fees from EPF will step down to 1.75% of the acquisition cost of unrealized investments. Upon the earlier of the termination of the investment period for the relevant fund and the date as of which management fees begin to accrue with respect to a successor fund (the Management Fee Step Down Date), the percentage rates of the management fees from our private equity funds are reduced to a percentage ranging from 0.65% to 0.75% of the cost of unrealized portfolio investments. Private equity management fees are reduced by a percentage of any monitoring, consulting, investment banking, advisory, transaction, directors or break-up or similar fees paid to the fund s general partner, management company, principal partners (*i.e.*, those of our named partners who are principally responsible for the management of the fund) or any of their affiliates, or Fund Special Fees . In the case of Funds IV, V, and VI this reduction applies only after deducting from Fund Special Fees the costs of unconsummated transactions borne by us. In Fund VII, such unconsummated transaction costs will be borne by Fund VII, but reimbursed to Fund VII by an offset against the management fee of Fund Special Fees in an amount up to the amount of such costs, and thereafter the management fee will be offset by the applicable percentage of Fund Special Fees. In the case of Funds VI and VII, management fees are also reduced by an amount equal to any organizational expenses (to the extent they exceed those that the fund is required to bear) and placement fees paid by the fund.

The Management Fee Step Down Date has already occurred with respect to Funds IV, V and VI and the percentage rates of their management fees have been reduced. Fund VII will transition from the investment period rate to the post Management Fee Step Down Date rate upon the earliest of (i) August 30, 2013, (ii) the permanent termination, pursuant to certain provisions of the Fund VII partnership agreement, of the Fund VII investment period, and (iii) the date as of which management fees begin to accrue that are payable by another pooled investment vehicle with investment objectives and policies substantially similar to those of Fund VII and formed by us or by Fund VII s partners.

Table of Contents

Management fees from AAA and its affiliates range between 1.0% and 1.25% of AAA s adjusted assets, defined as invested capital plus proceeds of any borrowings of AAA Investments plus its cumulative distributable earnings at the end of each quarterly period (taking into account actual distributions but excluding the management fees relating to the period or any non-cash equity compensation expense), net of any amount AAA pays for the repurchase of limited partner interests, as well as capital invested in Apollo funds and temporary investments and any distributable earnings attributable thereto. There are no reductions to AAA Investments management fees for Management Fee Offsets.

Management fees for most of our capital markets funds generally range between 0.75% and 2.0% per annum of the applicable fund s average gross assets under management or net asset value and are paid on a monthly or quarterly basis, depending on the fund. Unlike our private equity funds, which have fixed, limited lives, most of our capital markets funds have unlimited lives, so there is no investment period or mandatory reduction in the percentage charged over time. There are also generally no reductions for financial consulting, advisory, transactions, directors or break-up fees, although such fees are not typically charged in respect of our capital markets investments.

Management fees for AIE II are paid quarterly. Through June 30, 2009, and depending on the percentage of drawn capital commitments, management fees are based on either 1.5% of the capital commitments of limited partners or 1.5% of the net asset value attributable to the limited partners, in either case plus 1.0% of the partnership leverage attributable to the limited partners. Beginning in July 2009, management fees stepped down to the sum of 1.25% of the net asset value attributable to the limited partners and 0.75% of the partnership leverage attributable to the limited partners. The net asset value of the fund equals the gross assets of the fund less liabilities of the fund. The partnership leverage of the fund equals the gross assets of the fund less the net asset value of the fund.

Management fees for COF I and COF II are 0.75% and 1.25%, respectively, per annum of the aggregate capital contributions of limited partners, other than designated management investors and certain other investors, invested in unrealized portfolio investments. Such management fees are reduced by Management Fee Offsets, similar to the reduction to private equity management fees described above.

With respect to our real estate business, we receive management fees from ARI, which are calculated and payable quarterly in arrears in an amount equal to 1.50% of ARI s stockholders equity (as defined in its management agreement) per annum.

We also receive a management fee from AGRE CMBS Fund L.P., which is calculated as a percentage of the capital accounts of the limited partners and payable monthly in advance.

Transaction Fees

We receive transaction fees in connection with many of the acquisitions and dispositions made by our private equity funds, certain of our capital markets funds and by AAA Investments in its co-investments alongside our private equity funds. These fees are generally calculated as a percentage of the total enterprise value of the entity acquired or sold. Except in the case of AAA Investments, discussed above, a specified percentage of these fees reduce our management fees.

We generally do not receive transaction fees in connection with the investments of our capital markets funds.

Advisory Fees

We receive advisory fees for consulting services that we perform for certain private equity and capital markets funds portfolio companies. The fees vary between portfolio companies and for certain portfolio companies, the fees are dependent on EBITDA. Except in the case of AAA Investments, Artus and the Value Funds, a specified percentage of these fees reduce our management fees.

Except as related to ACLF, Artus, COF I, COF II, SOMA and the Value Funds, for which we receive advisory fees, we generally do not receive advisory fees in connection with investments of our capital markets funds.

Carried Interest

Carried interest for our private equity funds and capital markets funds entitles us to an allocation of a portion of the income and gains from that fund and, in the case of our private equity funds and certain of our capital markets funds, is as much as 20% of the cash received from the disposition of a portfolio investment or dividends, interest income or other items of ordinary income received from a portfolio investment or the value of securities distributed in kind, after deducting the capital contributions, organizational expenses, operating expense and management fees in respect of any realized investments. In the case of each of our private equity funds and certain of our capital markets funds, the respective carried interest is subject to annual preferred return for limited partners of 8%, subject to a catch-up allocation to us thereafter. Carried interest is normally distributed upon the disposition of a portfolio investment. Carried interest is normally distributed on an annual basis and under certain circumstances upon the disposition of a specific investment. With respect to dividends, interest income and ordinary income received from a portfolio investment, carried interest is distributed no later than a specified period after the end of a fiscal year of the relevant fund.

Carried interest for most of our capital markets funds ranges between 15% and 20% of either the fund s income and gain or the yearly appreciation of the fund s net asset value. For such capital markets funds, we accrue incentive income on both realized and unrealized gains, subject to any applicable hurdles and high-water marks. Certain of our capital markets funds are subject to a preferred return.

If, upon the final distribution of any of our private equity funds or certain of our capital markets funds, the relevant fund s general partner has received cumulative carried interest on individual portfolio investments in excess of the amount of carried interest it would be entitled to from the profits calculated for all portfolio investments in the aggregate, the general partner will return the excess amount of incentive income it received to the limited partners up to the amount it has received less taxes. With respect to our private equity funds and certain of our capital markets funds, an escrow account is required to be maintained, such that upon each distribution, if the fair value of unrealized investments (plus any amounts already in the escrow accounts) is not equal to 115% of the cost of the unrealized investments plus allocable expenses and management fees, the general partner will place the portion of its carried interest into such escrow account as is necessary for the value of the account, together with the fair value of the unrealized investments, to equal 115% of the cost of the unrealized investments plus allocable expenses and management fees.

As of December 31, 2009, based on the inception-to-date performance of our private equity and capital markets funds, none of the general partners of such funds, excluding Fund VI, had an obligation to return carried interest or incentive income distributions based on realization of investments. Assuming Fund VI had to liquidate on December 31, 2009, the company accrued a liability of $13.1 million in connection with the general partner s potential obligation to return carried interest that was previously distributed from Fund VI. In Funds IV, V, VI and VII, the obligation to return carried interest income distributions is guaranteed by the partners of the fund s general partners. Although our managing partners and contributing partners remain personally liable for their obligations under the guarantees, pursuant to the Managing Partner Shareholders Agreement, we agreed to indemnify our managing partners and certain contributing partners against all amounts that they pay pursuant to any of these personal guarantees in favor of our funds (all including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) with respect to the interests that they contributed or sold to the Apollo Operating Group.

See further discussion related to the potential reversal of carried interest income in note 14 to our consolidated and combined financial statements included elsewhere in this prospectus.

Table of Contents

Our carried interest from AAA Investments entitles us to 20% of the realized gains (net of related expenses, including any allocable borrowing costs) from each co-investment made by AAA Investments pursuant to a committed co-investment facility (such as its agreement with Fund VI) after its capital contributions in respect of realized investments made pursuant to that committed co-investment facility have been recovered, subject (in the case of AAA Investments, co-investment with Fund VI) to a preferred return of 8%, with a catch-up allocation to us thereafter. There is no similar preferred return requirement in respect of AAA Investments, co-investment with Fund VII. Distributions in respect of our carried interest in investments made pursuant to AAA Investments, co-investment facilities are made as investments are realized. We are also allocated 20% of the realized gains on AAA Investments opportunistic investments (meaning ones that are not temporary, a co-investment with a private equity fund or a direct investment in an Apollo fund), with no preferred return (net of related expenses, including allocable borrowing costs).

Redemption and Termination

AIC and AIE I, with a combined AUM of $3.7 billion as of December 31, 2009, are not subject to mandatory termination and do not permit investors to withdraw capital through redemptions. Our other funds are subject to termination or redemption as described below. Additionally, AIE I shareholders have agreed to a monitization plan discussed elsewhere in the prospectus.

Private Equity Funds. Our private equity funds, with a combined total of $34.0 billion of AUM as of December 31, 2009 (including a portion of the AAA Investments co-investment alongside Fund VI and Fund VII), generally terminate 10 years after the last date on which a limited partner purchased an interest in the fund, subject to extension for up to two years if certain consents of the limited partners or the fund s advisory board are obtained. However, termination can be accelerated:

- six years after the applicable fund s general partner or advisory board gives written notice to the fund s limited partners that the requisite number of key persons have failed to devote the requisite time to the management of the fund, if at a specified number of days after such notice the limited partners holding a specified percentage of the limited partner interests entitled to vote fail to elect to continue the investment period, subject to extension for up to two years with the same consents as are required to extend the fund at the end of its scheduled 10-year term;

- upon a disabling event (as defined below), unless within 90 days after such disabling event, a majority of the limited partner interests entitled to vote agree in writing to continue the business of the fund and to the appointment of another general partner;

- upon the affirmative vote of a simple majority in interest of the total limited partner interests entitled to vote;

- except in the case of Fund VII, upon the affirmative vote of 50% to 66.6% of the total limited partner interests entitled to vote, upon the occurrence of a triggering event (as defined below) with respect to the fund s general partner or management company, or some specified number of the fund s key persons;

- after the commitment period, upon a good faith determination by the general partner of the applicable fund that the fund has disposed of substantially all of its portfolio investments;

- in the discretion of the general partner of the applicable fund to address certain circumstances where the continued participation in the fund by certain limited partners would violate law or have certain adverse consequences for such limited partner or the fund;

- the entry of a decree of judicial dissolution under Delaware partnership law; or any time there are no limited partners, unless the business of the applicable fund is continued in accordance with Delaware partnership law.

Disabling event means (i) the occurrence of an event set forth in Section 17-402 of the Delaware Revised Uniform Limited Partnership Act, which include the withdrawal of the applicable fund s general partner, the assignment of the general partner s interest, the general partner s removal under the applicable fund s limited partnership agreement and certain events of bankruptcy, reorganization or dissolution relating to the general partner, and (ii) in the case of one of our private equity funds, the termination of the investment period by the limited partner in connection with a Triggering Event. With respect to the general partner or management company of the fund, a Triggering Event generally means with respect to any person, the criminal conviction of, or admission by consent (including a plea of no contest or, in the case of certain of our private equity funds, consent to a permanent injunction prohibiting future violations of the federal securities laws) of such person to a material violation of federal securities law, or any rule or regulation promulgated thereunder or any other criminal statute involving a material breach of fiduciary duty; or the conviction of such person of a felony under any federal or state statute; or the commission by such person of an action, or the omission by such person to take an action, if such commission or omission constitutes bad faith, gross negligence, willful misconduct, fraud or willful or reckless disregard for such person s duties to the applicable fund or its limited partners; or the obtaining by such person of any material improper personal benefit as a result of its breach of any covenant, agreement or representation and warranty contained in the applicable partnership agreement or the subscription agreement between the applicable fund and its limited partners.

Capital Markets Funds. Equity interests issued by SVF, VIF and AAOF may be redeemed at the option of the holder on a quarterly or annual basis after satisfying the applicable minimum holding period requirement (ranging from 12 months to 60 months depending on the particular fund and class of interest). Certain classes of interests in certain funds provide for the imposition of redemption charges at declining rates for interests redeemed on any of the first four quarterly redemption dates from the expiration of the minimum holding period requirement (ranging from 1% to 6% of gross redemption proceeds, depending on the terms of the applicable fund and class). Aggregate redemptions on any redemption date may be limited by a gating restriction to a maximum of 25% of net assets. An investor s allocable share of certain investments designated as special investments generally is not eligible for redemption until the occurrence of a realization or liquidity event with respect to the underlying investment. Holders of a majority of the outstanding equity interests in each fund also have the right to accelerate the liquidation date of the fund.

The investor in SOMA may elect to withdraw its capital as of January 31 of each year, commencing January 31, 2010. We have the right to terminate SOMA at any time. In addition, SOMA will dissolve automatically upon the occurrence of certain events that result in the general partner ceasing to serve or to be able to serve in that capacity (such as bankruptcy, insolvency or withdrawal) unless the investor elects to continue SOMA and to appoint a new general partner.

Under the terms of their respective partnership agreements, COF I and COF II will terminate 8 years after the first date on which a limited partner purchased an interest in the fund and certain other capital markets funds will terminate within five to eight years after the last date on which a limited partner purchased an interest in the fund, in each case, subject to extensions for further periods if certain consents of the limited partners or the fund s advisory board are obtained. However, termination can be accelerated in similar circumstances to those set out under Private Equity Funds above. Under the terms of its partnership agreement, Artus can be terminated only upon the determination of its general partner; however, a majority in interest of its unaffiliated investors may remove the general partner at any time with or without cause.

General Partner and Professionals Investments and Co-Investments

General Partner Investments

Certain of our management companies and general partners are committed to contribute to the private equity and capital markets funds and affiliates. As a limited partner, general partner and manager of the Apollo private equity funds and capital markets funds, Apollo had unfunded capital commitments of $201.5 million and $175.7 million at December 31, 2009 and 2008, respectively.

Under the services agreement between AAA and one of our subsidiaries, we are obligated to reinvest into common units (which may be in the form of RDUs) or other equity interests of AAA, on a quarterly basis, 25% of the aggregate after tax distributions, if any, that the Apollo Operating Group entity receives in respect of carried interests allocable to investments made by AAA Investments, including co-investments with Fund VI and Fund VII. Accordingly, we expect to periodically acquire newly issued common units of AAA (which may be in the form of RDUs) in connection with AAA s investments in our funds. Such common units will be subject to a three-year lockup period.

Managing Partners and Other Professionals Investments

To further align our interests with those of investors in our funds, our managing partners and other professionals have invested their own capital in our funds. Our managing partners and other professionals will either re-invest their carried interest to fund these investments or use cash on hand or funds borrowed from third parties. On occasion, we have provided guarantees to lenders in respect of funds borrowed by some of our professionals to fund their capital commitments. We do not provide guarantees for our managing partners or other senior executives. We generally have not historically charged management fees or carried interest on capital invested by our managing partners and other professionals directly in our private equity and capital markets funds. Our managing partners and other professionals are not contributing the investments made in their personal capacity in our funds, or as co-investments.

Co-Investments

Investors in many of our funds as well as other investors may receive the opportunity to make co-investments with the funds. Co-investments are investments in portfolio companies or other assets generally on the same terms and conditions as those to which the applicable fund is subject.

Regulatory and Compliance Matters

Our businesses, as well as the financial services industry generally, are subject to extensive regulation in the United States and elsewhere.

All of the investment advisors of our funds are affiliates of certain of our subsidiaries that are registered as investment advisors with the SEC. Registered investment advisors are subject to the requirements and regulations of the Investment Advisers Act. Such requirements relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, solicitation agreements, conflicts of interest, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an advisor and advisory clients and general anti-fraud prohibitions.

In addition, AIC has elected to be treated as a business development company under the Investment Company Act. The entity that serves as AIC s investment advisor is subject to the Investment Advisers Act and the rules thereunder.

In order to maintain its status as a regulated investment company under Subchapter M of the Internal Revenue Code, AIC is required to distribute at least 90% of its ordinary income and realized, net short-term capital gains in excess of realized net long-term capital losses, if any, to its shareholders. In addition, in order to avoid excise tax, it needs to distribute at least 98% of its income (such income to include both ordinary income and net capital gains), which would take into account short-term and long-term capital gains and losses. AIC, at its discretion, may carry forward taxable income in excess of calendar year distributions and pay an excise tax on this income. In addition, as a business development company, AIC must not acquire any assets other than qualifying assets specified in the Investment Company Act unless, at the time the acquisition is made, at least 70% of AIC s total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in eligible portfolio companies. In late 2006, the SEC adopted rules under the Investment

Table of Contents

Company Act to expand the definition of eligible portfolio company to include all private companies and companies whose securities are not listed on a national securities exchange. The rules also permit AIC to include as qualifying assets certain follow-on investments in companies that were eligible portfolio companies at the time of initial investment but that no longer meet the definition. In addition, the SEC recently adopted a new rule under the Investment Company Act to expand the definition of eligible portfolio company to include companies whose securities are listed on a national securities exchange but whose market capitalization is less than $250 million. This new rule became effective July 21, 2008.

In addition, ARI intends to elect to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code commencing with its taxable year ending December 31, 2009. To maintain its status as a REIT, ARI must distribute at least 90% of its taxable income to its shareholders and meet, on a continuing basis, certain other complex requirements under the Internal Revenue Code.

The SEC and various self-regulatory organizations have in recent years increased their regulatory activities in respect of asset management firms.

Certain of our businesses are subject to compliance with laws and regulations of U.S. Federal and state governments, non-U.S. governments, their respective agencies and/or various self-regulatory organizations or exchanges relating to, among other things, the privacy of client information, and any failure to comply with these regulations could expose us to liability and/or reputational damage. Our businesses have operated for many years within a legal framework that requires our being able to monitor and comply with a broad range of legal and regulatory developments that affect our activities.

However, additional legislation, changes in rules promulgated by self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules, either in the United States or elsewhere, may directly affect our mode of operation and profitability.

Rigorous legal and compliance analysis of our businesses and investments is important to our culture. We strive to maintain a culture of compliance through the use of policies and procedures such as oversight compliance, codes of ethics, compliance systems, communication of compliance guidance and employee education and training. We have a compliance group that monitors our compliance with all of the regulatory requirements to which we are subject and manages our compliance policies and procedures. Our Chief Legal Officer serves as the Chief Compliance Officer and supervises our compliance group, which is responsible for addressing all regulatory and compliance matters that affect our activities. Our compliance policies and procedures address a variety of regulatory and compliance risks such as the handling of material non-public information, position reporting, personal securities trading, valuation of investments on a fund-specific basis, document retention, potential conflicts of interest and the allocation of investment opportunities.

As an element of our platform, we generally operate without information barriers between our businesses. In an effort to manage possible risks resulting from our decision not to implement these barriers, our compliance personnel maintain a list of issuers for which we have access to material, non-public information and for whose securities our funds and investment professionals are not permitted to trade. We could in the future decide that it is advisable to establish information barriers, particularly as our business expands and diversifies. In such event our ability to operate as an integrated platform will be restricted.

We anticipate our annual cost of complying with regulatory requirements once we are a public company will be approximately as follows:

Board of Directors and Audit Committee Member Fees $700,000;

Audit Fees $1.0 million;

Finance Staff $3.0 million;

Table of Contents

- Computer Systems and Information Technology Staff $1.3 million;
- Investor Relations and Other External Communications $1.5 million; and
- Internal Audit Function $2.1 million.

We also may make grants of RSUs to independent directors that we appoint in the future.

Competition

The asset management industry is intensely competitive, and we expect it to remain so. We compete both globally and on a regional, industry and niche basis.

We face competition both in the pursuit of outside investors for our funds and in acquiring investments in attractive portfolio companies and making other investments. We compete for outside investors based on a variety of factors, including:

- investment performance;
- investor perception of investment managers   drive, focus and alignment of interest;
- quality of service provided to and duration of relationship with investors;
- business reputation; and
- the level of fees and expenses charged for services.

Over the past several years, the size and number of private equity funds and capital markets funds has continued to increase, heightening the level of competition for investor capital.

In addition, private equity and capital markets fund managers have increasingly adopted investment strategies traditionally associated with the other. Capital markets funds have become active in taking control positions in companies, while private equity funds have acquired minority and/or debt positions in publicly listed companies. This convergence could heighten our competitive risk by expanding the range of asset managers seeking private equity investments and making it more difficult for us to differentiate ourselves from managers of capital markets funds.

Depending on the investment, we expect to face competition in acquisitions primarily from other private equity funds, specialized funds, hedge fund sponsors, other financial institutions, corporate buyers and other parties. Many of these competitors in some of our businesses are substantially larger and have considerably greater financial, technical and marketing resources than are available to us. Several of these competitors have recently raised, or are expected to raise, significant amounts of capital and many of them have similar investment objectives to us, which may create additional competition for investment opportunities. Some of these competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities. In addition, some of these competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we want to make. Corporate buyers may be able to achieve synergistic cost savings with regard to an investment that may provide them with a competitive advantage in bidding for an investment. Lastly, the allocation of increasing amounts of capital to alternative investment strategies by institutional and individual investors could well lead to a reduction in the size and duration of pricing inefficiencies that many of our funds seek to exploit.

Competition is also intense for the attraction and retention of qualified employees. Our ability to continue to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees.

Table of Contents

For additional information concerning the competitive risks that we face, see Risk Factors Risks Related to Our Businesses The investment management business is intensely competitive, which could materially adversely impact us.

Legal Proceedings

We are, from time to time, party to various legal actions arising in the ordinary course of business, including claims and litigation, reviews, investigations and proceedings by governmental and self-regulatory agencies regarding our business.

On or about March 21, 2009, an entity known as LLDVF, L.P., which alleges that it is an investor in certain notes with a face amount of $43,500,000 issued by Linens n Things, Inc., or Linens, commenced an action in the United States District Court for the District of New Jersey against, inter alia, Apollo Management V, L.P., two Apollo partners, certain Apollo investment entities relating to the Linens transaction, certain current and former officers and directors of Linens, and certain other investors in Linens, alleging violations of the Federal Securities Laws and the making of negligent misrepresentations respecting the financial condition and future prospects of Linens from at least March 27, 2007 until May 2, 2008, the date on which Linens filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. On July 10, 2009, the plaintiff effectuated service of the summons and complaint on the defendants. As stipulated by the parties and ordered by the court, on September 23, 2009 the plaintiff filed an amended complaint, which brings the same causes of action as alleged in the original complaint. On November 23, 2009, the defendants filed motions to dismiss the amended complaint. The briefing on those motions has been completed and the motions are currently pending before the court. In any event, the Apollo-related defendants deny the material allegations of the complaint and will contest this case vigorously.

Certain of Apollo s affiliates have received subpoenas from various government regulatory agencies and requests for information from certain Apollo investors seeking information regarding the use of placement agents. We are cooperating with such requests. CalPERS, one of our Strategic Investors, announced on October 14, 2009 that it has initiated a special review of the fees paid by its external managers to placement agents and their related activities. We are cooperating with the special review. It is not possible to predict the outcome or duration of government investigations related to placement agents or the special review. We believe that we have handled our placement agent relationships in an appropriate manner.

Although the ultimate outcome of these matters cannot be ascertained at this time, we are of the opinion, after consultation with counsel, that the resolution of any such matters to which we are a party at this time will not have a material adverse effect on our financial statements. Legal actions material to us could, however, arise in the future.

Properties

Our principal executive offices are located in leased office space at 9 West 57th Street, New York, New York. We also lease the space for our offices in Purchase, NY, London, Los Angeles, Singapore, Frankfurt, Mumbai, Hong Kong and Luxembourg. We do not own any real property. We consider these facilities to be suitable and adequate for the management and operation of our businesses.

Employees

We believe that one of the strengths and principal reasons for our success is the quality and dedication of our employees. As of December 31, 2009, we employed 398 people. We strive to attract and retain the best talent in the industry.

Table of Contents

Our Partners

Set forth below are the names, ages, numbers of years with Apollo, number of years in the financial services industry and area of operation of each of our partners as of the date hereof.

Name	Age	Years with Apollo	Years in Industry
Executive Officers			
Leon Black	58	20	33
Joshua Harris	45	20	24
Marc Rowan	47	20	26
Henry Silverman	69	2	26
Barry Giarraputo	46	3	25
John Suydam	50	4	25
James Zelter	47	4	25
Private Equity			
Gizman Abbas	37	2	8
Andrew Africk	43	18	18
Marc Becker	37	14	16
Dan Bellissimo	36	3	12
Laurence Berg	43	18	22
Mintoo Bhandari	44	4	17
Anthony Civale	35	11	14
Michael Cohen	33	10	12
Peter Copses	51	20	24
Stephanie Drescher	36	6	15
Robert Falk	71	17	>35
Damian Giangiacomo	33	10	12
Andrew Jhawar	38	10	15
Scott Kleinman	37	14	16
Gernot Lohr	40	3	15
Steve Martinez	41	10	15
Lance Milken	34	12	12
Sam Oh	39	2	17
Stan Parker	34	10	12
Sanjay Patel	49	<1	25
Eric Press	44	11	17
Ali Rashid	33	8	10
Robert Seminara	38	7	16
Imran Siddiqui	35	1	8
Aaron Stone	37	13	15
Gareth Turner	46	5	22
Jordan Zaken	35	11	13
Eric Zinterhofer	38	11	14
Capital Markets			
David Abrams	43	3	22
Rajay Bagaria	32	6	11
Robert Burdick	47	2	23
Patrick Dalton	41	6	20
John Hannan	57	20	31
Abraham Katz	38	6	16
Narayanan Girish Kumar	43	3	20
Joseph Moroney	38	1	16
Robert Ruberton	35	6	13

Justin Sendak	41	3	19
Chin Hwee Tan	38	3	14
Mark Thompson	37	2	15
Real Estate			
Joseph Azrack	62	1	30

Table of Contents

MANAGEMENT

Our Manager

Our operating agreement provides that so long as the Apollo control condition is satisfied, our manager will manage all of our operations and activities and will have discretion over significant corporate actions, such as the issuance of securities, payment of distributions, sales of assets, making certain amendments to our operating agreement and other matters, and our board of directors will have no authority other than that which our manager chooses to delegate to it. Pursuant to a delegation of authority from our manager, which may be revoked, our board of directors will establish and maintain audit and conflicts committees of the board of directors that has the responsibilities described below under Committees of the Board of Directors Audit Committee and Committees of the Board of Directors Conflicts Committee.

Decisions by our manager are made by its executive committee, which is composed of our three managing partners and our Chief Operating Officer; who serves as a non-voting member. Each managing partner will remain on the executive committee for so long as he is employed by us, provided that Mr. Black, upon his retirement, may at his option remain on the executive committee until his death or disability or any commission of an act that would constitute cause if Mr. Black had still been employed by us. Actions by the executive committee are determined by majority vote of its members, except as to the following matters, as to which Mr. Black will have the right of veto: (i) the designations of directors to our board, or (ii) a sale or other disposition of the Apollo Operating Group and/or its subsidiaries or any portion thereof, through a merger, recapitalization, stock sale, asset sale or otherwise, to an unaffiliated third party (other than through an exchange of Apollo Operating Group units and interests in our Class B share for Class A shares, transfers by a founder or a permitted transferee to another permitted transferee, or the issuance of bona fide equity incentives to any of our non-founder employees) that constitutes (x) a direct or indirect sale of a ratable interest (or substantially ratable interest) in each entity that constitutes the Apollo Operating Group or (y) a sale of all or substantially all of the assets of Apollo. Exchanges of Apollo Operating Group units for Class A shares that are not pro rata among our managing partners or in which each managing partner has the option not to participate are not subject to Mr. Black s right of veto.

Subject to limited exceptions described in our operating agreement, our manager may not sell, exchange or otherwise dispose of all or substantially all of our assets and those of our subsidiaries, taken as a whole, in a single transaction or a series of related transactions without the approval of holders of a majority of the aggregate number of voting shares outstanding; provided, however, that this does not preclude or limit our manager s ability, in its sole discretion, to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets and those of our subsidiaries (including for the benefit of persons other than us or our subsidiaries, including affiliates of our manager).

We will reimburse our manager and its affiliates for all costs incurred in managing and operating us, and our operating agreement provides that our manager will determine the expenses that are allocable to us. This agreement does not limit the amount of expenses for which we will reimburse our manager and its affiliates.

Directors and Executive Officers

The following table sets forth certain information about our directors and executive officers. Each of our executive officers serves at the pleasure of our manager, subject to rights under any employment agreement. See Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table. Under our operating agreement, our board of directors has authority to act only when such authority is delegated to it by our manager or the Apollo control condition is not satisfied. See Description of Shares Operating Agreement for a more detailed description of the terms of our operating agreement.

For so long as the Apollo control condition is satisfied, our manager shall (i) nominate and elect all directors to our board of directors, (ii) set the number of directors of our board of directors and (iii) fill any vacancies on our board of directors. Our manager has nominated and elected our initial board of directors. After the Apollo

Table of Contents

control condition is no longer satisfied, each of our directors will be elected by the vote of a plurality of our shares entitled to vote, voting as a single class, to serve until his or her successor is duly elected or appointed and qualified or until his or her earlier death, retirement, disqualification, resignation or removal. Our board currently consists of three members.

For so long as the Apollo control condition is satisfied, our manager may remove any director, with or without cause, at anytime. After such condition is no longer satisfied, a director or the entire board of directors may be removed by the affirmative vote of holders of 50% or more of the total voting power of our shares.

Upon listing of our Class A shares on the NYSE, our manager will appoint at least two additional directors who are independent within the criteria established by the NYSE for independent board members. Following these appointments, we expect that our board of directors will consist of at least five directors. Prior to the listing of our Class A shares on the NYSE, our manager is not required by the terms of our operating agreement or otherwise to appoint any independent directors or use the criteria established by the NYSE for independent board members. After such listing, if completed, our manager will be required to establish an audit committee comprised of independent directors using the NYSE criteria, as described below under Committee of the Board of Directors Audit Committee.

Name	Age	Position(s)
Leon Black	58	Chairman, Chief Executive Officer and Director
Joshua Harris	45	Senior Managing Director and Director
Marc Rowan	47	Senior Managing Director and Director
Henry Silverman	69	Vice Chairman, Chief Operating Officer and Director
Barry Giarraputo	46	Chief Financial Officer, Chief Accounting Officer and Controller
James Zelter	47	Managing Director Capital Markets
John Suydam	50	Chief Legal Officer

Leon Black. In 1990, Mr. Black founded Apollo Management, L.P. and Lion Advisors, L.P. to manage investment capital on behalf of a group of institutional investors, focusing on corporate restructuring, leveraged buyouts, and taking minority positions in growth-oriented companies. From 1977 to 1990, Mr. Black worked at Drexel Burnham Lambert Incorporated, where he served as Managing Director, head of the Mergers & Acquisitions Group and co-head of the Corporate Finance Department. Mr. Black serves on the boards of directors of Sirius XM Radio Inc. and the general partner of AAA. Mr. Black is a trustee of Dartmouth College, The Museum of Modern Art, Mount Sinai Hospital, The Metropolitan Museum of Art, Prep for Prep, and The Asia Society. He is also a member of The Council on Foreign Relations, The Partnership for New York City and the National Advisory Board of JPMorgan Chase. He is also a member of the boards of directors of FasterCures and the Port Authority Task Force. Mr. Black graduated summa cum laude from Dartmouth College in 1973 with a major in Philosophy and History and received an MBA from Harvard Business School in 1975. Mr. Black has significant experience making and managing private equity investments on behalf of Apollo and has over 33 years experience financing, analyzing and investing in public and private companies. In his prior position with Drexel and in his position at Apollo, Mr. Black is responsible for leading and overseeing teams of professionals. His extensive experience allows Mr. Black to provide insight into various aspects of Apollo s business and is of significant value to the board of directors.

Joshua Harris. Mr. Harris co-founded Apollo Management, L.P. in 1990. Prior to 1990, Mr. Harris was a member of the Mergers and Acquisitions Group of Drexel Burnham Lambert Incorporated. Mr. Harris currently serves on the boards of directors of Berry Plastics Corporation, CEVA Logistics and Hexion Specialty Chemicals, Inc. and Mr. Harris serves as Chairman of the Board for Momentive Performance Materials. Mr. Harris has previously served on the boards of directors of Verso Paper Corp. Metals USA, Nalco Company, Allied Waste Industries, Inc., Pacer International, Inc., General Nutrition Centers, Inc., Furniture Brands International, Compass Minerals Group, Inc., Alliance Imaging, Inc., NRT Inc., Covalence Specialty Materials

Table of Contents

Corp., United Agri Products, Inc., Quality Distribution, Inc., Whitmire Distribution Corp. and Noranda Aluminum. Mr. Harris is actively involved in charitable and political organizations. He is a member of The Federal Reserve Bank of New York Investors Advisory Committee on Financial Markets and is a member of the Corporate Affairs Committee of the Council on Foreign Relations. Mr. Harris serves as Chairman of the Department of Medicine Advisory Board for The Mount Sinai Medical Center and is on the Board of Trustees of the Mount Sinai Medical Center. He is also a member of The University of Pennsylvania s Wharton Undergraduate Executive Board and is on the Board of Trustees for The Dalton School and Harvard Business School. Mr. Harris graduated summa cum laude and Beta Gamma Sigma from the University of Pennsylvania s Wharton School of Business with a Bachelor of Science degree in Economics and received his MBA from the Harvard Business School, where he graduated as a Baker and Loeb Scholar. Mr. Harris has significant experience in making and managing private equity investments on behalf of Apollo and has over 24 years experience in financing, analyzing and investing in public and private companies. Mr. Harris s extensive knowledge of Apollo s business and experience in a variety of senior leadership roles enhance the breadth of experience of the board of directors.

Marc Rowan. Mr. Rowan co-founded Apollo Management, L.P. in 1990. Prior to that time, Mr. Rowan was a member of the Mergers & Acquisitions Group of Drexel Burnham Lambert Incorporated, with responsibilities in high yield financing, transaction idea generation and merger structure negotiation. Mr. Rowan currently serves on the boards of directors of the general partner of AAA, Athene Re, Countrywide plc, Harrah s Entertainment, Inc. and Norwegian Cruise Lines. He has previously served on the boards of directors of AMC Entertainment, Inc., Culligan Water Technologies, Inc., Furniture Brands International, Mobile Satellite Ventures, National Cinemedia, Inc., National Financial Partners, Inc., New World Communications, Inc., Quality Distribution, Inc., Samsonite Corporation, SkyTerra Communications Inc., Unity Media SCA, Vail Resorts, Inc. and Wyndham International, Inc. Mr. Rowan is also active in charitable activities. He is a founding member and serves on the executive committee of the Youth Renewal Fund and is a member of the boards of directors of the National Jewish Outreach Program and the Undergraduate Executive Board of the University of Pennsylvania s Wharton School of Business. Mr. Rowan graduated summa cum laude from the University of Pennsylvania s Wharton School of Business with a BS and an MBA in Finance. Mr. Rowan has significant experience making and managing private equity investments on behalf of Apollo and has over 26 years experience financing, analyzing and investing in public and private companies. Mr. Rowan s extensive financial background and expertise in private equity investments enhance the breadth of experience of the board of directors.

Henry Silverman. Mr. Silverman joined Apollo in 2009. From November 2007 through January 2009, Mr. Silverman served as senior advisor to Apollo. Prior to joining Apollo, from July 2006 until November 2007, Mr. Silverman served as Chairman of the Board and the Chief Executive Officer of Realogy Corporation, formerly Cendant s real estate division. Mr. Silverman was Chief Executive Officer of Cendant Corporation from December 1997 until the completion of Cendant s separation plan in August 2006, as well as Chairman of the Board of Directors from July 1998 until August 2006. Mr. Silverman served as President of Cendant from December 1997 until October 2004. Mr. Silverman was Chairman of the Board, Chairman of the Executive Committee, and Chief Executive Officer of HFS Incorporated (Cendant predecessor) from May 1990 until December 1997. Cendant was a Fortune 100 company and the largest global provider of consumer and business services within the travel and residential real estate sectors prior to its separation into several new companies in late 2006. Mr. Silverman continues to serve as a director and Chairman of the Board of Realogy Corporation. In addition, Mr. Silverman is a director and Chairman of the Board of Apollo Commercial Real Estate Finance, Inc. and he serves as a director of the general partner of AAA. Mr. Silverman is Vice Chairman of the Port Authority of New York and New Jersey and a trustee of NYU Langone Medical Center. Mr. Silverman graduated from Williams College in 1961, and the University of Pennsylvania Law School in 1964, and served as a legal officer in the U.S. Navy Reserve from 1965 to 1972. Mr. Silverman brings to the board of directors expertise as a strategist, management and operations experience, and a perspective on business operations and corporate governance in the public company context. In his prior experience as chief executive officer of Cendant, he gained extensive experience working with complex organizations and analyzing investment opportunities, all of which the company believes enhances the resources available to the board of directors.

Table of Contents

Barry Giarraputo. Mr. Giarraputo joined Apollo in 2006. Prior to that time, Mr. Giarraputo was a Senior Managing Director at Bear Stearns & Co. where he served in a variety of finance roles over nine years. Previous to that, Mr. Giarraputo was with the accounting and auditing firm of PricewaterhouseCoopers LLP for 12 years where he was a member of the firm s Audit and Business Services Group and was responsible for a number of capital markets clients including broker-dealers, money-center banks, domestic investment companies and offshore hedge funds and related service providers. Mr. Giarraputo is on the Board of Directors for the Association for Children with Down Syndrome where he also serves as the Treasurer and Chairman of the Audit Committee. Mr. Giarraputo has also served as an Adjunct Professor of Accounting at Baruch College where he graduated cum laude in 1985 with a BBA in Accountancy.

James Zelter. Mr. Zelter joined Apollo in 2006. Mr. Zelter is the Managing Director of Apollo s capital markets business, Chief Executive Officer and director of AIC and director of AIE I . Prior to joining Apollo, Mr. Zelter was with Citigroup Inc. and its predecessor companies from 1994 to 2006. From 2003 to 2005, Mr. Zelter was Chief Investment Officer of Citigroup Alternative Investments, and prior to that he was responsible for the firm s Global High Yield franchise. Prior to joining Citigroup in 1994, Mr. Zelter was a High Yield Trader at Goldman, Sachs & Co. Mr. Zelter is a board member of DUMAC, the investment management company that oversees the Duke Endowment and Duke Foundation. Mr. Zelter has a degree in Economics from Duke University.

John Suydam. Mr. Suydam joined Apollo in 2006. From 2002 through 2006, Mr. Suydam was a partner at O Melveny & Myers LLP, where he served as head of Mergers & Acquisitions and co-head of the Corporate Department. Prior to that, Mr. Suydam served as chairman of the law firm O Sullivan, LLP which specialized in representing private equity investors. Mr. Suydam serves on the board of directors of the Big Apple Circus and he is also a member of the Department of Medicine Advisory Board of The Mount Sinai Medical Center. Mr. Suydam received his JD from New York University and graduated magna cum laude with a BA in History from the State University of New York at Albany.

Management Approach

We intend to continue to employ our current management structure, and, upon the listing of our Class A shares on the NYSE, if achieved, we have decided to avail ourselves of the controlled company exception from certain of the NYSE governance rules, which eliminates the requirements that we have a majority of independent directors on our board of directors and that we have a compensation committee and a nominating and corporate governance committee composed entirely of independent directors. In addition, our company will continue to have a manager that manages all our operations and activities, with only limited powers retained by the board of directors, so long as the Apollo control condition is satisfied.

Limited Powers of Our Board of Directors

As noted, so long as the Apollo control condition is satisfied, our manager will manage all of our operations and activities, and our board of directors will have no authority other than that which our manager chooses to delegate to it. Our manager has delegated to an audit committee of our board of directors the functions described below under Committees of the Board of Directors Audit Committee and to a conflicts committee the functions described below under Committees of the Board of Directors Conflicts Committee. In the event that the Apollo control condition is not satisfied, our board of directors will manage all of our operations and activities.

Pursuant to a delegation of authority from our manager, which may be revoked, our board of directors has established and at all times will maintain audit and conflicts committees of the board of directors that have the responsibilities described below under Committees of the Board of Directors Audit Committee and Committees of the Board of Directors Conflicts Committee.

Where action is required or permitted to be taken by our board of directors or a committee thereof, a majority of the directors or committee members present at any meeting of our board of directors or any committee thereof at which there is a quorum shall be the act of our board or such committee, as the case may be. Our board of directors or any committee thereof may also act by unanimous written consent.

Under the Agreement Among Managing Partners, the vote of a majority of the independent members of our board will decide the following: (i) in the event that a vacancy exists on the executive committee of our managers and the remaining members of the executive committee cannot agree on a replacement, the independent members of our board shall select one of the two nominees to the executive committee of our manager presented to them by the remaining members of such executive committee to fill the vacancy on such executive committee and (ii) in the event that at any time after December 31, 2009, Mr. Black wishes to exercise his ability to cause (x) the direct or indirect sale of a ratable interest (or substantially ratable interest) in each Apollo Operating Group entity, or (y) a sale of all or substantially all of our assets, through a merger, recapitalization, stock sale, asset sale or otherwise, to an unaffiliated third party. We are not a party to the Agreement Among Managing Partners, and neither we nor our shareholders (other than our Strategic Investors, as set forth under Certain Relationships and Related Party Transactions Lenders Rights Agreement Amendments to Managing Partner Transfer Restrictions) have any right to enforce the provisions described above. Such provisions can be amended or waived upon agreement of our managing partners at any time.

Committees of the Board of Directors

We have established an audit committee as well as a conflicts committee. Our audit committee has adopted a charter that complies with current federal and NYSE rules relating to corporate governance matters. Our board of directors may from time to time establish other committees of our board of directors.

Audit Committee

The purpose of the audit committee is to assist our manager in overseeing and monitoring (i) the quality and integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) our independent registered public accounting firm s qualifications and independence and (iv) the performance of our independent registered public accounting firm. Our manager intends, on or prior to the planned listing of our Class A shares on the NYSE, to cause the members of the audit committee to meet the independence standards for service on an audit committee of a board of directors pursuant to federal securities regulations and NYSE rules relating to corporate governance matters. These rules require that we have one independent member of the audit committee at the time our Class A shares are listed on the NYSE, a majority of independent members within 90 days of listing and a fully independent committee within one year. Pending appointment of independent directors to our audit committee, it is comprised of Messrs. Black and Harris.

Conflicts Committee

The purpose of the conflicts committee is to review specific matters that our manager believes may involve conflicts of interest. The conflicts committee will determine whether the resolution of any conflict of interest submitted to it is fair and reasonable to us. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us and not a breach by us of any duties that we may owe to our shareholders. In addition, the conflicts committee may review and approve any related person transactions, other than those that are approved pursuant to our related person policy, as described under Certain Relationships and Related Party Transactions Statement of Policy Regarding Transactions with Related Persons, and may establish guidelines or rules to cover specific categories of transactions.

Table of Contents

Lack of Compensation Committee Interlocks and Insider Participation

We do not have a compensation committee. Our managing partners have historically made all final determinations regarding executive officer compensation. Our manager has determined that maintaining our existing compensation practices as closely as possible is desirable and intends that these practices will continue. Accordingly, our manager does not intend to establish a compensation committee of our board of directors. For a description of certain transactions between us and our managing partners see Certain Relationships and Related Party Transactions.

Executive Compensation

Compensation Discussion and Analysis

Overview of Compensation Philosophy

Alignment of interests with investors and shareholders. Our principal compensation philosophy is to align the interests of our managing partners, contributing partners, and other senior professionals with those of our Class A shareholders and fund investors. This alignment, which we believe is a key driver of our success, has been achieved principally by our managing partners and contributing partners direct ownership of equity in our business in the form of Apollo Operating Group units, our contributing partners ownership of rights to receive a portion of the management fees and incentive income earned for management of our funds, the direct investment by both our managing partners and our contributing partners in our funds, and our practice of making annual bonus payments partly in the form of equity-based grants that are subject to vesting. As a result of this alignment, the compensation of our professionals is closely tied to the performance of our businesses.

Significant personal investment. Like our fund investors and Class A shareholders, our managing partners and contributing partners make significant personal investments in our funds (as more fully described under Certain Relationships and Related Party Transactions), directly or indirectly, and our professionals who receive carried interests in our funds are generally required to invest their own capital in the funds they manage in amounts that are proportionate to the size of their participation in incentive income. We believe that this ownership ensures that our professionals have significant capital at risk and reinforces the linkage between the success of the funds we manage, the success of the company and the compensation paid to our professionals.

Long-term performance and commitment. Most of our professionals have been issued RSUs, which provide rights to receive Class A shares and distributions on those shares. The managing partners and contributing partners pecuniary interests in Apollo Operating Group units are subject to a five or six year vesting schedule, and the RSUs are also subject to a vesting schedule (generally ranging from three to six years). In addition, AAA incentive units held by certain of our professionals are subject to vesting over three years. The vesting requirements for these awards contribute to our professionals focus on long-term performance while enhancing retention of these professionals.

Discouragement of excessive risk-taking. Although investments in alternative assets can pose risks, we believe that our compensation program includes significant elements that discourage excessive risk-taking while aligning the compensation of our professionals with our long-term performance. For example, notwithstanding that we accrue compensation for our carried interest programs (described below) as increases in the value of the portfolio investments are recorded in the related funds, we generally make cash payments of carried interest to our employees only after profitable investments have actually been realized. This helps to ensure that our professionals take a long-term view that is consistent with the company s and our shareholders interests. Moreover, if a fund fails to achieve specified investment returns due to diminished performance of later investments, our carried interest program relating to that fund generally permits, for the benefit of the limited partner investors in that fund, the clawback of carried interest payments previously made to us, our contributing partners or our other employees. These clawback provisions discourage excessive risk-taking and promote a long-term view that is consistent with the interests of our investors and shareholders. Our requirement that our professionals invest in the funds we manage further aligns the interests of our professionals, fund investors and Class A shareholders. Finally, the significant vesting provisions of our RSUs, Apollo Operating Group units and AAA incentive units noted above discourage excessive risk-taking because the value of these units is tied directly to the long-term performance of our Class A shares.

Compensation Elements for Named Executive Officers

Consistent with our emphasis on alignment of interests with our fund investors and Class A shareholders, compensation elements tied to the profitability of our different businesses and that of the funds that we manage are, except for our vice chairman and chief operating officer, Henry Silverman, the primary means of compensating our five executive officers listed in the tables below, or the named executive officers. As we describe below, Mr. Silverman was compensated primarily in cash in 2009, but we expect to grant him options to acquire Class A shares, which will provide him with rights to acquire an equity stake in the company. The key elements of the compensation of our named executive officers during fiscal year 2009 are described below. We distinguish among the compensation components applicable to our five named executive officers as appropriate in the below summary. Mr. Black is a member of the group referred to elsewhere in this prospectus as the managing partners, and Mr. Zelter is a member of the group referred to elsewhere in this prospectus as the contributing partners.

Annual Salary. Each of our named executive officers receives an annual salary. Pursuant to his employment, non-competition and non-solicitation agreement entered into in connection with the Reorganization (discussed below), Mr. Black receives a base salary of $100,000 per year. After the expiration of the five-year term of his employment agreement, his compensation will be determined by our manager if the Apollo control condition is then satisfied, or otherwise by our board of directors. We expect to re-examine the $100,000 salary for Mr. Black as we approach the end of his employment agreement term in 2012. The base salaries of our named executive officers who are not managing partners are set forth in the Summary Compensation Table below, and those base salaries were set by our managing partners in their judgment after considering the historic compensation levels of the officer, competitive market dynamics, and each officer s level of responsibility and anticipated contributions to our overall success. We did not increase the base salary of any of our named executive officers in 2009.

Annual Bonus. Most of our professionals are eligible to receive discretionary annual bonuses, including Messrs. Vecchione, Zelter and Suydam (but not Messrs. Black or Silverman). The inclusion of annual bonuses as part of our overall compensation rewards superior performance and enables us to attract and retain talented professionals by enhancing our capacity to offer competitive compensation opportunities. Mr. Zelter is also entitled to receive an annual bonus based on the management fee and incentive income of certain of our businesses in which he participates, which encourages him to maintain a long-term focus on the performance of those businesses and to contain their operating costs. Annual bonuses are generally paid partly in cash and partly in the form of Bonus Grants (as defined below), which are subject to vesting over three years and are described below under Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table Awards of Restricted Share Units Under the Equity Plan. As a result of his cessation of employment, which will take effect not later than March 31, 2010, Mr. Vecchione will not receive a Bonus Grant, which would have constituted the equity portion of his annual bonus, in respect of his 2009 service (see below under Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table Employment, Non-Competition and Non-Solicitation Agreement, and subsequent Separation Letter, with Former Chief Financial Officer).

Plan Grants. In addition to annual Bonus Grants, following the Reorganization we made Plan Grants (as defined below) of RSUs to most of our professionals, including Messrs. Vecchione and Suydam. These awards, which are subject to multi-year vesting and phased issuance of the Class A shares underlying the RSUs, are described below under Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table Awards of Restricted Share Units Under the Equity Plan.

Table of Contents

Carried Interest. Carried interests with respect to our funds confer rights to receive distributions if a distribution is made to investors following the realization of an investment or receipt of operating profit from an investment by the fund. These rights provide their holders with substantial incentives to attain strong returns in a manner that does not subject their significant capital investment in the company to excessive risk. Distributions of carried interest generally are subject to clawback if the fund fails to achieve specified investment returns due to diminished performance of later investments. The actual gross amount of carried interest allocations available is a function of the performance of the applicable fund. For these reasons, we believe that carried interest participation aligns the interests of our professionals with those of our Class A shareholders and fund investors. Our financial statements characterize the carried interest income allocated to participating professionals as compensation, and accruals of this compensation expense (rather than actual distributions paid) are therefore included in the All Other Compensation column of the summary compensation table. Mr. Black participates in the carried interests of the general partners of our underlying funds indirectly, through his ownership of Apollo Operating Group units. Mr. Zelter also participates in the carried interests of the general partners of our underlying funds, both through his indirect ownership of Apollo Operating Group units and RSUs and his direct rights to carried interest with respect to certain of our funds. In addition, Messrs. Vecchione and Suydam participate directly in the carried interests of the general partners of certain of our funds and indirectly through their ownership of RSUs. Direct carried interests are generally subject to vesting. However, Mr. Vecchione s carried interests provide rights to distributions only during employment and will be forfeited upon his employment termination, which will be effective not later than March 31, 2010. Mr. Silverman is not entitled to carried interests in any of our funds.

Determination of Compensation of Named Executive Officers

Our managing partners make all final determinations regarding named executive officer compensation. Decisions about a named executive officer s cash bonus and grants of equity-based awards are based primarily on our managing partners assessment of such named executive officer s individual performance, operational performance for the department or division in which the officer (other than a managing partner) serves, and the officer s impact on our overall operating performance and potential to contribute to long-term shareholder value. In evaluating these factors, our managing partners do not utilize quantitative performance targets but rather rely upon their judgment about each named executive officer s performance to determine an appropriate reward for the current year s performance. The determinations by our managing partners are ultimately subjective, are not tied to specified annual, qualitative and individual objectives or performance factors, and reflect discussions among the managing partners. Key factors that our managing partners consider in making such determinations include the officer s nature, scope and level of responsibility and overall contribution to our success. Our managing partners also consider each named executive officer s prior-year compensation, the appropriate balance between incentives for long-term and short-term performance, competitive market dynamics and the compensation paid to the named executive officer s peers within the company. Unlike the compensation of the other named executive officers, Mr. Silverman s compensation has consisted almost exclusively of base salary. Given Mr. Silverman s track record in building companies and his unique set of skills, experiences and relationships, the managing partners determined that it was appropriate to respect his request that most of his compensation be paid currently and in cash. However, we expect to grant Mr. Silverman options to acquire Class A shares, which will provide him with rights to acquire an equity stake in the company.

Note on Distributions on Apollo Operating Group Units

We note that all of our managing partners and contributing partners, including Mr. Black and Mr. Zelter, beneficially own Apollo Operating Group units. In particular, after giving effect to the IPO, the managing partners own, through their interest in BRH and Holdings, % of the total limited partner interests in the Apollo Operating Group (as described above in Prospectus Summary Structure and Formation of the

Table of Contents

Company). When made, distributions on these units (which are made on both vested and unvested units) are generally in the same amount per unit as distributions made to us in respect of the Apollo Operating Group units we hold. Accordingly, although distributions on Apollo Operating Group units are distributions on equity rather than compensation, they play a central role in aligning our managing partners and contributing partners interests with those of our Class A shareholders, which is consistent with our fundamental philosophy.

Summary Compensation Table

The following summary compensation table sets forth information concerning the compensation earned by, awarded to or paid to our principal executive officer, our principal financial officer and our three other most highly compensated executive officers for services rendered in 2009. Managing partners Messrs. Harris and Rowan are not included in the table because their compensation does not result in either of them being among the three most highly compensated executive officers after Messrs. Black and Vecchione. Our managing partners earnings derive predominantly from distributions they receive as a result of their indirect ownership of Apollo Operating Group units and their rights under the tax receivable agreement (described elsewhere in this prospectus, including above under Cash Dividend Policy), rather than from compensation. The officers named in the table are referred to as the named executive officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)(2)	Stock Awards ($)(3)	All Other Compensation ($)(5)	Total ($)
Leon Black, Chairman, Chief Executive Officer and Director	2009	100,000			687,391	787,391
Kenneth Vecchione, Chief Financial Officer and Vice President *(resigned from this position effective January 22, 2010)*	2009	1,293,750	1,100,000	136,800(4)	348,123	2,878,673
Henry Silverman, Vice Chairman, Chief Operating Officer and Director	2009	6,416,667(1)			583,333	7,000,000
James Zelter, Managing Director Capital Markets	2009		4,161,076	704,878	7,200,013	12,065,967
John Suydam, Chief Legal Officer	2009	400,000	3,337,500	228,000	951,058	4,916,558

(1) Represents the portion of Mr. Silverman s salary received from February 1, 2009 to December 31, 2009. Prior to becoming our chief operating officer, Mr. Silverman provided services as a consultant and was paid the consulting fee described in footnote 5 and included in the All Other Compensation column.
(2) Represents cash bonuses paid in 2009 and 2010 in respect of services provided in 2009.
(3) Represents the aggregate grant date fair value of stock awards (specifically, Bonus Grant RSUs) granted in 2009, computed in accordance with FASB ASC Topic 718. See note 12 to our consolidated and combined financial statements included elsewhere in this prospectus for further information concerning the assumptions made in valuing our RSU awards. The amounts shown do not reflect compensation actually received by the named executive officers, but instead represent the aggregate grant date fair value of the awards.
(4) At the time of his termination of employment, Mr. Vecchione will have vested in one third of this award and the remainder of the award will be forfeited.
(5) Amounts represent an amount of compensation expense recorded by us on an accrual basis in respect of carried interest allocations to Messrs. Vecchione, Zelter and Suydam in 2009. These amounts do not reflect actual cash carried interest distributions to these named executive officers. For GAAP reporting purposes, these amounts are classified as compensation expense due to the accrual of carried interest related to unrealized investments as of the last day of the relevant period as if the investments in the funds generating such carried interest were realized at such time. Compensation expense may also be negative in the event of a reversal of previously allocated carried interest due to negative adjustments in the fair value of certain portfolio investments. The ultimate amount of actual carried interest distributions that may be generated in connection with fund investments and subsequently distributed to our named executive officers may be more or less than the amounts indicated and is not knowable at this time.

The All Other Compensation column also includes the following:

(a) $79,000 in fees paid to Mr. Vecchione for his service as a member of the Board of Directors of Affinion Group, a portfolio company of one of our funds, and Affinion stock options having an aggregate grant date fair value (computed in accordance with FASB ASC Topic 718) of $122,720.

(b) Distributions to Mr. Black that had accrued with respect to carried interests earned prior to the Reorganization in the amount of $512,539.

(c) A consulting fee of $583,333 paid to Mr. Silverman for services he provided to us prior to becoming our chief operating officer.

(d) Costs relating to company-provided cars and drivers for the business and personal use of Mr. Black. We provide this benefit to Mr. Black because we believe that its cost is outweighed by the convenience, increased efficiency and added security that it offers to him. The cost of Mr. Black s personal use was approximately $140,202. This amount includes both fixed and variable costs, including lease costs, driver compensation, driver meals, fuel, parking, tolls, maintenance and insurance.

(e) Tickets to sporting events for Mr. Black s personal use having an aggregate incremental cost (based on the full price of the tickets used) of $26,400.

Except as discussed above in paragraphs (d) and (e) of this footnote 5, no perquisites or personal benefits individually exceeded the greater of $25,000 or 10% of the total amount of all perquisites and other personal benefits reported for the named executive officer. The cost of excess liability insurance provided to Mr. Black falls below this threshold. None of Messrs. Vecchione, Zelter, Silverman or Suydam received perquisites or personal benefits in 2009, except for incidental benefits having an aggregate value of less than $10,000 per individual. Our named executive officers also receive occasional secretarial support with respect to personal matters. We incur no incremental cost for the provision of such additional benefits. Finally, Messrs. Black and Zelter make business and personal use of various aircraft in which we have fractional interests, and each bears the aggregate incremental cost of his personal usage. Accordingly, no such amount is included in the Summary Compensation Table.

Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table

Employment, Non-Competition and Non-Solicitation Agreement with Chief Executive Officer

In connection with the Reorganization, we entered into an employment, non-competition and non-solicitation agreement with Mr. Black. The term of his agreement is the five years concluding July 13, 2012. He has the right to terminate his employment voluntarily at any time, but we may terminate his employment only for cause or by reason of disability.

Mr. Black is entitled during his employment to an annual salary of $100,000 and to participate in our employee benefit plans, as in effect from time to time. He currently participates only in the company s group health plans.

The employment agreement requires Mr. Black to protect the confidential information of Apollo both during and after employment. In addition, until one year after his employment terminates, Mr. Black is required to refrain from soliciting employees under the circumstances specified therein or interfering with our relationships with investors and to refrain from competing with us in a business that involves primarily (*i.e.*, more than 50%) third-party capital, whether or not the termination occurs during the term of the agreement or thereafter. These post-termination covenants survive any termination or expiration of the Agreement Among Managing Partners.

We may terminate Mr. Black s employment during the term of the employment agreement solely for cause or by reason of his disability. His employment agreement defines cause as a final, non-appealable conviction of or plea of no contest to a felony that prohibits him from continuing to provide his services as an investment professional due to legal restriction or physical confinement or the occurrence of a final, non-appealable legal restriction that precludes him from serving as an investment professional. Disability is defined as any physical or mental incapacity that prevents Mr. Black from carrying out all or substantially all of his duties for any period of 180 consecutive days or any aggregate period of eight months in any 12-month period as determined by the executive committee of our manager. If Mr. Black becomes subject to a potential termination for cause or by reason of disability, our manager may appoint an investment professional to perform his functional responsibilities and duties until cause or disability definitively results in his termination or is determined not to have occurred, but the manager may so appoint an investment professional only if Mr. Black is unable to perform his responsibilities and duties or, as a matter of fiduciary duty, should be prohibited from doing so. During any such period, Mr. Black shall continue to serve on the executive committee of our manager unless otherwise prohibited from doing so pursuant to the Agreement Among Managing Partners.

Under his employment agreement, if we terminate Mr. Black s employment for cause or his employment is terminated by reason of death or disability, or if he terminates his employment voluntarily, he (or his estate) will be paid only his accrued but unpaid salary through the date of termination.

Table of Contents

Employment, Non-Competition and Non-Solicitation Agreement, and subsequent Separation Letter, with Former Chief Financial Officer

On October 29, 2007, we entered into an employment, non-competition and non-solicitation agreement with our former chief financial officer, Kenneth Vecchione. We describe this agreement because it was in effect for the entirety of 2009 and is reflected in the amounts shown in the Summary Compensation Table, but we note that on February 1, 2010, it was superseded in part by a letter agreement entered into by Mr. Vecchione and Apollo, which we refer to as the separation letter and discuss below.

Under his employment agreement, Mr. Vecchione had been entitled to an annual salary of $1,250,000 (which amount had been increased to $1,293,750) and to an annual bonus target of 100% of his annual salary. The actual amount of Mr. Vecchione s bonus each year was determined by the managing partners in their discretion. During his employment, Mr. Vecchione has been eligible to participate in our employee benefit plans as in effect from time to time. Had his employment been terminated by the company without cause or by him for good reason (as those terms are defined in the employment agreement), the employment agreement would have entitled Mr. Vecchione to severance in an amount equal to 12 months base salary. Upon his termination by the company without cause, by him for good reason, or by reason of death or disability, the employment agreement also provided for additional vesting of his Plan Grant RSUs in an amount equal to the lesser of 50% of his then-unvested Plan Grant RSUs or that number of Plan Grant RSUs scheduled to vest in the next 24 months.

The employment agreement required Mr. Vecchione to protect the confidential information of Apollo both during and after employment and, both during and for a two-year period after employment, to refrain from soliciting employees under the circumstances specified therein or interfering with our relationships with investors and to refrain from competing with us in a business that manages or invests in assets substantially similar to Apollo or its affiliates, whether or not the termination occurs during the term of the agreement or thereafter. The separation letter specifically preserves these obligations, as well as the restrictive covenants contained in his RSU agreement (discussed below under Potential Payments upon Termination or Change in Control).

Pursuant to the separation letter, Mr. Vecchione remains our employee until no later than March 31, 2010, with responsibility for transitioning his duties as our chief financial officer and assisting in the filing of this registration statement. Mr. Vecchione s resignation from Apollo did not entitle him to severance under his employment agreement, and no amounts will be paid to him under the employment agreement as a result of his employment termination. However, in consideration for providing the above-described services through his employment termination date, the separation letter entitles Mr. Vecchione to a payment of $893,000, to be paid by March 31, 2010, and to the payment of legal fees incurred in entering into the separation letter. Mr. Vecchione will not receive the portion of his annual bonus that would have been paid to him in the form of a Bonus Grant (described below under Awards of Restricted Share Units Under the Equity Plan) if his employment were continuing.

Employment, Non-Competition and Non-Solicitation Agreement with Chief Operating Officer

We entered into an employment, non-competition and non-solicitation agreement with our vice chairman and chief operating officer, Henry Silverman, effective February 1, 2009. The agreement s initial term ends on December 31, 2012. Under his employment agreement, Mr. Silverman is entitled to an annual salary of $7,000,000. The agreement provides that during the term, Mr. Silverman will refrain from providing services to or on behalf of any non-Apollo investment fund. We may terminate Mr. Silverman s employment for any reason and Mr. Silverman has the right to terminate his employment voluntarily at any time, in each case following three months notice. If Apollo terminates Mr. Silverman s employment prior to the last day of the term, he will be entitled to receive, in a lump sum in cash, the remaining compensation due to him with respect to his services through the end of the term.

The employment agreement requires Mr. Silverman to protect the confidential information of Apollo both during and after employment, and, both during and for a six-month period after employment, to refrain from

Table of Contents

soliciting employees under the circumstances specified therein or interfering with our relationships with investors and to refrain from competing with us in a business that manages or invests in assets substantially similar to Apollo or its affiliates, whether or not the termination occurs during the term of the agreement or thereafter.

Employment, Non-Competition and Non-Solicitation Agreement and Roll-Up Agreement with Managing Director Capital Markets

We entered into an employment agreement with our managing director for our capital markets business, James Zelter, on May 15, 2006. The agreement was amended in connection with the Reorganization, when Mr. Zelter entered into a Roll-Up Agreement dated as of July 13, 2007, and this discussion refers to the employment agreement as so amended. The agreement provides Mr. Zelter with the right to participate in net management fee income and incentive income attributable to various funds managed by us. It also entitles Mr. Zelter to carried interests in one of our private equity funds, which carried interest rights are subject to vesting. A portion of Mr. Zelter s total annual compensation is payable in the form of a Bonus Grant, as discussed below under the section entitled, Awards of Restricted Share Units Under the Equity Plan. In connection with the management and incentive income rights provided to him under the employment agreement, Mr. Zelter is required to make significant investments of his own capital in various of our funds.

In the event of his termination without cause (as defined in the applicable partnership agreement) and other than by reason of death or disability, Mr. Zelter will vest in his rights to receive carried interests in the private equity fund in which he received carried interests pursuant to his employment agreement and will continue to receive payments with respect to the other funds in which he has rights to receive management fee and incentive income for one year after his employment termination. With respect to his Apollo Operating Group units, in the event of a termination by the company without cause, by himself for good reason, or due to disability (as these terms are defined in the Roll-Up Agreement) or death, Mr. Zelter will generally vest in additional Apollo Operating Group units equal to one half of his then-unvested Apollo Operating Group units.

Mr. Zelter is subject to the restrictive covenants contained in his Roll-Up Agreement, as discussed under Certain Relationships and Related Party Transactions Roll-Up Agreements.

Awards of Restricted Share Units Under the Equity Plan

On October 23, 2007, we adopted our 2007 Omnibus Equity Incentive Plan (described below under 2007 Omnibus Equity Incentive Plan). To date, the only awards made under the 2007 Omnibus Equity Incentive Plan have been grants of RSUs, although we expect to grant options to Mr. Silverman. These grants of RSUs have been made pursuant to two programs, which we call the Plan Grants and the Bonus Grants. The Plan Grants have been made to a broad range of employees under our 2007 Omnibus Equity Incentive Plan, including two of our named executive officers, Messrs. Vecchione and Suydam. The Plan Grants generally vest over six years, with the first installment becoming vested on approximately one year after grant and the balance vesting thereafter in equal quarterly installments. As we pay ordinary distributions on our outstanding Class A shares, recipients of Plan Grants receive distribution equivalents on their vested RSUs. Once vested, the Class A shares underlying the Plan Grants generally are issued on fixed dates as follows: 7.5% of the interests are generally issued on each of the second, third, fourth and fifth anniversaries of June 2008, with the remaining 70% issued in seven equal installments over the seven calendar quarters beginning June 2014. The administrator of the 2007 Omnibus Equity Incentive Plan determines when shares issued pursuant to the Plan Grants may be disposed of, except that a participant will generally be permitted to sell shares if necessary to cover taxes. Pursuant to the RSU award agreement provided to them in connection with their Plan Grants, Messrs. Vecchione and Suydam are subject to non-competition restrictions during employment and for up to two years after employment termination.

During the restricted period set forth in a participant s award agreement evidencing his Plan Grant, the participant will not (i) engage in any business activity in which the company operates, (ii) render any services to

Table of Contents

any competitive business or (iii) acquire a financial interest in, or become actively involved with, any competitive business (other than as a passive holding of less than a specified percentage of publicly traded companies). In addition, the grant recipient will be subject to non-solicitation, non-hire and non-interference covenants during employment and for up to two years thereafter. Each grant recipient is generally also bound to a non-disparagement covenant with respect to us and the managing partners and to confidentiality restrictions. Any resignation by a grant recipient shall generally require at least 90 days notice. Any restricted period applicable to the grant recipient will commence after the notice of termination period.

The RSUs advance several goals of our compensation program. The Plan Grants align employee interests with those of our shareholders by making our employees, upon delivery of the underlying Class A shares, shareholders themselves. Because they vest over time, the Plan Grants reward employees for sustained contributions to the company and foster retention. The size of the Plan Grants is determined by the Plan administrator based on the grantee s level of responsibility and contributions to the company. The restrictive covenants contained in the RSU agreements reinforce our culture of fiduciary protection of our investors by requiring RSU holders to abide by the provisions regarding non-competition, confidentiality and other limitations on behavior described in the immediately preceding paragraph.

The Bonus Grants are also grants of RSUs under the 2007 Omnibus Equity Incentive Plan. However, the Bonus Grants constitute payment of a portion of the annual compensation payable to certain of our professionals, subject to the employee s continued service through the vesting dates. Bonus Grants differ from Plan Grants in the following principal ways:

- The RSU Shares underlying Bonus Grants are scheduled to vest in three equal annual installments, on December 31 of the year in which the Bonus Grants are granted, and December 31 of each of the next two years.

- The RSU Shares underlying Bonus Grants are issued not later than March 15th of the year after the year in which they vest.

- Distribution equivalents accrue on Bonus Grant RSUs from the grant date, rather than from the vesting date.

- Bonus Grants do not contain restrictive covenants (however, an individual who has received both a Plan Grant and a Bonus Grant remains subject to the restrictive covenants contained in his or her Plan Grant).

AAA Unit Awards

In addition to the Plan Grants and Bonus Grants, management companies that manage investments in our funds provide a portion of the compensation paid to certain of their professionals in the form of incentive units that provide the right to receive shares of restricted depositary units of AAA. As discussed above under Prospectus Summary Strategic Investments AP Alternative Assets, L.P. (AAA), AAA is a publicly-listed, permanent capital vehicle, which invests substantially all of its capital in or alongside Apollo-sponsored funds and other investments. These awards are granted pursuant to the Apollo Management Companies AAA Unit Plan, which is described below under, Apollo Management Companies AAA Unit Plan. Mr. Suydam and Mr. Zelter are the only named executive officers to have received grants of AAA incentive units under the plan. Mr. Black received fully vested AAA RDUs as a non-cash distribution in connection with the Reorganization on March 15, 2007 and March 14, 2008. Mr. Zelter also received fully vested RDUs on March 14, 2008. Because AAA invests substantially all of its capital in or alongside Apollo-sponsored entities, funds, and other investments, the RDUs further align the interests of their recipients with those of our investors and shareholders. No RDUs or incentive units providing rights to receive RDUs were granted to our named executive officers in 2009.

Table of Contents

Grants of Plan-Based Awards

The following table presents information regarding the equity-based awards granted to the named executive officers under a plan in 2009. All such awards were granted under the Apollo Global Management 2007 Omnibus Equity Plan.

Name	Grant Date	Stock Awards: Number of Shares of Stock or Units (#)(1)	Grant Date Fair Value of Stock Awards ($) (2)
Leon Black			
Kenneth Vecchione	March 13, 2009	60,000	136,800(3)
Henry Silverman			
James Zelter	March 13, 2009	309,157	704,878
John Suydam	March 13, 2009	100,000	228,000

(1) Represents the aggregate number of Bonus Grant RSUs (one third of which are vested) covering our Class A shares. For a discussion of these grants, please see the discussion above under Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table Awards of Restricted Share Units Under the Equity Plan. The March 2009 RSU Bonus Grants related primarily to services performed in 2008 but were contingent on continued service through March 13, 2009.
(2) Represents the aggregate grant date fair value of the Bonus Grant RSUs granted in 2009, computed in accordance with ASC Topic 718. The amount shown does not reflect compensation actually received, but instead represents the aggregate grant date fair value of the award.
(3) At the time of his termination of employment, Mr. Vecchione will have vested in one third of this stock award and the remainder shall be forfeited.

Outstanding Equity at Fiscal Year-End

The following table presents information regarding the outstanding unvested equity awards made by us to each of our named executive officers on or prior to December 31, 2009.

Name	Source of Award	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Leon Black	Apollo Operating Group Units	46,054,560(1)	276,327,360(6)
Kenneth Vecchione	Apollo Global Management 2007 Omnibus Equity Plan	402,920(2)	2,417,520(7)
		40,000(3)	240,000(7)
Henry Silverman			
James Zelter	Apollo Operating Group Units	1,401,120(1)	8,406,720(6)
	Apollo Global Management 2007 Omnibus Equity Plan	206,105(3)	1,236,630(7)
John Suydam	Apollo Global Management 2007 Omnibus Equity Plan	668,403(4)	4,010,418(7)
	Apollo Global Management 2007 Omnibus Equity Plan	66,667(3)	400,002(7)
	Apollo Management Companies AAA Unit Plan	11,111(5)	74,444(8)

(1) Vest in equal monthly installments over the 72 months beginning January 1, 2007.
(2) The first installment (121,354) of these Plan Grant RSUs vested on December 31, 2008 and the remainder vest in 20 equal quarterly installments beginning March 31, 2009.
(3) Bonus Grant RSUs that vest in equal annual installments on December 31 of each of 2009, 2010 and 2011.
(4) The first installment (286,458) of these Plan Grant RSUs vested on December 31, 2008 and the remainder vest in 18 equal quarterly installments beginning March 31, 2009.
(5) AAA incentive units that vest in equal annual installments on December 31 of each of 2008, 2009 and 2010.
(6) Amounts calculated by multiplying the number of unvested Apollo Operating Group units held by the named executive officer by the closing price of $6.00 per Class A share of Apollo Global Management, LLC on December 31, 2009.

Table of Contents

(7) Amounts calculated by multiplying the number of unvested RSUs held by the named executive officer by the closing price of $6.00 per Class A share of Apollo Global Management, LLC on December 31, 2009. The amounts shown for the unvested Plan Grant RSUs do not reflect the discount that would be applied to such RSUs in light of the fact that the holders thereof are not entitled to receive distribution equivalents.

(8) Amount calculated by multiplying the number of unvested AAA incentive units held by the named executive officer by the closing price of $6.70 per common unit of AAA on December 31, 2009.

Option Exercises and Stock Vested

The following table presents information regarding the number of outstanding initially unvested equity awards made to our named executive officers that vested during 2009. This table depicts three types of equity-based awards:

Apollo Operating Group units received by Messrs. Black and Zelter, which units vest on a monthly basis over six years;

RSUs that vest over three years or six years; and

AAA incentive units that vest over three years.

Name	Type of Award	Stock Awards Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Leon Black	Apollo Operating Group Units	15,351,530	52,451,027(1)
Kenneth Vecchione	RSUs	120,730	522,920(2)
Henry Silverman			
James Zelter	Apollo Operating Group Units	400,320	1,367,760(1)
	RSUs	103,052	618,312(2)
	AAA Incentive Units	16,667	111,669(3)
John Suydam	RSUs	224,305	963,886(2)
	AAA Incentive Units	19,445	130,282(3)

(1) Amounts calculated by multiplying the number of Apollo Operating Group units beneficially held by the named executive officer that vested on each month-end vesting date in 2009 by the closing price per Class A share on that date.

(2) Amounts calculated by multiplying the number of RSUs held by the named executive officer that vested on each applicable quarter-end or year-end vesting date in 2009 by the closing price per Class A share on that date. Class A shares underlying these vested RSUs are issued to the named executive officer in accordance with the schedules described above under Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table Awards of Restricted Share Units Under the Equity Plan.

(3) Amounts calculated by multiplying the number of AAA incentive units held by the named executive officer that vested on December 31, 2009 by the closing price per AAA common unit on that date. AAA RDUs underlying these vested AAA incentive units were issued to the named executive officer on March 12, 2010.

Potential Payments upon Termination or Change in Control

None of the named executive officers is entitled to payment or other benefits in connection with a change in control.

Mr. Black s employment agreement does not provide for severance or other payments or benefits in connection with an employment termination. Pursuant to the Agreement Among Managing Partners, Mr. Black vests in his interest in the Apollo Operating Group units in 72 equal monthly installments. For purposes of these vesting provisions, Mr. Black is credited for his employment with us since January 1, 2007. Upon a termination

for cause, 50% of his then-unvested Pecuniary Interest in Apollo Operating Group units will vest. Upon a termination as a result of his death or disability, 100% of his interest shall vest. We may not terminate Mr. Black except for cause or by reason of disability.

Similar to Mr. Black, Mr. Zelter vests in his interest in the Apollo Operating Group units in 72 equal monthly installments, with vesting beginning on January 1, 2007. Pursuant to his Roll-Up Agreement, upon a termination without cause or for good reason or a termination by reason of disability (as such terms are defined in the Roll-Up Agreement) or death, 50% of Mr. Zelter s then-unvested Pecuniary Interest in Apollo Operating Group units will generally vest. In the event of his termination without cause (as defined in the applicable partnership agreement) and other than by reason of death or disability, Mr. Zelter will vest in his rights to receive carried interests in the private equity fund in which he received carried interests pursuant to his employment agreement and will continue to receive payments with respect to the other funds in which he has rights to receive management fee and incentive income for one year after his employment termination.

Mr. Silverman s employment agreement entitles him to be paid his annual salary through December 31, 2012 if his employment is terminated by Apollo for any reason before such date.

Upon Mr. Suydam s employment termination without cause, for good reason or by reason of disability (as such terms are defined in his Plan Grant) or death, 50% of his then-unvested Plan Grant RSUs will vest. Mr. Suydam is not entitled to any severance payments upon his employment termination.

Mr. Vecchione s employment agreement has been superseded in part by his separation letter (which is discussed above under Employment, Non-Competition and Non-Solicitation Agreement, and subsequent Separation Letter, with Former Chief Financial Officer), but his employment agreement provided the basis for the severance shown on the below table, which is measured as of December 31, 2009. Mr. Vecchione s employment agreement provided for 12 months of base salary if he is terminated by the company without cause or he resigns for good reason, contingent upon the effective execution of a general release of claims.

Mr. Vecchione s Plan Grant provides that upon Mr. Vecchione s termination due to his death or disability, by us without cause or by his resignation for good reason, he will vest in the lesser of (i) 50% of those RSUs that remain subject to the award and (ii) those RSUs that would have vested during the 24 months following the date of termination. The administrator of the 2007 Omnibus Equity Plan also may accelerate the vesting of any Plan Grants. As provided in his separation letter, Mr. Vecchione will not receive this additional vesting on his RSUs in connection with his employment termination. Instead, his RSUs will be vested only through March 31, 2010 (or, if his employment terminates for cause before such date, through December 31, 2009). The Plan Grant agreement with Mr. Vecchione contains covenants not to disclose or use our confidential information and not to disparage us following termination. In addition, the Plan Grant agreement provides that Mr. Vecchione may not compete with us or solicit our employees during employment and for two years after his resignation and one year following his termination for any other reason, which obligations are affirmed in his separation letter.

Our determination of appropriate severance for Messrs. Silverman and Vecchione under their employment agreements was based on our managing partners subjective assessment of what would be fair and reasonable in the circumstances in light of their responsibilities, historic compensation, prior job experience, and duration of their post-employment noncompetition period and on discussions with them. The severance levels were fixed at the time the agreements were negotiated and signed and are not intended to be a measure of corporate performance at the time of employment termination. Mr. Vecchione has voluntarily resigned from Apollo and the separation payment is accordingly being made to him pursuant to his February 1, 2010 separation letter rather than his employment agreement.

The following table lists the estimated amounts that would have been payable to each of our named executive officers in connection with a termination that occurred on the last day of our last completed fiscal year.

Table of Contents

Although Mr. Vecchione s payments in connection with his termination are now known and are specified in his separation letter, the below information is required to be provided. When listing the potential payments to named executive officers under the plans and agreements described above, we have assumed that the applicable triggering event occurred on December 31, 2009 and that the price per share of our common stock was $6.00, which is equal to the closing price on such date. For purposes of this table, RSU acceleration values are based on the $6.00 closing price.

Name	Estimated Value of Cash Payments (Base Salary and Annual Bonus Amounts) ($)(1)	Estimated Value of Equity Acceleration ($)
Leon Black		138,163,680(2)
Kenneth Vecchione	1,293,750	1,208,760(3)
Henry Silverman	21,000,000	
James Zelter		4,203,360(4)
John Suydam		2,005,209(5)

(1) For Messrs. Vecchione and Silverman, the amounts shown apply in the event of an involuntary termination without cause (neither Mr. Vecchione nor Mr. Silverman was entitled on December 31, 2009 to any payment in the event of a voluntary resignation or a termination by reason of death).

(2) This amount represents the additional equity vesting that Mr. Black would receive on a termination for cause on December 31, 2009, based on the closing price of a Class A share on such date. Please see our Outstanding Equity at Fiscal Year-End table for information regarding his unvested equity holdings as of December 31, 2009. In the event of Mr. Black s termination by reason of death or disability, his pecuniary interest in Apollo Operating Group units would vest in full. Pursuant to his employment agreement, Mr. Black s employment is not subject to termination by the company without cause.

(3) This amount represents the additional equity vesting that Mr. Vecchione would have received had his employment been terminated by the company without cause, by reason of his death or disability, or by him for good reason, on December 31, 2009, based on the closing price of a Class A share on such date. Please see our Outstanding Equity at Fiscal Year-End table for information regarding his unvested equity holdings as of December 31, 2009.

(4) This amount represents the additional equity vesting that Mr. Zelter would have received in respect of his Apollo Operating Group units had his employment been terminated by the company without cause, by reason of his death or disability, or by him for good reason, on December 31, 2009, based on the closing price of a Class A share on such date. Please see our Outstanding Equity at Fiscal Year-End table for information regarding his unvested equity holdings as of December 31, 2009. Pursuant to his employment agreement, he also would have vested in his carried interest in the private equity fund specified in his employment agreement, which carried interest has been reflected under the column All Other Compensation in the Summary Compensation Table included above and is not included again here.

(5) This amount represents the additional equity vesting that Mr. Suydam would have received had his employment been terminated by the company without cause, by reason of his death or disability, or by him for good reason, on December 31, 2009, based on the closing price of a Class A share on such date. Please see our Outstanding Equity at Fiscal Year-End table for information regarding his unvested equity holdings as of December 31, 2009.

Director Compensation

We currently do not have any independent directors. None of our directors receives compensation for his service on our Board. Our directors are the managing partners and our Chief Operating Officer and their compensation is set forth above on the Summary Compensation Table.

2007 Omnibus Equity Incentive Plan

The Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan, or the Equity Plan, was adopted on October 23, 2007. The purposes of the Equity Plan are to provide additional incentive to selected employees and directors of, and consultants to, us or our subsidiaries or affiliates, to strengthen their commitment, to motivate them to faithfully and diligently perform their responsibilities, to align their interests with those of our Class A shareholders, and to attract and retain competent and dedicated individuals who are essential to the success of our businesses and whose efforts will result in our long-term growth and profitability.

To accomplish such purposes, the Equity Plan permits us to make grants of share options, share appreciation rights, restricted shares, RSUs, deferred shares, performance shares, distribution equivalent rights, unrestricted shares and other share-based awards, or any combination of the foregoing.

From the inception of the Equity Plan through December 31, 2009, we have granted to our employees, subject to vesting, RSUs covering a total of 32,030,015 Class A shares (net of forfeited awards). While we may issue restricted shares and other share-based awards in the future to professionals and other employees as a recruiting and retention tool, we have not established specific parameters regarding future grants. Our manager will determine the specific criteria surrounding other equity issuances under the Equity Plan. A total of 52,950,000 Class A shares was initially reserved for issuance under the Equity Plan. The Class A shares reserved under the Equity Plan are increased on the first day of each fiscal year during the Equity Plan s term (with the first such increase made as of January 1, 2008) by the lesser of (i) the excess of (a) 15% of the number of outstanding Class A shares and Apollo Operating Group units exchangeable for Class A shares on the last day of the immediately preceding fiscal year over (b) the number of shares reserved and available for issuance under the Equity Plan as of such date or (ii) such lesser amount by which the administrator may decide to increase the number of Class A shares. The number of shares reserved under the Equity Plan is also subject to adjustment in the event of a share split, share dividend, or other change in our capitalization. Generally, employee shares that are forfeited or canceled from awards under the Equity Plan will be available for future awards.

Administration

The Equity Plan is currently administered by our manager, although it may be administered by either our manager or any committee appointed by our manager (the manager or committee being sometimes referred to as the plan administrator). The plan administrator may interpret the Equity Plan and may prescribe, amend and rescind rules and make all other determinations necessary or desirable for the administration of the Equity Plan. The Equity Plan permits the plan administrator to select the directors, employees and consultants who will receive awards, to determine the terms and conditions of those awards, including but not limited to the exercise price, the number of shares subject to awards, the term of the awards, the performance goals and the vesting schedule applicable to awards, to determine the restrictions applicable to awards of restricted shares or deferred shares and the conditions under which such restrictions will lapse, and to amend the terms and conditions of outstanding awards (except that certain amendments require the approval of the company s shareholders). All partners, employees, directors or consultants of Apollo Global Management, LLC or its subsidiaries or affiliates are eligible to participate in our share incentive plan.

Options

We may issue share options under the Equity Plan. No such options have been granted to date, although we expect to grant share options to Mr. Silverman. The option exercise price of any share options granted under the Equity Plan will be determined by the plan administrator. The term of any share options granted under the Equity Plan will be determined by the plan administrator, but may not exceed ten years. Each share option will be exercisable at such time and pursuant to such terms and conditions as are determined by the plan administrator in the applicable share option agreement. Unless the applicable share option agreement provides otherwise, in the event of an optionee s termination of employment or service for any reason other than cause, retirement, disability or death, such optionee s share options (to the extent exercisable at the time of such termination) generally will remain exercisable until 90 days after such termination, and then expire. Unless the applicable share option agreement provides otherwise, in the event of an optionee s termination of employment or service due to retirement, disability or death, such optionee s share options (to the extent exercisable at the time of such termination) generally will remain exercisable until one year after such termination and will then expire. Share options that were not exercisable on the date of termination will expire at the close of business on the date of such termination. In the event of an optionee s termination of employment or service for cause, such optionee s outstanding share options will expire at the commencement of business on the date of such termination.

Table of Contents

Restricted Shares and Other Awards

Restricted shares, deferred shares or performance shares and other share-based awards may be granted under the Equity Plan. No such awards (except for RSUs) have been granted to date. The plan administrator will determine the purchase price and performance objectives, if any, with respect to the grant of restricted shares, deferred shares and performance shares. Participants with restricted shares and performance shares that have vested generally have all of the rights of a shareholder; participants generally will not have any rights of a shareholder with respect to deferred shares. Subject to the provisions of the Equity Plan and applicable award agreement, the plan administrator has sole discretion to provide for the lapse of restrictions in installments or the acceleration or waiver of restrictions (in whole or in part) under certain circumstances, including, but not limited to, the attainment of certain performance goals, a participant s termination of employment or service or a participant s death or disability.

Share Appreciation Rights

Share appreciation rights may also be granted under the Equity Plan. No such awards have been granted to date. These rights may be granted either alone or in conjunction with all or part of any options granted under the Equity Plan, so long as the shares underlying the share appreciation rights are traded on an established securities market within the meaning of Section 409A of the Internal Revenue Code. The plan administrator will determine the number of shares to be awarded, the price per share and all other conditions of share appreciation rights. The provisions of share appreciation rights need not be the same with respect to each participant. The prospective recipients of share appreciation rights will not have any rights with respect to such awards unless and until such recipient has executed an award agreement. The plan administrator has sole discretion to determine the times at which share appreciation rights are exercisable, and the term of such rights.

Share-Based Awards

Other share-based awards under the Equity Plan include awards that may be denominated in or payable in, or valued in whole or in part by reference to, our Class A shares, including but not limited to RSUs, distribution equivalents, Long Term Incentive Plan, or LTIP, units or performance units, each of which may be subject to the attainment of performance goals, a period of continued employment, or other terms or conditions as permitted under the Equity Plan. LTIP units may be issued pursuant to a separate series of Apollo Operating Group units. LTIP units, which can be granted as free-standing awards or in tandem with other awards under the Equity Plan, will be valued by reference to the value of our Class A shares, and will be subject to such conditions and restrictions as the plan administrator may determine, including continued employment or service, computation of financial metrics and/or achievement of pre-established performance goals and objectives. If applicable conditions and/or restrictions are not attained, participants would forfeit their LTIP units. LTIP unit awards, whether vested or unvested, may entitle the participant to receive, currently or on a deferred or contingent basis, dividends or dividend equivalent payments with respect to the number of shares of our Class A shares corresponding to the LTIP award or other distributions from the Apollo Operating Group and the plan administrator may provide that such amounts (if any) shall be deemed to have been reinvested in additional Class A shares or LTIP units. The Equity Plan provides that on terms and conditions determined by the plan administrator, including the conversion ratio, the LTIP units granted under those plans in the limited partnership units of the operating and investing entities may be converted into our Class A shares in the same manner as applicable to the managing partners.

Profits Interests

LTIP units may be structured as profits interests for U.S. Federal income tax purposes, and we do not expect the grant, vesting or conversion of any profits interests would produce a tax deduction for us. To date, no such awards have been granted under the Equity Plan. Profits interests initially would not have full parity, on a per unit basis, with the Apollo Operating Group units with respect to liquidating distributions. Upon the

Table of Contents

occurrence of specified events, profits interests could over time achieve full parity with the units and therefore accrete to an economic value for the participant equivalent of such units. Ordinarily, we anticipate that each profits interest awarded will be equivalent to an award of one Class A share reserved under the Equity Plan, thereby reducing the number of shares available for other equity awards on a one-for-one basis. However, the plan administrator has the authority under the Equity Plan to determine the number of shares underlying an award of LTIP units in light of all applicable circumstances, including performance-based vesting conditions, operating partnership capital account allocations, to the extent set forth in the partnership agreements for Apollo Operating Group, the Internal Revenue Code or Treasury Regulations, value accretion factors and conversion ratios.

Amendment and Termination

The Equity Plan provides that the manager may amend, alter or terminate the Equity Plan, but no such action may impair the rights of any participant with respect to outstanding awards without the participant s consent. The plan administrator may amend an award, prospectively or retroactively, but no such amendment may impair the rights of any participant without the participant s consent. Unless the manager determines otherwise, shareholder approval of any such action will be obtained if required to comply with applicable law. The Equity Plan will terminate on the tenth anniversary of the effective date of the Equity Plan.

Registration

We intend to file with the SEC a registration statement on Form S-8 covering the shares issuable under the Equity Plan following the shelf effectiveness date.

Apollo Management Companies AAA Unit Plan

Our Apollo Management Companies AAA Unit Plan (the AAA Plan), which is administered by management companies that employ our investment professionals, provides for the award, to certain of our investment professionals and officers, of incentive units that provide the right to receive RDUs of AAA. AAA is a fund that we manage that is publicly traded on the Euronext Amsterdam and is consolidated in the enclosed financial statements. The AAA Plan Awards are intended to align the interests of their recipients with those of our investors and to bolster retention of our management team because they are generally subject to a vesting schedule. No grants are currently expected to be made under the AAA Plan in 2010. Awards outstanding under the AAA Plan will not be affected by the IPO.

The AAA Plan provides for the grant of AAA incentive units, each of which is a unit of measurement deemed for bookkeeping purposes to be equivalent to one AAA RDU. Each RDU represents one common unit of AAA. AAA incentive units are used solely as a device for determining the payment to be made if such units vest pursuant to the AAA Plan and the agreement evidencing the award. Unless otherwise provided in the AAA Plan award agreement, AAA Plan awards typically vest in three equal annual installments beginning on December 31 of the year that they are granted. The RDUs granted under the AAA Plan are currently held by one of our indirect subsidiaries, AAA Holdings, L.P. AAA incentive units may be granted under the AAA Plan by certain management companies affiliated with Apollo Management, L.P. With respect to any award, the AAA Plan is administered by the applicable management company that granted the award. The management companies administer and interpret the AAA Plan with respect to awards they grant, and have the power to determine: (1) who will receive awards under the AAA Plan, (2) the form and substance of grants and the conditions and restrictions (if any) subject to which such grants are made, (3) appropriate adjustments in connection with a reorganization, change in control or certain other events, and (4) the vesting of awards.

A participant generally has no rights as a security holder of AAA, no distribution rights (except as described below) and no voting rights with respect to AAA incentive units and any RDUs underlying or issuable in respect of such units until such RDUs are actually issued to and held of record by the participant. However, if any distribution is made in respect of RDUs that the applicable management company determines to be a distribution other than a tax distribution, the applicable management company will credit a participant s Plan account with an amount equal to the per-RDU non-tax distribution, multiplied by the total number of outstanding and unpaid AAA incentive units held by the participant as of the date of distribution. Non-tax distributions credited to a participant s account are subject to the same vesting, payment and other applicable terms, conditions and restrictions as the AAA incentive units to which the non-tax distribution relates. Any vested AAA incentive units that had not been paid to a participant as of June 7, 2009 were paid on or about that date as an equivalent number of RDUs. The lock-up period applicable to grants made under the AAA Plan expired on June 7, 2009. Unless otherwise provided in a separate agreement between a participant and a management company, a participant s unvested AAA incentive units will automatically terminate without payment upon the participant s termination of employment or service with the management company. Prior to the time they become vested under the AAA Plan, neither the AAA incentive units nor any interest therein may be sold, assigned or otherwise transferred, except for transfers to the management company that granted the award. The RDUs issuable upon vesting of AAA incentive units are also subject to substantial restrictions on transfer under applicable securities laws and listing requirements, the AAA limited partnership agreement and a lock-up agreement to which participants are required to become a party as a condition to receiving an award under the AAA Plan.

Indemnification

Under our operating agreement, in most circumstances we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts: our manager; any departing manager; any person who is or was an affiliate of our manager or any departing manager; any person who is or was a member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of us or our subsidiaries, our manager or any departing manager or any affiliate of us or our subsidiaries, our manager or any departing manager; any person who is or was serving at the request of our manager or any departing manager or any affiliate of our manager or any departing manager as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person; or any person designated by our manager. We have agreed to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. We have also agreed to provide this indemnification for criminal proceedings. Any indemnification under these provisions will only be out of our assets. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our operating agreement.

We have entered into indemnification agreements with each of our executive officers and certain of our employees which set forth the obligations described above.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreement Among Managing Partners

Our managing partners have entered into the Agreement Among Managing Partners, which provides that each managing partner s Pecuniary Interest (as defined below) in the Apollo Operating Group units that he holds indirectly through Holdings shall be subject to vesting. The managing partners own Holdings in accordance with their respective sharing percentages, or Sharing Percentages, as set forth in the Agreement Among Managing Partners. For the purposes of the Agreement Among Managing Partners, Pecuniary Interest means, with respect to each managing partner, the number of Apollo Operating Group units that would be distributable to such managing partner assuming that Holdings was liquidated and its assets distributed in accordance with its governing agreements.

Pursuant to the Agreement Among Managing Partners, each of Messrs. Harris and Rowan will vest in their interest in the Apollo Operating Group units in 60 equal monthly installments, and Mr. Black will vest in his interest in the Apollo Operating Group units in 72 equal monthly installments. Although the Agreement Among Managing Partners was entered into on July 13, 2007, for purposes of its vesting provisions, our managing partners are credited for their employment with us since January 1, 2007. Upon a termination for cause, 50% of such managing partner s unvested Pecuniary Interest in Apollo Operating Group units shall vest. Upon a termination as a result of death or disability (as defined in the Agreement Among Managing Partners) of Messrs. Rowan or Harris, vesting will be calculated using a 60-month vesting schedule and 50% of such managing partner s unvested interest shall also vest. Upon a termination as a result of death or disability of Mr. Black, 100% of his interest shall vest. Upon a termination as a result of resignation or retirement, a fraction of such managing partner s unvested interest shall vest, the numerator of which is the number of months that have elapsed since January 1, 2007 and the denominator of which is 60 (in the case of Messrs. Harris and Rowan) or 72 (in the case of Mr. Black). We may not terminate a managing partner except for cause or by reason of disability.

Upon a managing partner s resignation or termination for any reason, the Pecuniary Interest held by such managing partner that has not vested shall be forfeited as of the applicable Forfeiture Date (as defined below) and the remaining Pecuniary Interest held by such managing partner shall no longer be subject to vesting. None of such interests, or the Forfeited Interests, shall return to or benefit us or the Apollo Operating Group. Forfeited Interests will be allocated within Holdings for the benefit of the managing partners, or the continuing managing partners, who continue to be employed as of the applicable Forfeiture Date, pro rata based upon their relative Sharing Percentages.

For the purposes of the Agreement Among Managing Partners, Forfeiture Date means, as to the Forfeited Interests to be forfeited within Holdings for the benefit of the continuing managing partners, the date which is the earlier of (i) the date that is six months after the applicable date of termination of employment and (ii) the date on or after such termination date that is six months after the date of the latest publicly reported disposition (or deemed disposition subject to Section 16 of the Exchange Act) of equity securities of Apollo by any of the continuing managing partners.

The transfer by a managing partner of any portion of his Pecuniary Interest to a permitted transferee will in no way affect any of his obligations under the Agreement Among Managing Partners (nor will such transfer in any way affect the vesting of such Pecuniary Interest in Apollo Operating Group units); provided, that all permitted transferees are required to sign a joinder to the Agreement Among Managing Partners in order to bind such permitted transferee to the forfeiture provisions in the Agreement Among Managing Partners.

The managing partners respective Pecuniary Interests in certain funds, or the Heritage Funds, within the Apollo Operating Group are not held in accordance with the managing partners respective Sharing Percentages. Instead, each managing partner s Pecuniary Interest in such Heritage Funds is held in accordance with the

Table of Contents

historic ownership arrangements among the managing partners, and the managing partners continue to share the operating income in such Heritage Funds in accordance with their historic ownership arrangement with respect to such Heritage Funds.

The Agreement Among Managing Partners may be amended and the terms and conditions of the Agreement Among Managing Partners may be changed or modified upon the unanimous approval of the managing partners. We, our shareholders (other than the Strategic Investors, as set forth under Lenders Rights Agreement Amendments to Managing Partner Transfer Restrictions) and the Apollo Operating Group have no ability to enforce any provision thereof or to prevent the managing partners from amending the Agreement Among Managing Partners or waiving any forfeiture obligation.

Managing Partner Shareholders Agreement

We have entered into the Managing Partner Shareholders Agreement with our managing partners. The Managing Partner Shareholders Agreement provides the managing partners with certain rights with respect to the approval of certain matters and the designation of nominees to serve on our board of directors, as well as registration rights for our securities that they own.

Board Representation

The Managing Partner Shareholders Agreement requires our board of directors, so long as the Apollo control condition is satisfied, to nominate individuals designated by our manager such that our manager will have a majority of the designees on our board.

Transfer Restrictions

No managing partner may, nor shall any of such managing partner s permitted transferees, directly or indirectly, voluntarily effect cumulative transfers of Equity Interests, representing more than: (i) 0.0% of his Equity Interests at any time prior to the second anniversary of the date on which the registration statement of which this prospectus forms a part became effective (the shelf effectiveness date), (ii) 7.5% of his Equity Interests at any time on or after the second anniversary and prior to the third anniversary of the shelf effectiveness date; (iii) 15% of his Equity Interests at any time on or after the third anniversary and prior to the fourth anniversary of the shelf effectiveness date; (iv) 22.5% of his Equity Interests at any time on or after the fourth anniversary and prior to the fifth anniversary of the shelf effectiveness date; (v) 30% of his Equity Interests at any time on or after the fifth anniversary and prior to the sixth anniversary of the shelf effectiveness date; and (vi) 100% of his Equity Interests at any time on or after the sixth anniversary of the shelf effectiveness date, other than, in each case, with respect to transfers (a) from one founder to another founder, (b) to a permitted transferee of such managing partner, or (c) in connection with a sale by one or more of our managing partners in one or a related series of transactions resulting in the managing partners owning or controlling, directly or indirectly, less than 50.1% of the economic or voting interests in us or the Apollo Operating Group, or any other person exercising control over us or the Apollo Operating Group by contract, which would include a transfer of control of our manager.

The percentages referenced in the preceding paragraph will apply to the aggregate amount of Equity Interests held by each managing partner (and his permitted transferees) as of July 13, 2007 and adjusted for any additional Equity Interests received by such managing partner upon the forfeiture of Equity Interests by another managing partner. Any Equity Interests received by a managing partner pursuant to the forfeiture provisions of the Agreement Among Managing Partners (described below) will remain subject to the foregoing restrictions in the receiving managing partner s hands; provided, that each managing partner shall be permitted to sell without regard to the foregoing restrictions such number of forfeitable interests received by him as are required to pay taxes payable as a result of the receipt of such interests, calculated based on the maximum combined U.S. Federal, New York State and New York City tax rate applicable to individuals; and, provided further, that each managing partner who is not required to pay taxes in the applicable fiscal quarter in which he receives Equity

Interests as a result of being in the U.S. Federal income tax safe harbor will not effect any such sales prior to the six-month anniversary of the applicable termination date which gave rise to the receipt of such Equity Interests. After six years, each managing partner and his permitted transferees may transfer all of the Equity Interests of such managing partner to any person or entity in accordance with Rule 144, in a registered public offering or in a transaction exempt from the registration requirements of the Securities Act. The above transfer restrictions will lapse with respect to a managing partner if such managing partner dies or becomes disabled.

A permitted transferee means, with respect to each managing partner and his permitted transferees, (i) such managing partner s spouse, (ii) a lineal descendant of such managing partner s parents (or any such descendant s spouse), (iii) a charitable institution controlled by such managing partner, (iv) a trustee of a trust (whether inter vivos or testamentary), the current beneficiaries and presumptive remaindermen of which are one or more of such managing partner and persons described in clauses (i) through (iii) above, (v) a corporation, limited liability company or partnership, of which all of the outstanding shares of capital stock or interests therein are owned by one or more of such managing partner and persons described in clauses (i) through (iv) above, (vi) an individual mandated under a qualified domestic relations order, (vii) a legal or personal representative of such managing partner in the event of his death or disability, (viii) any other managing partner with respect to transactions contemplated by the Managing Partner Shareholder Agreement, and (ix) any other managing partner who is then employed by Apollo or any of its affiliates or any permitted transferee of such managing partner in respect of any transaction not contemplated by the Managing Partner Shareholders Agreement, in each case that agrees in writing to be bound by these transfer restrictions.

Any waiver of the above transfer restrictions may only occur with our consent. As our managing partners control the management of our company, however, they have discretion to cause us to grant one or more such waivers. Accordingly, the above transfer restrictions might not be effective in preventing our managing partners from selling or transferring their Equity Interests.

Indemnity

Carried interest income from our funds can be distributed to us on a current basis, but is subject to repayment by the subsidiary of the Apollo Operating Group that acts as general partner of the fund in the event that certain specified return thresholds are not ultimately achieved. The managing partners, contributing partners and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligations of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular managing partner s or contributing partner s distributions. Pursuant to the Managing Partner Shareholders Agreement, we agreed to indemnify each of our managing partners and certain contributing partners against all amounts that they pay pursuant to any of these personal guarantees in favor of Fund IV, Fund V and Fund VI (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that our managing partners and contributing partners have contributed or sold to the Apollo Operating Group.

Accordingly, in the event that our managing partners, contributing partners and certain other investment professionals are required to pay amounts in connection with a general partner obligation for the return of previously made distributions with respect to Fund IV, Fund V and Fund VI, we will be obligated to reimburse our managing partners and certain contributing partners for the indemnifiable percentage of amounts that they are required to pay even though we did not receive the distribution to which that general partner obligation related. As of December 31, 2009, the company had indemnified $23.2 million of such distributions related to Fund VI.

Registration Rights

Pursuant to the Managing Partner Shareholders Agreement, we have granted Holdings, an entity through which our managing partners and contributing partners own their Apollo Operating Group units, and its permitted transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act our Class A shares held or acquired by them. Under the Managing Partner

Shareholders Agreement, the registration rights holders (i) will have demand registration rights, exercisable two years after the shelf effectiveness date, but unlimited in number thereafter, which require us to register under the Securities Act the Class A shares that they hold or acquire, (ii) may require us to make available shelf registration statements permitting sales of Class A shares they hold or acquire into the market from time to time over an extended period and (iii) have the ability to exercise certain piggyback registration rights in connection with registered offerings requested by other registration rights holders or initiated by us. We have agreed to indemnify each registration rights holders and certain related parties against any losses or damages resulting from any untrue statement or omission of material fact in any registration statement or prospectus pursuant to which they sell our shares, unless such liability arose from such holder s misstatement or omission, and each registration rights holder has agreed to indemnify us against all losses caused by his misstatements or omissions.

Fee Waiver Program

Subject to the executive committee s approval, each managing partner and each other professional designated by the executive committee may elect to waive a portion of the management fees that he would otherwise be entitled to receive directly or indirectly on a periodic basis from AMH in exchange for a profits interest in the applicable Apollo fund, which is deemed to satisfy a portion of his capital commitment in the amount of such waived amount.

Roll-Up Agreements

Pursuant to the Roll-Up Agreements, the contributing partners received interests in Holdings, which we refer to as Holdings Units, in exchange for their contribution of assets to the Apollo Operating Group. The Holdings Units received by our contributing partners and any units into which they are exchanged will generally vest over six years in equal monthly installments with additional vesting (i) on death, disability, a termination without cause or a resignation by the contributing partner for good reason, (ii) with consent of BRH, which is controlled by our managing partners, and (iii) in connection with certain other transactions involving sales of interests in us and with transfers by our managing partners in connection with their registration rights to the extent that our contributing partners do not have sufficient vested securities to otherwise allow them to participate pro rata. Holdings Units are subject to a lock-up until two years after the shelf effectiveness date. Thereafter, 7.5% of the Holding Units will become tradable on each of the second, third, fourth and fifth anniversaries of the shelf effectiveness date, with the remaining Holding Units becoming tradable on the sixth anniversary of the shelf effectiveness date or upon subsequent vesting. A Holdings Unit that is forfeited will revert to the managing partners. Our contributing partners have the ability to direct Holdings to exercise Holdings registration rights described above under Managing Partner Shareholders Agreement Registration Rights.

Our contributing partners are subject to a noncompetition provision for the applicable period of time as follows: (i) if the contributing partner is still providing services as a partner to us on the fifth anniversary of the date of his Roll-Up Agreement, the first anniversary of the date of termination of his service as a partner to us, or (ii) if the contributing partner is terminated for any reason such that he is no longer providing services to us prior to the fifth anniversary of the date of his Roll-Up Agreement, the earlier to occur of (A) the second anniversary of such date of termination and (B) the sixth anniversary of the date of his Roll-Up Agreement. During that period, our contributing partners will be prohibited from (i) engaging in any business activity that we operate in, (ii) rendering any services to any alternative asset management business (other than that of us or our affiliates) that involves primarily (*i.e.*, more than 50%) third-party capital or (iii) acquiring a financial interest in, or becoming actively involved with, any competitive business (other than as a passive holding of a specified percentage of publicly traded companies). In addition, our contributing partners will be subject to nonsolicitation, nonhire and noninterference covenants during employment and for two years thereafter. Our contributing partners will also be bound to a nondisparagement covenant with respect to us and our contributing partners and to confidentiality restrictions. Any resignation by any of our contributing partners shall require ninety days notice. Any restricted period applicable to a contributing partner will commence after the ninety day notice of termination period.

Table of Contents

Exchange Agreement

We have entered into an exchange agreement with Holdings under which, subject to certain procedures and restrictions (including the vesting schedules applicable to our managing partners and any applicable transfer restrictions and lock-up agreements described above) upon 60 days written notice prior to a designated quarterly date, each managing partner and contributing partner (or certain transferees thereof) has the right to cause Holdings to exchange the Apollo Operating Group units that he owns through Holdings for our Class A shares and to sell such Class A shares at the prevailing market price (or at a lower price that such managing partner or contributing partner is willing to accept) and distribute the net proceeds of such sale to such managing partner or contributing partner. Under the exchange agreement, to effect the exchange, a managing partner or contributing partner, through Holdings, must then simultaneously exchange one Apollo Operating Group unit (being an equal limited partner interest in each Apollo Operating Group entity) for each Class A share received from our intermediate holding companies. As a managing partner or contributing partner exchanges his Apollo Operating Group units, our interest in the Apollo Operating Group units will be correspondingly increased and the voting power of the Class B share will be correspondingly decreased.

We may, from time to time, at the discretion of our manager, provide the opportunity for Holdings and any other holders of Apollo Operating Group units at such time to sell Apollo Operating Group units to us, provided that the aggregate amount of designated quarterly dates for exchanges and such opportunities for the sale of such units may not exceed four. We will use an independent, third-party valuation expert for purposes of determining the purchase price of any such purchases of Apollo Operating Group units.

Tax Receivable Agreement

With respect to any exchange by a managing partner or contributing partner of Apollo Operating Group units (together with the corresponding interest in our Class B share) that he owns through Holdings for our Class A shares in a taxable transaction, each of Apollo Management Holdings, L.P. and the Apollo Operating Group entities controlled by Apollo Management Holdings, L.P. has made an election under Section 754 of the Internal Revenue Code, which may result in an adjustment to the tax basis of a portion of the assets owned by the Apollo Operating Group at the time of the exchange. The taxable exchanges may result in increases in the tax depreciation and amortization deductions from depreciable and amortizable assets, as well as an increase in the tax basis of other assets, of the Apollo Operating Group that otherwise would not have been available. A portion of these increases in tax depreciation and amortization deductions, as well as the increase in the tax basis of such other assets, will reduce the amount of tax that APO Corp. would otherwise be required to pay in the future. Additionally, our acquisition of Apollo Operating Group units from the managing partners or contributing partners, such as our acquisition of Apollo Operating Group units from the managing partners in the Strategic Investors Transaction, may result in increases in tax deductions and tax basis that reduces the amount of tax that APO Corp. would otherwise be required to pay in the future.

APO Corp. has entered into a tax receivable agreement with our managing partners and contributing partners that provides for the payment by APO Corp. to an exchanging or selling managing partner or contributing partner of 85% of the amount of actual cash savings, if any, in U.S. Federal, state, local and foreign income tax that APO Corp. realizes (or is deemed to realize in the case of an early termination payment by APO Corp. or a change of control, as discussed below) as a result of these increases in tax deductions and tax basis, and certain other tax benefits, including imputed interest expense, related to entering into the tax receivable agreement. APO Corp. expects to benefit from the remaining 15% of actual cash savings, if any, in income tax that it realizes. For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing our actual income tax liability to the amount of such taxes that APO Corp. would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of the applicable Apollo Operating Group entity as a result of the transaction and had APO Corp. not entered into the tax receivable agreement. The tax savings achieved may not ensure that we have sufficient cash available to pay our tax liability or generate additional distributions to our investors. Also, we may need to incur additional debt to repay the tax receivable agreement if our cash flows are not met. The term of the tax receivable agreement will continue until all such tax benefits have been utilized or expired, unless APO Corp. exercises the right to terminate the tax receivable agreement by paying an amount based on the present value of payments remaining to be made under the agreement with respect to units that have been exchanged or sold and units which have not yet been exchanged or sold. Such present value will be determined based on certain assumptions, including that APO Corp. would have sufficient taxable income to fully utilize the deductions that would have arisen from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. No payments will be made if a managing partner or contributing partner elects to exchange his or her Apollo Operating Group units in a tax-free transaction. In the event that other of our current or future subsidiaries become taxable as corporations and acquire Apollo Operating Group units in the future, or if we become taxable as a corporation for U.S. Federal income tax purposes, each will become subject to a tax receivable agreement with substantially similar terms.

The IRS could challenge our claim to any increase in the tax basis of the assets owned by the Apollo Operating Group that results from the exchanges entered into by the managing partners or contributing partners. The IRS could also challenge any additional tax depreciation and amortization deductions or other tax benefits we claim as a result of such increase in the tax basis of such assets. If the IRS were to successfully challenge a tax basis increase or tax benefits we previously claimed from a tax basis increase, our managing partners and contributing partners would not be obligated under the tax receivable agreement to reimburse APO Corp. for any payments previously made to it (although future payments would be adjusted to reflect the result of such challenge). As a result, in certain circumstances, payments could be made to our managing partners and contributing partners under the tax receivable agreement in excess of 85% of APO Corp. s actual cash tax savings. In general, estimating the amount of payments that may be made to our managing partners and contributing partners under the tax receivable agreement is by its nature, imprecise, in the absence of an actual transaction, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis and the amount and timing of any payments under the tax receivable agreement will vary depending upon a number of factors, including:

- the timing of the transactions for instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the depreciable or amortizable assets of the Apollo Operating Group entities at the time of the transaction;

- the price of our Class A shares at the time of the transaction the increase in any tax deductions, as well as tax basis increase in other assets, of the Apollo Operating Group entities, is directly proportional to the price of the Class A shares at the time of the transaction;

- the taxability of exchanges if an exchange is not taxable for any reason, increased deductions will not be available; and

- the amount and timing of our income APO Corp. will be required to pay 85% of the tax savings as and when realized, if any. If APO Corp. does not have taxable income, it is not required to make payments under the tax receivable agreement for that taxable year because no tax savings were actually realized.

In addition, the tax receivable agreement provides that, upon a merger, asset sale or other form of business combination or certain other changes of control, APO Corp. s (or its successor s) obligations with respect to exchanged or acquired units (whether exchanged or acquired before or after such change of control) would be based on certain assumptions, including that APO Corp. would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. As noted above, no payments will be made if a managing partner or contributing partner elects to exchange his or her Apollo Operating Group units in a tax-free transaction.

Table of Contents

Strategic Investors Transaction

On July 13, 2007, we sold securities to the Strategic Investors in return for a total investment of $1.2 billion. Through our intermediate holding companies, we used all of the proceeds from the issuance of such securities to the Strategic Investors to purchase from our managing partners 17.4% of their Apollo Operating Group units for an aggregate purchase price of $1,068 million, and to purchase from our contributing partners a portion of their points for an aggregate purchase price of $156 million. The Strategic Investors hold non-voting Class A shares, which will represent % of our issued and outstanding Class A shares and % of the economic interest in the Apollo Operating Group, in each case after giving effect to the IPO. Based on our agreement with the Strategic Investors, we will distribute to the Strategic Investors the greater of 7% on the convertible notes issued or a pro rata portion of our net income for our fiscal year 2007, based on (i) their proportionate interests in Apollo Operating Group units during the period after the Strategic Investors Transaction and prior to the date of the Private Offering Transactions, and (ii) the number of days elapsed during such period. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to the date of the Private Offering Transactions or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to the date of the Private Offering Transactions shall be treated as having been earned prior to the date of the Private Offering Transactions. On August 8, 2007, we paid approximately $6 million in interest expense on the convertible notes and as a result of our net loss we have no further obligations for 2007 to pay the Strategic Investors.

Although they have no obligation to invest further in our funds, in connection with our sale of securities to the Strategic Investors, we granted to each of them the option, exercisable until July 13, 2010, to invest or commit to invest up to 10% of the aggregate dollar amount invested or committed by investors in the initial closing of any privately placed fund that we offer to third-party investors, subject to limited exceptions.

As all of their holdings in us are non-voting; neither of the Strategic Investors has any means for exerting control over our company.

Lenders Rights Agreement

In connection with the Strategic Investors Transaction, we entered into a shareholders agreement, or the Lenders Rights Agreement, with the Strategic Investors.

Transfer Restrictions

Except in connection with the drag-along covenants provided for in the Lenders Rights Agreement, prior to the second anniversary of the shelf effectiveness date, each Strategic Investor may not transfer its rights, other than to an Investor Permitted Transferee, as defined below, without the prior written consent of our managing partners.

Following the shelf effectiveness date, each Strategic Investor may transfer its non-voting Class A shares up to the percentages set forth below during the relevant periods identified:

Period	Maximum Cumulative Amount
Shelf Effectiveness Date 2nd anniversary of the Shelf Effectiveness Date	0%
2nd 3rd anniversary of Shelf Effectiveness Date	25%
3rd 4th anniversary of Shelf Effectiveness Date	50%
4th 5th anniversary of Shelf Effectiveness Date	75%
6th anniversary of Shelf Effectiveness Date (and thereafter)	100%

Notwithstanding the foregoing, at no time following the shelf effectiveness date may a Strategic Investor make a transfer representing 2% or more of our total Class A share to any one person or group of related persons.

An Investor Permitted Transferee shall include any entity controlled by, controlling or under common control with a Strategic Investor, or certain of its affiliates so long as such entity continues to be an affiliate of the Strategic Investor at all times following such transfer.

Registration Rights

Pursuant to the Lenders Rights Agreement, following the second anniversary of the shelf effectiveness date, each Strategic Investor shall be afforded four demand registrations with respect to non-voting Class A shares, covering offerings of at least 2.5% of our total equity ownership and customary piggyback registration rights. All cut-backs between the Strategic Investors, the CS Investor and Holdings (or its members) in any such demand registration shall be pro rata based upon the number of shares available for sale at such time (regardless of which party exercises a demand).

Amendments to Managing Partner Transfer Restrictions

Each Strategic Investor has a consent right with respect to any amendment or waiver of any transfer restrictions that apply to our managing partners.

Private Placement Shareholders Agreement

In connection with the Private Placement, we entered into a shareholders agreement with the CS Investor. The shareholders agreement provides for a lock-up period applicable to the CS Investor s Class A shares for one year from August 8, 2007. The CS Investor has three demand registration rights, exercisable after expiration of its lock-up period, and customary piggyback registration rights. The CS Investor has exercised its demand rights and is participating as a selling shareholder in this prospectus.

Our Operating Agreement and Apollo Operating Group Limited Partnership Agreements

Please see the section entitled Description of Shares Operating Agreement for a description of our Operating Agreement.

Pursuant to the partnership agreements of the Apollo Operating Group partnerships, the wholly-owned subsidiaries of Apollo Global Management, LLC that are the general partners of those partnerships have the right to determine when distributions will be made to the partners of the Apollo Operating Group and the amount of any such distributions. If a distribution is authorized, such distribution will be made to the partners of Apollo Operating Group pro rata in accordance with their respective partnership interests.

The partnership agreements of the Apollo Operating Group partnerships also provide that substantially all of our expenses, including substantially all expenses solely incurred by or attributable to Apollo Global Management, LLC (such as expenses incurred in connection with the Private Offering Transactions), will be borne by the Apollo Operating Group; provided that obligations incurred under the tax receivable agreement by Apollo Global Management, LLC and its wholly-owned subsidiaries (which currently consist of our three intermediate holding companies, APO Corp., APO (FC), LLC and APO Asset Co., LLC), income tax expenses of Apollo Global Management, LLC and its wholly-owned subsidiaries and indebtedness incurred by Apollo Global Management, LLC and its wholly-owned subsidiaries shall be borne solely by Apollo Global Management, LLC and its wholly-owned subsidiaries.

Special Allocation of AMH Income

AMH s partnership agreement has been amended to provide that 100% of AMH s 2009 taxable income in excess of the amount of its distribution to Holdings in September 2009 and 100% of AMH s 2010 taxable income will be specially allocated to APO Corp. (the Special Allocation). As a result, APO Corp. s allocation of AMH s 2009 and 2010 taxable income was increased from approximately 28.49% to 72.46% and 100%,

Table of Contents

respectively, and Holdings allocation of AMH s 2009 and 2010 taxable income was decreased from approximately 71.51% to 27.54% and 0%, respectively. The amendments to AMH s partnership agreement also provided that APO Corp. will be entitled to receive a priority distribution equal to the total amount of income specially allocated to APO Corp. pursuant to the Special Allocation (the Special Distribution). The initial payments of the Special Distribution will be sufficient to allow APO Corp. to make TRA Payments (as defined below) with respect to the 2009 and 2010 fiscal years, including deferred payments. The balance of the Special Distribution will be payable only upon a liquidation or deemed liquidation of AMH. The AMH partnership agreement was also amended to provide that the Special Allocation and Special Distribution may be effectively reversed, in whole or in part, upon a book-up event, as described below.

Under the AMH partnership agreement, AMH partners are entitled to receive distributions of available cash from AMH sufficient to cover the portion of their tax liabilities not otherwise covered by other AMH distributions during that fiscal year. Because APO Corp. has net operating losses (NOLs) that it can use to offset its tax liability each year, the need for tax distributions will be eliminated during the period covered by the Special Allocation, which allows AMH to retain more cash for use in the Apollo business.

As a result of the Special Allocation, a portion of APO Corp. s required payments pursuant to the tax receivable agreement (the TRA Payments) to each of the managing partners and contributing partners will be accelerated to the period covered by the Special Allocation. The number of future periods from which these TRA Payments will be accelerated depends on the amount of taxable income generated by APO Corp. in those future periods. In order for APO Corp. to make the TRA Payments to the managing partners and contributing partners with respect to the 2009 and 2010 fiscal years, AMH will be required to make distributions to APO Corp. The total amount of these distributions will be less than the total amount of the tax distributions that would otherwise have been made with respect to the 2009 and 2010 fiscal years absent the Special Allocation. In addition, each of the managing partners has agreed to defer 25% of the TRA Payments payable to him that is attributable to the 2010 fiscal year for a period of four years at 0% interest, which will reduce the amount of TRA Payments that APO Corp. would otherwise be required to make in 2011. The cash that would otherwise be paid to the managing partners will be retained by AMH for use in the Apollo business. For more information about the tax receivable agreement, see Tax Receivable Agreement above.

Although APO Corp. will need to use a greater portion of its NOLs during the 2009 and 2010 fiscal years as a result of the Special Allocation, 85% of the NOLs represents a liability of APO Corp. to the managing partners and contributing partners equal to the amount of APO Corp. s required TRA Payments. As a result, only 15% of the APO Corp. s NOLs are left available for APO Corp. s own benefit. In addition, the Special Distribution described above permits APO Corp. to discharge a portion of its liability for the TRA Payments with cash made available to it by AMH, without a corresponding pro rata distribution made to Holdings. As part of amending the AMH partnership agreement, Holdings waived its right to receive its pro rata portion (71.51% to APO Corp. s 28.49%, as of December 31, 2009) of any Special Distribution. In other words, a substantial portion of the accelerated liability that APO Corp. must pay the TRA Holders as a result of the Special Allocation will be borne by Holdings; although such portion is expected to remain substantial, it will decline over time as Holdings ownership interest in the Apollo Operating Group is diluted by future issuances of our Class A shares to persons other than Holdings (such as the issuances by us contemplated by the IPO).

The Special Allocation may be effectively reversed in the future, in whole or in part, if AMH has a book-up event for tax purposes. A book-up event may only occur at certain times specified by applicable IRS regulations (such as a sale of AMH, a substantial new issuance of AMH interests or a substantial, non-pro rata redemption of AMH interests) and only if the fair value of AMH s net assets are greater than the aggregate book value of its capital accounts at that time. If and when this occurs, Holdings will be allocated a larger portion of AMH s future book income appreciation (and a corresponding larger portion of certain taxable income) in order to compensate it, to the extent of the book-up, for the reduced income allocation it received under the 2009 and 2010 Special Allocation. If the book-up event takes place, and is sufficiently large, then the income allocated to APO Corp. via the Special Allocation and the income allocated to Holdings via the book-up event would result in no net effect to APO Corp. s and Holdings allocation of taxable income.

Table of Contents

Employment Agreements

Please see the section entitled Management Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table for a description of these agreements.

Statement of Policy Regarding Transactions with Related Persons

Our board of directors has adopted a written statement of policy regarding transactions with related persons, which we refer to as our related person policy. Our related person policy requires that a related person (as defined as in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our Chief Legal Officer any related person transaction (defined as any transaction that is reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. Our Chief Legal Officer will then promptly communicate that information to our manager. No related person transaction will be consummated without the approval or ratification of the executive committee of our manager or any committee of our board of directors consisting exclusively of disinterested directors. It is our policy that persons interested in a related person transaction will recuse themselves from any vote of a related person transaction in which they have an interest.

Table of Contents

PRINCIPAL SHAREHOLDERS

The following table sets forth as of December 31, 2009 information regarding the beneficial ownership of our Class A shares by (i) each person known to us to beneficially own more than 5% of any class of the outstanding shares of Apollo Global Management, LLC, (ii) each of our directors, (iii) each of our named executive officers and (iv) all directors and executive officers as a group.

None of our managing partners directly own our Class A shares, Class B share or the Apollo Operating Group units. BRH, the entity through which our managing partners hold the Class B share, will directly own the Class B share, currently representing 240,000,000 votes, or % of our voting control after giving effect to the IPO. In the event that a managing partner or contributing partner, through Holdings, exercises his right to exchange the Apollo Operating Group units that he owns through his limited partnership interest in Holdings for Class A shares, the voting power of the Class B share is proportionately reduced. Holdings, the entity through which our managing partners and the contributing partners hold their Apollo Operating Group units, will directly own 240,000,000 Apollo Operating Group units, representing % of the economic interests in the Apollo Operating Group after giving effect to the IPO.

Beneficial ownership is determined in accordance with the rules of the SEC. To our knowledge, each person named in the table below has sole voting and investment power with respect to all of the Class A shares and interests in our Class B share shown as beneficially owned by such person, except as otherwise set forth in the notes to the table and pursuant to applicable community property laws. Unless otherwise indicated, the address of each person named in the table is c/o Apollo Global Management, LLC, 9 West 57th Street, New York, NY 10019.

In respect of our Class A shares, the table set forth below assumes the exchange by Holdings of all Apollo Operating Group units for our Class A shares with respect to which the person listed below has the right to direct such exchange pursuant to the exchange agreement described under Certain Relationships and Related Party Transactions Exchange Agreement, and the distribution of such shares to such person as a limited partner of Holdings.

	Amount and Nature of Beneficial Ownership							
	Class A Shares Beneficially Owned					Class B Share Beneficially Owned		
	Prior to the IPO		After Giving Effect to the IPO					
	Number of Shares	Percent (1)	Number of Shares	Percent (1)	Total Percentage of Voting Power (2)	Number of Shares	Percent	Total Percentage of Voting Power (2)
Leon Black (3)(4)	92,109,120	49.1%	92,109,120	%	%	1	100%	%
Joshua Harris (3)(4)	58,614,960	38.0	58,614,960			1	100	
Marc Rowan (3)(4)	58,614,960	38.0	58,614,960			1	100	
Kenneth Vecchione(5)	*	*	*	*	*			N/A
Henry Silverman					N/A			N/A
James Zelter	2,504,972	2.6	2,504,972					N/A
John Suydam	*	*	*	*	*			N/A
All directors and executive officers as a group (eight persons)	212,690,604	69.0	212,690,604			1	100	
BRH (4)					N/A	1	100	
AP Professional Holdings, L.P. (6)	240,000,000	71.5	240,000,000					N/A
Credit Suisse Management LLC (7)	7,500,000	7.8						N/A
Goldman, Sachs & Co.(8)	5,570,732	5.8						N/A

* Represents less than 1%.

(1) The percentage of beneficial ownership of our Class A shares is based on voting and non-voting Class A shares outstanding.

(2) The total percentage of voting power is based on voting Class A shares and the Class B share, in each case after giving effect to the IPO.

Table of Contents

(3) Does not include any Class A shares owned by Holdings with respect to which this individual, as one of the three owners of all of the interests in BRH, the general partner of Holdings, or as a party to the Agreement Among Managing Partners described under Certain Relationships and Related Party Transactions Agreement Among Managing Partners or the Managing Partner Shareholders Agreement described under Certain Relationships and Related Party Transactions Managing Partner Shareholders Agreement, may be deemed to have shared voting or dispositive power. Each of these individuals disclaim any beneficial ownership of these shares, except to the extent of their pecuniary interest therein.

(4) BRH, the holder of the Class B share, is one third owned by Mr. Black, one third owned by Mr. Harris and one third owned by Mr. Rowan. Pursuant to the Agreement Among Managing Partners, the Class B share is to be voted and disposed by BRH based on the determination of at least two of the three managing partners; as such, they share voting and dispositive power with respect to the Class B share.

(5) Kenneth Vecchione resigned from his position as chief financial officer effective January 22, 2010.

(6) Assumes that no Class A shares are distributed to the limited partners of Holdings. The general partner of AP Professional Holdings, L.P. is BRH, which is one third owned by Mr. Black, one third owned by Mr. Harris and one third owned by Mr. Rowan. BRH is also the general partner of BRH Holdings, L.P., the limited partnership through which Messrs. Black, Harris and Rowan hold their limited partnership interests in AP Professional Holdings, L.P. Each of these individuals disclaim any beneficial ownership of these Class A shares, except to the extent of their pecuniary interest therein.

(7) Credit Suisse Management LLC has the following address: 11 Madison Avenue, New York, New York 10010.

(8) Goldman, Sachs & Co. has the following address: 85 Broad Street, New York, New York 10010.

Table of Contents

SELLING SHAREHOLDERS

The selling shareholders may from time to time offer and sell any or all of our Class A shares set forth below pursuant to this prospectus. When we refer to selling shareholders in this prospectus, we mean the persons who purchased their shares in the Private Offering Transactions and are listed in the table below, and the pledgees, donees, permitted transferees, assignees, successors and others who later come to hold any of the selling shareholders interests in our Class A shares other than through a public sale.

Certain selling shareholders may be deemed underwriters as defined in the Securities Act. Any profits realized by the selling shareholders may be deemed underwriting commissions.

The following table sets forth, as of the date of this prospectus, the name of the selling shareholders for whom we are registering shares for resale to the public, and the number of Class A shares that each selling shareholder may offer pursuant to this prospectus. The Class A shares offered by the selling shareholders were issued pursuant to exemptions from the registration requirements of the Securities Act. The selling shareholders represented to us that they were qualified institutional buyers or accredited investors and were acquiring our Class A shares for investment and had no present intention of distributing the Class A shares. We have agreed to file a registration statement covering the Class A shares received by the selling shareholders. We have filed with the SEC, under the Securities Act, a Registration Statement on Form S-1 with respect to the resale of the Class A shares from time to time by the selling shareholders, and this prospectus forms a part of that registration statement.

We have been advised that, as noted below in the footnotes to the table, of the selling shareholders are broker-dealers and of the selling shareholders are affiliates of broker-dealers. We have been advised that each of such selling shareholders purchased our Class A shares in the ordinary course of business, not for resale, and that none of such selling shareholders had, at the time of purchase, any agreements or understandings, directly or indirectly, with any person to distribute the Class A shares. All selling shareholders are subject to Rule 105 of Regulation M and are precluded from engaging in any short selling activities prior to effectiveness of the registration of which this prospectus forms a part.

Based on information provided to us by the selling shareholders and as of the date the same was provided to us, assuming that the selling shareholders sell all the Class A shares beneficially owned by them that have been registered by us and do not acquire any additional shares during the offering, the selling shareholders will not own any shares other than those appearing in the column entitled Number of Class A shares Owned After the Offering. We cannot advise as to whether the selling shareholders will in fact sell any or all of such Class A shares. In addition, the selling shareholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the Class A shares in transactions exempt from the registration requirements of the Securities Act after the date on which it provided the information set forth on the table below.

Selling Shareholder	Number of Class A Shares That May Be Sold	Percentage of Class A Shares Outstanding	Number of Class A Shares Owned After the Offering

Table of Contents

CONFLICTS OF INTEREST AND FIDUCIARY RESPONSIBILITIES

Conflicts of Interest

Conflicts of interest exist and may arise in the future as a result of the relationships between our manager and its affiliates (including our managing partners), on the one hand, and us and our Class A shareholders, on the other hand.

Whenever a potential conflict arises between our manager or its affiliates, on the one hand, and us or any Class A shareholders, on the other hand, our manager will resolve that conflict. Our operating agreement contains provisions that reduce and eliminate our manager s duties (including fiduciary duties) to the Class A shareholders. Our operating agreement also restricts the remedies available to Class A shareholders for actions taken that without those limitations might constitute breaches of duty (including fiduciary duties).

Under our operating agreement, our manager will not be in breach of its obligations under the operating agreement or its duties to us or our Class A shareholders if the resolution of the conflict is:

- approved by a conflicts committee of our board of directors comprised entirely of independent directors, although we currently do not have such a committee, and if and when we do have such a committee, our manager is not obligated to seek its approval;

- approved by the vote of a majority of the voting power of our outstanding voting shares, excluding any voting shares owned by our manager or its affiliates, although our manager is not obligated to seek the approval of our Class A shareholders;

- on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or

- fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us.

If our manager does not seek approval from a conflicts committee of our board of directors or our Class A shareholders and it determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the third and fourth bullet points above, then it will be presumed that in making its decision our manager acted in good faith, and in any proceeding brought by or on behalf of any shareholder or us or any other person bound by our operating agreement, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. Unless the resolution of a conflict is specifically provided for in our operating agreement, our manager or a conflicts committee of our board of directors may consider any factors it determines in good faith to consider when resolving a conflict. Our operating agreement provides that our manager will be conclusively presumed to be acting in good faith if our manager subjectively believes that the decision made or not made is in the best interests of the company.

The standards set forth in the four bullet points above establish the procedures by which conflict of interest situations are to be resolved pursuant to our operating agreement. These procedures benefit our manager by providing our manager with significant flexibility with respect to its ability to make decisions and pursue actions involving conflicts of interest. Given the significant flexibility afforded our manager to resolve conflicts of interest including that our manager has the right to determine not to seek the approval of Class A shareholders with respect to the resolution of such conflicts our manager may resolve conflicts of interests pursuant to the operating agreement in a manner that Class A shareholders may not believe to be in their or in our best interests. Neither our Class A shareholders nor we will have any recourse against our manager if our manager satisfies one of the standards described in the four bullet points above.

In addition to the provisions relating to conflicts of interest, our operating agreement contains provisions that waive or consent to conduct by our manager and its affiliates that might otherwise raise issues about compliance with fiduciary duties or otherwise applicable law. For example, our operating agreement provides that when our manager, in its capacity as our manager, is permitted to or required to make a decision in its sole discretion or discretion or that it deems necessary or appropriate or necessary or advisable, then our manager will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any Class A shareholders and will not be subject to any different standards imposed by the operating agreement, the Delaware Limited Liability Company Act or under any other law, rule or regulation or in equity. These modifications of fiduciary duties are expressly permitted by Delaware law. Hence, we and our Class A shareholders will only have recourse and be able to seek remedies against our manager if our manager breaches its obligations pursuant to our operating agreement. Unless our manager breaches its obligations pursuant to our operating agreement, we and our Class A shareholders will not have any recourse against our manager even if our manager were to act in a manner that was inconsistent with traditional fiduciary duties. Furthermore, even if there has been a breach of the obligations set forth in our operating agreement, our operating agreement provides that our manager and its officers and directors will not be liable to us or our Class A shareholders for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that our manager or its officers and directors acted in bad faith or engaged in fraud or willful misconduct. These modifications are detrimental to the Class A shareholders because they restrict the remedies available to Class A shareholders for actions that without those limitations might constitute breaches of duty (including fiduciary duty).

Conflicts of interest could arise in the situations described below, among others.

Actions taken by our manager may affect the amount of cash flow from operations available for distribution to our Class A shareholders.

The amount of cash flow from operations that is available for distribution to our Class A shareholders is affected by decisions of our manager regarding such matters as:

- amount and timing of cash expenditures, including those relating to compensation;
- amount and timing of investments and dispositions;
- indebtedness;
- tax matters;
- reserves; and
- issuance of additional equity securities, including Class A shares, or additional Apollo Operating Group units.

In addition, borrowings by us and our affiliates do not constitute a breach of any duty owed by our manager to our Class A shareholders. Our operating agreement provides that we and our subsidiaries may borrow funds from our manager and its affiliates on terms that are fair and reasonable to us, provided, however, that such borrowings will be deemed to be fair and reasonable if (i) they are approved in accordance with the terms of the operating agreement, (ii) the terms are no less favorable to us than those generally being provided to or available from unrelated third parties or (iii) the terms are fair and reasonable to us, taking into account the totality of the relationship between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to us).

We will reimburse our manager and its affiliates for expenses.

Our manager will not have any business activities other than managing and operating us. We will reimburse our manager and its affiliates for all costs incurred in managing and operating us, and our operating agreement provides that our manager will determine the expenses that are allocable to us. Although there are no ceilings on the expenses for which we will reimburse our manager and its affiliates, the expenses to which they may be entitled to reimbursement from us are expected to be immaterial.

Table of Contents

Our manager intends to limit its liability regarding our obligations.

Our manager intends to limit its liability under contractual arrangements so that the other party has recourse only to our assets, and not against our manager, its assets or its owners. Our operating agreement provides that any action taken by our manager to limit its liability or our liability is not a breach of our manager s fiduciary duties, even if we could have obtained more favorable terms without the limitation on liability.

Class A shareholders will have no right to enforce obligations of our manager and its affiliates under agreements with us.

Any agreements between us, on the one hand, and our manager and its affiliates, on the other, will not grant to the Class A shareholders, separate and apart from us, the right to enforce the obligations of our manager and its affiliates in our favor.

Contracts between us, on the one hand, and our manager and its affiliates, on the other, will not be the result of arm s-length negotiations.

Our operating agreement allows our manager to determine in its sole discretion any amounts to pay itself or its affiliates for any services rendered to us. Our manager may also enter into additional contractual arrangements with any of its affiliates on our behalf. Neither the operating agreement nor any of the other agreements, contracts and arrangements between us on the one hand, and our manager and its affiliates on the other, are or will be the result of arm s-length negotiations.

Our manager will determine the terms of any of these transactions entered into on terms that are fair and reasonable to us.

Our manager and its affiliates have no obligation to permit us to use any facilities or assets of our manager and its affiliates, except as may be provided in contracts entered into specifically dealing with that use. There will not be any obligation of our manager and its affiliates to enter into any contracts of this kind.

We may not choose to retain separate counsel for ourselves or for the holders of Class A shares.

The attorneys, independent auditors and others who have performed services for us regarding this offering have been retained by our manager. Attorneys, independent auditors and others who will perform services for us will be selected by our manager and may perform services for our manager and its affiliates. We may retain separate counsel for ourselves or the holders of our Class A shares in the event of a conflict of interest between our manager and its affiliates, on the one hand, and us or the holders of our Class A shares, on the other, depending on the nature of the conflict, but are not required to do so.

Our manager s affiliates may compete with us.

Our operating agreement provides that our manager will be restricted from engaging in any business activities other than those incidental to its ownership of interests in us. Except as provided in the non-competition and non-solicitation agreements to which our managing directors are subject, affiliates of the manager, including our managing directors, are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us.

Certain of our subsidiaries have obligations to investors in our funds that may conflict with your interests.

Our subsidiaries that serve as the managers of our funds have fiduciary and contractual obligations to the investors in those funds. As a result, we expect to regularly take actions with respect to the allocation of investments among our funds (including funds that have different fee structures), the purchase or sale of investments in our funds, the structuring of investment transactions for those funds, the advice we provide or

Table of Contents

otherwise that comply with these fiduciary and contractual obligations. In addition, our managing directors have made personal investments in a variety of our funds, which may result in conflicts of interest among investors in our funds and our Class A shareholders regarding investment decisions for these funds. Some of these actions might at the same time adversely affect our near-term results of operations or cash flow.

U.S. Federal income tax considerations of our managing directors may conflict with your interests.

Because our managing directors hold their Apollo Operating Group units through entities that are not subject to corporate income taxation, and Apollo Global Management, LLC holds Apollo Operating Group units through wholly-owned subsidiaries, one of which is subject to corporate income taxation, conflicts may arise between our managing directors and Apollo Global Management, LLC relating to the selection and structuring of investments. Our Class A holders will be deemed to expressly acknowledge that our manager is under no obligation to consider the separate interests of our Class A shareholders (including without limitation the tax consequences to Class A holders) in deciding whether to cause us to take (or decline to take) any actions.

Fiduciary Duties

The Delaware Limited Liability Company Act or, the Delaware LLC Act, provides that Delaware limited liability companies may in their operating agreements expand, restrict or eliminate the duties, including fiduciary duties, otherwise owed by a manager to the limited liability company.

Our operating agreement contains various provisions modifying, restricting and eliminating the duties, including fiduciary duties, that might otherwise be owed by our manager. We have adopted these restrictions to allow our manager and its affiliates to engage in transactions with us that might otherwise be prohibited by state-law fiduciary duty standards and to take into account the interests of other parties in addition to our interests when resolving conflicts of interest. These modifications are detrimental to our Class A shareholders because they restrict the remedies available to our Class A shareholders for actions that, without those limitations, might constitute breaches of duty, including a fiduciary duty, as described below, and they permit our manager to take into account the interests of third parties in addition to our interests when resolving conflicts of interest.

The following is a summary of the material restrictions of the fiduciary duties owed by our manager to our Class A shareholders:

State Law Fiduciary Duty Standards *General*	Fiduciary duties are generally considered to include an obligation to act in good faith and with due care and loyalty. In the absence of a provision in an operating agreement providing otherwise, the duty of care would generally require a manager to act for the limited liability company in the same manner as a prudent person would act on his own behalf. In the absence of a provision in an operating agreement providing otherwise, the duty of loyalty would generally prohibit a manager of a Delaware limited liability company from taking any action or engaging in any transaction that is not in the best interests of the limited liability company where a conflict of interest is present.
Operating Agreement Modified Standards	Our operating agreement contains provisions that waive or consent to conduct by our manager and its affiliates that might otherwise raise issues about compliance with fiduciary duties or applicable law. For example, our operating agreement provides that when our manager, in its capacity as our manager, is permitted to or required to make a

decision in its sole discretion or discretion or that it deems necessary or appropriate or necessary or advisable then our manager will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any factors affecting us or any members, including our Class A shareholders, and will not be subject to any different standards imposed by the operating agreement, the Delaware LLC Act or under any other law, rule or regulation or in equity. In addition, when our manager is acting in its individual capacity, as opposed to in its capacity as our manager, it may act without any fiduciary obligation to us or the Class A shareholders whatsoever. These standards reduce the obligations to which our manager would otherwise be held.

In addition, our operating agreement provides that our manager and its officers and directors will not be liable to us, our members (including our Class A shareholders), or assignees for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that the manager or its officers and directors acted in bad faith or engaged in fraud or willful misconduct.

Special Provisions Regarding Affiliated Transactions

Our operating agreement generally provides that affiliated transactions and resolutions of conflicts of interest not involving a vote of Class A shareholders and that are not approved by the conflicts committee of the board of directors of our manager or by our Class A shareholders must be:

- on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or

- fair and reasonable to us taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to us).

If our manager does not seek approval from the conflicts committee or our Class A shareholders and the board of directors of our manager determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the bullet points above, then it will be presumed that in making its decision, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any member, including our Class A shareholders, or any other person bound by our operating agreement, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. These standards reduce the obligations to which our manager would otherwise be held.

Rights and Remedies of Class A Shareholders	The Delaware LLC Act generally provides that a member or an assignee of a limited liability company interest may institute legal action on behalf of the limited liability company to recover damages from a third party where a manager has refused to institute the action or where an effort to cause a manager to do so is not likely to succeed. In addition, the statutory or case law of some jurisdictions may permit a member or an assignee of a limited liability company interest to institute legal action on behalf of himself and all other similarly situated members or assignees to recover damages from a manager for violations of its fiduciary duties to the members or assignees.

By purchasing our Class A shares, each Class A shareholder will automatically agree to be bound by the provisions in our operating agreement, including the provisions described above. This is in accordance with the policy of the Delaware LLC Act favoring the principle of freedom of contract and the enforceability of operating agreements. The failure of a Class A shareholder to sign our operating agreement does not render our operating agreement unenforceable against that person.

We have agreed to indemnify our manager and any of its affiliates and any member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of our partnership, our manager or any of our affiliates and certain other specified persons, to the fullest extent permitted by law, against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts incurred by our manager or these other persons. We have agreed to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. We have also agreed to provide this indemnification for criminal proceedings. Thus, our manager could be indemnified for its negligent acts if it met the requirements set forth above. To the extent these provisions purport to include indemnification for liabilities arising under the Securities Act, in the opinion of the SEC such indemnification is contrary to public policy and therefore unenforceable. See Description of Shares Operating Agreement Indemnification.

Table of Contents

DESCRIPTION OF INDEBTEDNESS

AMH Credit Facility

General

AMH is the borrower under a credit agreement, dated as of April 20, 2007, by and among the borrower, Apollo Management, L.P., Apollo Capital Management, L.P., Apollo International Management, L.P., Apollo Principal Holdings II, L.P. and AAA Holdings, as initial guarantors, JPMorgan Chase Bank, N.A., as administrative agent, and certain financial institutions from time to time party thereto, as lenders. Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P. and Apollo Principal Holdings IX, L.P. subsequently became guarantors. The AMH credit facility provides for a $1.0 billion term loan facility and matures on April 20, 2014.

Use of Proceeds

As of April 20, 2007, we had borrowed the full amount under the AMH credit facility. We used borrowings under the AMH credit facility to make a $986.6 million distribution to our managing partners and to pay related fees and expenses.

Security for the AMH Credit Facility

The AMH credit facility is secured by (i) a first priority lien on substantially all assets of the borrower and the guarantors and (ii) a pledge of the equity interests of each of the guarantors, in each case, subject to customary carveouts.

Interest Rate

Loans under the AMH credit facility accrue interest at a rate equal to with respect to (i) LIBOR loans, LIBOR plus 1.50% and (ii) base rate loans, base rate plus 0.50%. Under the AMH credit facility, base rate is defined for any day as a fluctuating rate per annum equal to the higher of (i) the Federal Funds Rate plus 0.50% and (ii) the prime rate as publicly announced by JPMorgan Chase Bank, N.A. The applicable margin for such borrowing may be reduced subject to AMH obtaining certain leverage ratios. As of December 31, 2009, the loans under the AMH credit facility were LIBOR-based and had an interest rate of 1.52%.

Amortization

The AMH credit facility does not require any scheduled amortization payment prior to the final maturity date.

Mandatory Cash Collateralization

Asset Sales

If AMH receives net cash proceeds from certain non-ordinary course asset sales, then such net cash proceeds shall be deposited in the cash collateral account to the extent necessary to reduce its debt to EBITDA ratio on a pro forma basis as of the last day of the most recently completed fiscal quarter (after giving effect to such non-ordinary course asset sale and such deposit) to (i) for 2010, 2011 and 2012, a debt to EBITDA ratio of 3.50 to 1.00 and (ii) for all other years, a debt to EBITDA ratio of 4.00 to 1.00.

Excess Cash Flow

If AMH s debt to EBITDA ratio as of the end of any fiscal year exceeds the level set forth in the next sentence (the Excess Sweep Leverage Ratio), AMH must deposit its Excess Cash Flow (as defined in the AMH credit facility) in the cash collateral account to the extent necessary to reduce the debt to EBITDA ratio on a pro forma basis as of the end of such fiscal year to 0.25 to 1.00 below the Excess Sweep Leverage Ratio. The Excess Sweep Leverage Ratio will be: for 2007, 5.00 to 1.00; for 2008, 4.75 to 1.00; for 2009, 4.25 to 1.00; for 2010, 4.00 to 1.00; for 2011, 4.00 to 1.00; and for 2012, 4.00 to 1.00.

In addition, during 2010, 2011 and 2012, AMH must deposit the lesser of (a) 50% of any remaining Excess Cash Flow and (b) the amount required to reduce such debt to EBITDA ratio on a pro forma basis at the end of such fiscal year to 3.25 to 1.00.

To the extent AMH is required to provide cash to collateralize the AMH credit facility, such cash will not be available to distribute to us and to Holdings.

Voluntary Prepayment

The borrower may prepay loans under the AMH credit facility in whole or in part, without penalty or premium, subject to certain minimum amounts and increments.

Mandatory Prepayment

Upon the incurrence of certain indebtedness, AMH must apply all of its net cash proceeds to the prepayment of the AMH credit facility.

Affirmative and Negative Covenants

The AMH credit facility includes customary affirmative and negative covenants. Among other things the borrower and its subsidiaries are prohibited from incurring additional indebtedness, further encumbering their assets or making payments on equity, subject to certain exceptions. The AMH credit facility does not contain financial maintenance covenants.

Restricted Payments

AMH will generally be restricted from paying dividends, repurchasing capital stock and making distributions and similar types of payments if any default or event of default occurs, if it has failed to deposit the requisite cash collateralization or does not expect to be able to maintain the requisite cash collateralization or if, after giving effect to the incurrence of debt to finance such distribution, its debt to EBITDA ratio would exceed specified levels.

Events of Default

The AMH credit facility contains customary events of default, including, without limitation, payment defaults, failure to comply with covenants, cross-defaults to other material indebtedness, bankruptcy and insolvency. In addition, it will be an event of default under the AMH credit facility if either (i) Mr. Black, together with related persons or trusts, shall cease as a group to participate to a material extent in the beneficial ownership of AMH or (ii) two of the group constituting Messrs. Black, Harris and Rowan shall cease to be actively engaged in the management of the AMH loan parties. If any event of default occurs and is continuing, the lenders may declare all of the amounts owed under the AMH credit facility to be immediately due and payable and prevent AMH and the guarantors from making any distribution on their equity (except tax distributions).

Table of Contents

DESCRIPTION OF SHARES

The following descriptions of our shares and provisions of our operating agreement are summaries and are qualified by reference to our operating agreement, which is included in this prospectus as Annex A.

Shares

Our operating agreement authorizes us to issue an unlimited number of shares. Currently, two classes of shares have been designated: Class A shares and Class B shares. As of the date of this prospectus, there will be Class A shares issued and outstanding after giving effect to the IPO, and one Class B share issued and outstanding.

Class A Shares

All of the outstanding Class A shares are duly issued. Upon payment in full of the consideration payable with respect to the Class A shares, as determined by our board of directors, the holders of such shares shall not be liable to us to make any additional capital contributions with respect to such shares (except as otherwise required by Sections 18-607 and 18-804 of the Delaware LLC Act). No holder of Class A shares is entitled to preemptive, redemption or conversion rights.

Voting Rights

The holders of Class A shares, other than the Strategic Investors and their affiliates, are entitled to one vote per share held of record on all matters submitted to a vote of our shareholders. Class A shares held by the Strategic Investors and their affiliates have no voting rights, although their written consent will be required for certain changes to our operating agreement, including in respect of share splits and combinations, capital accounts, allocation of the items and distributions, dissolution and liquidation, requirements for amending our operating agreement and mergers, consolidations or sales of substantially all our assets, if such changes would have a disproportionate adverse impact on the Strategic Investors or their affiliates. Class A shares owned by the Strategic Investors will become entitled to vote upon transfers by a Strategic Investor or one of its affiliates in accordance with the Lenders Rights Agreement. Generally, all matters to be voted on by our shareholders must be approved by a majority (or, in the case of election of directors when the Apollo control condition is no longer satisfied, by a plurality) of the votes entitled to be cast by all Class A shares and Class B shares present in person or represented by proxy, voting together as a single class.

Dividend Rights

Holders of Class A shares will share ratably (based on the number of Class A shares held) in any dividend declared by our manager out of funds legally available therefore, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred shares. Dividends consisting of Class A shares may be paid only as follows: (i) Class A shares may be paid only to holders of Class A shares; and (ii) shares shall be paid proportionally with respect to each outstanding Class A share.

Liquidation Rights

Upon our dissolution, liquidation or winding up, after payment in full of all amounts required to be paid to creditors and to the holders of preferred shares having liquidation preferences, if any, the holders of our Class A shares will be entitled to receive our remaining assets available for distribution. Such assets will be distributed to the holders of our Class A shares pro rata based upon the number of shares held by them.

Other Matters

In the event of our merger or consolidation with or into another entity in connection with which our Class A shares are converted into or exchangeable for shares of stock, other securities or property (including cash), all holders of Class A shares will thereafter be entitled to receive the same kind and amount of shares of stock and other securities and property (including cash). Under our operating agreement, in the event that our manager determines that we should seek relief pursuant to Section 7704(e) of the Internal Revenue Code to preserve our status as a partnership for U.S. Federal (and applicable state) income tax purposes, we and each of our shareholders will be required to agree to adjustments required by the tax authorities, and we will pay such amounts as are required by the tax authorities to preserve our status as a partnership.

Class B Shares

We have duly issued a single Class B share to BRH, which is owned by our managing partners. If BRH elects to give up its Class B share, we will issue one Class B share to each record holder of an Apollo Operating Group unit for each unit held. No holder of Class B shares will be entitled to preemptive, redemption or conversion rights.

Voting Rights

The Class B share that we have issued to Holdings is initially entitled to 240,000,000 votes on all matters submitted to a vote of our shareholders. In the event that a managing partner or contributing partner exercises his right to exchange the Apollo Operating Group units (together with his interest in the Class B share) that he owns through his partnership interest in Holdings for Class A shares, the voting power of the Class B share will be proportionately reduced. Generally, all matters to be voted on by our shareholders must be approved by a majority (or, in the case of the election of directors, a plurality) of the votes entitled to be cast by all Class A shares and Class B shares present in person or represented by proxy, voting together as a single class.

Dividend Rights

The holder of our Class B share will not have any right to receive dividends other than dividends consisting of Class B shares paid proportionally with respect to each outstanding Class B share.

Liquidation Rights

Upon our liquidation, dissolution or winding up, no holder of Class B shares will have any right to receive distributions.

Preferred Shares

Our operating agreement authorizes our manager to establish one or more series of preferred shares. Unless required by law or by any stock exchange, the authorized preferred shares will be available for issuance without further action by Class A shareholders. Our manager is able to determine, with respect to any series of preferred shares, the holders of terms and rights of that series.

We could issue a series of preferred shares that would, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of holders of Class A shares might believe to be in their best interests or in which holders of Class A shares might receive a premium for their Class A shares over the market price of the Class A shares.

We will be entitled to recognize the person in whose name any shares are registered on the books of the transfer agent as of the opening of business on a particular business day as owner, or record holder, of such shares, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, regardless of whether we have actual or other notice thereof, except as otherwise provided by law, including any applicable rule, regulation, guideline or requirement of any national securities exchange on which such shares are listed for trading. Without limiting the foregoing, when a person is acting as

Table of Contents

nominee, agent or in some other representative capacity for another person in acquiring and/or holding the shares, as between us on the one hand and such other person on the other, such representative person shall be deemed the record holder of such share.

Listing

We intend to apply for our Class A shares to be listed on the NYSE upon the effectiveness of our shelf registration statement.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A shares and our Class B share is American Stock Transfer & Trust Company.

Operating Agreement

Manager

Our operating agreement provides that so long as the Apollo control condition is satisfied, our manager will manage all of our operations and activities and will have discretion over significant corporate actions, such as the issuance of securities, payment of distributions, sales of assets, making certain amendments to our operating agreement and other matters, and our board of directors will have no authority other than that which our manager chooses to delegate to it.

Our operating agreement contains provisions that waive or consent to conduct by our manager and its affiliates that might otherwise raise issues about compliance with fiduciary duties or applicable law. For example, our operating agreement provides that when our manager is acting in its individual capacity, as opposed to in its capacity as our manager, it may act without any fiduciary obligations to us or our shareholders whatsoever. When our manager, in its capacity as our manager, is permitted to or required to make a decision in its sole discretion or discretion or that it deems necessary or appropriate or necessary or advisable, then our manager will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any of our shareholders. See Risk Factors Risks Related to Our Organization and Structure Our operating agreement contains provisions that reduce or eliminate duties (including fiduciary duties) of our manager and limit remedies available to shareholders for actions that might otherwise constitute a breach of duty. It will be difficult for a shareholder to challenge a resolution of a conflict of interest by our manager or by its conflicts committee. See also Conflicts of Interest and Fiduciary Responsibilities for a more detailed description of our manager s potential conflicts of interest and how our operating agreement restricts and limits certain duties of our manager, including fiduciary duties.

Organization

We were formed on July 3, 2007 and have a perpetual existence.

Purpose

Under our operating agreement, we are permitted to engage, directly or indirectly, in any business activity that is approved by our manager and that lawfully may be conducted by a limited liability company organized under Delaware law.

Power of Attorney

Each Class A shareholder, and each person who acquires Class A shares in accordance with our operating agreement, grants to our manager and, if appointed, a liquidator, a power of attorney to, among other things, execute and file documents required for our qualification, continuance, dissolution or termination. The power of attorney also grants our manager the authority to amend, and to make consents and waivers under, our operating agreement and certificate of formation, in each case in accordance with our operating agreement.

Board of Directors

For so long as the Apollo control condition is satisfied, pursuant to the terms of our operating agreement, our manager shall (i) nominate and elect all directors to our board of directors, (ii) set the number of directors of our board of directors and (iii) fill any vacancies on our board of directors. After the Apollo condition is no longer satisfied, (i) each of the directors will be elected by the vote of a plurality of our shares entitled to vote, voting as a single class, to serve until his or her successor is duly elected or appointed and qualified or until his or her earlier death, retirement, disqualification, resignation or removal, and (ii) the size of the board of directors will be set by resolution of the board.

For so long as the Apollo control condition is satisfied, our manager may remove any director, with or without cause, at any time. After such condition is no longer satisfied, a director or the entire board of directors may be removed by the affirmative vote of holders of 50% or more of the total voting power of our shares.

Subject to limited exceptions described in our operating agreement, our manager may not sell, exchange or otherwise dispose of all or substantially all of our assets and those of our subsidiaries, taken as a whole, in a single transaction or a series of related transactions without the approval of holders of a majority of the aggregate number of voting shares outstanding; provided, however, that this does not preclude or limit our manager s ability, in its sole discretion, to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets and those of our subsidiaries (including for the benefit of persons other than us or our subsidiaries, including affiliates of our manager).

Capital Contributions

Our shareholders are not obligated to make additional capital contributions, except as described below under Limited Liability.

Limited Liability

The Delaware LLC Act provides that a member of a Delaware limited liability company who receives a distribution from such company and knew at the time of the distribution that the distribution was in violation of the Delaware LLC Act shall be liable to the company for the amount of the distribution for three years. Under the Delaware LLC Act, a limited liability company may not make a distribution to a member if, after the distribution, all liabilities of the company, other than liabilities to members on account of their shares and liabilities for which the recourse of creditors is limited to specific property of the company, would exceed the fair value of the assets of the company. The fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the company only to the extent that the fair value of that property exceeds the nonrecourse liability. Under the Delaware LLC Act, an assignee who becomes a substituted member of a company is liable for the obligations of his assignor to make contributions to the company, except the assignee is not obligated for liabilities unknown to him at the time the assignee became a member and that could not be ascertained from the operating agreement.

Issuance of Additional Securities

Our operating agreement authorizes us to issue an unlimited number of additional shares and options, rights, warrants and appreciation rights relating to shares for the consideration and on the terms and conditions established by our manager in its sole discretion without the approval of any shareholders.

In accordance with the Delaware LLC Act and the provisions of our operating agreement, we may also issue additional membership interests that have designations, preferences, rights, powers and duties that do not apply to the Class A shares.

Amendment of the Operating Agreement

General

Amendments to our operating agreement may be proposed only by our manager, and our manager is under no obligation or duty to make any amendments to our operating agreement. A proposed amendment, other than those amendments that require the approval of the shareholders or those amendments that are within the unilateral discretion of our manager, both of which are discussed below, will be effective upon the approval of our manager and a majority of the aggregate number of votes that may be cast by holders of voting shares outstanding as of the relevant record date.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any Class A shareholder without his or her consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of shares in relation to other classes of shares interests may be approved by at least a majority of the type or class of shares so affected, or

- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our manager or any of its affiliates without the consent of our manager, which may be given or withheld in its sole discretion.

These two provisions can only be amended upon the approval of the holders of at least 90% of the outstanding voting shares.

No Shareholder Approval

Our manager may generally make amendments to our operating agreement or certificate of formation without the approval of any shareholder to reflect:

- a change in our name, the location of our principal place of business, our registered agent or its registered office,

- the admission, substitution, withdrawal or removal of shareholders in accordance with the operating agreement,

- a change that our manager determines is necessary or appropriate for the company to qualify or to continue our qualification as a limited liability company or a company in which the Class A shareholders have limited liability under the laws of any state or other jurisdiction or to ensure that the company and its subsidiaries will not be treated as associations taxable as corporations or otherwise taxed as entities for U.S. Federal income tax purposes,

- an amendment that our manager determines to be necessary or appropriate to address certain changes in U.S. Federal income tax regulations, legislation or interpretation, an amendment that our manager determines is necessary or appropriate, based on the advice of counsel, to prevent the company or our manager or its partners, officers, trustees, representatives or agents, from having a material risk of being in any manner being subjected to the provisions of the 1940 Act, the Advisers Act or plan asset regulations adopted under the ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed by the U.S. Department of Labor, a change in our fiscal year or taxable year and related changes,

an amendment that our manager determines in its sole discretion to be necessary, desirable or appropriate for the creation, authorization or issuance of any class or series of shares or options, rights, warrants or appreciation rights relating to shares,

any amendment expressly permitted in our operating agreement to be made by our manager acting alone,

an amendment effected, necessitated or contemplated by an agreement of merger, consolidation or other business combination agreement that has been approved under the terms of our operating agreement,

any amendment that in the sole discretion of our manager is necessary or appropriate to reflect and account for the formation by the limited liability company of, or its investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by our operating agreement,

a merger with or conversion or conveyance to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the merger, conversion or conveyance other than those it receives by way of the merger, conversion or conveyance,

an amendment effected, necessitated or contemplated by an amendment to any partnership agreement of the Apollo Operating Group partnerships that requires partners of any Apollo Operating Group partnership to provide a statement, certification or other proof of evidence regarding whether such shareholder is subject to U.S. Federal income taxation on the income generated by the Apollo Operating Group partnerships, or

any other amendments substantially similar to any of the matters described above.

In addition, our manager may make amendments to our operating agreement without the approval of any shareholder if those amendments, in the discretion of our manager:

do not adversely affect our shareholders considered as a whole (including any particular class of shares as compared to other classes of shares, treating the Class A shares and the Class B shares as a separate class for this purpose) in any material respect,

are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state or non-U.S. agency or judicial authority or contained in any federal or state or non-U.S. statute (including the Delaware LLC Act),

are necessary or appropriate to facilitate the trading of shares or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the shares are or will be listed for trading,

are necessary or appropriate for any action taken by our manager relating to splits or combinations of shares under the provisions of our operating agreement, or are required to effect the intent expressed of this prospectus or the intent of the provisions of our operating agreement or are otherwise contemplated by our operating agreement.

Merger, Sale or Other Disposition of Assets

Our operating agreement generally prohibits our manager, without the prior approval of the holders of a majority of the voting power of our outstanding voting shares, from causing us to, among other things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination, or approving on our behalf the sale, exchange or other disposition of all or substantially all of the assets of our subsidiaries. However, our manager in its sole discretion may mortgage, pledge, hypothecate or grant a security interest in all or

Table of Contents

substantially all of our assets (including for the benefit of persons other than us or our subsidiaries) without that approval. Our manager may also sell all or substantially all of our assets under any forced sale of any or all of our assets pursuant to the foreclosure or other realization upon those encumbrances without that approval.

Pursuant to the Agreement Among Managing Partners, however, Mr. Black, as a member of the executive committee of our manager, will have the right of veto over, among other things a sale or other disposition of the Apollo Operating Group and/or its subsidiaries or any portion thereof, through a merger, recapitalization, stock sale, asset sale or otherwise, to an unaffiliated third party (other than through an exchange of Apollo Operating Group units and interests in our Class B share for Class A shares, transfers by a founder or a permitted transferee to another permitted transferee, or the issuance of bona fide equity incentives to any of our non-founder employees) that constitutes (x) a direct or indirect sale of a ratable interest (or substantially ratable interest) in each entity that constitutes the Apollo Operating Group or (y) a sale of all or substantially all of the assets of Apollo.

If conditions specified in our operating agreement are satisfied, our manager may convert or merge us or any of our subsidiaries into, or convey some or all of our assets to, a newly formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity. The shareholders are not entitled to dissenters rights of appraisal under our operating agreement or the Delaware LLC Act in the event of a merger or consolidation, a sale of substantially all of our assets or any other transaction or event.

Election to be Treated as a Corporation

If our manager determines that it is no longer in our best interests to continue as a limited liability company for U.S. Federal income tax purposes, our manager may elect to treat us as an association or as a publicly traded company taxable as a corporation for U.S. Federal (and applicable state) income tax purposes.

Dissolution

We will continue as a limited liability company until terminated under our operating agreement. We will dissolve upon: (i) the election of our manager to dissolve us, if approved by the holders of a majority of the total combined voting power of all of our outstanding Class A and Class B shares; (ii) the sale, exchange or other disposition of all or substantially all of our assets and those of our subsidiaries; (iii) the entry of a decree of judicial dissolution of our limited liability company; or (iv) at any time that we no longer have any shareholders, unless our businesses are continued in accordance with the Delaware LLC Act.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless we are continued as a new limited liability company, the liquidator authorized to wind up our affairs will, acting with all of the powers of our manager that the liquidator deems necessary or appropriate in its judgment, liquidate our assets and apply the proceeds of the liquidation first, to discharge our liabilities as provided in the operating agreement and by law and thereafter to the shareholders pro rata according to the percentages of their respective shares as of a record date selected by the liquidator. The liquidator may defer liquidation of our assets for a reasonable period of time or distribute assets to Class A shareholders in kind if it determines that an immediate sale or distribution of all or some of our assets would be impractical or would cause undue loss to the Class A shareholders.

Resignation of the Manager

Our manager may resign at any time by giving notice of such resignation in writing or by electronic transmission to us. Any such resignation shall take effect at the time specified therein. The acceptance of such resignation shall not be necessary to make it effective. Our manager may at any time designate a substitute manager, which substitute manager will, upon the later of the acceptance of such designation and the effective

Table of Contents

date of such resignation of the departing manager, have control of us under the terms of the operating agreement upon the effective date of the departing manager s resignation. In the event our manager resigns and does not designate a substitute manager in accordance with the terms of the operating agreement, control of us will shift to our board of directors.

Limited Call Right

If at any time less than 10% of the then issued and outstanding shares of any class, including our Class A shares, are held by persons other than our manager and its affiliates, our manager will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the remaining shares of the class held by unaffiliated persons as of a record date to be selected by our manager, on at least ten but not more than 60 days notice. The purchase price in the event of this purchase is the greater of:

(i) the current market price as of the date three days before the date the notice is mailed, and

(ii) the highest cash price paid by our manager or any of its affiliates for any membership interests of the class purchased within the 90 days preceding the date on which our manager first mails notice of its election to purchase those membership interests.

As a result of our manager s right to purchase outstanding shares, a Class A shareholder may have his Class A shares purchased at an undesirable time or price. The tax consequences to a Class A shareholder of the exercise of this call right are the same as a sale by that shareholder of his Class A shares in the market. See Material Tax Considerations Material U.S. Federal Tax Considerations.

Preemptive Rights

We have not granted any preemptive rights with respect to our Class A shares.

Meetings; Voting

Except as described below regarding a person or group owning 20% or more of the Class A shares then outstanding, record Class A shareholders will be entitled to notice of, and to vote at, meetings of our Class A shareholders and to act upon matters as to which Class A shareholders have the right to vote or to act.

Except as described below regarding a person or group owning 20% or more of the Class A shares then outstanding, each record holder of a Class A share, other than the Strategic Investors or their affiliates, is entitled to a number of votes equal to the number of Class A shares held. Each outstanding Class A share, other than Class A shares held by the Strategic Investors or their affiliates, shall be entitled to one vote per share on all matters submitted to the shareholders for approval. Class A shares held by the Strategic Investors or their affiliates will not be entitled to vote, although such Class A shares will become entitled to vote upon certain transfers in accordance with the Lenders Rights Agreement. In the case of Class A shares held by our manager on behalf of non-citizen assignees, our manager will distribute the votes on those Class A shares in the same ratios as the votes of shareholders in respect of other Class A shares are cast.

The Class B share that we have issued to BRH is initially entitled to 240,000,000 votes on all matters submitted to a vote of our shareholders. In the event that a managing partner or contributing partner exercises his right to exchange the Apollo Operating Group units that he owns through his partnership interest in Holdings for Class A shares, the voting power of the Class B share will be proportionately reduced. Generally, all matters to be voted on by our shareholders must be approved by a majority (or, in the case of the election of directors, a plurality) of the votes entitled to be cast by all shares present in person or represented by proxy, voting together as a single class.

Any action that is required or permitted to be taken by the shareholders may be taken either at a meeting of such holder without a meeting, without a vote and without prior notice if consents in writing describing the action so taken are signed by holders owning not less than the minimum percentage of the voting power of the outstanding shares that would be necessary to authorize or take that action at a meeting. Meetings of the shareholders may be called by our manager. Shareholders may vote either in person or by proxy at meetings. The holders of a majority of the voting power of the outstanding shares for which a meeting has been called, represented in person or by proxy, will constitute a quorum unless any action by the holders of the shares requires approval by holders of a greater percentage of such shares, in which case the quorum will be the greater percentage.

However, if at any time any person or group (other than our manager and its affiliates, or a direct or subsequently approved transferee of our manager or its affiliates) acquires, in the aggregate, beneficial ownership of 20% or more of any class of shares then outstanding, that person or group will lose voting rights on all of its shares and the shares may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of shareholders, calculating required votes, determining the presence of a quorum or for other similar purposes. Shares held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Status as Shareholder

By transfer of Class A shares in accordance with our operating agreement, each transferee of Class A shares will be admitted as a shareholder with respect to the Class A shares transferred when such transfer and admission is reflected in our books and records. Except as described in our operating agreement, the Class A shares will be fully paid and non-assessable.

Non-Citizen Assignees; Redemption

If we are or become subject to federal, state or local laws or regulations that in the determination of our manager create a substantial risk of cancellation or forfeiture of any property in which the limited liability company has an interest because of the nationality, citizenship or other related status of any Class A shareholder, we may redeem the Class A shares held by that holder at their current market price. To avoid any cancellation or forfeiture, our manager may require each Class A shareholder to furnish information about his nationality, citizenship or related status. If a Class A shareholder fails to furnish information about his nationality, citizenship or other related status within 30 days after a request for the information or our manager determines, with the advice of counsel, after receipt of the information that the Class A shareholder is not an eligible citizen, the Class A shareholder may be treated as a non-citizen assignee. A non-citizen assignee does not have the right to direct the voting of his Class A shares and may not receive distributions in kind upon our liquidation.

Indemnification

Under our operating agreement, in most circumstances we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts:

- our manager;
- any departing manager;
- any person who is or was an affiliate of our manager or any departing manager;
- any person who is or was a member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of us or our subsidiaries, our manager or any departing manager or any affiliate of us or our subsidiaries, our manager or any departing manager;
- any person who is or was serving at the request of our manager or any departing manager or any affiliate of our manager or any departing manager as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person; or

any person designated by our manager.

We have agreed to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. We have also agreed to provide this indemnification for criminal proceedings. Any indemnification under these provisions will only be out of our assets. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our operating agreement.

We have entered into indemnification agreements with each of our executive officers and certain of our employees which set forth the obligations described above.

Books and Reports

Our manager is required to keep appropriate books of the limited liability company s business at our principal offices or any other place designated by our manager. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and fiscal reporting purposes, our year ends on December 31 each year.

As soon as reasonably practicable after the end of each fiscal year, we will furnish to each shareholder tax information (including Schedule K-1), which describes on a U.S. dollar basis such shareholder s share of our income, gain, loss and deduction for our preceding taxable year. It will most likely require longer than 90 days after the end of our fiscal year to obtain the requisite information from all lower-tier entities so that K-1s may be prepared for us. Consequently, shareholders who are U.S. taxpayers should anticipate the need to file annually with the IRS (and certain states) a request for an extension past April 15 or the otherwise applicable due date of their income tax return for the taxable year. In addition, each shareholder will be required to report for all tax purposes consistently with the information provided by us. See Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Information Returns.

Right to Inspect Our Books and Records

Our operating agreement provides that a shareholder can, for a purpose reasonably related to his or her interest as such a holder, upon reasonable written demand and at his or her own expense, have furnished to him or her:

- promptly after becoming available, a copy of our U.S. Federal, state and local income tax returns; and

- copies of our operating agreement, the certificate of formation of the limited liability company, related amendments and powers of attorney under which they have been executed.

Our manager may, and intends to, keep confidential from the Class A shareholders trade secrets or other information the disclosure of which our manager believes is not in our best interests or which we are required by law or by agreements with third parties to keep confidential.

Shareholders Agreement

Upon consummation of the Private Offering Transactions, we entered into a shareholders agreement with Holdings regarding voting, transfer and registration rights, among other things. See Certain Relationships and Related Party Transactions Managing Partner Shareholders Agreement.

Lenders Rights Agreement

In connection with the sale of Class A shares to the Strategic Investors, we entered into the Lenders Rights Agreement. See Certain Relationships and Related Party Transactions Lenders Rights Agreement.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A shares. We cannot predict the effect, if any, future sales of Class A shares, or the availability for future sale of Class A shares, will have on the market price of our Class A shares prevailing from time to time. The sales of substantial amounts of our Class A shares in the public market, or the perception that such sales could occur, could harm the prevailing market price of our Class A shares.

General

Our Strategic Investors, CalPERS and ADIA, own 30,000,001 and 30,000,000 non-voting Class A shares respectively. Such shares are restricted securities as defined in Rule 144, unless we register such shares under the Securities Act. However, we have granted the Strategic Investors rights that require us to register their Class A shares under the Securities Act. Although the shares held by our Strategic Investors are currently non-voting, upon sale by a third party, the shares will have voting rights. See Registration Rights and Certain Relationships and Related Party Transactions Lenders Rights Agreement.

Our managing partners and contributing partners hold indirectly through Holdings 240,000,000 Apollo Operating Group units. We have entered into an exchange agreement with Holdings under which, subject to certain procedures and restrictions (including the vesting schedules applicable to our managing partners and any applicable transfer restrictions and lock-up agreements) upon 60 days notice prior to a designated quarterly date, each managing partner and contributing partner (or certain transferees thereof) has the right to cause Holdings to exchange the Apollo Operating Group units that he owns through Holdings for our Class A shares and to sell such Class A shares at the prevailing market price (or at a lower price that such managing partner or contributing partner is willing to accept). See Lock-Up Arrangements and Certain Relationships and Related Party Transactions Exchange Agreement.

In addition, we have granted 32,030,015 (net of forfeited awards) RSUs as of December 31, 2009, subject to vesting to certain employees and consultants that will settle in Class A shares and effective as of January 1, 2009, 78,706,931 interests in respect of Class A shares were reserved for issuance under our equity incentive plan with 46,676,916 remaining for grant as of December 31, 2009. We intend to file one or more registrations statements on Form S-8 under the Securities Act to register Class A shares covered by such RSUs. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, Class A shares registered under such registration statements will be available for sale in the open market.

Registration Rights

Pursuant to the Lenders Rights Agreement, following the second anniversary of the shelf effectiveness date, each Strategic Investor shall be afforded four demand registrations with respect to their Class A shares, covering offerings of at least 2.5% of our total equity ownership and customary piggyback registration rights.

Pursuant to the Managing Partners Shareholders Agreement, we have granted Holdings, an entity through which our managing partners and contributing partners own Apollo Operating Group units, the right to require us to register under the Securities Act our shares held or acquired by them. Holders of such rights (i) will have demand registration rights, exercisable two years after the shelf effectiveness date, but unlimitedly in number thereafter, (ii) may require us to make available shelf registration statements permitting sales of shares they hold or acquire into the market from time to time over an extended period and (iii) have the ability to exercise certain piggyback registration rights. See Certain Relationships and Related Party Transactions Managing Partner Shareholders Agreement Registration Rights Agreement.

Lock-Up Arrangements

Pursuant to the Lenders Rights Agreement, the Strategic Investors have agreed not to sell any of their shares for a period of two years following the shelf effectiveness date.

BRH Holdings, L.P., Holdings, certain of our executive officers and the Strategic Investors have agreed with the initial purchasers not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date that is 180 days after the shelf effectiveness date, except with the prior written consent of the representatives of the initial purchasers. In addition, certain of our executive officers, directors, employees and affiliates will enter into lock-up agreements with underwriters in the IPO and will agree not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date that is days after the offering date of the IPO, except with the prior written consent of the underwriters in the IPO. After the expiration of the applicable lock-up period, these Class A shares will be eligible for resale from time to time, subject to certain contractual restrictions and Securities Act limitations. Under certain circumstances, the applicable lock-up period may be extended.

We and our manager will enter into lock-up agreements with underwriters in the IPO and will agree not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date that is days after the offering date of the IPO, except with the prior written consent of the underwriters in the IPO.

The selling shareholders in the IPO will also enter into lock-up agreements with the underwriters in the IPO and will agree not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date that is days after the offering date of the IPO, except with the prior written consent of the underwriters in the IPO.

Rule 144

In general, under Rule 144 of the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of Class A shares that does not exceed the greater of one percent of the then outstanding Class A shares or the average weekly trading volume of our Class A shares reported through the NYSE during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, our employees, consultants or advisors who purchase Class A shares from us in connection with a compensatory stock or option plan or other written agreement are eligible to resell those shares 90 days after the effective date of the offering in reliance on Rule 144, but without having to comply with certain of the restrictions contained in Rule 144.

Table of Contents

REGISTRATION RIGHTS

We entered into a registration rights agreement pursuant to which we agreed, at our expense and, for the benefit of the holders of Class A shares, to file with the SEC a shelf registration statement covering resale of the Class A shares held by the selling shareholders, or the registrable securities, no later than 240 days after August 8, 2007, or the filing deadline. We have agreed to keep the shelf registration statement effective, supplemented and amended until the earlier of (i) such time as all of the registrable securities have been sold; (ii) such time as all of the registrable securities held by our nonaffiliates (from the time of issuance) are eligible for sale pursuant to Rule 144(k) under the Securities Act or any successor rule or regulation thereto; and (iii) the second anniversary of the effective date of the shelf registration statement.

Pursuant to a registration rights agreement we entered into with the CS Investor in connection with the Private Offering Transactions, the CS Investor has exercised its demand rights and we have agreed to include it in this prospectus.

Notwithstanding the foregoing, we will be permitted to suspend the use, from time to time, of the prospectus that is part of the shelf registration statement (and therefore suspend sales under the shelf registration statement) for certain periods, referred to as blackout periods, if:

- the lead underwriter in any underwritten public offering by us of our Class A shares advises us that an offer or sale of shares covered by the shelf registration statement would have a material adverse effect on our offering;

- our board of directors or our manager determines in good faith that the sale of shares covered by the shelf registration statement would materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, corporate reorganization or other significant transaction involving us; or

- our board of directors or our manager determines in good faith that it is in our best interests or it is required by law that we supplement the shelf registration statement or file a post-effective amendment to the shelf registration statement in order to ensure that the prospectus included in the shelf registration statement contains the financial information required under Section 10(a)(3) of the Securities Act, discloses any fundamental change in the information included in the prospectus or discloses any material information with respect to the plan of distribution that was not disclosed in the shelf registration statement or any material change to that information;

and we notify the selling shareholders of the suspension. The cumulative blackout periods in any 12 month period may not exceed a period of 45 consecutive days or an aggregate of 90 days, except as a result of a refusal by the SEC to declare effective any post-effective amendment to the registration statement after we have used all commercially reasonable efforts to cause the post-effective amendment to be declared effective, in which case, we must terminate the blackout period immediately following the effective date of the post-effective amendment.

A holder that sells our Class A shares pursuant to the shelf registration statement generally will be required to be named as a selling shareholder in this prospectus and to deliver the prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement that are applicable to such holder (including certain indemnification rights and obligations). In addition, each holder of our Class A shares may be required to deliver information to be used in connection with the registration statement in order to have such holder s Class A shares included in the registration statement and to benefit from the provisions of the next paragraph.

Each Class A share certificate contains a legend to the effect that the holder thereof, by its acceptance thereof, is deemed to have agreed to be bound by the provisions of the registration rights agreement. In that regard, each holder is deemed to have agreed that, upon receipt of notice of the occurrence of any event that makes a statement in this prospectus untrue in any material respect or that requires the making of any changes in such prospectus in order to make the statements therein not misleading, or of certain other events specified in the registration rights agreement, such holder will suspend the sale of our Class A shares pursuant to this prospectus until we have amended or supplemented such prospectus to correct such misstatement or omission and have furnished copies of such amended or supplemented prospectus to such holder or we have given notice that the sale of the Class A shares may be resumed.

Table of Contents

MATERIAL TAX CONSIDERATIONS

Material U.S. Federal Tax Considerations

To ensure compliance with Treasury Department Circular 230, investors are hereby notified that: (i) any discussion of U.S. Federal income tax issues in this prospectus is not intended or written to be relied upon, and cannot be relied upon, by any investor for the purpose of avoiding penalties that may be imposed on such investor under the Internal Revenue Code; (ii) such discussion is included herein by Apollo Global Management, LLC in connection with the promotion or marketing (within the meaning of Circular 230) by the issuer and of the transactions or matters addressed herein; and (iii) investors should seek advice based on their particular circumstances from an independent tax advisor.

The following discussion summarizes the material U.S. Federal income tax considerations relating to an investment in Class A shares. For purposes of this section, references to Apollo, we, our, and us mean only Apollo Global Management, LLC and not its subsidiaries, except as otherwise indicated. This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder, administrative rulings and pronouncements of the IRS, and judicial decisions, all as in effect on the date hereof and which are subject to change or differing interpretations, possibly with retroactive effect.

This discussion is not a comprehensive discussion of all of the U.S. Federal income tax considerations applicable to us or that may be relevant to a particular holder of Class A shares in view of such holder s particular circumstances and, except to the extent provided below, is not directed to holders of Class A shares subject to special treatment under the U.S. Federal income tax laws, such as banks or other financial institutions, dealers in securities or currencies, tax-exempt entities, regulated investment companies, real estate investment trusts, non-U.S. persons (as defined below), insurance companies, mutual funds, persons holding shares as part of a hedging, integrated or conversion transaction or a straddle, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, charitable remainder unit trusts, common trust funds, or persons liable for the alternative minimum tax. In addition, except to the extent provided below, this discussion does not address any aspect of state, local or non-U.S. tax law and assumes that holders of Class A shares will hold their Class A shares as capital assets within the meaning of Section 1221 of the Code. The tax treatment of holders in a partnership (including an entity treated as a partnership for U.S. Federal income tax purposes) that is a holder of our Class A shares generally depends on the status of the partner, and is not specifically addressed herein. Partners in partnerships purchasing the Class A shares should consult their own tax advisors.

Legislation has been introduced in the U.S. Congress that would, if enacted, preclude us from qualifying as a partnership for U.S. Federal income tax purposes. On December 9, 2009, the House of Representatives passed H.R. 4213, the Tax Extenders Act of 2009. If enacted, this bill would cause income associated with carried interests to be taxed as ordinary income and not treated as qualifying income for purposes of the publicly traded partnership tests. This would have the effect of treating publicly traded partnerships that derive substantial amounts of income from carried interests as corporations for U.S. Federal income tax purposes. Such legislation does provide a transition rule that could defer corporate treatment for 10 years. See Administrative Matters Possible New Legislation or Administrative or Judicial Action.

No statutory, administrative or judicial authority directly addresses the treatment of certain aspects of the Class A shares or instruments similar to the shares for U.S. Federal income tax purposes. We cannot give any assurance that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below. Moreover, we have not and will not seek any advance rulings from the IRS regarding any matter discussed in this prospectus. We cannot give any assurance that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below. **Accordingly, prospective holders of Class A shares should consult their own tax advisors to determine the U.S. Federal income tax consequences to them of acquiring, holding and disposing of Class A shares, as well as the effects of state, local and non-U.S. tax laws**.

Table of Contents

For purposes of the following discussion, a U.S. person is a person that is (i) a citizen or resident of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. Federal income tax purposes) created or organized under the laws of the United States or any state thereof, or the District of Columbia, (iii) an estate, the income of which is subject to U.S. Federal income taxation regardless of its source, or (iv) a trust (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A non-U.S. person is a person that is neither a U.S. person nor an entity treated as a partnership for U.S. Federal income tax purposes.

Taxation of the Company

Federal Income Tax Opinion Regarding Partnership Status. O Melveny & Myers LLP has acted as our counsel in connection with this offering. O Melveny & Myers LLP has issued the opinion that as of August 8, 2007, we, Principal Holdings I, L.P. and Principal Holdings III, L.P., will each be treated as a partnership and not as a corporation for U.S. Federal income tax purposes based on certain assumptions and factual statements and representations made by us, including statements and representations as to the manner in which we intend to manage our affairs and the composition of our income. However, opinions of counsel are not binding upon the IRS or any court, and the IRS may challenge this conclusion and a court may sustain such a challenge. We must emphasize that the opinion of O Melveny & Myers LLP is based on various assumptions and representations relating to our organization, operation, assets, activities and income, including that all factual representations set forth in the relevant documents, records and instruments are true and correct, all actions described in this offering are completed in a timely fashion and that we will at all times operate in accordance with the method of operation described in our organizational documents and this offering, and such opinion is conditioned upon representations and covenants made by our management regarding our organization, assets, activities, income, and present and future conduct of our business operations, and assumes that such representations and covenants are accurate and complete.

Taxation of Apollo. While we are organized as a limited liability company and intend to operate so that we will be treated for U.S. Federal income tax purposes as a partnership, and not as a corporation, given the highly complex nature of the rules governing partnerships, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, neither we nor O Melveny & Myers LLP can give any assurance that we will so qualify for any particular year. O Melveny & Myers LLP will have no obligation to advise us or the holders of Class A shares of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in, or differing IRS interpretation of, the applicable law. Our treatment as a partnership that is not a publicly traded partnership taxable as a corporation will depend on our ability to meet, on a continuing basis, through actual operating results, the qualifying income exception (as described below), the compliance with which will not be reviewed by O Melveny & Myers LLP on an ongoing basis. Accordingly, we cannot give any assurance that the actual results of our operations for any taxable year will satisfy the qualifying income exception. You should be aware that opinions of counsel are not binding on the IRS, and we cannot give any assurance that the IRS will not challenge the conclusions set forth in such opinions. Furthermore, it is possible that the U.S. Federal income tax law could be amended by Congress so as to cause part or all of our income to be non-qualifying income under the publicly traded partnership rules. A change in the administrative or judicial interpretation of the U.S. Federal income tax law could also create this result. See Administrative Matters Possible New Legislation or Administrative or Judicial Action below.

If we fail to satisfy the qualifying income exception (other than a failure which is determined by the IRS to be inadvertent and which is cured within a reasonable period of time after the discovery of such failure as discussed below) or if we elect to be treated as a corporation based upon a determination by our board of directors, we will be treated as if we had transferred all of our assets, subject to our liabilities, to a newly formed corporation, on the first day of the year in which we failed to satisfy the qualifying income exception, in return for stock of the corporation, and then distributed to the holders of Class A shares in liquidation of their interests in us. This contribution and liquidation should be tax-free to holders of Class A shares (except for a non-U.S. holder if we own an interest in U.S. real property or an interest in a USRPHC as discussed below in Taxation of Non-U.S. Persons) so long as we do not have liabilities in excess of the tax basis of our assets. If, for any reason (including our failure to meet the qualifying income exception or a determination by our board of directors to elect to be treated as a corporation), we were treated as an association or publicly traded partnership taxable as a corporation for U.S. Federal income tax purposes, (i) we would be subject to U.S. Federal income tax on our taxable income at regular corporate income tax rates, without deduction for any distributions to holders, thereby substantially reducing the amount of any cash available for distribution to holders and (ii) distributions made to the holders of our Class A shares would be treated as either taxable dividend income, which may be eligible for reduced rates of taxation, to the extent of our current or accumulated earnings and profits, or in the absence of earnings and profits, as a nontaxable return of capital, to the extent of the holder s tax basis in the common units, or as taxable capital gain, after the holder s basis is reduced to zero. The net effect of such treatment would be, among other things, to subject the income from APO Asset Co., LLC to corporate level taxation.

Under Section 7704 of the Code, unless certain exceptions apply, if an entity that would otherwise be classified as a partnership for U.S. Federal income tax purposes is a publicly traded partnership (as defined in the Code) it will be treated and taxed as a corporation for U.S. Federal income tax purposes. An entity that would otherwise be classified as a partnership is a publicly traded partnership if (i) interests in the entity are traded on an established securities market or (ii) interests in the entity are readily tradable on a secondary market or the substantial equivalent thereof. We expect that we will be treated as a publicly traded partnership.

A publicly traded partnership will, however, be treated as a partnership, and not as a corporation for U.S. Federal income tax purposes, if 90% or more of its gross income during each taxable year consists of qualifying income within the meaning of Section 7704 of the Code and it is not required to register as an investment company under the Investment Company Act. We refer to this exception as the qualifying income exception. Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. We expect that our investments will earn interest, dividends, capital gains and other types of qualifying income, however, we cannot give any assurance as to the types of income that will be earned in any given year.

While we will be treated as a publicly traded partnership, we will manage our investments so that we will satisfy the qualifying income exception to the extent reasonably possible. We cannot give any assurance, however, that we will do so or that the IRS would not challenge our compliance with the qualifying income requirements and, therefore, assert that we should be taxable as a corporation for U.S. Federal income tax purposes. In such event, the amount of cash available for distribution to holders would be reduced materially.

If at the end of any year we fail to meet the qualifying income exception, we may still qualify as a partnership if we are entitled to relief under the Code for an inadvertent termination of partnership status. This relief will be available if (i) the failure to meet the qualifying income exception is cured within a reasonable time after discovery, (ii) the failure is determined by the IRS to be inadvertent, and (iii) we and each of the holders of our Class A shares (during the failure period) agree to make such adjustments or to pay such amounts as are required by the IRS. Under our operating agreement, each holder of Class A shares is obligated to make such adjustments or to pay such amounts as are required by the IRS to maintain our status as a partnership. It is not possible to state whether we would be entitled to this relief in any or all circumstances. It also is not clear under the Code whether this relief would be available for our first taxable year as a publicly traded partnership. If this relief provision is inapplicable to a particular set of circumstances involving us, we will not qualify as a partnership for U.S. Federal income tax purposes. Even if this relief provision applies and we retain our partnership status, we or the holders of Class A shares (during the failure period) will be required to pay such amounts as are determined by the IRS.

The remainder of this section assumes that we and the underlying partnerships of Apollo Operating Group will be treated as partnerships for U.S. Federal income tax purposes. However, due to proposed legislation this could change. See Administrative Matters Possible New Legislation or Administrative or Judicial Action below.

Certain State, Local and Non-U.S. Tax Matters. We and our subsidiaries may be subject to state, local or non-U.S. taxation in various jurisdictions, including those in which we or they transact business, own property, or reside. For example, we and our subsidiaries may be subject to New York City unincorporated business tax. We may be required to file tax returns in some or all of those jurisdictions. The state, local or non-U.S. tax treatment of us and our holders may not conform to the U.S. Federal income tax treatment discussed herein. We will pay non-U.S. taxes, and dispositions of foreign property or operations involving, or investments in, foreign property may give rise to non-U.S. income or other tax liability in amounts that could be substantial. Any non-U.S. taxes incurred by us may not be able to be used by holders of our Class A shares as a credit against their U.S. Federal income tax liability, subject to applicable limitations under the Code.

APO Corp. APO Corp. is taxable as a corporation for U.S. Federal income tax purposes. Accordingly, even though we expect to qualify as a partnership for U.S. Federal income tax purposes, the income from the portion of our business that we hold through APO Corp. will be subject to U.S. Federal corporate income tax and other taxes. As the holder of APO Corp. s shares, we will not be taxed directly on earnings of entities we hold through APO Corp. Distributions of cash or other property that APO Corp. pays to us will constitute dividends for U.S. Federal income tax purposes to the extent paid from its current or accumulated earnings and profits (as determined under U.S. Federal income tax principles). If the amount of a distribution by APO Corp. exceeds its current and accumulated earnings and profits, such excess will be treated as a tax-free return of capital to the extent of our tax basis in APO Corp. s common stock, and thereafter will be treated as a capital gain.

APO (FC), LLC. APO (FC), LLC is taxable as a corporation for U.S. Federal income tax purposes. Accordingly, any income from the portion of our business that we hold through APO (FC), LLC that is treated as effectively connected with a U.S. trade or business will be subject to U.S. Federal income tax and other taxes. APO (FC), LLC will be considered a CFC for U.S. Federal income tax purposes. Accordingly, each U.S. holder of our Class A shares may be required to include in income its allocable share of Subpart F income of APO (FC), LLC. Subpart F income generally includes dividends, interest, net gain from the sale or disposition of securities, non-actively managed rents and certain other generally passive types of income. These inclusions are treated as ordinary income (whether or not such inclusions are attributable to net capital gains). Thus, an investor may be required to report as ordinary income its allocable share of APO (FC) LLC s Subpart F income reported by us without corresponding receipts of cash and may not benefit from capital gain treatment with respect to the portion of our earnings (if any) attributable to net capital gains of APO (FC), LLC. The tax basis of our shares of APO (FC), LLC, and a holder s tax basis in our Class A shares, will be increased to reflect any required Subpart F income inclusions. Such income will be treated as income from sources within the United States, for certain foreign tax credit purposes, to the extent derived by APO (FC) LLC from U.S. sources. Such income will not be eligible for the reduced rate of tax applicable to qualified dividend income for individual U.S. persons. Amounts included as such income with respect to direct and indirect investments generally will not be taxable again when actually distributed. For further discussion of CFC treatment, see Taxation of Holders of Class A Shares Passive Foreign Investment Companies and Controlled Foreign Corporations below.

APO Asset Co., LLC. APO Asset Co., LLC is a wholly-owned limited liability company. APO Asset Co., LLC will be treated as an entity disregarded as a separate entity from us. Accordingly, all the assets, liabilities and items of income, deduction and credit of APO Asset Co., LLC will be treated as our assets, liabilities and items of income, deduction and credit.

If we form a U.S. corporation or other entity treated as a U.S. corporation for U.S. Federal income tax purposes, that corporation would be subject to U.S. Federal income tax on its income.

Personal Holding Companies. APO Corp. could be subject to additional U.S. Federal income tax on a portion of its income if it is determined to be a personal holding company, or PHC, for U.S. Federal income tax purposes. A U.S. corporation generally will be classified as a PHC for U.S. Federal income tax purposes in a given taxable year if (i) at any time during the last half of such taxable year, five or fewer individuals (without regard to their citizenship or residency and including as individuals for this purpose certain entities such as

Table of Contents

certain tax-exempt organizations and pension funds) own or are deemed to own (pursuant to certain constructive ownership rules) more than 50% of the stock of the corporation by value and (ii) at least 60% of the corporation s adjusted ordinary gross income, as determined for U.S. Federal income tax purposes, for such taxable year consists of PHC income (which includes, among other things, dividends, interest, royalties, annuities and, under certain circumstances, rents). The PHC rules do not apply to non-U.S. corporations.

Due to applicable attribution rules, it is likely that five or fewer individuals or tax-exempt organizations will be treated as owning actually or constructively more than 50% of the value of stock in APO Corp. Consequently, APO Corp. could be or become a PHC, depending on whether it fails the PHC gross income test. Certain aspects of the gross income test cannot be predicted with certainty. Thus, we cannot give any assurance that APO Corp. will not become a PHC in the future.

If APO Corp. is or were to become a PHC in a given taxable year, it would be subject to an additional 15% PHC tax on its undistributed PHC income, which generally includes the company s taxable income, subject to certain adjustments. For taxable years beginning after December 31, 2010, the PHC tax rate on undistributed PHC income will be equal to the highest marginal rate on ordinary income applicable to individuals (currently 35%).

Taxation of Holders of Class A Shares

Taxation of Holders of Class A Shares on Our Profits and Losses. As a partnership for tax purposes, we are not a taxable entity and incur no U.S Federal income tax liability. Instead, each holder of Class A shares in computing such holder s U.S. Federal income tax liability for a taxable year will be required to take into account its allocable share of items of our income, gain, loss, deduction and credit (including those items of APO Asset Co., LLC as an entity disregarded as a separate entity from us for U.S. Federal income tax purposes) for each of our taxable years ending with or within the taxable year of such holder, regardless whether the holder has received any distributions. The characterization of an item of our income, gain, loss, deduction or credit generally will be determined at our (rather than at the holder s) level.

Limits on Deductions for Losses and Expenses. A holder s deduction of its share of our losses, if any, will be limited to such holder s tax basis in its Class A shares and, if such holder is an individual or a corporation that is subject to the at risk rules, to the amount for which such holder is considered to be at risk with respect to our activities, if that is less than such holder s tax basis. In general, a holder of Class A shares will be at risk to the extent of such holder s tax basis in its Class A shares, reduced by (1) the portion of that basis attributable to such holder s share of our liabilities for which such holder will not be personally liable and (2) any amount of money such holder borrows to acquire or hold its Class A shares, if the lender of those borrowed funds owns an interest in us, is related to such holder or can look only to the Class A shares for repayment. A holder s at risk amount will generally increase by its allocable share of our income and gain and decrease by cash distributions to such holder and such holder s allocable share of losses and deductions. A holder must recapture losses deducted in previous years to the extent that distributions cause such holder s at risk amount to be less than zero at the end of any taxable year. Losses disallowed or recaptured as a result of these limitations will carry forward and will be allowable to the extent that a holder s tax basis or at risk amount, whichever is the limiting factor, subsequently increases. Any excess loss above that gain previously suspended by the at risk or basis limitations may no longer be used. It is not entirely free from doubt whether a holder would be subject to additional loss limitations imposed by Section 470 of the Code. The IRS has not yet issued final guidance limiting the scope of this anti-abuse provision. Prospective holders of Class A shares should therefore consult their own tax advisors about the possible effect of this provision.

We do not expect to generate any income or losses from passive activities for purposes of Section 469 of the Code. Accordingly, income allocated by us to a holder of Class A shares may not be offset by any Section 469 passive losses of such holder from other sources and any losses we allocate to a holder generally may not be used to offset Section 469 passive income of such holder from other sources. In addition, other provisions of the Code may limit or disallow any deduction for losses by a holder of Class A shares or deductions associated with certain assets of the partnership in certain cases, including potentially Section 470 of the Code. Prospective holders of Class A shares should consult with their own tax advisors regarding their limitations on the deductibility of losses under applicable sections of the Code.

Limitations on Deductibility of Organizational Expenses and Syndication Fees. In general, neither we nor any U.S. holder of Class A shares may deduct organizational or syndication expenses. An election may be made by our partnership to amortize organizational expenses over a 15-year period. Syndication fees (which would include any sales or placement fees or commissions or underwriting discount payable to third parties) must be capitalized and cannot be amortized or otherwise deducted.

Limitations on Interest Deductions. A holder s share of our interest expense is likely to be treated as investment interest expense. If a holder is a non-corporate taxpayer, the deductibility of investment interest expense is generally limited to the amount of such holder s net investment income. A holder s share of our dividend and interest income will be treated as investment income, although qualified dividend income subject to reduced rates of tax in the hands of an individual will only be treated as investment income if a holder elects to treat such dividend as ordinary income not subject to reduced rates of tax. In addition, state and local tax laws may disallow deductions for a holder s share of our interest expense.

The computation of a holder s investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase a Class A share. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment. For this purpose, any long-term capital gain or qualifying dividend income that is taxable at long-term capital gain rates is excluded from net investment income, unless a holder of Class A shares elects to pay tax on such gain or dividend income at ordinary income rates.

Deductibility of Partnership Investment Expenditures by Individual Partners and by Trusts and Estates. Subject to certain exceptions, all miscellaneous itemized deductions of an individual taxpayer, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions exceed 2% of the taxpayer s adjusted gross income. For tax years beginning after December 31, 2010, the otherwise allowable itemized deductions of individuals whose gross income exceeds an applicable threshold amount are subject to reduction by an amount equal to the lesser of (1) 3% of the excess of the individual s adjusted gross income over the threshold amount, or (2) 80% of the amount of the itemized deductions. The operating expenses of Apollo may be treated as miscellaneous itemized deductions subject to the foregoing rule. Prospective non-corporate holders of Class A shares should consult their own tax advisors with respect to the application of these limitations.

Allocation of Profits and Losses. For each of our fiscal years, items of income, gain, loss, deduction or credit recognized by us (including those items of APO Asset Co., LLC as an entity disregarded as a separate entity from us for U.S. Federal income tax purposes) generally will be allocated among the holders of Class A shares *pro rata* in accordance with the number of shares held. To the extent that our managing and contributing partners exchange Apollo Operating Group units for Class A shares, such income and gain will from time to time include the built-in income or gain inherent in the underlying assets of the Apollo Operating Group at the time of such exchange. Section 704(c) of the Code arguably requires that we specially allocate such built-in income or gain to the holders of these specific Class A shares. However, since we do not expect to be able to identify these specific Class A shares following their sales on the market by such partners, we expect that we will not be able to make such special allocations to the holders of these specific Class A shares. Accordingly, such built-in income or gain will likely be allocated *pro rata* among all holders of Class A shares.

We may make investments that produce taxable income before they generate cash and/or may devote cash flow to make other investments or pay principal amount of debt. Therefore the amount of taxable income that we allocated to you may exceed your cash distributions, and this excess may be substantial.

We must allocate items of partnership income and deductions between transferors and transferees of Class A shares. We will apply certain assumptions and conventions in an attempt to comply with applicable rules under the Code and to report income, gain, loss, deduction and credit to holders in a manner that reflects such holders beneficial shares of our items. These conventions are designed to more closely align the receipt of cash and the allocation of income between holders of Class A shares, but these assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. In addition, as a result of such allocation method, we may allocate taxable income to you even if you do not receive any distributions.

If the IRS does not accept our conventions, the IRS may contend that our taxable income or losses must be reallocated among the holders of Class A shares. If such a contention were sustained, certain holders respective tax liabilities would be adjusted to the possible detriment of certain other holders. The Board of Directors is authorized to revise our method of allocation between transferors and transferees (as well as among holders whose interests otherwise could vary during a taxable period). See Administrative Matters Possible New Legislation or Administration or Judicial Action below.

Adjusted Tax Basis of Class A Shares. A holder s adjusted tax basis in its Class A shares will equal the amount paid for the shares and will be increased by the holder s allocable share of (i) items of our income and gain and (ii) our liabilities, if any. A holder s adjusted tax basis will be decreased, but not below zero, by (a) distributions from us, (b) the holder s allocable share of items of our deductions and losses, and (c) the holder s allocable share of the reduction in our liabilities, if any. Although a holder in such circumstance would have a single adjusted tax basis in the separately purchased Class A shares, such holder will have a split holding period in such shares.

Holders who purchase Class A shares in separate transactions must combine the basis of those Class A shares and maintain a single adjusted tax basis for all of those Class A shares. Upon a sale or other disposition of less than all of the Class A shares, a portion of that tax basis must be allocated to the Class A shares sold.

Treatment of Distributions. Distributions of cash by us generally will not be taxable to a holder to the extent of such holder s adjusted tax basis (described above) in its Class A shares. Any cash distributions in excess of a holder s adjusted tax basis generally will be considered to be gain from the sale or exchange of Class A shares (as described below). Such amount would be treated as gain from the sale or exchange of its interest in us. Such gain would generally be treated as capital gain and would be long-term capital gain if the holder s holding period for its interest exceeds one year. A reduction in a holder s allocable share of our liabilities, and certain distributions of marketable securities by us, are treated similar to cash distributions for U.S. Federal income tax purposes.

Disposition of Interest. A sale or other taxable disposition of all or a portion of a holder s interest in its Class A shares will result in the recognition of gain or loss in an amount equal to the difference, if any, between the amount realized on the disposition (including the holder s share of our liabilities) and the holder s adjusted tax basis in its Class A shares. A holder s adjusted tax basis will be adjusted for this purpose by its allocable share of our income or loss for the year of such sale or other disposition. Except as described below, any gain or loss recognized with respect to such sale or other disposition generally will be treated as capital gain or loss and will be long-term capital gain or loss if the holder s holding period for its interest exceeds one year. A portion of such gain may be treated as ordinary income under the Code to the extent attributable to the holder s allocable share of unrealized gain or loss in our assets to the extent described in Section 751 of the Code.

Holders who purchase Class A shares at different times and intend to sell all or a portion of the shares within a year of their most recent purchase are urged to consult their tax advisors regarding the application of certain split holding period rules to them and the treatment of any gain or loss as long-term or short term capital gain or loss. For example, a selling holder may use the actual holding period of the portion of his transferred shares, provided (i) his shares are divided into identifiable shares with ascertainable holding periods, (ii) the selling holder can identify the portion of the shares transferred, and (iii) the selling holder elects to use the identification method for all sales or exchanges of our shares.

Table of Contents

Foreign Tax Credit Limitations. Holders of Class A shares will generally be entitled to a foreign tax credit with respect to their allocable share of creditable foreign taxes paid on our income and gains. Complex rules may, depending on the particular circumstances, limit the availability or use of foreign tax credits. Gains from the sale of our foreign investments may be treated as U.S. source gains. Consequently, holders of Class A shares may not be able to use the foreign tax credit arising from any foreign taxes imposed on such gains unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. Certain losses that we incur may be treated as foreign source losses, which could reduce the amount of foreign tax credits otherwise available.

Mutual Fund Holders. U.S. mutual funds that are treated as regulated investment companies, or RICs, for U.S. Federal income tax purposes are required, among other things, to meet an annual 90% gross income and a quarterly 50% asset value test under Section 851(b) of the Code to maintain their favorable U.S. Federal income tax status. The treatment of an investment by a RIC in Class A shares for purposes of these tests will depend on whether our partnership will be treated as a qualifying publicly traded partnership. If our partnership is so treated, then the Class A shares themselves are the relevant assets for purposes of the 50% asset value test and the net income from the Class A shares is relevant gross income for purposes of the 90% gross income test. If, however, our partnership is not so treated, then the relevant assets are the RIC s allocable share of the underlying assets held by our partnership and the relevant gross income is the RIC s allocable share of the underlying gross income earned by our partnership. Whether our partnership will qualify as a qualifying publicly traded partnership will depend upon the exact nature of our future investments. We will operate such that at least 90% of our gross income from the underlying assets held by our partnership will constitute cash and property that generates dividends, interest and gains from the sale of securities or other income that qualifies for the RIC gross income test described above. RICs should consult their own tax advisors about the U.S. tax consequences of an investment in Class A shares.

Tax-Exempt Holders. A holder of our Class A shares that is a tax-exempt organization for U.S. Federal income tax purposes and, therefore, exempt from U.S. Federal income taxation, may nevertheless be subject to unrelated business income tax to the extent, if any, that its allocable share of our income consists of UBTI. A tax-exempt partner of a partnership that engages in a trade or business which is unrelated to the exempt function of the tax-exempt partner must include in computing its UBTI, its *pro rata* share (whether or not distributed) of such partnership s gross income derived from such unrelated trade or business. Moreover, a tax-exempt partner of a partnership generally could be treated as earning UBTI to the extent that such partnership derives income from debt-financed property, or if the partnership interest itself is debt financed. Debt-financed property means property held to produce income with respect to which there is acquisition indebtedness (*i.e.*, indebtedness incurred in acquiring or holding property).

An investment in Class A shares will give rise to UBTI, in particular from debt-financed property, because APO Asset Co., LLC and/or its subsidiaries will borrow funds from APO Corp. or third parties from time to time to make investments. In each case, these investments will give rise to UBTI from debt-financed property. We will not make investments through taxable corporations solely for the purpose of limiting UBTI from debt-financed property and other sources.

Prospective tax-exempt holders are urged to consult their own tax advisors regarding the tax consequences of an investment in Class A shares.

Passive Foreign Investment Companies and Controlled Foreign Corporations. It is possible that we will invest in non-U.S. corporations treated as PFICs or CFCs. A PFIC is defined as any foreign corporation with respect to which either (1) 75% or more of the gross income for a taxable year is passive income or (2) 50% or more of its assets in any taxable year (generally based on the quarterly average of the value of its assets) produce passive income. There are no minimum stock ownership requirements for PFICs. Once a corporation qualifies as a PFIC it is, subject to certain exceptions, always treated as a PFIC, regardless of whether it satisfies either of the qualification tests in subsequent years. In the case of PFICs, a U.S. Class A shareholder s share of certain distributions from such corporations and gains from the sale by us of interests in such corporations (or gains from the sale by a U.S. Class A shareholder of their interest) could be subject to an interest charge and certain other disadvantageous tax treatment. A non-U.S. entity will be treated as a CFC if it is treated as a corporation for U.S. federal income tax purposes and if more than 50% of (i) the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or (ii) the total value of the stock of the non-U.S. entity is owned by U.S. Shareholders on any day during the taxable year of such non-U.S. entity. For purposes of this discussion, a U.S. Shareholder with respect to a non-U.S. entity means a U.S. person that owns 10% or more of the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote. In the case of CFCs, a portion of the income of such corporations (whether or not distributed) could be imputed currently as ordinary income to certain U.S. Class A shareholders. Furthermore, in the case of PFICs and CFCs, gains from the sale by us of an interest in such corporations (or gains recognized by certain U.S. Class A shareholder on the sale of their interest) could be characterized as ordinary income (rather than as capital gains) in whole or in part. If we make a qualified electing fund, or QEF, election with respect to a PFIC, each U.S. Class A shareholder would in general be required to include in income annually its share of the PFIC s current income and gains (losses are not currently deductible), but would avoid the interest charge and ordinary income treatment as to gains described above. As a result of a QEF election, a U.S. Class A shareholder could recognize income subject to tax prior to the receipt by us of any distributable proceeds. We can not give any assurance that the QEF election will be available with respect to a PFIC that we invest in.

U.S. Federal Estate Taxes. Since Class A shares held by a U.S. citizen or resident would be included in the gross estate of such U.S. citizen or resident for U.S. Federal estate tax purposes, then a U.S. Federal estate tax might be payable with respect to such shares in connection with the death of such person. Prospective individual U.S. holders of Class A shares should consult their own tax advisors concerning the potential U.S. Federal estate tax consequences with respect to Class A shares.

Taxation of Non-U.S. Persons

Non-U.S. Persons. Special rules apply to a holder of our Class A shares that is a non-U.S. person. Non-U.S. persons are generally subject to U.S. withholding tax at a 30% rate on the gross amount of interest, dividends and other fixed or determinable annual or periodical income received from sources within the United States if such income is not treated as effectively connected with a trade or business within the United States. The 30% rate may be reduced or eliminated under the provisions of an applicable income tax treaty between the United States and the country in which the non-U.S. person resides or is organized. Whether a non-U.S. person is eligible for such treaty benefits will depend upon the provisions of the applicable treaty as well as the treatment of us under the laws of the non-U.S. person s jurisdiction. The 30% withholding tax rate does not apply to certain portfolio interest on obligations of U.S. persons allocable to certain non-U.S. persons. Moreover, non-U.S. persons generally are not subject to U.S. Federal income tax on capital gains if (i) such gains are not effectively connected with the conduct of a U.S. trade or business of such non-U.S. person; (ii) a tax treaty is applicable and such gains are not attributable to a permanent establishment in the United States maintained by such non-U.S. person; or (iii) such non-U.S. person is an individual and is not present in the United States for 183 or more days during the taxable year (assuming certain other conditions are met).

Non-U.S. persons treated as engaged in a U.S. trade or business are subject to U.S. Federal income tax at the graduated rates applicable to U.S. persons on their net income that is considered to be effectively connected with such U.S. trade or business. Non-U.S. persons that are corporations may also be subject to a 30% branch profits tax on such effectively connected income. The 30% rate applicable to branch profits may be reduced or eliminated under the provisions of an applicable income tax treaty between the United States and the country in which the non-U.S. person resides or is organized.

While it is expected that our methods of operation will not result in a determination that we are engaged in a U.S. trade or business, we cannot give any assurance that the IRS will not assert successfully that we are engaged in a U.S. trade or business, with the result that some portion of our income is properly treated as effectively connected income with respect to non-U.S. holders. If a holder who is a non-U.S. person were treated as being engaged in a U.S. trade or business in any year because of an investment in the Class A shares in such year, such holder generally would be (i) subject to withholding by us on its distributive share of our income effectively connected with such U.S. trade or business, (ii) required to file a U.S. Federal income tax return for such year reporting its allocable share, if any, of income or loss effectively connected with such trade or business and (iii) required to pay U.S. Federal income tax at regular U.S. Federal income tax rates on any such income. Moreover, a holder who is a corporate non-U.S. person might be subject to a U.S. branch profits tax on its allocable share of its effectively connected income. Any amount so withheld would be creditable against such non-U.S. person s U.S. Federal income tax liability, and such non-U.S. person could claim a refund to the extent that the amount withheld exceeded such non-U.S. person s U.S. Federal income tax liability for the taxable year. Finally, if we were treated as being engaged in a U.S. trade or business, a portion of any gain recognized by a holder who is a non-U.S. person on the sale or exchange of its Class A shares could be treated for U.S. Federal income tax purposes as effectively connected income, and hence such non-U.S. person could be subject to U.S. Federal income tax on the sale or exchange.

Generally, under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, provisions of the Code, non-U.S. persons are subject to U.S. tax in the same manner as U.S. persons on any gain realized on the disposition of an interest, other than an interest solely as a creditor, in U.S. real property. An interest in U.S. real property includes stock in a U.S. corporation (except for certain stock of publicly traded U.S. corporations) if interests in U.S. real property constitute 50% or more by value of the sum of the corporation s assets used in a trade or business, its U.S. real property interests and its interests in real property located outside the United States (a United States Real Property Holding Corporation or USRPHC). Consequently, a non-U.S. person who invests directly in U.S. real estate, or indirectly by owning the stock of a USRPHC, will be subject to tax under FIRPTA on the disposition of such investment. The FIRPTA tax will also apply if the non-U.S. person is a holder of an interest in a partnership that owns an interest in U.S. real property or an interest in a USRPHC. We may, from time to time, make certain investments (other than direct investments in U.S. real property) through APO Asset Co., LLC that could constitute investments in U.S. real property or USRPHCs, including dividends from real estate investment trust investments that are attributable to gains from the sale of U.S. real property. If we make such investments, each non-U.S. person will be subject to U.S. Federal income tax under FIRPTA on such holder s allocable share of any gain realized on the disposition of a FIRPTA interest and will be subject to the tax return filing requirements discussed above.

In general, different rules from those described above apply in the case of non-U.S. persons subject to special treatment under U.S. Federal income tax law, including a non-U.S. person (i) who has an office or fixed place of business in the United States or is otherwise carrying on a U.S. trade or business; (ii) who is an individual present in the United States for 183 or more days or has a tax home in the United States for U.S. Federal income tax purposes; or (iii) who is a former citizen or resident of the United States.

U.S. Federal Estate Tax Consequences. The U.S. Federal estate tax treatment of Class A shares with regards to the estate of a non-citizen who is not a resident of the United States is not entirely clear. If Class A shares are includible in the U.S. gross estate of such person, then a U.S. Federal estate tax might be payable in connection with the death of such person. Prospective individual non-U.S. holders of Class A shares who are non-citizens and not residents of the United States should consult their own tax advisors concerning the potential U.S. Federal estate tax consequences with regard to Class A shares.

Prospective holders who are non-U.S. persons are urged to consult their tax advisors with regard to the U.S. Federal income tax consequences to them of acquiring, holding and disposing of Class A shares, as well as the effects of state, local and non-U.S. tax laws, as well as eligibility for any reduced withholding benefits.

Administrative Matters

Tax Matters Partner. One of our managing partners will act as our tax matters partner. Our board of directors will have the authority, subject to certain restrictions, to appoint another founder or Class A shareholder to act on our behalf in connection with an administrative or judicial review of our items of income, gain, loss, deduction or credit.

Tax Elections. We have not made and currently do not intend to make the election permitted by Section 754 of the Code with respect to us. Each of Apollo Management Holdings, L.P. and the Apollo Operating Group entities controlled by Apollo Management Holdings, L.P. has made such an election while Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P., and Apollo Principal Holdings IX, L.P. have not made such an election and currently do not intend to make the election. The election, if made, is irrevocable without the consent of the IRS, and would generally require us to adjust the tax basis in our assets, or inside basis, attributable to a transferee of common units under Section 743(b) of the Code to reflect the purchase price of the common units paid by the transferee. However, this election does not apply to a person who purchases common units directly from us, including in this offering. For purposes of this discussion, a transferee s inside basis in our assets will be considered to have two components: (1) the transferee s share of our tax basis in our assets, or common basis, and (2) the Section 743(b) adjustment to that basis.

If no Section 754 election is made, there would be no adjustment for the transferee of Class A shares, even if the purchase price of those common units, is higher than the transferor s share of the aggregate tax basis of our assets immediately prior to the transfer. In that case, on a sale of an asset, gain allocable to the transferee would include built-in gain allocable to the transferee at the time of the transfer, which built-in gain would otherwise generally be eliminated if a Section 754 election had been made.

Even assuming no Section 754 election is made, if Class A shares were transferred at a time when we had a substantial built-in loss inherent in our assets, we would be obligated to reduce the tax basis in the portion of such assets attributable to such Class A shares.

The calculations under Section 754 of the Code are complex, and there is little legal authority concerning the mechanics of the calculations, particularly in the context of publicly traded partnerships. To help reduce the complexity of those calculations and the resulting administrative costs to us if we make elections under Section 754, we will apply certain conventions in determining and allocating basis adjustments. For example, we may apply a convention in which we deem the price paid by a holder of Class A shares to be the lowest quoted trading price of the Class A shares during the month in which the purchase occurred irrespective of the actual price paid. Nevertheless, the use of such conventions may result in basis adjustments that do not exactly reflect a holder s purchase price for its Class A shares, including less favorable basis adjustments to a holder who paid more than the lowest quoted trading price of the Class A shares for the month in which the purchase occurred. It is also possible that the IRS will successfully assert that the conventions we utilize do not satisfy the technical requirements of the Code or the Treasury Regulations and, thus, will require different basis adjustments to be made. If the IRS were to sustain such a position, a holder of Class A shares may have adverse tax consequences.

Constructive Termination. Subject to the electing large partnership rules described below, we will be considered to have been terminated and reformed as a new partnership for U.S. Federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a 12-month period. Our termination would result in the closing of our taxable year for all holders of Class A shares. In the case of a holder reporting on a taxable year other than a fiscal year ending on our year end, the closing of our taxable year may result in more than 12 months of our taxable income or loss being includable in the holder s taxable income for the year of termination. We would be required to make new tax elections after a termination, including a new tax election under Section 754 of the Code. A termination could also result in penalties if we

Table of Contents

were unable to determine that the termination had occurred. Moreover, a termination might either accelerate the application of, or subject us to, any tax legislation enacted before the termination.

Information Returns. We have agreed to use reasonable efforts to furnish to you tax information (including Schedule K-1) as promptly as possible, which describes your allocable share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, we will use various accounting and reporting conventions to determine your allocable share of income, gain, loss and deduction. Delivery of this information by us will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from an investment in which we hold an interest. It is therefore likely that, in any taxable year, our shareholders will need to apply for extensions of time to file their tax returns. The IRS may successfully contend that certain of these reporting conventions are impermissible, which could result in an adjustment to your allocable share of our income, gain, loss and/or deduction and necessitate that you file amended tax returns for the taxable year(s) affected to reflect such adjustment. If you are not a U.S. person, we cannot give any assurance that the tax information we furnish will meet your jurisdiction s compliance requirements.

It is possible that we may engage in transactions that subject our partnership and, potentially, the holders of our Class A shares to other information reporting requirements with respect to an investment in us. You may be subject to substantial penalties if you fail to comply with such information reporting requirements. You should consult with your tax advisors regarding such information reporting requirements.

We may be audited by the IRS. Adjustments resulting from an IRS audit may require you to file amended tax returns for the taxable year(s) affected to reflect such adjustment and possibly may result in an audit of your own tax return. Any audit of your tax return could result in adjustments not related to our tax returns as well as those related to our tax returns. Under our operating agreement, in the event of an inadvertent partnership termination in which the IRS has granted us limited relief each holder of our Class A shares is obligated to make such adjustments as are required by the IRS to maintain our status as a partnership.

Nominee Reporting. Persons who hold our Class A shares as nominees for another person are required to furnish to us (i) the name, address and taxpayer identification number of the beneficial owner and the nominee; (ii) whether the beneficial owner is (1) a person that is not a U.S. person, (2) a foreign government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing, or (3) a tax-exempt entity; (iii) the amount and description of Class A shares held, acquired or transferred for the beneficial owner; and (iv) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition costs for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are U.S. persons and specific information on Class A shares they acquire, hold or transfer for their own account. A penalty of $50 per failure, up to a maximum of $100,000 per calendar year, is imposed by the Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the Class A shares with the information furnished to us.

Taxable Year. A partnership is required to have a tax year that is the same tax year as any partner, or group of partners, that owns a majority interest (more than 50%) in the partnership. A partnership also is required to change its tax year every time a group of partners with a different tax year end acquires a majority interest, unless the partnership has been forced to change its tax year during the preceding two-year period. In the event the majority interest in the Class A shares is acquired by a group of partners with a different tax year and we have not been forced to change our tax year during the preceding two-year period, we will be required to change our tax year to the tax year of that group of partners. We may request permission from the IRS to adopt a tax year end of December 31.

Elective Procedures for Large Partnerships. The Code allows large partnerships to elect streamlined procedures for income tax reporting. This election, if made, would reduce the number of items that must be separately stated on the Schedule K-1 that are issued to the holders of the Class A shares, and such Schedules

Table of Contents

K-1 would have to be provided on or before the first March 15 following the close of each taxable year. In addition, this election would prevent us from suffering a technical termination (which would close our taxable year) if, within a 12-month period, there is a sale or exchange of 50% or more of our total interests. If an election is made, IRS audit adjustments will flow through to the holders of the Class A shares for the year in which the adjustments take effect, rather than the holders of the Class A shares in the year to which the adjustment relates. In addition, we, rather than the holders of the Class A shares individually, generally will be liable for any interest and penalties that result from an audit adjustment.

Treatment of Amounts Withheld. If we are required to withhold any U.S. tax on distributions made to any holder of Class A shares, we will pay such withheld amount to the IRS. That payment, if made, will be treated as a distribution of cash to the holder of Class A shares with respect to whom the payment was made and will reduce the amount of cash to which such holder would otherwise be entitled.

Withholding and Backup Withholding. For each calendar year, we will report to you and the IRS the amount of distributions we made to you and the amount of U.S. Federal income tax (if any) that we withheld on those distributions. The proper application to us of rules for withholding under Section 1441 of the Code (applicable to certain dividends, interest and similar items) is unclear. Because the documentation we receive may not properly reflect the identities of partners at any particular time (in light of possible sales of Class A shares), we may over-withhold or under-withhold with respect to a particular holder of Class A shares. For example, we may impose withholding, remit that amount to the IRS and thus reduce the amount of a distribution paid to a non-U.S. holder. It may turn out, however, the corresponding amount of our income was not properly allocable to such holder, and the withholding should have been less than the actual withholding. Such holder would be entitled to a credit against the holder s U.S. tax liability for all withholding, including any such excess withholding, but, if the withholding exceeded the holder s U.S. tax liability, the holder would have to apply for a refund to obtain the benefit of the excess withholding. Similarly, we may fail to withhold on a distribution, and it may turn out the corresponding income was properly allocable to a non-U.S. holder and withholding should have been imposed. In that event, we intend to pay the under-withheld amount to the IRS, and we may treat such under-withholding as an expense that will be borne by all holders of our Class A shares on a pro rata basis (since we may be unable to allocate any such excess withholding tax cost to the relevant non-U.S. holder).

If you do not timely provide us with IRS Form W-8 or W-9, as applicable, or such form is not properly completed, we may become subject to U.S. backup withholding taxes in excess of what would have been imposed had we received certifications from all holders. Such excess U.S. backup withholding taxes may be treated by us as an expense that will be borne by all holders on a *pro rata* basis (where we are or may be unable to cost efficiently allocate any such excess withholding tax cost specifically to the holders that failed to timely provide the proper U.S. tax certifications).

Withholding Legislation. On March 18, 2010, President Obama signed the Hiring Incentives to Restore Employment (HIRE) Act into law. This legislation would generally impose, effective for payments made after December 31, 2012, a withholding tax of 30% on (i) interest, (ii) dividends paid on common stock and (iii) the gross proceeds of a disposition of common stock paid to a foreign financial institution, unless such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners). The legislation would also generally impose a withholding tax of 30% on (i) interest, (ii) dividends paid on common stock and (iii) the gross proceeds of a disposition of common stock paid to a non-financial foreign entity unless such entity provides the withholding agent with a certification identifying the direct and indirect U.S. owners of the entity. Under certain circumstances, a holder of such obligations might be eligible for refunds or credits of such taxes. The recently adopted legislation also imposes new U.S. return disclosure obligations (and related penalties for failure to disclose) on U.S. individuals that hold certain specified foreign financial assets (which include financial accounts in foreign financial institutions). Investors are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in the Class A shares.

Table of Contents

Tax Shelter Regulations. If we were to engage in a reportable transaction, we (and possibly you and others) would be required to make a detailed disclosure of the transaction to the IRS in accordance with recently issued regulations governing tax shelters and other potentially tax-motivated transactions. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a listed transaction or that it produces certain kinds of losses in excess of $2 million. An investment in us may be considered a reportable transaction if, for example, we recognize certain significant losses in the future. In certain circumstances, a holder of our Class A shares who disposes of an interest in a transaction resulting in the recognition by such holder of significant losses in excess of certain threshold amounts may be obligated to disclose its participation in such transaction. Our participation in a reportable transaction also could increase the likelihood that our U.S. Federal income tax information return (and possibly your tax return) would be audited by the IRS. Certain of these rules are currently unclear and it is possible that they may be applicable in situations other than significant loss transactions.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you may be subject to (i) significant accuracy-related penalties with a broad scope, (ii) for those persons otherwise entitled to deduct interest on U.S. Federal tax deficiencies, nondeductibility of interest on any resulting tax liability, and (iii) in the case of a listed transaction, an extended statute of limitations.

Holders of our Class A shares should consult their own tax advisors concerning any possible disclosure obligation under the regulations governing tax shelters with respect to the dispositions of their interests in us.

Possible New legislation or Administrative or Judicial Action. The rules dealing with U.S. Federal income taxation are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. We cannot give any assurance as to whether, or in what form, any proposals affecting us or our shareholders will be enacted. The IRS pays close attention to the proper application of tax laws to partnerships. The present U.S. Federal income tax treatment of an investment in the Class A shares may be modified by administrative, legislative or judicial action at any time, and any such action may affect investments and commitments previously made. The U.S. Congress, the IRS and the U.S. Treasury Department are currently examining the U.S. Federal income tax treatment of private equity funds, hedge funds and other kinds of investment partnerships. The present U.S. Federal income tax treatment of an investment in our Class A shares and/or our own taxation as described under Material U.S. Federal Tax Considerations may be adversely affected by any new legislation, new regulations or revised interpretations of existing tax law that arise as a result of such examinations. Most notably, on December 9, 2009, the House of Representatives passed H.R. 4213, the Tax Extenders Act of 2009. If enacted, this bill would cause income associated with carried interests to be taxed as ordinary income and not treated as qualifying income for purposes of the publicly traded partnership tests. This would have the effect of treating publicly traded partnerships that derive substantial amounts of income from carried interests as corporations for U.S. Federal income tax purposes. Under a transition rule contained in the proposed legislation, in the case of an existing publicly traded partnership, the carried interest income would not be treated as non-qualifying income for purposes of determining whether a partnership should be treated as a corporation for a period of 10 years following the enactment of the legislation, and therefore would not preclude us from qualifying as a partnership for U.S. Federal income tax purposes until at least our taxable year beginning January 1, 2021.

Additionally, President Obama endorsed legislation to tax carried interest as ordinary income in the 2010 and 2011 budget blueprint. Legislation similar to the Tax Extenders Act of 2009, as well as legislation that would tax, as corporations, publicly traded partnerships that directly or indirectly derive income from investment adviser or asset management services were introduced in prior sessions of Congress. None of these legislative proposals affecting the tax treatment of our carried interests, or of our ability to qualify as a partnership for U.S. Federal income tax purposes, has yet been enacted. Any such changes in tax law would cause us to be taxable as a corporation, thereby substantially increasing our tax liability and potentially reducing the value of Class A shares. Furthermore, it is possible that the U.S. Federal income tax law could be changed in ways that would adversely affect the anticipated tax consequences for us and/or the holders of Class A shares as described herein, including possible changes that would adversely affect the taxation of tax-exempt and/or non-U.S. holders of Class A shares. For example, there could be changes that could adversely affect the taxation of tax-exempt and/or non-U.S. holders of Class A shares, by treating carried interest income as fees for services (which generally would be taxable to tax-exempt investors and non-U.S. holders).

It is unclear whether any additional legislation will be proposed or enacted or, if enacted, whether and how the legislation would apply to us and/or the holders of Class A shares, and it is unclear whether any other such tax law changes will occur or, if they do, how they might affect us and/or the holders of Class A shares. Our organizational documents and agreements permit the manager to modify the operating agreement from time to time, without the consent of the holders of Class A shares, in order to address certain changes in U.S. Federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all of the holders of our Class A shares. **In view of the potential significance of any such U.S. Federal income tax law changes and the fact that there are likely to be ongoing developments in this area, each prospective holder of Class A shares should consult its own tax advisor to determine the U.S. Federal income tax consequences to it of acquiring and holding Class A shares in light of such potential U.S. Federal income tax law changes.**

THE FOREGOING DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX MATTERS RELATING TO APOLLO AND HOLDERS OF CLASS A SHARES ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE EFFECT OF EXISTING INCOME TAX LAWS, THE MEANING AND IMPACT OF WHICH IS UNCERTAIN AND OF PROPOSED CHANGES IN INCOME TAX LAWS WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH PROSPECTIVE HOLDER AND, IN REVIEWING THIS OFFERING CIRCULAR, THESE MATTERS SHOULD BE CONSIDERED. PROSPECTIVE HOLDERS OF CLASS A SHARES SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF ANY INVESTMENT IN CLASS A SHARES.

Material Argentine Tax Considerations

The following summary describes the material Argentine tax considerations relating to an investment in Class A shares by holders resident in Argentina. This summary does not purport to be a comprehensive discussion of all Argentine tax considerations relevant to a holder resident in Argentina. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on Argentine laws and regulations currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect. Prospective holders of Class A shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of Class A shares.

For the purpose of the material Argentine tax consequences described herein, it is assumed that an Argentine person is a person that is (i) an individual resident in Argentina for income tax purposes (an Argentine Individual) or (ii) (x) a corporation or any other company taxable as a corporation for Argentine income tax purposes that is resident in Argentina, (y) a permanent establishment that is located in Argentina and belongs to a non-resident company or individual or (z) a trust or an investment fund formed in Argentina (an Argentine Legal Entity).

Taxation of Holders of Class A Shares

Taxation of Dividends. Pursuant to the Argentine income tax law (ITL), dividends either distributed to or available for collection by Argentine holders of Class A shares, whether in the form of cash, stock or other types of consideration, would be subject to Argentine income tax.

Argentine Individuals are subject to progressive tax rates ranging from 9% to 35%, whereas Argentine Legal Entities are subject to a flat rate of 35%, imposed on taxable income.

Argentine holders of Class A shares would be entitled to an ordinary direct foreign tax credit for any income taxes or similar taxes effectively paid by such holders upon the distribution of dividends.

Taxation of Capital Gains. The tax treatment of capital gains realized upon the sale, exchange or other disposition of Class A shares would depend on whether such gains are realized by an Argentine Individual or an Argentine Legal Entity.

Under current law and the interpretation of the Attorney General, Argentine Individuals who do not sell Class A shares on a regular basis generally are not subject to the Argentine income tax on capital gains derived from the disposal of such Class A shares. There is no legal test or definition used to determine whether such activity is deemed to be carried out on a regular basis.

Argentine Individuals who purchase and sell shares on a regular basis would be subject to income tax at a progressive rate ranging from 9% to 35% on capital gains realized upon the sale, exchange or other disposition of Class A shares. The taxable gain would equal the price paid for the shares less the cost for the shares, converted into pesos at the time of acquisition, and related expenses.

Capital gains realized upon the sale, exchange or other disposition of Class A shares by an Argentine Legal Entity would be subject to income tax at the rate of 35%. The taxable gain would equal the price paid for the shares less the cost for the shares, converted into pesos at the time of acquisition, and related expenses.

Capital losses realized upon the disposal of Class A shares (*i.e.,* foreign source losses from shares) would be subject to a basket limitation and could only be offset against foreign source gains from the disposal of shares of foreign entities.

Value Added Tax (VAT). Neither the sale, exchange or other disposition of Class A shares nor the payment of dividends on such shares is subject to VAT.

Personal Assets Tax (PAT). Under Law 23,966, as amended, Argentine Individuals are subject to the PAT, a net wealth tax levied on worldwide assets, which would include Class A shares, held as of December 31 of each year. Argentine Legal Entities are not subject to the PAT with respect to the shares they own in other legal entities.

The PAT is imposed on the value (calculated according to the PAT Law) of an Argentine Individual s assets. Argentine Individuals whose total assets do not exceed AR$305,000 are exempt from the tax.

For Argentine Individuals who own assets with a value that does not exceed AR$750,000, the PAT is calculated at the rate of 0.5% on the total assets.

For Argentine Individuals who own assets with a value in excess of AR$750,000 and up to AR$2,000,000, the PAT is calculated at the rate of 0.75% on the total assets.

For Argentine Individuals who own assets with a value in excess of AR$2,000,000 and up to AR$5,000,000, the PAT is calculated at the rate of 1% on the total assets.

For Argentine Individuals who own assets with a value of more than AR$5,000,000, the PAT is calculated at the rate of 1.25% on the total assets.

Class A shares would be considered assets subject to the PAT based on their fair market value as of December 31st of each year if they are listed on an established securities market and based on the holder s proportionate share of the net worth of Apollo if they are not listed on an established securities market.

Minimum Deemed Income Tax (MDIT). Argentine Legal Entities are subject to the MDIT at the rate of 1% (0.2% in the case of local financial entities, leasing entities, insurance entities) on their assets wherever located, according to the value of such assets at the end of the fiscal year. If Class A shares are listed on an established securities market they would have to be valued according to their market price. If they are not listed on an established securities market, value would be determined based on the holder s proportionate share of the net worth of Apollo.

There is a de minimis threshold of AR$200,000, but if the value of the assets exceeds such amount, the total value of the assets is subject to the tax.

The MDIT is payable only if the income tax as determined for a given fiscal year does not equal or exceed the amount of the MDIT assessed for such year. In such a case, only the difference between the MDIT determined for such year and the income tax determined for such year shall be paid. Any MDIT paid in a given year may be used as a credit against any income tax payable during any of the immediately following ten fiscal years in which income tax exceeds MDIT. MDIT has been in force up to December 31, 2008, and has not been extended yet.

Tax on Debits and Credits on Banking Accounts. Law No. 25,413, as amended, levies a tax on debits from and credits to bank accounts at financial institutions located in Argentina and on other transactions that are used as a substitute for the regular use of bank accounts.

The general tax rate is 0.6% for each debit or credit. In certain cases, an increased rate of 1.2% or a reduced rate of 0.075% may apply.

A tax credit is available against income tax and MDIT for 34% of the tax paid at the 0.6% rate on bank credits, and 17% of the tax paid at the 1.2% rate.

This tax could be applicable to Argentine holders in connection with any debit from or credit to Argentine bank accounts, excluding saving accounts generated by, among others, the purchase or disposal of Class A shares or the collection of dividends.

Turnover Tax. The turnover tax is a local tax levied by the Argentine provinces and the city of Buenos Aires on the performance of a for-profit activity (*i.e.,* an activity for which consideration is paid) on a regular basis. The taxable gain is the amount of gross receipts realized from any such activity within the local jurisdiction. The applicable tax rate ranges from 1% to 3%, depending on the jurisdiction.

Argentine Legal Entities are generally subject to this tax, but Argentine Individuals who are not involved in the regular activity of buying and selling shares are not. Prospective Argentine holders of Class A shares should analyze the possible application of the turnover tax, taking into account the relevant provincial laws given such holders places of residence and business.

Under the Tax Code of the City of Buenos Aires, turnover derived from dividends or as a result of any transaction in respect of shares is exempt. Therefore, the holding of Class A shares would not trigger turnover tax in the City of Buenos Aires.

Stamp Tax. The stamp tax is a local tax levied on the instrumentation of contracts either signed or having effects in Argentina. It is payable in the jurisdiction in which the economic transaction is instrumented, but it may also be applicable in the jurisdiction in which such transaction has effects. The tax rate varies in each jurisdiction (the average is 1%) and the tax is imposed on the economic value of the instrumented transaction.

Argentine holders of Class A shares could be subject to stamp tax in certain Argentine provinces (La Rioja Province or Tierra del Fuego Province) if any instrumented transaction in connection with Class A shares is performed or executed in such local jurisdiction.

Other Taxes. The Province of Buenos Aires enacted Law 14,044, introducing an inheritance and gift tax, effective as of January 1, 2010.

Table of Contents

Such tax is levied on the increase of a person s wealth as a consequence of receiving assets on a gratuitous basis, such as inheritances, legacies, gifts, and eligible contributions to companies (in this latter case as an anti-avoidance measure).

Individuals and legal entities domiciled in the Province of Buenos Aires will be subject to this tax if they receive the Class A Shares as an inheritance or gift.

This law provides that any gratuitous transfer of assets the aggregate value of which does not exceed AR$3,000,000 is exempt from the tax. If such value exceeds AR$3,000,000, all the assets received on a gratuitous basis will be subject to the tax at progressive rates, ranging between 5% and 10.5%, subject to certain conditions.

Tax Treaties. There is currently no tax treaty in effect between Argentina and the United States to avoid double taxation on income and capital.

Material Brazilian Tax Considerations

The following summary describes the material Brazilian Federal income tax (Corporate Income Tax and Social Contribution on Profits) considerations relating to an investment in Class A shares by holders resident in Brazil. This summary is not meant to be a comprehensive and complete description of all Brazilian tax considerations that may be relevant for Brazilian resident holders.

This summary is based on Brazilian laws and regulations currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect. Prospective holders of Class A shares should consult their own tax advisors to determine the Brazilian Federal income tax consequences to them of acquiring, holding and disposing of Class A shares.

Taxation of Brazilian Holders of Class A Shares

Under Brazilian law, Brazilian resident holders of Class A shares (whether individuals or entities) would be subject to income tax upon the disposal of Class A shares. Specific rules apply to profits received by Brazilian resident-holders of Class A shares. Dividends derived from equity held in Brazil are not subject to taxation in Brazil.

Capital Gain on Disposal of Class A Shares. Under Articles 117, 138 and 142 of the Income Tax Regulation individual holders of Class A shares would be subject to Income Tax at a rate of 15% on the excess of the sale price of the Class A shares over the acquisition cost of such Class A shares, in respect of capital gains received upon the disposal of Class A shares. Such tax must be collected on or before the last business day of the following month in which the proceeds derived from the disposition of the shares are received.

If the holder is an entity, any capital gains would be added to the holder s taxable income for Income Tax purposes. Such an addition could result in taxation of the capital gain at a rate of 34% (considering the 25% of corporate income tax and 9% of social contribution on net income), unless the entity has net operating losses in an amount which would be sufficient to offset the increase in the taxable basis represented by the capital gains.

Capital gains earned by companies located in Brazil with respect to transactions abroad subject such companies to Income Tax and to Social Contribution on Profit under the real profit regime.

Capital gains earned abroad must be converted into Reais at the exchange rate (selling rate) as of the date they are accounted in Brazil. In accordance with Article 395 of Income Tax Regulation, the income tax due abroad with respect to capital gains that are added to taxable income in Brazil can be offset against Income Tax due in Brazil on such capital gains.

In addition, under a reciprocity agreement executed between Brazil and the United States, income tax paid in the United States can be offset against Income Tax due in Brazil, and Income Tax paid in Brazil can be offset against income tax due in the United States.

Capital gains earned by individuals are exempt from income tax as long as the sale price does not exceed R$35,000.00.

Distribution of Profits and Dividends. Distribution of profits or dividends to Brazilian resident holders of Class A shares would be subject to Income Tax and, if the holder is an entity, it will also be subject to the Social Contribution on Profits.

Individual holders are not subject to taxation in Brazil for dividends derived from equity held in Brazil. If the dividends derived from Class A shares are held abroad by Brazilian individuals, such individuals are subject to Income Tax at variable rates of 7.5%, on monthly income from R$ 1,499.16 to R$ 2,246.75, with a R$ 112.43 tax deduction allowed; 15%, from R$ 2,246.76 to R$ 2,995.70, with a R$ 280.94 tax deduction allowed; 22.5% from R$ 2,995.71 to R$ 3,743.19, with a R$ 505.62 tax deduction allowed; and 27.5%, on monthly income exceeding R$ 3,743.19, with a R$ 692.78 deduction allowed.

If the holder is an entity, any distributed profits or dividends in respect of equity held abroad would be added to the holder s taxable income for Income Tax purposes. Such an addition could result in taxation of such distributions at a rate of 34% (corporate income tax and social contribution on net income), unless the entity has net operating losses in an amount which would be sufficient to offset the increase in the taxable basis represented by the capital gains.

The Income Tax paid in the United States can be offset against Income Tax in Brazil.

Foreign exchange operations in Brazil are now subject to the assessment of the Tax on Financial Operations, at a rate of 0.38%, on the currency exchange.

Material French Tax Considerations

The following summary describes certain French tax considerations of the acquisition, holding and disposition of our Class A shares as of the date hereof. This summary does not represent a detailed description of all French tax considerations that may be relevant to a decision to acquire, hold or dispose of our shares. This summary is based on French tax laws (including, as the case may be, the income tax treaty entered into between France and the United States on July 31, 1994, as amended (the U.S.-France Treaty)) and regulations in force as of the date of this prospectus, and as interpreted by the French courts and tax authorities without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. Each prospective holder of Class A shares should consult his or her own professional tax advisor with respect to the tax consequences of an investment in Class A shares. The discussion of the principal French tax consequences of the acquisition, holding and disposal of Class A shares set forth below is included for general information only.

For purposes of the following summary, it is assumed that no holder of Class A shares holds (directly or indirectly, taking into account constructive ownership and attribution rules as may be applicable under French tax law) shares representing 5% or more of the total issued and outstanding capital or voting rights of Apollo, and that no Class A shares held by a French resident holder are attributable to a permanent establishment or fixed base situated outside France.

This discussion does not apply to certain categories of investors that may be subject to specific rules, including *inter alia* banks and financial institutions, insurance companies, collective investment schemes, companies holding Class A shares as a controlling interest (*titres de participation*) or individuals holding Class A shares as part of their professional assets. Those investors should consult their own professional tax advisors with respect to the French tax consequences of such an investment.

Table of Contents

Investors Holding Class A Shares

We expect to be treated as a partnership for U.S. tax purposes. Generally, there is no clear guidance under French tax law addressing the treatment of tax transparent entities formed under foreign law. However, the French tax authorities have issued a statement of practice addressing certain specific aspects of the application of the U.S.-France Treaty to partnerships and similar entities (including certain limited liability companies) organized under the laws of the United States (the *Instruction* of April 26, 1999 published in the *Bulletin officiel des impôts* 14 B-3-99 dated May 6, 1999; the Statement of Practice). However, the Statement of Practice does not provide comprehensive guidelines regarding the application of the U.S.-France Treaty to such entities, and the French tax authorities are currently considering potential modifications of their current practice regarding foreign partnerships in general. On this basis, it is expected that the current tax treatment of French holders of Class A shares would be as summarized below.

Taxation of Income. The tax treatment of U.S.-source dividends received by a French resident in respect of an investment in a U.S. limited liability company treated as a partnership for U.S. Federal income tax purposes is not entirely clear and is not specifically addressed in the Statement of Practice. It may however be inferred from the Statement of Practice and the usual practice of the French tax authorities that holders of Class A shares who are resident in France for tax purposes should not be taxable on a flow-through basis in relation to their investment (*i.e.*, they should not recognize income upon its realization by Apollo). Such holders should be required to include distributions made by Apollo in their taxable income in respect of the taxable period during which those distributions are made.

The proportionate share of income realized by Apollo that is allocated to a French individual holder of Class A shares as part of his or her private assets would be subject to income tax at a progressive rate, together with social taxes of 12.1%.

Income distributed by Apollo to a holder that is an entity subject to French corporation tax should be included in that entity s taxable income, subject to corporation tax at the standard rate of 33.33% plus (subject to certain exemptions) a social contribution of 3.3% assessed on the amount of corporation tax after a deduction capped at 763,000 per twelve month period.

Although this is not expressly confirmed in the guidelines published by the French tax authorities, the U.S.-France Treaty provisions could, in principle, be construed as entitling French holders of Class A shares to (subject to certain requirements and limitations) a tax credit in France in respect of any withholding taxes paid in the United States, in accordance with the U.S.-France Treaty in respect of distributions made by Apollo. The tax credit for withholding tax in France needs to be cleared with the French tax authorities.

Taxation of Capital Gains or Losses. Capital gains resulting from the sale of Class A shares by an individual holding such shares as part of his or her private assets would be subject (from the first euro) to income tax at a rate of 18%, together with social taxes of 12.1% (resulting in an aggregate rate of 30.1%). However, if the total amount realized in respect of disposals of securities and other assimilated interests during the same calendar year within such individual s fiscal household is lower than a certain threshold revised each year (25,830 for 2010 income), such capital gains would be exempt from income tax but would remain subject to the 12.1% social taxes. Capital losses could be set off against capital gains of the same nature realized in the year of transfer or in the following ten years, it being noted that capital losses realized with respect to a year during which the above-mentioned threshold (25,830 for 2010 income) has not been reached could be set off against capital gains for social taxes purposes only (such capital losses could not be used or carried forward for income tax purposes).

A disposal of Class A shares by an entity subject to French corporation tax should give rise to a gain or loss included in that entity s taxable income, subject to corporate tax at the standard rate of 33.3% plus (subject to certain exemptions) a social contribution of 3.3% assessed on the amount of corporation tax after a deduction capped at 763,000 per twelve month period.

Table of Contents

Wealth Tax. Class A shares held by individuals that are resident of France for tax purposes are in principle included in such holders taxable assets for wealth tax purposes.

Registration Duty. No French registration duty would be due on the issue or transfer of Class A shares, unless the transfer is effected by means of a written agreement executed in France.

Material German Tax Considerations

The following summary describes the material German tax considerations relating to an investment in Class A shares by persons resident in Germany. This summary is not meant to be a comprehensive and complete representation of all German tax considerations possibly relevant for German resident holders. This discussion is not directed to holders of Class A shares subject to special treatment under German income tax laws, such as credit institutions (*Kreditinstitute*), financial services institutions (*Finanzdienstleistungsinstitute*), financial enterprises (*Finanzunternehmen*) and insurance companies.

The following discussion is based upon German tax law applicable as of the date of this prospectus and upon provisions of double taxation treaties entered into between the Federal Republic of Germany and other countries. In both areas, the law may change and such changes may have retroactive effect.

Prospective holders of Class A shares should consult their own tax advisors about the tax consequences of the acquisition, holding and transfer of Class A shares. Only such tax advisors are in a position to take into account adequately the special tax situation of the individual holder.

Qualification of Apollo Global Management, LLC for German Tax Purposes

We intend to operate so that we will qualify to be treated for U.S. Federal income tax purposes as a partnership. However, according to an interpretation letter on the qualification of US-LLCs for German tax purposes issued by the German Federal Ministry of Finance (BMF letter of 19 March 2004, IV B4 S1301 USA 22/04, BStBl. I 2004, page 411), such qualification is not binding for German tax purposes. Based on this interpretation letter, we believe that we qualify as a corporation for German tax purposes.

Taxation of Dividends

Class A shares held as private assets. Given that the company is assumed to be a corporation for German tax purposes, the income derived by German investors is regarded either as dividend income or as capital gain from the disposal of shares. German withholding tax is deducted on dividends only in cases where the Class A shares are held in custody or administered by a German financial institution, a German financial services institution (including the German branch of a foreign institution), a German securities trading company or a German securities trading bank (a Disbursing Agent).

The Disbursing Agent must withhold and remit to the respective German tax office a dividend withholding tax in the amount of 25% on any dividends it disburses to German resident holders of Class A shares, plus a solidarity surcharge of 5.5% thereon (in total 26.375%). The basis for the dividend withholding tax is the dividend approved for payment by the company s shareholders meeting.

The dividend withholding tax is typically considered a final flat tax. However, shareholders can apply to have their dividend income assessed in accordance with the general rules on determining an individual s tax bracket if this would result in a lower tax burden.

Shareholders are subject to income tax on their gross personal investment income less the saver s allowance (*Sparer-Pauschbetrag*) of 801 (1,602 for married couples filing jointly). The deduction of income related expenses actually incurred is not allowed.

Table of Contents

If the Class A shares are not held with a Disbursing Agent, the German tax resident individual is obliged to include the dividends paid on the Class A shares in its annual tax return (i.e., the ordinary assessment procedure is mandatory). Also, the dividend income will effectively be subject to the flat income tax rate of 25% plus a solidarity surcharge of 5.5% thereon (or, if applicable, the lower individual tax rate).

Class A shares held as business assets. When Class A shares are held as part of a shareholder s business assets (including Class A shares attributable to a permanent establishment in Germany of a shareholder subject to limited tax liability), taxation of the dividends depends upon whether the shareholder is a corporation, sole proprietor or partnership. Irrespective of the shareholder s legal form, dividends paid on the Class A shares are, however, not subject to German withholding tax.

Corporations. If the shareholder is a corporation domiciled in Germany, 95% of the dividend income is generally exempt from corporate income tax. Business expenses actually incurred that have a direct economic connection to the dividends are (subject to the general limitations on debt financing) deductible when determining the shareholder s corporate income tax liability and, within certain limits, the trade tax liability. If the Class A shares are attributable to a permanent establishment maintained in Germany by the corporation, generally the full amount of the dividend income is subject to trade tax.

Sole proprietors. If a sole proprietor holds the Class A shares as business assets, 60% of the dividend income is subject to the progressive personal income tax, plus a 5.5% solidarity surcharge thereon. Sixty percent of any business expenses actually incurred that have an economic connection to the dividends can be deducted (subject to the general limitations on debt financing) from the income tax liability. If the Class A shares form part of the business assets of a permanent establishment maintained in Germany for a commercial enterprise the shareholder owns, generally the full amount of the dividend income (less business expenses with an economic connection to the dividend income) is subject to trade tax. The trade tax is generally credited as a lump sum against the shareholder s personal income tax liability.

Partnerships. Generally, partnerships are considered transparent for purposes of determining personal and corporate income tax liability. Thus, the (corporate) income tax is not assessed at the level of the partnership, but rather at the level of the individual shareholder, and is undertaken, therefore, in accordance with the tax principles described above (see above Corporations and Sole proprietors). Trade tax, by contrast, is assessed at the level of the partnership, with consideration given to the trade tax rules applicable to the respective shareholders (see above Corporations and Sole proprietors).

Taxation of Capital Gains

Unless otherwise noted in this section, the statements made above under Taxation of Dividends apply accordingly to the taxation of capital gains.

Shares held as private assets. Withholding tax is deducted from capital gains only in cases where the Class A shares are held in custody or administered by a Disbursing Agent. To the extent the Class A shares are held in a custody account outside of Germany when sold, the ordinary assessment procedure for income tax purposes is mandatory. Gains on the sale of Class A shares are generally taxed as investment income and as such are subject to income tax at a uniform rate of 25% (plus 5.5% solidarity surcharge thereon). It is likely that capital losses resulting from the disposal of the Class A shares can only be deducted from capital gains on the disposal of shares. If the individual selling the Class A shares directly or indirectly held at least 1% of the company s capital at any time during the five years preceding the sale, only 60% of the gains from the sale of the Class A shares is taxable at the individual s personal income tax rate plus a 5.5% solidarity surcharge thereon. Correspondingly, 60% of capital losses on the sale of the Class A shares and of expenses economically connected to the sale is generally deductible.

Class A Shares held as business assets. No tax is withheld on capital gains that qualify as business income of a corporation, association or estate subject to unlimited tax liability in Germany or of a German establishment of a shareholder subject to limited or unlimited tax liability in Germany.

Corporations. Generally, capital gains earned on the sale of Class A shares by corporations are 95% exempt from corporate income tax and trade tax, irrespective of the stake represented by the Class A shares. Business expenses actually incurred that have a direct economic connection to the Class A shares sold are deductible (subject to the general limitations on debt financing) when determining the shareholder s corporate income tax liability and, within certain limits, the trade tax liability. Losses from the sale of Class A shares are not deductible for corporate income tax or trade tax purposes.

Sole proprietors. Sixty-percent of the capital gains on the sale of Class A shares is subject to income tax and trade tax irrespective of the stake represented by the Class A shares. Correspondingly, 60% of capital losses on the sale of the Class A shares is deductible for income and trade tax purposes. Shareholders can deduct 60% of the actually incurred business expenses with an economic connection to the capital gains (subject to the general limitations on debt financing) when determining their income tax liability and, within certain limits, their trade tax liability.

Partnerships. Personal income tax or corporate income tax on gains from the sale of the Class A shares is assessed at the level of each partner rather than at the level of the partnership and is undertaken, therefore, in accordance with the tax principles described above (see above Corporations and Sole proprietors). Trade tax, by contrast, is assessed at the level of the partnership, with consideration given to the trade tax rules applicable to the respective shareholders (see above Corporations and Sole proprietors).

Credit of Foreign Taxes

Persons who are residents in Germany may be subject to certain U.S. taxes (e.g., withholding taxes) as a result of an investment in Class A shares. Such taxes may be, subject to certain requirements and limitations, creditable against the German (corporate) income tax liability.

Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of the Class A shares. Provided that certain requirements are met, business owners may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. No net wealth tax is currently imposed in Germany.

Material Hong Kong Tax Considerations

The following summary describes the material Hong Kong tax considerations relating to an investment in Class A shares by holders resident in Hong Kong. This summary does not purport to be a comprehensive discussion of all Hong Kong tax considerations that may be relevant to a holder resident in Hong Kong. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on Hong Kong laws and regulations currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect. Prospective holders of Class A shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of Class A shares.

Profits Tax on Our Profits, Distributions, or Disposition of Interest

No Profits Tax is imposed under Hong Kong law in respect of income generated from holding or disposing of Class A shares, unless all of the following factors are present: (i) the taxpayer carries on a trade, profession or business in Hong Kong; (ii) such income is attributable to that trade, profession or business; (iii) such income is derived from or arises in Hong Kong; and (iv) in the case of dispositions, Class A shares were not a capital asset of that trade, profession or business.

If the above factors are present for a given holder, taxable gains would be subject to Hong Kong Profits Tax, which is currently imposed on companies at a rate of 16.5% and on other persons at a rate of 15%.

Gains from sales of trading stock would be considered to be derived from or arising in Hong Kong if the relevant purchase or sales contracts are negotiated and concluded in Hong Kong. However, as Class A shares are traded on the NYSE, such gains would generally be considered as sourced outside Hong Kong and hence not subject to Hong Kong Profits Tax.

Tax Treaties

Except for a treaty on the avoidance of double taxation on shipping profits, Hong Kong is not party to any income tax treaty with the United States. The discussion above in Material U.S. Federal Tax Considerations regarding the possibility of reduced rates of U.S. taxation due to a tax treaty with the United States is not relevant for Hong Kong residents.

Stamp Duty

A sale or purchase of Class A shares would be subject to Hong Kong Stamp Duty if a share register for such shares is maintained in Hong Kong. Because Class A shares will not have a share register maintained in Hong Kong, their transfer should not be subject to Hong Kong Stamp Duty.

Material Luxembourg Tax Considerations

The following summary describes the material Luxembourg tax considerations relating to an investment in Class A shares by holders residing in the Grand Duchy of Luxembourg. This summary does not purport to be a comprehensive discussion of all Luxembourg tax considerations that may be relevant to a holder resident in Luxembourg. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on Luxembourg laws and regulations currently in force, as well as the treaty for avoidance of double taxation concluded between the United States of America and the Grand Duchy of Luxembourg on April 3, 1996, and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect. Prospective holders of Class A shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of Class A shares.

Holders resident in Luxembourg must, for income tax purposes, include in their annual taxable income any income (dividends, capital gains, liquidation proceeds in excess of their cost base) received or accrued on their Class A shares. Luxembourg holders will not be subject to any Luxembourg income tax on the repayment of principal.

Status of the LLC

For the purpose of the material Luxembourg tax consequences described herein, it is assumed that Apollo Global Management, LLC will be considered to be a corporation under Luxembourg law under a substance over form approach. To qualify as a corporation under this approach, Apollo must be considered as taxed at a corporate tax rate corresponding to the Luxembourg corporate tax rate. Even if Apollo is not taxable itself in the United States, it could be considered to be a corporation if the taxes paid on the income it receives at the level of APO Asset Co., LLC and APO Corp. are comparable to the Luxembourg income tax in principle and in level. As long as the income from APO Asset Co., LLC does not exceed 2/3 of the total income received (assuming that the 1/3 of the income received from APO Corp. is taxed in the United States at a 35% rate), Apollo should under that approach be considered as corresponding to the Luxembourg income tax.

Table of Contents

Alternatively, under a literal and more formalistic approach one would disregard the taxation at the lower level of the income flows received by Apollo and only consider its tax exempt status under U.S. tax laws. In addition, based on Luxembourg case law, foreign entities are classified as corporations or partnerships according to their legal status, regardless of the tax treatment in the country where they are established. Apollo will be considered to be a corporation provided that it has similar legal and economic characteristics to those of Luxembourg corporations. In that case, Apollo would fail to qualify as a corporation subject to taxation in the United States in a manner comparable to the Luxembourg corporations. Consequently, none of the provisions of the Luxembourg tax laws aiming at alleviating the economical double taxation would apply, subjecting all of the income derived from Apollo being fully taxable at the marginal tax rate of the Luxembourg investor. The below only analyzes the applicable tax treatment under the more favorable substance over form approach. Investors should carefully consider together with their counsel whether the substance over form approach might be applicable to them before making any investment decision.

Taxation of Individual Luxembourg Holders

The below comments apply only in the case Apollo is treated as a corporation under Luxembourg tax law. In case Apollo would be treated as a tax transparent partnership, none of the below comments apply as the individual would be fully taxable on the profits realized by the partnership (even if not distributed).

Dividends. Dividend distributions received by a Luxembourg resident individual holder of Class A shares would be taxed at a progressive rate corresponding to the yearly income of such individual, with a maximum of 38% with a surcharge of 2.5% for employment fund. However, individual shareholders would benefit from an exemption of 50% of the amounts received if Apollo meets the exemption criteria necessary to be considered as taxed at a corporate tax rate corresponding to the Luxembourg corporate tax rate.

Any withholding tax levied by U.S. tax authorities will be creditable up to a maximum of 15% against the Luxembourg income tax due on all the U.S. taxable income received. No second tier or lower tier tax credit is available.

Capital Gains. If Class A shares are sold by a Luxembourg individual within six months after the shares acquisition, any gain realized upon the sale would be subject to tax at the rate corresponding to the yearly income of such individual.

If Class A shares are sold more than six months after the shares acquisition, the gain would be tax exempt if the individual, alone or with his spouse or partner and his minor children, has held at any time within the 5 years preceding the sale, a participation not exceeding 10% of the capital of Apollo. If the individual owns a participation in excess of 10% of the capital of Apollo, then the gain would be subject to tax at half of the normal tax rate corresponding to the yearly income of such individual. The first EUR 50,000 of long-term taxable gains (EUR 100,000 for spouses or partners taxed jointly) realized in a 11-year period are tax exempt.

Net Wealth Tax. Individuals are no longer subject to net wealth tax since January 2006.

Taxation of Luxembourg Entities

A Luxembourg resident holder subject to (i) the law of July 31, 1929 on pure holding companies or (ii) the law of December 20, 2002 on investment funds (*fonds d investissement*) or (iii) the law of February 13, 2007 on specialised investment funds (*fonds d investissement spécialisés*) or (iv) the law of May 11, 2007 on family estate holding companies (*sociétés de gestion de patrimoine familial*) would not be subject to any Luxembourg income tax in respect of income received or accrued on Class A shares or on gains realised on the sale or disposal of Class A shares.

Table of Contents

Other Luxembourg tax resident entities will be subject to the following treatment:

Dividends. Dividends received by a Luxembourg entity could (i) be fully taxable at the global corporate tax rate (*i.e.,* 28.59% for entities residing in Luxembourg City), (ii) be exempt from tax if the recipient entity holds or undertakes to hold a participation of at least 10% or of an acquisition price of at least 1.2 million for an uninterrupted period of at least 12 months in an entity that is taxed at an income tax corresponding to the Luxembourg corporation tax (a Qualifying Participation) or (iii) benefit from a specific exemption under a treaty for the avoidance of double taxation.

Dividends received in respect of Class A shares should be tax exempt if (i) Apollo is considered as taxed at a rate corresponding to the Luxembourg corporate tax, (ii) the participation held is at least 10% and (iii) the shares have been held for an uninterrupted period of at least 12 months.

Any withholding tax levied by U.S. tax authorities will be creditable against the Luxembourg corporate tax due on all the U.S. taxable income received. No second tier or lower tier tax credit is available.

Capital Gains. Any gain realized by a Luxembourg resident entity on the sale of Class A shares should be taxed at the global corporate tax rate (*i.e.*, 28.59% for entities residing in Luxembourg City). Gains realized on the sale of a Qualifying Participation should be tax exempt, but in this case the minimum acquisition price threshold would be 6 million.

Net Wealth Tax. Luxembourg companies are subject to the annual net wealth tax (the NWT), which is assessed at the rate of 0.5% on the fair market value of a company s net assets as of January 1st of each year.

However, a Luxembourg entity would be exempt from NWT on Class A shares under the conditions of the Qualifying Participation (without regard to the 12 month holding period).

Material Mexican Tax Considerations

The following summary describes the material Mexican tax considerations relating to an investment in Class A shares by holders resident in Mexico. This summary does not purport to be a comprehensive discussion of all Mexican tax considerations that may be relevant to a holder resident in Mexico. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on Mexican laws currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect. Prospective holders of Class A shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of Class A shares.

For the purpose of the material Mexican tax consequences described herein, it is assumed that Mexican taxpayers are (i) individuals with their dwelling located within Mexican territory or, if they have another dwelling located abroad, individuals whose center of vital interests is located within Mexico and (ii) entities with the principal administration of their business or effective place of management located within Mexican territory.

The material Mexican tax consequences of an investment in Class A shares described herein would not be different by virtue of being held through a nominee or deposited or kept by a third party *(i.e.,* DTC).

Acquisition of Class A Shares

General Tax Regime. Under the Mexican Income Tax Law (MITL), an individual taxpayer is liable for tax when acquiring shares for a purchase price that is 10% or more below market value.

In the above-mentioned case, the taxable gain is the difference between market value and purchase price.

Table of Contents

Entities that purchase shares must consider the effective purchase price as part of the shares tax basis when they determine future capital gains on the disposal of the shares.

Equity interests are treated as shares for all income tax purposes.

Income from transfers of shares or equity is exempted under the Business Flat Rate Tax Law effective as of January 1st 2008. The Business Flat Rate Tax is a complementary tax of the Income Tax.

Investment in Preferential Tax Regimes. Income considered to be obtained from a preferential tax regime is deemed to be received when it is accrued even if it is not already distributed to the Mexican taxpayer as dividends or profits. For such purposes, income is considered to be obtained in proportion to the average per diem direct or indirect participation owned by the Mexican taxpayer.

Investments in preferential tax regimes must be reported annually. Delay in filing the report for more than three months is a criminal offense. Income from such investments may not be commingled with any other income.

Under the MITL, income from entities or structures that are transparent for tax purposes is considered as originated in a preferential tax regime.

An entity or structure is considered to be transparent for tax purposes if it is not considered as an income tax taxpayer in the jurisdiction in which it was incorporated or where it has its principal administration or effective place of management, and the income generated by it is attributable (for income tax purposes) to its members, partners or beneficiaries.

According to the administrative rules in effect as of January 1st 2008, income from transparent entities or structures shall not be considered as income from preferential tax regimes if the taxpayer s participation in the transparent entity or structure is insufficient to give such taxpayer effective control (directly or through a nominee) over distributions of income or the administration of such entity or structure. This is also applicable to investments made through transparent entities or structures.

Administrative rules may be amended or eliminated by the authorities at any time.

For such case the administrative rules provide that income is accruable when the transparent structure or entity distributes it to the taxpayer.

If Apollo Global Management, LLC is treated as a partnership for U.S. Federal income tax purposes, an investment in Class A shares would be subject to the provisions for income derived from preferential tax regimes unless acquiror demonstrates that it does not hold effective control on Apollo Global Management, LLC or its administration.

The MITL assumes that a Mexican taxpayer has effective control over an investment in a preferential tax regime, so such taxpayer must provide evidence of its ownership percentage in the entity or structure and such taxpayer s lack of such control.

According to the rule, if such lack of control is proved, the taxpayer shall not be obligated to file the annual preferential tax regime s report for such investment.

Dividends and Capital Redemptions

General Regime

Taxation of Mexican Entities. Dividends paid by a foreign entity to a taxpayer entity are taxable and are accrued for income tax purposes to determine monthly provisional payments and the annual tax. The taxpayer is entitled to credit the provisional tax payments paid during the tax year against the annual tax.

Table of Contents

Income realized by a taxpayer in relation to the capital reduction or liquidation of a foreign entity in which the taxpayer is a partner or shareholder must be accrued as a capital gain. The taxable gain is determined by subtracting the acquisition cost of the shares from the proceeds derived from the capital reduction.

Taxation of Mexican Individuals. Dividends paid by a foreign entity to an individual taxpayer are taxable. If the taxpayer receives dividends regularly, such taxpayer must file monthly tax returns and pay the applicable tax at a progressive rate up to a maximum of 30%.

For income realized by an individual taxpayer in relation to a capital reduction or liquidation of an entity, taxable gain is the amount redeemed per share less the updated acquisition cost per share.

A taxpayer is entitled to a credit against annual income tax for monthly provisional payments made by such taxpayer in such tax year.

Income from Preferential Tax Regimes. There is no tax payable at the time of a dividend in relation to an investment in a preferential tax regime, including through transparent entities or structures, since the applicable tax was already paid at the time of accrual.

For any income realized in relation to the liquidation or capital reduction of an entity, trust, joint venture, investment fund or any similar structure incorporated or formed under foreign law, a taxpayer must determine taxable income by applying the capital reductions rules for Mexican entities. Such taxpayer must maintain a capital contributions account that is increased by capital contributions and net premiums for capital subscriptions and decreased by capital reductions reimbursed to such taxpayer. Specific rules govern the extent to which capital reductions are treated as distributions of profit.

Tax Credit on Dividends and Capital Reductions Paid from Abroad. Mexican resident individuals and entities are entitled to credit foreign income tax paid in relation to income realized from a source located abroad against the Mexican income tax, provided that such income is taxable under the MITL.

Additionally, corporate tax paid abroad by a non-resident entity paying dividends or profits directly or indirectly to a Mexican taxpayer entity may be credited in proportion to the Mexican taxpayer s ownership, subject to certain ownership thresholds and other rules. In such case, the Mexican taxpayer must consider as tax base the dividend or profit received and the income tax paid abroad related to that dividend or profit.

Credits claimed by a Mexican taxpayer are subject to certain limitations and other rules.

Transfer of Shares

Capital Gains for Entities. Gain derived from the transfer of shares is included in the determination of provisional payments and annual income tax. Gain is calculated by subtracting the average price paid for the shares by the transferor (tax basis) from the purchase price paid by the acquiror. The general corporate rate (30%) is applicable to such gain.

The average price paid for shares issued by a non-resident entity is the proven price paid less any reimbursement derived from capital reductions.

For a transfer of shares issued by an entity subject to the preferential tax regimes regulations, gain may be determined according to the rules applicable to a transfer of shares issued by a Mexican entity. These rules require specific calculations and vary depending on the period in which the Mexican company owned the shares.

Deduction of losses incurred in the transfer of stock is limited by the MITL, and some formal requirements must be met in order to take the corresponding deduction.

Capital Gains for Individuals. Individuals must make a provisional payment of 20% of the consideration received for the shares.

If shares are transferred to another Mexican taxpayer, the acquiror must withhold the tax and pay it to the Mexican tax authorities. If the shares are transferred to a non-Mexican, the Mexican transferor must pay the tax directly.

The tax payment may be reduced by complying with certain requirements and filing an auditor s report in connection with the calculation of the tax. This releases the acquiror from the withholding obligation.

Individuals transferring shares governed by the provisions of preferential tax regimes may determine the corresponding capital gain by applying the tax basis rules for shares issued by Mexican companies.

Exemptions. Income realized by Mexican individuals in relation to the transfer of stock issued by a foreign entity listed in a Mexican stock house authorized under the Mexican Law of Securities Markets is exempt as long as holders or group of interest does not own directly or indirectly 10% or more of the shares of the entity. In case of equity derivatives referred to shares listed in a Mexican Stock house authorized under the Mexican Law of Securities Market, an exemption applies to income realized by individuals provided certain requirements are satisfied.

Tax Credit on Transfer of Shares. The use of credits by a Mexican entity or individual in connection with income tax paid abroad is subject to certain limitations and other rules.

Material Singapore Tax Considerations

The following summary describes the material Singapore tax considerations relating to an investment in Class A shares by persons resident in Singapore. This summary is based on the tax laws of Singapore as currently applied by the Singapore courts and on published practice of the Inland Revenue Authority of Singapore (IRAS) as of the date of this prospectus. This summary does not purport to be a complete discussion of all Singapore tax considerations that may be relevant to holders of Class A shares. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor.

Prospective holders who are resident or may otherwise be subject to tax in Singapore should consult their own tax advisors with regard to the Singapore income tax consequences to them of acquiring, holding and disposing of Class A shares, as well as eligibility for any reduced withholding benefits.

Income Tax

In General. Singapore imposes income tax on income accruing in or derived from Singapore (sourced in Singapore) and income received in Singapore from outside Singapore (remitted to Singapore).

Foreign sourced income is considered received or deemed received in Singapore whether or not the source from which the income is derived has ceased if it is: (i) remitted to, transmitted to or brought into Singapore; (ii) applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore; or (iii) applied to the purchase of any movable property which is brought into Singapore.

Foreign-sourced income not remitted to Singapore is generally not subject to Singapore income tax.

Foreign-sourced income received by an individual resident in Singapore is tax exempt (unless such income is received through a partnership registered in Singapore). Foreign-sourced dividend income, branch profits and service income received by a person (other than an individual) resident in Singapore may be tax exempt subject to satisfaction of certain conditions.

An individual is considered resident in Singapore in any year if he resides in Singapore (except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such person to be resident in Singapore) or if he is physically present or is employed (other than as a director of a company) in Singapore for 183 days or more in the particular year. A company or body of persons is considered resident in Singapore in any year if the control and management of its business is exercised in Singapore.

Table of Contents

The current corporate tax rate in Singapore is 17%. Singapore resident individuals are subject to tax based on progressive rates, currently ranging from 0% to 20%.

Taxation of Holders of Class A Shares

There is no regime in Singapore that provides for a limited liability company to be taxed as a partnership.

Where a limited liability company established in the United States (LLC) (which is not resident in Singapore and neither carries on any business operations or activities nor has any office or any form of permanent establishment in Singapore) qualifies to be taxed as a partnership for U.S. Federal income tax purposes, the IRAS presently does not have any published or official position as to whether distributions made by such LLC would be treated for Singapore income tax purposes either as dividend income arising from the holding of shares in such LLC or as partnership distributions. Accordingly, both characterizations are set forth below.

Tax Treatment of Foreign-sourced Dividend Income Received by any Singapore-resident Person

If distributions by us are deemed to be foreign-sourced dividend income, then such income would generally not be subject to Singapore income tax if not remitted to or received in Singapore.

Foreign-sourced dividend income remitted to or received by an individual resident in Singapore is tax exempt (unless such income is remitted or received through a partnership registered in Singapore).

Foreign-sourced dividend income remitted to or received by a person (other than an individual) resident in Singapore is prima facie entitled to tax exemption if such dividend is subject to tax in the jurisdiction from which the dividend is paid and the highest corporate tax rate of such jurisdiction at the time of remittance is at least 15%.

Tax Treatment of Distributions from Foreign Partnership Sourced Outside Singapore

If distributions by us are deemed to be distributions paid by a foreign partnership the following would apply:

As a general rule, a partnership is not a taxable legal entity and partnership income is allocated to each partner in accordance with the partner s respective interest in the partnership and taxed solely at the hands of the respective partner level.

Whether any portion of a partner s allocated partnership income is subject to tax in Singapore depends on (i) the source of such income (*i.e.,* whether the income is sourced in Singapore or foreign-sourced), (ii) the character of such income (*i.e.,* whether the income consists of dividends, interest, trading income, etc.) and (iii) the form of legal entity of the partner (*i.e.,* whether it is a corporation, an individual or any other form of legal entity).

Partnership distributions consisting of foreign-sourced income are not subject to Singapore income tax if not remitted to or received in Singapore.

In the case of an individual partner resident in Singapore, all partnership distributions consisting of foreign-sourced income are tax exempt even if remitted to or received in Singapore by such individual (provided that such foreign-sourced income is not remitted or received through a partnership registered in Singapore).

In the case of a partner (other than an individual) resident in Singapore, partnership distributions consisting of, inter alia, foreign-sourced interest income and trading income/sale proceeds are potentially subject to Singapore income tax if remitted to or received in Singapore, whereas partnership distributions consisting of foreign-sourced dividend income are prima facie entitled to tax exemption if such dividend is subject to tax in the jurisdiction from which the dividend is paid and the highest corporate tax rate of such jurisdiction at the time of remittance is at least 15%.

The tax treatment of foreign partnership distributions is currently under review by the IRAS and the tax treatment set forth above may change.

Tax Credit

Singapore does not have a comprehensive double tax treaty with the United States. However, Singapore domestic income tax legislation provides for unilateral tax credits to be given to Singapore residents in respect of remittances of offshore income derived from prescribed foreign countries with which Singapore does not have a double tax treaty (non-treaty country). The United States is such a non-treaty country. Where Singapore tax is payable on the remittance of any type of income, including dividends, the resident taxpayer may be entitled to claim unilateral tax credits subject to the fulfillment of certain conditions. The amount of tax credit given is restricted to the tax charged on the same income in Singapore or the actual foreign tax paid, whichever is less. Any excess credit will be disregarded and can not be set off against Singapore tax payable on other income or carried forward for future set-off.

If a resident taxpayer holds at least 25% of the total number of issued shares of the foreign dividend paying company, the tax credit shall take into account any foreign tax paid by such company in such foreign jurisdiction in which the company is resident in respect of its income out of which the dividend is paid.

Unilateral tax credit is not available to any non-resident person.

Taxation on Disposal of Class A Shares

Singapore does not impose capital gains tax. Hence, gains arising from disposal of assets that are held as capital assets for long term investment purposes will not be subject to Singapore income tax.

However, gains derived from the disposal of the Class A shares may be regarded as income and subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income and subject to Singapore income tax even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity if the holders of such Class A shares have the intention or purpose to make a profit at the time of acquisition and the Class A shares are not intended to be held as long term capital investments.

Foreign sourced gains derived from the disposal of shares and which are revenue in nature, may also be subject to Singapore income tax if they are remitted or deemed remitted to Singapore by persons (other than an individual) in Singapore.

Stamp Duty

Singapore stamp duty is not payable on the subscription of the Class A shares by any holder resident in Singapore.

If a register of the Class A shares is kept in Singapore and an instrument of transfer is executed in respect of such shares, stamp duty may be payable on such instrument at the rate of 0.2%, based on the higher of the consideration or market value of the shares.

Goods and Services Tax (GST)

The subscription of shares by and the sale of shares to Singapore investors are not subject to GST in Singapore.

Table of Contents

Material Spanish Tax Considerations

The following summary describes the material Spanish tax considerations relating to an investment in Class A shares by holders resident in Spain. This summary does not purport to be a comprehensive discussion of all Spanish tax considerations that may be relevant to a holder resident in Spain. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on Spanish laws and regulations currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect. Prospective Spanish holders of Class A shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of Class A shares.

For the purpose of the material Spanish tax consequences described herein, it is assumed that a prospective holder of Class A shares will hold, either directly or indirectly, less than 5% of the share capital in Apollo, and that such holder is not subject to any special tax regime in relation to Class A shares, such as the Spanish Holding Companies (Entidades de Tenencia de Valores Extranjeros) regime. Also, in the case of Spanish corporate holders (Corporate Holders), it is assumed that the financial year of Corporate Holders has started after 31 December 2009.

Income Tax

The Spanish income tax treatment applicable to Spanish resident holders of Class A shares depends upon Apollo s characterization for Spanish tax purposes. In this respect, Apollo could be characterized legally as either (i) a corporation or (ii) a foreign entity with a similar or analogous nature to that of a Spanish pass-through entity (Entidad en Regimen de Atribución de Rentas).

In the following paragraphs, both of the above mentioned possible characterizations of Apollo will be considered because Apollo s tax characterization for Spanish tax purposes is unclear. This lack of clarity is caused by the absence of (i) specific provisions of law regarding the legal characteristics that a foreign entity must have to be characterized as a pass-through entity for Spanish tax purposes; (ii) interpretations by the tax administration as to whether the nature of a U.S. limited liability company is similar, in all circumstances, to that of a pass-through for Spanish tax purposes; and (iii) clear guidance as to whether the tax treatment in a foreign entity s state of incorporation would prevail over its legal classification under Spanish law the entity for Spanish tax purposes.

Characterization of Apollo as a Corporation Dividend Taxation. If Class A shares are characterized as shares in a corporation for Spanish tax purposes, profits distributed on Class A shares received by Spanish tax residents would be subject to the following regime:

Dividends paid by us to Corporate Holders and duly recognized for accounting purposes in the P&L account will form part of the aggregate taxable income of such holders, subject to corporate income tax (CIT) currently at a 30% rate.

If dividends paid by us to Corporate Holders are subject to U.S. withholding tax, such Corporate Holders would be allowed to deduct from their annual CIT liability the lower of (i) the actual amount paid at source due to a tax of identical or analogous nature to CIT or to Spanish Non Resident Income Tax (NRIT) (*i.e.,* withholding tax), which shall not exceed the maximum amount allowed to be taxed in the United States under the U.S.-Spain Double Tax Treaty (the U.S.-Spain Treaty) or (ii) the amount of tax which would have been payable had such income been realized in Spain.

If the dividends are paid through a Spanish paying agent, such agent must withhold from such dividend payments an 19% withholding tax as prepayment of the Spanish Corporate Holder s final CIT liability.

Table of Contents

Dividends paid by a non-resident company, such as Apollo, to Spanish tax resident individuals holding Class A shares (Individual Holders) would be subject to Individual Income Tax (IIT) at a rate of 19% (in respect of the first 6,000 of any income received by the Individual Holder) and of 21% (in respect of the income exceeding such 6,000). The first 1,500 of any dividends received annually may be exempt under certain circumstances.

If dividends paid by us to Individual Holders are subject to U.S. withholding tax, such Individual Holder would be allowed to deduct from his or her annual IIT liability the lower of (i) the actual amount paid at source due to a tax of identical or analogous nature to IIT or to NRIT (*i.e.,* withholding tax), which shall not exceed the maximum amount allowed to be taxed in the United States under the U.S.-Spain Treaty; or (ii) the result of applying the Spanish effective average tax rate to the portion of the net tax base taxed abroad.

If the dividends are paid through a Spanish paying agent, such agent must withhold from such dividend payments an 19% withholding tax as prepayment of the Spanish Individual Holder s final IIT liability.

Characterization of Apollo as a Corporation Capital Gain Taxation. If Class A shares are characterized as shares in a corporation for Spanish tax purposes, capital gains derived from Class A shares would be subject to the following regime:

Capital gains realized by a Corporate Holder upon holding or disposing of Class A shares will be regarded as taxable income on an accrual basis based on the income recognized in its P&L account adjusted in accordance with the rules contained in the CIT Law and, therefore, subject to CIT and taxed at the ordinary CIT 30% rate.

If the capital gains are subject to U.S. withholding tax, the Corporate Holder would be allowed to deduct from its annual CIT liability the lower of (i) the actual amount paid at source due to a tax of identical or analogous nature to CIT or to NRIT (*i.e.,* withholding tax), which shall not exceed the maximum amount allowed to be taxed in the United States under the U.S.-Spain Treaty or (ii) the amount of tax which would have been payable had such income had been realized in Spain.

Capital losses incurred by the Corporate Holder in relation to Class A shares based on the loss recognized in its P&L account adjusted in accordance with the rules contained in the CIT Law would be deductible for CIT purposes.

Disposal of Class A shares by an Individual Holder may give rise to a taxable capital gain or a tax deductible capital loss to be included in such Individual Holder s IIT taxable income.

Such gain or loss shall be calculated by reference to the difference between the transfer value of Class A shares, as established under IIT Law, and their acquisition value.

Capital gains obtained by an Individual Holder upon disposal of Class A shares will be taxed at a rate of 19% (in respect of the first 6,000 of any income received by the Individual Holder) and of 21% (in respect of the income exceeding such 6,000).

Capital losses may be offset against capital gains arising in the same taxable year. Outstanding capital losses can be carried forward and offset against capital gains arising in the same part of the taxable income base during the following four years.

If the capital gains are subject to U.S. withholding tax, the Individual Holder would be allowed to deduct from its IIT liability the lower of (i) the actual amount paid at source due to a tax of identical or analogous nature to IIT or to NRIT (*i.e.,* withholding tax), which shall not exceed the maximum amount allowed to be taxed in the United States under the U.S.-Spain

Treaty or (ii) the result of applying the Spanish effective average tax rate to the portion of the net tax base taxed abroad.

Table of Contents

Characterization of Apollo as a Foreign Pass-Through Entity (Entidad en Regimen de Atribución de Rentas). If Apollo is characterized as a foreign pass-trough entity for Spanish tax purposes, Spanish holders of Class A shares would be treated as follows:

Any items of income or capital gains realized by Apollo would be allocated to Spanish holders of Class A shares in proportion to such holders interests in Apollo, even if such holders have not received any distributions. Therefore, the amount of the taxable income of Spanish holders of Class A shares may exceed the cash distributions. In particular (i) cash distributions made by Apollo would not be taxable to Spanish holders of Class A shares; and (ii) in the case of Corporate Holders, amounts which may be recognized in the P&L account as a result of a change in value of the Class A shares should not be included in the CIT taxable income; in both cases, to the extent that such amounts (the cash distributions or the changes in value, respectively) correspond to allocated income.

The characterization of the items of income and capital gains realized by Apollo would be maintained upon allocation to Spanish holders of Class A shares. Determination of the taxable income to be allocated to Spanish holders of Class A shares would generally be made according to the IIT rules, regardless of whether such holders are individuals or corporations.

The tax rate applicable to income and capital gain allocated to Corporate Holders would be 30%, while the tax rate applicable to income allocated to Individual Holders would depend on the nature of the income allocated. If the income allocated to Individual Holders qualifies as dividend, interest or capital gain income, the applicable tax rate would be 19% (in respect of the first 6,000 of any income received by the Individual Holder) and of 21% (in respect of the income exceeding such 6,000).

If the income or capital gain allocated to Spanish holders of Class A shares is subject to withholding tax outside of Spain, such holders would be allowed to deduct this withholding tax from their Spanish income tax liability, subject to the terms and restrictions set forth in the above paragraphs regarding Corporate Holders and Individual Holders.

Disposal of Class A shares by Spanish holders may give rise to taxable capital gain or tax-deductible capital loss to be included in such holders taxable income, in accordance with the rules established under CIT Law (in the case of Corporate Holders) or under IIT Law (in the case of Individual Holders).

In the case of Corporate Holders, we believe that the capital gains should be calculated by reference to the difference between the transfer value and the acquisition value of Class A shares, and that for these purposes the acquisition value of transferred Class A shares should be increased by the amount of the previous undistributed income allocations during the transferring holder s holding period that are allocable to such transferred Class A shares, although this is an unclear issue which is not expressly stated in the law. Capital gains realized by Corporate Holders would be taxed at a flat rate of 30%. Capital losses would be deductible in accordance with the rules established under CIT Law.

In the case of Individual Holders, such gain or loss would be calculated by reference to the difference between the transfer value and the acquisition value of Class A shares. For these purposes, we also believe that the acquisition value of transferred Class A shares should be increased by the amount of the previous undistributed income allocations during the transferring holder s holding period that are allocable to such transferred Class A shares, although this is not expressly stated in the law. Capital gains realized by Individual Holders would be taxed at a rate of 19% (in respect of the first 6,000 of any income received by the Individual Holder) and of 21% (in respect of the income exceeding such 6,000). Capital losses would be deductible in accordance with the rules established under IIT Law.

If the capital gain realized upon the disposal of Class A shares is subject to withholding tax outside of Spain, Spanish holders would be allowed to deduct this withholding tax from their Spanish income tax liability, subject to the terms and restrictions set forth in the above paragraphs regarding Corporate Holders and Individual Holders.

Table of Contents

Prospective holders of Class A shares should be aware of the risk that, for Spanish tax purposes, the Spanish tax authorities could disregard Apollo and any of the companies, partnerships or entities in which Apollo owns an interest, and could try to allocate to Spanish holders of Class A shares any income or capital gain obtained by such a lower-tier entity before such entity makes distributions to Apollo if (i) the lower-tier entity is characterized as a foreign pass-through entity for Spanish tax purposes and (ii) the interest in the lower-tier entity is held by Apollo directly or through another lower-tier entity which is also deemed a foreign pass-through entity for Spanish tax purposes.

Transfer Tax, Stamp Duty and Capital Duty

Transfers of Class A shares will be exempt from any Spanish Transfer Tax or Value Added Tax. Additionally, no Stamp Duty will be levied on such transfers.

Material Swiss Tax Considerations

The following summary describes the material Swiss tax considerations relating to an investment in Class A shares by holders resident in Switzerland. This summary does not purport to be a comprehensive discussion of all Swiss tax considerations that may be relevant to a holder resident in Switzerland. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on Swiss laws and regulations currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect. Prospective holders of Class A shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of the Class A shares.

In General

Under Swiss tax regulations, an investment in a U.S. limited liability company, such as Apollo, is typically treated as an investment in a company (rather than in a partnership). This is the case without regard to whether a U.S. election is made to treat the limited liability company as a partnership for U.S. tax purposes. However, according to guidelines issued on March 5, 2009 by the Swiss federal tax administration, investments in companies such as Apollo may, from a Swiss tax perspective, be treated in a similar manner as an investment in Swiss collective investment schemes.

In light of the above, Swiss resident holders of Class A shares will be treated in the following manner for Swiss tax purposes:

Income Tax

In General. Capital gains realized by a Swiss resident upon disposal of Class A shares and dividends distributed to our Class A shareholders would be treated differently depending on the qualification of the Swiss resident holder of Class A shares as a private or business investor.

Private Investors. Swiss resident investors who do not qualify as so-called professional securities dealers (commerçants professionnels de titres) and who hold Class A shares as part of their private (as opposed to business) assets are hereby defined as Private Investors.

Capital gains realized upon disposal of Class A shares by a Private Investor is generally treated as tax exempt capital gain. Such exemption would, however, not be available if the Class A shares are redeemed by the company or its affiliates in order to cancel them for at least the amount corresponding to the share of accumulated ordinary income as opposed to the accumulated capital gains.

Business Investors. Swiss resident individuals holding Class A shares as part of their business assets as well as Swiss resident legal entities would be liable to income or profit taxes on the gain realized upon disposal of the

Class A shares as well as on income generated by distributions to our Class A shareholders. For capital gains, the difference between book value and market value would be included in the taxable income or profits and taxed as such.

Foreign Tax Credit. Persons who are residents in Switzerland may be subject to certain U.S. taxes (e.g., withholding taxes) as a result of an investment in Class A shares. Such taxes may be, subject to certain requirements (such as the securing of a partial relief from U.S. taxes under the U.S. Switzerland double tax treaty) and limitations, creditable against the Swiss income tax liability.

Cantonal Wealth Tax

Class A shares held by Swiss resident individuals are included in the taxable net wealth and are subject to Cantonal/Communal wealth taxes.

Swiss Transfer Stamp Duty

The issuance of Class A shares will be subject to a Swiss Transfer stamp duty (at the current rate of 0.3%) if a Swiss securities dealer is involved in the transaction either as a party to the transaction or as an intermediary. The notion of Swiss securities dealer is very broad and encompasses Swiss and Liechtenstein banks, securities brokers, and even companies holding in their books taxable securities for an amount exceeding CHF 10 million.

The purchase or sale of Class A shares is subject to a Swiss transfer stamp duty at the current rate of 0.30% if a Swiss securities dealer is involved in the transaction either as a party to the transaction or as an intermediary. Certain exceptions apply.

If the securities dealer is a party to the transaction it will have to settle half of the stamp duty for itself and the other half for the counterparty to the extent that the latter does not qualify as a securities dealer or as an exempt investor (*e.g.*, Swiss or foreign investment schemes). If the bank acts as an intermediary, it will be liable for half of the stamp duty for each party to the transaction that does qualify as a securities dealer or an exempt investor.

Material United Kingdom Tax Considerations

The following summary describes the material United Kingdom (UK) tax considerations relating to an investment in Class A shares by holders resident in the UK for UK tax purposes (UK holders). This summary does not purport to be a comprehensive discussion of all UK tax considerations that may be relevant to a UK holder. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on UK laws and the published practices of HM Revenue and Customs currently in force and as applied on the date of this prospectus, which are subject to change, possibly with retroactive effect. Prospective holders of Class A shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of Class A shares.

The following summary applies only to holders who are the beneficial owners of Class A shares and hold such shares for investment purposes, and may not apply to dealers in shares, insurance companies, trustees, collective investment schemes or tax-exempt entities.

General

For UK tax purposes we are treated as a company and not as a partnership or other tax transparent entity. Accordingly, UK holders of Class A shares would not generally be subject to UK tax in respect of income or gains that we accrue, or entitled to relief in respect of losses or expenses that we realize, incur or suffer. Instead, UK holders would be subject to UK tax on distributions which we make to them, which would generally be treated as dividends for UK tax purposes.

Taxes that we or holders of Class A shares incur in respect of income or gains that we accrue may in most cases be regarded for UK double taxation relief purposes as underlying tax . Therefore, except in relation to a UK company holding 10% or more of our voting power, no credit would be available against UK taxation on distributions by us, under UK national tax law or under any double tax arrangements, for any taxes that we or holders of Class A shares pay in respect of the income, profits or gains out of which we pay such distributions. Any withholding tax levied in respect of such distributions, however, would generally be creditable.

Taxation of Distributions

An individual UK holder who is liable to UK income tax at no more than the basic rate would be liable to income tax on the distributions at the dividend ordinary rate (10% in 2009-2010). An individual UK holder who is liable to UK income tax at the higher rate would be subject to income tax on the dividend income at the dividend upper rate (32.5% in 2009-2010). However, individual UK holders should be entitled to a UK tax credit of 1/9 of the dividend income which would reduce the effective rate of tax on gross dividend distributions to 25% for higher rate taxpayers and eliminating the tax liabilities for basic rate taxpayers. From April 6, 2010 the UK Government has proposed the introduction of a new dividend rate of tax of 42.5% for individuals who are liable to UK tax with taxable earnings in excess of £150,000. For these individuals the UK tax credit will reduce the effective rate of tax on gross distributions to 36.1%.

An individual holder who is resident in the UK but is not ordinarily resident, or is not domiciled, in the UK and who has made an election for the remittance basis of taxation in the UK for the relevant tax year would generally be subject to UK income tax on distributions received in that tax year to the extent that sums are remitted in the UK in respect of those distributions. Remittance is interpreted broadly and is extended further under certain anti-avoidance legislation.

Corporate holders of Class A shares within the charge to UK corporation tax should generally expect to be exempt from United Kingdom taxation in respect of distributions that we pay on Class A shares where such shares are held for investment purposes.

Taxation of Chargeable Gains

A disposal of Class A shares by a holder who is either resident or, in the case of an individual, ordinarily resident for UK tax purposes in the UK, may, depending on the holder s circumstances, give rise to a chargeable gain or an allowable loss (including by reference to changes in the U.S. dollar/UK sterling exchange rate) for the purposes of UK taxation of chargeable gains (subject to any available exemptions or relief). A holder who is an individual and who has ceased to be resident or ordinarily resident for UK tax purposes in the UK for a period of less than five years, and who disposes of Class A shares during that period, may, depending on certain further conditions relating to tax years prior to the tax year of his departure, be liable on his return to UK taxation of chargeable gains (subject to any available exemptions or relief).

For a holder within the charge to UK corporation tax, the corporation tax rate will apply to any chargeable gains (28% for large companies in 2009-2010), although an indexation allowance on the cost apportioned to Class A shares should be available to reduce the amount of any chargeable gain realized on a subsequent disposal. An individual holder will be subject to tax on any chargeable gain at the capital gains tax rate (18% for 2009-2010) and may also be entitled to set all or part of his gains against his annual capital gains exemption.

UK Stamp Duty and Stamp Duty Reserve Tax (SDRT)

As long as no register of our members or of the holders of any class of our shares is kept in the UK by us or on our behalf, the following position in respect of UK transfer taxes would apply. No UK stamp duty or stamp duty reserve tax (SDRT) would be payable in respect of the issue of Class A shares or any certificate representing Class A shares. Transfers of Class A shares or of interest in Class A shares under the system operated by DTC would not be subject to UK SDRT. Stamp duty would also not be payable on a transfer of

Table of Contents

Class A shares or of interests in Class A shares under the system operated by DTC provided that the instrument of transfer is not executed in the UK nor relates to any property situate, or any matter or thing done or to be done, in the UK. No UK stamp duty or SDRT would be payable in respect of the issue of Class A shares to Euroclear or Clearstream or on the transfer of Class A shares within Euroclear or Clearstream.

Other UK Tax Considerations

Individual holders ordinarily resident in the UK should be aware of the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 (ITA). These anti-avoidance provisions deal with the transfer of assets to overseas persons in circumstances which may render such individuals liable to taxation in respect of our undistributed profits. More generally, individual holders should also be aware of the provisions of Chapter 1 of Part 13 of the ITA and the corresponding provisions applicable to holders within the charge to UK corporation tax in sections 703-709 of the Income and Corporation Taxes Act 1988 that give powers to HM Revenue and Customs to cancel tax advantages derived from certain transactions in securities.

Companies resident in the UK should be aware of the fact that the controlled foreign companies provisions contained in sections 747-756 of the Income and Corporation Taxes Act 1988 could be material to any company so resident that holds alone, or together with certain other associated persons, 25%, or more of the Class A shares, if at the same time we are controlled by companies or any other persons who are resident in the UK for taxation purposes. Persons who may be treated as associated with each other for these purposes include two or more companies one of which controls the other(s) or all of which are under common control. The effect of such provisions could be to render such companies liable to UK corporation tax in respect of our undistributed income profits.

UK resident or ordinarily resident (and if an individual, resident or ordinarily resident and not taxed in the UK on a remittance basis) holders should be aware of the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances where we would, if UK resident, be a close company, a portion of capital gains realized by us can be attributed to an investor who, alone or together with associated persons, has more than a 10% interest in us.

Material Venezuelan Tax Considerations

The following summary describes the material Venezuelan tax considerations relating to an investment in Class A shares by holders resident in Venezuela. This summary does not purport to be a comprehensive discussion of all Venezuelan tax considerations that may be relevant to a holder resident in Venezuela. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on Venezuelan laws currently in force and as applied on the date of this prospectus, which are subject to change (change in the tax law cannot be applied retroactively. Under the Venezuelan Constitution and the Master Tax Code, any change in the income tax law must be applied only to the fiscal year that follows the date when law is enacted). Prospective holders of Class A shares should consult their own tax advisors to determine the tax consequences to them of acquiring, holding and disposing of Class A shares.

For the purpose of the material Venezuelan tax consequences described herein, we assume that, according to the Venezuelan Income Tax Law, tax residents in Venezuela are: (i) Venezuelan citizens; (ii) individuals who are present in Venezuela for more than 183 days in a tax period or during a former tax period; (iii) companies incorporated or domiciled in Venezuela; (iv) companies that have a permanent establishment (*e.g.,* fixed place of business, office, branch, workshop, factory or natural resource extraction site) in Venezuela.

We also assume that, according to the Venezuelan Income Tax Law, any income derived from Class A shares shall be regarded as income from a foreign (Non-Venezuelan) source for Venezuelan tax purposes.

Table of Contents

The treaty to avoid double taxation executed between the United States and Venezuela (the U.S. Venezuela Treaty) would be applicable to any income (dividends/interest), received by Venezuelan tax residents in respect of an investment in Class A shares.

The U.S. Venezuela Treaty establishes that dividends paid from the United States to a Venezuelan tax resident are subject to income tax in Venezuela. Hence, the Venezuelan income tax rules for dividends would apply to dividends paid by us on Class A shares. According to the Venezuelan Income Tax Law dividends received from abroad are subject to income tax at a 34% proportional rate on the gross amount of such dividend.

The U.S. Venezuela Treaty also establishes that such dividends may be subject to tax in the United States, but that such U.S. tax must not exceed 15% of the gross amount of the dividends. According to the Venezuelan Income Tax Law, the aforementioned tax paid in the United States on dividend income may be credited to the tax payable in Venezuela on the same dividend income.

According to Venezuelan Income Tax Law, interests from Class A shares are subject to tax in Venezuela. The taxable base of such tax will be the net profit of the interests. The applicable tax rate imposed on such profit would vary depending on whether the investor is an individual or a corporate entity as follows:

For individuals, the following progressive rates would apply depending on the amount of the profit:

Taxable Income (in Tax Units) (1)	**Tax Rate**
Up to 2,000	15.00%
Over 2,000 up to 3,000	22.00
Over 3,000	34.00

(1) 1 Tax Unit 2008 = Bs. F 46 (approx. US $21.40).
1 Tax Unit 2009 = Bs. F 55 (approx. US $25.58).
1 Tax Unit 2010 = Bs. F 65 (approx. US $15.12).

For corporate entities, the following progressive rates would apply depending on the amount of the profit:

Taxable Income (in Tax Units)	**Tax Rate**
Up to 2,000	15.00%
Over 2,000 up to 3,000	22.00
Over 3,000	34.00

Interests derived from Class A shares may also be subject to tax in the United States according to the U.S. Venezuela Treaty. However, such tax must not exceed a 10% rate over the gross amount of the interest earned. Under Venezuelan Income Tax Law, such tax paid in the U.S. for interests may be credited against the Venezuelan tax on income and is not limited to the tax payable in Venezuela with respect to the same interests all subject to the tax credit rules established under the Venezuelan Income Tax Law.

Under the U.S. Venezuela Treaty, capital gain realized on the transfer of Class A shares would only be taxable in Venezuela. Such gain would be treated as ordinary income and, therefore, the same taxable base and the same rates as for interests will apply to individuals and corporate entities.

Any loss realized in connection with an investment in Class A shares could only be allocated to income derived from a foreign (Non-Venezuelan) source.

Table of Contents

PLAN OF DISTRIBUTION

We are registering the Class A shares covered by this prospectus to permit the selling shareholders to conduct public secondary trading of these shares from time to time after the date of this prospectus. Under the registration rights agreement covering the Class A shares held by the selling shareholders, we agreed to, among other things, bear all expenses, other than brokers or underwriters discounts and commissions, in connection with the registration and sale of the Class A shares covered by this prospectus. We will not receive any of the proceeds of the sale of the Class A shares offered by this prospectus. The aggregate proceeds to the selling shareholders from the sale of the Class A shares will be the purchase price of the Class A shares less any discounts and commissions. Each selling shareholder reserves the right to accept and, together with their respective agents, to reject, any proposed purchases of Class A shares to be made directly or through agents. If any successor to the selling shareholders named in this prospectus wishes to sell under this prospectus, the company will file a prospectus supplement identifying such successors as selling shareholders.

The Class A shares offered by this prospectus may be sold from time to time to purchasers:

- directly by the selling shareholders and their successors, which includes their donees, pledges or transferees or their successors-in-interest, or

- through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or agent s commissions from the selling shareholders or the purchasers of the Class A shares. These discounts, concessions, or commissions may be in excess of those customary in the types of transaction involved.

The selling shareholders and any underwriters, broker-dealers or agents who participate in the sale or distribution of the Class A shares may be deemed to be underwriters within the meaning of the Securities Act. The selling shareholders identified as registered broker-dealers in the selling shareholders table above (see Selling Shareholders) are deemed to be underwriters. As a result, any profits on the sale of the Class A shares by such selling shareholders and any discounts, commissions or agent s commissions or concessions received by any such broker-dealer or agents may be deemed to be underwriting discounts and commissions under the Securities Act. Selling shareholders who are deemed to be underwriters within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act. Underwriters are subject to certain statutory liabilities, including, but not limited to, Sections 11, 12 and 17 of the Securities Act.

The Class A shares may be sold in one or more transactions at:

- fixed prices;

- prevailing market prices at the time of sale;

- prices related to such prevailing market prices;

- varying prices determined at the time of sale; or

- negotiated prices.

These sales may be effected in one or more transactions:

- on any national securities exchange or quotation on which the Class A shares may be listed or quoted at the time of sale in the over-the-counter market;

in transactions on such exchanges or services or in the over-the-counter market;

through the writing of options (including the issuance by the selling shareholders of derivative securities), whether the options or such other derivative securities are listed on an options exchange or otherwise;

through the settlement of short sales; or

through any combination of the foregoing.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade. In connection with the sales of the Class A shares, the selling shareholders may enter into hedging transactions with broker-dealers or other financial institutions that in turn may:

engage in short sales of the Class A shares in the course of hedging their positions;

sell the Class A shares short and deliver the Class A shares to close out short positions;

loan or pledge the Class A shares to broker-dealers or other financial institutions that in turn may sell the Class A shares;

enter into option or other transactions with broker-dealers or other financial institutions that require the delivery to the broker-dealer or other financial institution of the Class A shares, which the broker-dealer or other financial institution may resell under the prospectus; or

enter into transactions in which a broker-dealer makes purchases as a principal for resale for its own account or through other types of transactions.

To our knowledge, there are currently no plans, arrangements or understandings between any selling shareholders and any underwriter, broker-dealer or agent regarding the sale of the Class A shares by the selling shareholders.

We intend to apply to list the Class A shares on the NYSE under the symbol . The listing is subject to approval of our application. We can give no assurances as to the development of liquidity or trading market for the Class A shares.

There can be no assurance that any selling shareholder will sell any or all of the Class A shares under this prospectus. Further, we cannot assure you that any such selling shareholder will not transfer, devise or gift the Class A shares by other means not described in this prospectus. In addition, any Class A shares covered by this prospectus that qualifies for sale under Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than under this prospectus. The Class A shares covered by this prospectus may also be sold to non-U.S. persons outside the U.S. in accordance with Regulation S under the Securities Act rather than under this prospectus. The Class A shares may be sold in some states only through registered or licensed brokers or dealers. In addition, in some states the Class A shares may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification is available and complied with.

The selling shareholders and any other person participating in the sale of the Class A shares will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the Class A shares by the selling shareholders and any other person. In addition, Regulation M may restrict the ability of any person engaged in the distribution of the Class A shares to engage in market-making activities with respect to the particular Class A shares being distributed. This may affect the marketability of the Class A shares and the ability of any person or entity to engage in market-making activities with respect to the Class A shares.

We have agreed to indemnify the selling shareholders against certain liabilities, including liabilities under the Securities Act.

Table of Contents

We have agreed to pay substantially all of the expenses incidental to the registration, offering and sale of the Class A shares to the public, including the payment of federal securities law and state blue sky registration fees, except that we will not bear any underwriting discounts or commissions or transfer taxes relating to the sale of Class A shares.

The Class A shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the Class A shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirements is available and complied with.

Table of Contents

LEGAL MATTERS

The validity of the Class A shares being offered hereby will be passed upon for us by O Melveny & Myers LLP, New York, New York. O Melveny & Myers LLP has provided a tax opinion in connection with the Class A shares being offered hereby.

EXPERTS

The consolidated and combined financial statements of Apollo Global Management, LLC as of December 31, 2009 and 2008, and for each of the three years in the period ended December 31, 2009, included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the consolidated and combined financial statements and includes an explanatory paragraph related to the adjustments made to retrospectively apply guidance for non-controlling interests issued by the Financial Accounting Standards Board). Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the Class A shares offered in this prospectus. This prospectus, filed as part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and the Class A shares, we refer you to the registration statement and to its exhibits and schedules. Statements in this prospectus about the contents of any contract, agreement or other document are not necessarily complete and, in each instance, we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement.

Anyone may inspect the registration statement and its exhibits and schedules without charge at the public reference facilities the SEC maintains at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of these materials from the SEC upon the payment of certain fees prescribed by the SEC. You may obtain further information about the operation of the SEC s Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also inspect these reports and other information without charge at the website maintained by the SEC. The address of this website is http://www.sec.gov.

Upon effectiveness of the registration statement, we will become subject to the informational requirements of the Exchange Act and will be required to file reports and other information with the SEC. You will be able to inspect and copy these reports and other information at the public reference facilities maintained by the SEC at the address noted above. You also will be able to obtain copies of this material from the Public Reference Room as described above, or inspect them without charge at the SEC s website. We intend to furnish our shareholders with annual reports containing consolidated financial statements audited by our independent registered public accounting firm.

Table of Contents

INDEX TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Apollo Global Management, LLC

New York, New York

We have audited the accompanying consolidated statements of financial condition of Apollo Global Management, LLC and subsidiaries (the Company) as of December 31, 2009 and 2008, and the related consolidated and combined statements of operations, changes in shareholders equity and partners capital, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on the 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such consolidated and combined financial statements present fairly, in all material respects, the financial position of Apollo Global Management, LLC and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated and combined financial statements, on January 1, 2009, the Company adopted the Financial Accounting Standards Board s authoritative guidance related to Non-Controlling Interest in consolidated financial statements and retrospectively adjusted all periods presented in the consolidated and combined financial statements for the changes required by this statement.

/s/ Deloitte & Touche LLP

New York, New York

March 17, 2010

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2009 AND 2008

(dollars in thousands, except per share data)

	2009	2008
Assets:		
Cash and cash equivalents	$ 366,226	$ 381,367
Restricted cash	6,818	5,844
Investments	1,554,155	958,645
Carried interest receivable	483,854	77,085
Due from affiliates	133,678	145,179
Fixed assets, net	67,794	68,063
Deferred tax assets	644,395	669,023
Other assets	11,329	39,701
Goodwill	47,897	47,897
Intangible assets, net	69,051	81,728
Total Assets	**$ 3,385,197**	**$ 2,474,532**
Liabilities and Shareholders Equity		
Liabilities:		
Accounts payable and accrued expenses	$ 35,944	$ 48,891
Accrued compensation and benefits	30,388	35,017
Deferred revenue	321,424	364,901
Due to affiliates	548,593	591,022
Profit sharing payable	174,536	30,076
Debt	933,834	1,026,005
Other liabilities	41,368	52,835
Total Liabilities	**2,086,087**	**2,148,747**
Commitments and Contingencies (See Note 14)		
Shareholders Equity:		
Class A shares, no par value, unlimited shares authorized, 95,624,541 and 97,324,541 shares issued and outstanding at December 31, 2009 and 2008, respectively		
Class B shares, no par value, unlimited shares authorized, 1 share issued and outstanding at December 31, 2009 and 2008		
Additional paid in capital	1,729,593	1,384,143
Accumulated deficit	(2,029,541)	(1,874,365)
Accumulated other comprehensive loss	(4,088)	(6,836)
Total Apollo Global Management, LLC shareholders deficit	(304,036)	(497,058)
Non-Controlling Interests in consolidated entities	1,283,262	822,843
Non-Controlling Interests in Apollo Operating Group	319,884	
Total Shareholders Equity	**1,299,110**	**325,785**
Total Liabilities and Shareholders Equity	**$ 3,385,197**	**$ 2,474,532**

See accompanying notes to consolidated and combined financial statements.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(dollars in thousands, except share data)

	2009	2008	2007
Revenues:			
Advisory and transaction fees from affiliates	$ 56,075	$ 145,181	$ 150,191
Management fees from affiliates	406,257	384,247	192,934
Carried interest income (loss) from affiliates	504,396	(796,133)	294,725
Total Revenues	**966,728**	**(266,705)**	**637,850**
Expenses:			
Compensation and benefits	1,495,010	843,600	1,450,330
Interest expense	50,252	62,622	105,968
Interest expense beneficial conversion feature			240,000
Professional fees	33,889	76,450	81,824
Litigation settlement		200,000	
General, administrative and other	61,066	71,789	36,618
Placement fees	12,364	51,379	27,253
Occupancy	29,625	20,830	12,865
Depreciation and amortization	24,299	22,099	7,869
Total Expenses	**1,706,505**	**1,348,769**	**1,962,727**
Other Income (Loss):			
Net gains (losses) from investment activities	510,935	(1,269,100)	2,279,263
Gains from repurchase of debt	36,193		
Dividend income from affiliates			238,609
Interest income ($0, $0 and $11,268 from affiliates for the years ended December 31, 2009, 2008 and 2007, respectively)	1,450	19,368	52,500
Income (loss) from equity method investments	83,113	(57,353)	1,722
Other income (loss)	41,410	(4,609)	(36)
Total Other Income (Loss)	**673,101**	**(1,311,694)**	**2,572,058**
(Loss) income before income tax (provision) benefit	(66,676)	(2,927,168)	1,247,181
Income tax (provision) benefit	(28,714)	36,995	(6,726)
Net (Loss) Income	**(95,390)**	**(2,890,173)**	**1,240,455**
Net (income) loss attributable to Non-Controlling Interests in Consolidated Entities	(460,226)	1,176,116	(2,088,655)
Net loss attributable to Non-Controlling Interests in Apollo Operating Group	400,440	801,799	278,549
Net Loss Attributable to Apollo Global Management, LLC	**$ (155,176)**	**$ (912,258)**	**$ (569,651)**
Dividends declared per Class A Share	$ 0.05	$ 0.56	$

			July 13, 2007 through December 31, 2007
Net Loss Per Class A Share:			
Net Loss Available to Class A Shareholders	$ (155,176)	$ (912,258)	$ (962,107)
Net Loss Per Class A Share Basic and Diluted	$ (1.62)	$ (9.37)	$ (11.71)
Weighted Average Number of Class A Shares Basic and Diluted	95,815,500	97,324,541	82,152,883

See accompanying notes to consolidated and combined financial statements.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN

SHAREHOLDERS EQUITY AND PARTNERS CAPITAL

YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(dollars in thousands, except share data)

	Class A Shares	Class B Shares	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)*	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests in consolidated entities	Non-Controlling Interests in Apollo Operating Group	Total Shareholders Equity and Partners Capital
Balance at January 1, 2007			**$**	**$ 484,921**	**$**	**$ 9,847,069**	**$**	**$ 10,331,990**
Cash distributions				(1,239,409)		(2,305,243)		(3,544,652)
Non-cash distributions				(68,392)		(2,762)		(71,154)
Capital contributions				2,535		1,969,865		1,972,400
Non-cash contributions						19,486		19,486
Non-cash contributions of RDUs						15,341		15,341
Distributions to Managing Partners				(222,047)				(222,047)
Non-Controlling Interests transfer from feeder funds						286,672		286,672
Comprehensive income:								
Net income				392,456		2,053,536		2,445,992
Unrealized gain on interest rate swaps					2,860			2,860
Total comprehensive income				392,456	2,860	2,053,536		2,448,852
Balance at July 12, 2007				**(649,936)**	**2,860**	**11,883,964**		**11,236,888**
Reclassify predecessor partners deficit			(649,936)	649,936				
Transfer of Partners Capital							237,353	237,353
Transfer to co-investor						23,533		23,533
Beneficial conversion feature			240,000					240,000
Cash distributions			(9,341)			(424,540)		(433,881)
Cash contributions						202,128		202,128
Non-cash contributions						1,488		1,488
Non-cash distributions of profit interests in funds						(1,625)	(1,000)	(2,625)
Distributions to Managing Partners			(1,067,862)					(1,067,862)
Deconsolidation of the funds						(9,535,711)		(9,535,711)
Non-Controlling Interests of excluded assets						(121,021)		(121,021)
Conversion of Strategic Investors debt	60,000,001		1,200,000					1,200,000
Issuance of shares	37,324,540	1	816,391					816,391
Dilution impact of conversion and issuance of shares			(237,353)					(237,353)
Deferred tax effects resulting from acquisition of Apollo Operating Group units			92,330					92,330
Capital increase related to equity-based compensation			679,954				306,026	985,980
Comprehensive loss:								
Net (loss) income				(962,107)		35,119	(278,549)	(1,205,537)
Net unrealized loss on interest rate swaps, net of tax					(8,893)		(14,879)	(23,772)
Total comprehensive (loss) income				(962,107)	(8,893)	35,119	(293,428)	(1,229,309)
Balance at December 31, 2007	**97,324,541**	**1**	**1,064,183**	**(962,107)**	**(6,033)**	**2,063,335**	**248,951**	**2,408,329**

Capital contributions			20			73	343	436
Non-cash contributions						468		468
Non-cash contributions of RDUs						21,195		21,195
Capital increase related to equity-based compensation			373,903				736,314	1,110,217
Dividends			(54,928)				(134,400)	(189,328)
Cash distributions						(62,164)	(14,400)	(76,564)
Non-cash distributions						(941)		(941)
Cash distributions to Managing Partners			(17,849)					(17,849)
Non-cash distributions to Managing Partners			(14,145)					(14,145)
Dilution impact of distributions			21,312				(21,312)	
Purchase of RDUs from Non-Controlling Interests						(23,007)		(23,007)
Contribution of undistributed earnings of contributed businesses			11,647					11,647
Comprehensive loss:								
Net loss				(912,258)		(1,176,116)	(801,799)	(2,890,173)
Net unrealized loss on interest rate swaps, net of tax					(803)		(13,697)	(14,500)
Total comprehensive loss				(912,258)	(803)	(1,176,116)	(815,496)	(2,904,673)
Balance at December 31, 2008	**97,324,541**	**1**	**1,384,143**	**(1,874,365)**	**(6,836)**	**822,843**		**325,785**
Capital contributions						207		207
Non-cash contributions			(105)			4,301		4,196
Capital increase related to equity-based compensation			355,659				738,431	1,094,090
Dividends			(4,866)				(12,000)	(16,866)
Cash distributions						(12,387)	(17,950)	(30,337)
Non-cash distributions			(4,572)			4,273		(299)
Net transfers of AAA ownership interest to (from) Non-Controlling Interests in consolidated entities			(3,799)			3,799		
Satisfaction of liability related to AAA RDUs			6,618					6,618
Repurchase of Class A shares	(1,700,000)		(3,485)					(3,485)
Comprehensive (loss) income:								
Net (loss) income				(155,176)		460,226	(400,440)	(95,390)
Net unrealized gain on interest rate swaps, net of tax					2,748		11,843	14,591
Total comprehensive (loss) income				(155,176)	2,748	460,226	(388,597)	(80,799)
Balance at December 31, 2009	**95,624,541**	**1**	**$ 1,729,593**	**$ (2,029,541)**	**$ (4,088)**	**$ 1,283,262**	**$ 319,884**	**$ 1,299,110**

* Balances pre-Reorganization represent Apollo Operating Group.

See accompanying notes to consolidated and combined financial statements.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(dollars in thousands, except share data)

	2009	2008	2007
Cash Flows from Operating Activities:			
Net (loss) income	$ (95,390)	$ (2,890,173)	$ 1,240,455
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation	11,622	8,180	3,216
Amortization of debt issuance costs	28	20	430
Amortization of intangible assets	12,677	13,919	4,653
(Income) loss from equity method investments	(83,113)	57,353	(1,722)
(Income) loss related to general partner commitment	(38,444)	38,444	
Waived management fees	(19,738)	(35,692)	(27,922)
Non-cash compensation expense related to waived management fees	19,738	35,352	21,582
Deferred taxes, net	19,059	(44,047)	(866)
Equity-based compensation	1,100,106	1,125,184	989,849
Interest expense beneficial conversion feature			240,000
Loss on disposal of fixed assets	847	1,697	
Gain from repurchase of debt	(36,193)		
Other	(584)	(12)	308
Changes in assets and liabilities:			
Carried interest receivable	(406,769)	1,239,040	(203,140)
Due from affiliates	11,681	(80,076)	(40,270)
Other assets	28,928	(6,177)	25,952
Accounts payable and accrued expenses	(8,189)	6,567	102,841
Accrued compensation and benefits	(4,027)	(34,488)	19,941
Deferred revenue	(45,279)	211,001	(702)
Due to affiliates	(4,284)	(207,949)	15,115
Profit sharing payable	144,460	(566,800)	174,777
Other liabilities	7,267	3,323	(6,974)
Apollo funds related:			
Net realized gains from investment activities			(1,013,220)
Net unrealized (gains) losses from investment activities	(471,907)	1,230,656	(1,266,043)
Non-cash dividends from investment activities			(62,161)
Cash relinquished with deconsolidation of funds			(142,161)
Net purchases of investments	(40,000)	(3,098)	(3,010,514)
Proceeds from sale of investments and liquidating dividends	5,497	50,847	3,792,317
Net cash provided by operating activities	**107,993**	**153,071**	**855,741**
Cash Flows from Investing Activities:			
Purchases of fixed assets	(15,849)	(57,302)	(6,856)
Proceeds from disposals of fixed assets		4,189	
Cash contributions to equity method investments	(42,522)	(165,011)	(9,211)
Cash distributions from equity method investments	42,475	34,148	326
Cash relinquished related to excluded assets			(16,001)
Change in restricted cash	(974)	(2,482)	2,629

Net cash used in investing activities	**$ (16,870)**	**$ (186,458)**	**$ (29,113)**

See accompanying notes to consolidated and combined financial statements.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(dollars in thousands, except share data)

	2009	2008	2007
Cash Flows from Financing Activities:			
Principal repayments on debt and repurchase of debt	$ (55,783)	$ (58,611)	$ (21,376)
Proceeds from credit agreement		26,855	1,000,000
Issuance of debt			1,200,000
Debt issuance costs		(141)	(13,096)
Net proceeds from issuance of shares			818,891
Public offering costs		(2,500)	
Repurchase of Class A Shares	(3,485)		
Dividends paid	(4,866)	(54,928)	
Dividends paid to Non-Controlling Interests in Apollo Operating Group	(12,000)	(134,400)	
Purchase of RDUs from Non-Controlling Interests in consolidated entities		(23,007)	
Distributions to Managing Partners		(17,849)	(1,209,785)
Distributions to Contributing Partners			(38,965)
Contributions from Managing Partners		20	2,440
Contributions from Contributing Partners			95
Distributions to Non-Controlling Interests in consolidated entities	(12,387)	(62,164)	(2,731,108)
Distributions to Non-Controlling Interests in Apollo Operating Group	(17,950)	(14,400)	
Withdrawals paid to Non-Controlling Interests in consolidated entities			(227,744)
Contributions from Non-Controlling Interests in consolidated entities	207	73	2,171,993
Contributions from Non-Controlling Interests in Apollo Operating Group		343	
Distributions to Managing Partners related to the Reorganization			(1,067,862)
Purchase of interests from Contributing Partners		(7,590)	(156,405)
Net cash used in financing activities	**(106,264)**	**(348,299)**	**(272,922)**
Net (Decrease) Increase in Cash and Cash Equivalents	(15,141)	(381,686)	553,706
Cash and Cash Equivalents, Beginning of Period	381,367	763,053	209,347
Cash and Cash Equivalents, End of Period	**$ 366,226**	**$ 381,367**	**$ 763,053**
Supplemental Disclosure of Cash Flow Information:			
Interest paid	$ 51,850	$ 63,443	$ 95,606
Income taxes paid	6,652	14,837	5,443
Supplemental Disclosure of Non-Cash Investing Activities:			
Non-cash distributions from equity method investments		1,040	
Profits interests received in Fund VII	1,510	340	
Change in accrual for purchase of fixed assets	3,649	(4,649)	
Non-cash contribution to equity method investments	1,802		
Net assets other than cash of deconsolidated funds			
Investments, at fair value			10,457,695
Other			(1,044,992)
Non-Controlling Interests in consolidated subsidiaries			(9,554,871)
Net assets other than cash of excluded assets on July 13, 2007			
Investments, at fair value			116,758
Other			(12,192)

Non-Controlling Interests in consolidated subsidiaries	(121,021)
Assets and liabilities of newly consolidated subsidiaries	20,994
Net assets other than cash transferred from feeder fund	
Investments, at fair value	378,457
Receivables from brokers and counterparties	42,967
Other assets	4,871
Withdrawals payables	(120,509)
Other liabilities	(19,114)
Non-Controlling Interests in consolidated subsidiaries	(286,672)

See accompanying notes to consolidated and combined financial statements.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(dollars in thousands, except share data)

	2009	2008	2007
Supplemental Disclosure of Non-Cash Financing Activities:			
Non-cash distributions of RDUs to Managing Partners	$	$ (12,697)	$ (10,272)
Non-cash distributions of RDUs to Contributing Partners			(5,069)
Non-cash distributions of profits interests in funds to Managing Partners			(16,418)
Non-cash distributions of profits interests in funds to Contributing Partners			(8,375)
Other non-cash distributions to Managing Partners		(1,448)	
Non-cash purchase of interest from Contributing Partners		(252)	
Non-cash distributions	(4,572)		(3,667)
Non-cash distributions to co-investor			(24,591)
Non-cash contributions from Non-Controlling Interests in Apollo Operating Group related to equity-based compensation	738,431	736.387	306,026
Capital increases related to equity-based compensation	355,659	373,903	679,954
Satisfaction of liability related to AAA RDUs	(6,618)		
Net transfers of AAA ownership interest to (from) Non-Controlling Interests in consolidated entities	3,799		
Unrealized gain (loss) on interest rate swaps	4,741	(5,555)	(6,033)
Unrealized gain (loss) on interest rate swaps to Non-Controlling Interests in Apollo Operating Group, net of taxes	11,843	(13,697)	(14,879)
Deferred tax asset related to interest rate swaps	(1,993)	4,752	
Dilution impact of distributions		21,312	
Non-cash distributions of profits interests in funds to Non-Controlling Interests in consolidated entities			(1,625)
Non-cash distributions of profits interests in funds to Non-Controlling Interests in Apollo Operating Group			(1,000)
Contribution of undistributed earnings of contributed businesses		11,647	
Non-cash contributions from Non-Controlling Interests in consolidated entities	4,301	468	59,952
Non-cash contributions from AP Professional Interest holders			291,146
Non-cash contributions	105		
Non-cash distributions to Non-Controlling Interests in consolidated entities	(4,273)	(941)	(1,324)
Carried interest payable to Managing Partners			(238,416)
Transfer of partners capital to Non-Controlling Interests in Apollo Operating Group			237,353
Accrued transaction costs for S-1 Filing			(2,500)
Conversion of Strategic Investors notes to equity			1,440,000
Adjustments related to exchange of Managing Partners and Contributing Partners limited partnership interests for Apollo Operating Group units and tax receivable agreement:			
Deferred tax assets			612,660
Due to affiliates			(520,330)
Additional paid in capital			(92,330)
Partners capital			(4,033)
Profit sharing payable			(46,318)

See accompanying notes to consolidated and combined financial statements.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

1. ORGANIZATION AND BASIS OF PRESENTATION

Apollo Global Management, LLC and its consolidated subsidiaries (Successor or the Company or Apollo), is a global alternative asset manager whose predecessor was founded in 1990. Its primary business is to raise, invest and manage private equity, capital markets and real estate funds on behalf of pension and endowment funds as well as other institutional and individual investors. For these investment and management services, Apollo receives management fees generally related to the amount of assets managed, transaction and advisory fees for the investments made and carried interest income related to the performance of the funds managed. Apollo has three primary business segments:

Private equity primarily invests in control equity and related debt instruments, convertible securities and distressed debt investments;

Capital markets primarily invests in non-control debt and non-control equity investments, including distressed instruments; and

Real estate Apollo recently organized a commercial real estate finance company and launched a vehicle to invest principally in legacy commercial mortgage-backed securities. The Company may seek to sponsor additional real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions.

Basis of Presentation

Prior to the Reorganization of the Company on July 3, 2007 as discussed below, the accompanying consolidated and combined financial statements include the entities engaged in the above businesses and their related funds (collectively, Predecessor or Operating Entities or the Partnership) under the common ownership of Leon Black, Joshua Harris, and Marc Rowan (the Managing Partners or Control Group). Subsequent to the Reorganization of the Company, the accompanying consolidated and combined financial statements include the accounts of Apollo excluding funds that were deconsolidated (see Consolidation and Deconsolidation of Apollo Funds below). The accompanying consolidated and combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Intercompany accounts and transactions have been eliminated upon consolidation.

Reorganization of the Company

The Company was formed as a Delaware limited liability company on July 3, 2007. The Company is managed and operated by its manager, AGM Management, LLC, which in turn is wholly owned and controlled by the Managing Partners.

Apollo s business was historically conducted through a large number of entities for which there was no single holding entity but were separately owned by the Managing Partners and other individuals (collectively as the Predecessor Owners) yet controlled by the Managing Partners. In order to facilitate the private placement, as described in further detail below, the Predecessor Owners completed a Reorganization as of the close of business on July 13, 2007 (the Reorganization) whereby, except for Apollo Advisors, L.P. (Apollo Advisors) and Apollo Advisors II, L.P. (Apollo Advisors II), each of the operating entities that was owned by the Predecessor Owners and the intellectual property rights associated with the Apollo name were contributed (Contributed Businesses) to five newly-formed holding partnerships (Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Management Holdings, L.P. (AMH) and Apollo Principal Holdings IV, L.P. Five additional holding partnerships were formed in 2008 (Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Principal Holdings VIII, L.P. and Apollo Principal Holdings IX, L.P.). The ten holding partnerships (collectively referred to as the Apollo Operating Group) were formed for the purpose of, among other activities, holding certain of the Company s gains and losses on their principal investments in the funds.

As of December 31, 2009, the Company owned, through three intermediate holding companies APO Corp. (APO Corp), a Delaware corporation that is a domestic corporation for U.S. Federal income tax purposes, APO Asset Co., LLC (APO Asset), a Delaware limited liability company that is a disregarded entity for U.S. Federal income tax purposes, and APO (FC), LLC (APO (FC)), an Anguilla limited liability company that is treated as a corporation for U.S Federal income tax purposes (collectively, the Intermediate Holding Companies), 28.5% of the economic interests of, and operates and controls all of the businesses and affairs of, the Apollo Operating Group as general partners.

AP Professional Holdings, L.P., a Cayman Islands exempted limited partnership (Holdings), is the entity through which the Managing Partners and other contributing partners (the Contributing Partners) hold Apollo Operating Group Units (AOG Units) representing 71.5% of the economic interests in the Apollo Operating Group. The Company consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as a Non-Controlling Interest in the accompanying consolidated and combined financial statements.

On July 13, 2007, the Company contributed to APO Corp and APO Asset $1.2 billion of proceeds from the sale of convertible securities to the California Public Employees Retirement System (CalPERS) and an affiliate of the Abu Dhabi Investment Authority (ADIA and, together with CalPERS, the Strategic Investors). APO Corp and APO Asset used proceeds from the sale of the convertible securities to purchase from the Managing Partners for $1.1 billion certain interests in the limited partnerships that operate the business, and contributed those purchased interests to the Apollo Operating Group, in return for approximately 17.4% of the limited partner interests of the Apollo Operating Group. In addition, APO Corp and APO Asset purchased from the Contributing Partners a portion of their interests in subsidiaries of the Apollo Operating Group for an aggregate purchase price of $156.4 million (excluding any potential contingent consideration) and contributed those purchased interests to the Apollo Operating Group in return for approximately 2.6% of the limited partner interests of the Apollo Operating Group. Additionally, on August 8, 2007 and September 5, 2007, Apollo issued 34,500,000 Class A shares and 2,824,541 Class A shares, respectively, which diluted the Non-Controlling Interests by 8.9%. The purchase agreement related to the Managing Partners and Contributing Partners interests also included a provision for contingent consideration.

In January 2008 and April 2008, a preliminary and final distribution was made to the Company s Managing Partners and Contributing Partners related to a contingent consideration of $29.9 million and $7.8 million, respectively. The determination of the amount and timing of the distribution were based on net income with discretionary adjustments, all of which were determined by Apollo Management Holdings GP, LLC, the general partner of AMH. Included in the distribution were Restricted Depositary Units (RDUs) of AP Alternative Assets, L.P. (AAA) valued at approximately $12.7 million for the Managing Partners combined with a distribution of interests in Apollo VIF Co-Investors, LLC in settlement of interests with respect to units in Apollo Value Investment Offshore Fund, Ltd. of approximately $0.5 million and $0.3 million for the Managing Partners and Contributing Partners, respectively.

The Reorganization was accounted for as an exchange of entities under common control for the interests in the Contributed Businesses, which were contributed by the Managing Partners. The acquisition of

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Non-Controlling Interests from the Contributing Partners was accounted for using the purchase method of accounting. As part of the Reorganization and in accordance with U.S. GAAP, the Company has recorded the dilution impact at the time of the reorganization and Class A share issuance. In accordance with U.S. GAAP, consolidated equity is allocated to Non-Controlling Interest based on the initial ownership percentage of the Non-Controlling Interest compared to the consolidated equity at the time of the private placement on August 8, 2007. A dilution impact of $237,353 was recorded in the consolidated and combined statements of changes in shareholders (deficit) equity and partners capital (deficit) and was computed based on the initial Non-Controlling Interest ownership of 71.1% multiplied by the consolidated equity balance on August 8, 2007, the date of the private placement discussed below. Therefore, subsequent to the Reorganization and Private Placement the Non-Controlling Interest of the Apollo Operating Group consisted of Holdings.

Although Apollo has less than 50% of the economics in the Apollo Operating Group, it has a majority voting interest and controls the management of the Apollo Operating Group. Additionally, although Holdings has a majority of the economics in the Apollo Operating Group, it does not have the right to dissolve the partnerships or have substantive kick-out rights or participating rights that would overcome the presumption of control by Apollo. Accordingly, Apollo consolidates the Apollo Operating Group and records the Non-Controlling Interests for the economic interest in the Apollo Operating Group directly held by Holdings.

Apollo also entered into an exchange agreement with Holdings that allows the partners in Holdings, subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of the Apollo Operating Group, to exchange their AOG Units for the Company s Class A shares on a one-for-one basis up to four times each year, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. A limited partner must exchange one partnership unit in each of the ten Apollo Operating Group partnerships to effect an exchange for one Class A share.

As of December 31, 2008, all undistributed earnings of the Contributed Businesses through the date of the Reorganization that were attributable to the Managing Partners and Contributing Partners for the sold portion of their interest were distributed.

Private Placement On August 8, 2007, Apollo completed a private placement in reliance upon Rule 144A under the Securities Act of 1933, as amended (Private Placement) of its Class A shares. Upon the completion of the Private Placement, Qualified Institutional Buyers and Accredited Investors, each as defined by the Securities and Exchange Commission rules, directly owned 37,324,540 Class A shares of Apollo Global Management, LLC. The completion of the Private Placement triggered the conversion of the convertible securities and issuance of 60,000,001 non-voting Class A shares of Apollo Global Management, LLC to CalPERS and ADIA. The Company retained the proceeds from the Private Placement and intends to use such proceeds for general business purposes.

Consolidation and Deconsolidation of Apollo Funds

In accordance with U.S. GAAP, a number of the funds were historically consolidated into Apollo s combined financial statements.

Subsequent to the Reorganization, the Contributed Businesses that act as a general partner of a majority of the consolidated funds granted rights to the unaffiliated investors in each respective fund to provide that a simple majority of such fund s unaffiliated investors have the right, without cause, to liquidate that fund in accordance with certain procedures. These rights were granted in order to achieve the deconsolidation of such funds from the

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Company s financial statements. For the Apollo funds previously consolidated, these rights became effective either on August 1, 2007 or November 30, 2007. The deconsolidation of these funds presents the Company s financial statements in a manner consistent with how Apollo evaluates its business and its related risks. Accordingly, the Company believes that deconsolidating these funds provides investors with a better understanding of its business. The results of the deconsolidated funds are included in the consolidated and combined financial statements through the date of deconsolidation. Apollo will continue to consolidate AAA.

As the Managing Partners held more than 50% of the voting ownership interest of each of the respective entities and written evidence of an agreement exists that requires the Managing Partners to vote in concert, the Company and Apollo Advisors and Apollo Advisors II (Advisor Entities) were under a common control group as defined by U.S. GAAP. As a result, the Advisor Entities are combined for the historical periods prior to the effective date of the Reorganization in the accompanying consolidated and combined financial statements. In accordance with U.S. GAAP, the Advisor Entities consolidated their respective funds. The Advisor Entities assets were excluded on July 12, 2007 as they were not sold to the Company as part of the Reorganization (see Reorganization of the Company above). As such, they are not presented in the consolidated and combined financial statements subsequent to the Reorganization date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying consolidated and combined financial statements are prepared in accordance with U.S. GAAP. On July 1, 2009, the Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) as the source of authoritative accounting principles in the preparation of financial statements in conformity with U.S. GAAP. On the effective date of codification, substantially all existing accounting and reporting standards were superseded, and therefore, are no longer referenced by title in the accompanying notes to the consolidated and combined financial statements.

Principles of Consolidation Apollo consolidates those entities it controls through a majority voting interest or through other means, including those funds in which the general partner is presumed to have control over them. Apollo also consolidates entities that are variable interest entities (VIEs) for which Apollo is the primary beneficiary. Intercompany transactions and balances have been eliminated in the consolidated and combined financial statements.

Equity Method For entities over which the Company exercises significant influence but which do not meet the requirements for consolidation, the Company uses the equity method of accounting, whereby the Company records its share of the underlying income or loss of these entities. Income (loss) from equity method investments are recognized as part of other income (loss) in the consolidated and combined statements of operations.

Apollo evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. The difference between the carrying value of the equity method investments and the estimated fair value of such investments is recognized as an impairment when the loss is deemed other than temporary.

Non-Controlling Interests For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than Apollo. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in Non-Controlling Interests in the

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

consolidated and combined financial statements. Subsequent to the Reorganization, the Non-Controlling Interests relating to Apollo Global Management, LLC primarily include the 71.5% ownership interest in the Apollo Operating Group held by the Managing Partners and Contributing Partners through their partnership interests in Holdings and the approximate 97% ownership interest held by limited partners in AAA. In the Predecessor s combined financial statements, the Non-Controlling Interests primarily include limited partner interests in the consolidated funds.

In December 2007, the FASB issued authoritative guidance for Non-Controlling Interest in consolidated financial statements. This guidance requires reporting entities to present Non-Controlling (minority) Interests as equity (as opposed to a liability or mezzanine equity) and provides guidance on the accounting for transactions between an entity and Non-Controlling Interests. This guidance applies prospectively as of January 1, 2009, except for the presentation and disclosure requirements, which are applied retrospectively for all periods presented. The Company adopted this guidance effective January 1, 2009 and as a result, (1) Non-Controlling Interest was reclassified as a separate component of Shareholders Equity on the Company s consolidated and combined statements of financial condition, (2) Net (loss) income was adjusted to include the net (loss) income attributed to the Non-Controlling Interest holders on the Company s consolidated and combined statements of operations, (3) the primary components of Non-Controlling Interests are now separately presented in the Company s consolidated and combined financial statements to clearly distinguish the interest in the Apollo Operating Group and the interest held by limited partners in AAA from the interests of the Company and (4) profits and losses are allocated to Non-Controlling Interests in proportion to their ownership interests regardless of their basis. Prior to January 1, 2009, when losses attributable to the Non-Controlling Interest holders exceeded their basis, the Company stopped attributing losses to the Non-Controlling Interest holders account and recorded the losses in the excess of basis as part of accumulated deficit.

Use of Estimates The preparation of the consolidated and combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated and combined financial statements, the disclosure of contingent assets and liabilities at the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting periods. Apollo s most significant estimates include goodwill, intangible assets, income taxes, carried interest income from affiliates, non-cash compensation and fair value of investments in the consolidated and unconsolidated funds. Actual results could differ materially from those estimates.

Revenues Revenues are reported in three separate categories that include (i) management fees from affiliates, which are based on committed capital, invested capital, net asset value, gross assets or as otherwise defined in the respective agreements; (ii) advisory and transaction fees from affiliates, which relate to the investments the funds make and may include individual monitoring agreements with the portfolio companies and debt investment vehicles of the private equity funds and capital markets funds; and (iii) carried interest income (loss) from affiliates, which is normally based on the performance of the funds subject to preferred return.

Management Fees from Affiliates Management fees for private equity funds, real estate funds and certain capital markets funds are recognized in the period during which the related services are performed in accordance with the contractual terms of the related agreement. Management fees for private equity funds and certain capital markets funds are based upon a percentage of the capital committed during the commitment period, and thereafter based on the remaining invested capital of unrealized investments. For most capital markets funds, management fees are recognized in the period during which the related services are performed and are based upon net asset value, gross assets or as otherwise defined in the respective agreements.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Advisory and Transaction Fees from Affiliates Advisory and transaction fees, including directors fees are recognized when the underlying services rendered are substantially completed in accordance with the terms of their transaction and advisory agreements. Additionally, during the normal course of business, the Company incurs certain costs related to private equity fund transactions that are not consummated (Broken Deal Costs). Refer to the Pending Deal Costs policy below for information regarding how and when the Company accounts for Broken Deal Costs.

As a result of providing advisory services to private equity and capital markets portfolio companies, Apollo is entitled to receive fees for transactions related to the acquisition and disposition of portfolio companies as well as ongoing monitoring of portfolio company operations. The amounts due from portfolio companies are included in Due from Affiliates, which is discussed further in note 13. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds is subject to a reduction of a certain percentage of such transaction fees, net of applicable broken deal costs (Management Fee Offset). Such amounts are presented as a reduction to Advisory and Transaction Fees from Affiliates in the consolidated and combined statements of operations.

Carried Interest Income (Loss) from Affiliates Apollo is entitled to an incentive return that can normally amount to as much as approximately 20% of the total returns on funds capital, depending upon performance. Performance-based fees are assessed as a percentage of the investment performance of the funds. The carried interest income from affiliates for any period is based upon an assumed liquidation of the fund s net assets on the reporting date, and distribution of the net proceeds in accordance with the fund s income allocation provisions. The net carried interest income that was distributed may be subject to repayment based on subsequent performance of the fund in accordance with the respective partnership agreements. Carried interest receivable is presented separately in the consolidated and combined statements of financial condition.

Management Fee Waiver and Notional Investment Program Under the terms of certain investment fund partnership agreements, Apollo may from time to time elect to forgo a portion of the management fee revenue that is due from the funds and instead receive a right to a proportionate interest in future distributions of profits of those funds. Waived fees recognized during the period are included in management fees from affiliates in the consolidated and combined statements of operations. This election allows certain employees of Apollo to waive a portion of their respective share of future income from Apollo and receive, in lieu of a cash distribution, title and ownership of the profits interests in the respective fund. Apollo immediately assigns the profits interests received to its employees. Such assignments of profits interests are treated as compensation and benefits when assigned. Prior to the Reorganization, the profits interests assigned to the Managing Partners and Contributing Partners were treated as asset distributions to Non-Controlling Interests and are recorded as Non-Cash Distributions of Profits Interests in funds.

Deferred Revenue Apollo earns management fees subject to the Management Fee Offset. When advisory and transaction fees are earned by the management company the Management Fee Offset reduces the management fee obligation of the fund. When the management company receives cash for advisory and transaction fees, a certain percentage as agreed to with the fund is allocated as a credit to reduce future management fees, otherwise payable by such fund. Such credit is classified as deferred revenue in the consolidated and combined statements of financial condition. As the management fees earned by the management company are presented on a gross basis, any Management Fee Offsets calculated are presented as a reduction to advisory and transaction fees in the consolidated and combined statements of operations.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Additionally, Apollo earns advisory fees pursuant to the terms of the advisory agreements with certain of the portfolio companies that are owned by the funds. When Apollo receives a payment from a portfolio company that exceeds the advisory fees earned at that point in time, the excess payment is classified as deferred revenue in the consolidated and combined statements of financial condition. The advisory agreements with the portfolio companies vary in duration and the associated fees are received monthly, quarterly or annually. Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed.

Under the terms of the funds partnership agreements, Apollo is normally required to bear organizational expenses over a set dollar amount and placement costs in connection with the offering and sale of interests in private equity and capital markets funds to investors. The placement fees are payable to placement agents, who are independent third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering and marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors, when a limited partner either commits or funds a commitment to a fund. In certain instances the placement fees are paid over a period of time. Based on the management agreements with the funds, Apollo considers placement fees and organization costs paid in determining if cash has been received in excess of the management fees earned. Placement fees and organization costs are normally the obligation of Apollo but can be paid for by the funds. When these costs are paid by the fund, the resulting obligations are included within deferred revenue. The deferred revenue balance will also be reduced during future periods when management fees are earned but not paid.

Interest and Dividend Income and Other Income Apollo recognizes security transactions on the trade date. Dividend income is recognized on the ex-dividend date, and interest income is recognized as earned on an accrual basis. Discounts and premiums on securities purchased are accreted or amortized over the life of the respective securities using the effective interest method. Realized gains and losses are recorded based on the specific identification method.

Cash and Cash Equivalents Apollo considers all highly liquid short term investments with original maturities of 90 days or less when purchased to be cash equivalents. Substantially all amounts on deposit with major financial institutions that exceed insured limits are invested in interest-bearing accounts.

Restricted Cash Restricted cash represents cash deposited at a bank, which is pledged as collateral in connection with leased premises.

Due from/to Affiliates Apollo considers its existing partners, employees, former employees, non-consolidated private equity funds, non-consolidated capital markets funds, real estate funds, private equity fund portfolio companies, certain real estate management companies and certain advisors to be affiliates or related parties.

Investments The Company s investments in the Apollo funds that are not consolidated are accounted for under the equity method of accounting. The funds are, for U.S. GAAP purposes, investment companies and therefore apply specialized accounting principles, and reflect their underlying investments on their respective statements of financial condition at an estimated fair value, with unrealized gains and losses resulting from changes in fair value reflected as a component of other income (loss) in their respective statements of operations. Realized and unrealized gains have a significant impact on the Company s results of operations as it has retained the specialized accounting for the funds.

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

The Company follows U.S. GAAP attributable to fair value measurements, which among other things, requires enhanced disclosures about investments that are measured and reported at fair value. In accordance with U.S. GAAP, investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by U.S. GAAP, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and the sale of such position would likely deviate from the quoted price.

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partner interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Private Equity Investments

The value of liquid investments, where the primary market is an exchange (whether foreign or domestic), is determined using period end market prices. Such prices are generally based on the last sales price on the date of determination.

Valuation approaches used to estimate the fair value of investments that are less liquid include the income approach and the market approach. The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology used in the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are assumptions of expected results and a calculated discount rate. The market approach provides an indication of fair value based on a comparison of the subject company to comparable publicly traded companies and transactions in the industry. The market approach is driven more by current market conditions of actual trading levels of similar companies and actual transaction data of similar companies. Consideration may also be given to such factors as the company s historical and projected financial data, valuations given to comparable companies, the size and scope of the company s operations, the company s strengths, weaknesses, expectations relating to the market s receptivity to an offering of the company s securities, applicable restrictions on transfer, industry information and assumptions, general economic and market conditions and other factors deemed relevant. As part of management s process, the Company utilizes a valuation committee to review and approve the valuations. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had an active market for the investments existed, and the differences could be material.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Capital Markets Investments

The majority of the investments in Apollo s capital markets funds are valued by the funds based on quoted market prices. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing recognized pricing services, market participants or other sources. The capital markets funds also enter into foreign currency exchange contracts, credit default swap contracts, and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of this period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the credit default contract and the original contract price.

Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers. When determining fair value pricing when no market value exists, the value attributed to an investment is based on the enterprise value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation approaches used to estimate the fair value of illiquid investments included in Apollo s capital markets funds also may use the income approach or market approach. The valuation approaches used will consider as applicable market risks, credit risks, counterparty risks and foreign currency risks.

Fair Value of Financial Instruments

U.S. GAAP guidance requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Except for the debt obligation related to the AMH credit agreement, Apollo s financial instruments are recorded at fair value or at amounts whose carrying value approximates fair value. See the Company s valuation policy for Investments above. While Apollo s valuations of portfolio investments are based on assumptions that Apollo believes are reasonable under the circumstances, the actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Other financial instruments carrying values generally approximate fair value because of the short-term nature of those instruments or variable interest rates related to the borrowings. As disclosed in note 10, our long term debt obligation related to the AMH credit agreement is believed to have an estimated fair value of approximately $762.8 million based on a yield analysis using available market data of comparable securities with similar terms and remaining maturities. However, the carrying value that is recorded on the consolidated and combined statement of financial condition is the amount for which we expect to settle the long term debt obligation.

Interest Rate Swap Agreements In accordance with U.S. GAAP, Apollo recognizes derivatives as either an asset or liability measured at fair value. In order to reduce interest rate risk, Apollo entered into interest rate swap agreements which were formally designated as cash flow hedges. To qualify for cash flow hedge accounting, interest rate swaps must meet certain criteria, including (a) the items to be hedged expose Apollo to interest rate risk and (b) the interest rate swaps are highly effective in reducing Apollo s exposure to interest rate

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

risk. Apollo formally documents at inception its hedge relationships, including identification of the hedging instruments and the hedged items, its risk management objectives, its strategy for undertaking the hedge transaction and Apollo s evaluation of effectiveness. Effectiveness is periodically assessed based upon a comparison of the relative changes in the cash flows of the interest rate swaps and the items being hedged.

For derivatives that have been formally designated as cash flow hedges, the effective portion of changes in the fair value of the derivatives are recorded in accumulated other comprehensive income (OCI). Amounts in OCI are reclassified into earnings when interest expense on the underlying borrowings is recognized. If, at any time, the swaps are determined to be ineffective, in whole or in part, due to changes in the interest rate swap or underlying debt agreements, the fair value of the portion of the interest rate swap determined to be ineffective will be recognized as a gain or loss in the consolidated and combined statements of operations.

Pending Deal Costs Pending deal costs consist of certain costs incurred (e.g. research costs) related to private equity fund transactions that we are pursuing but which have not yet been consummated. These costs are deferred until such transactions are broken or successfully completed. A transaction is determined to be broken upon management s decision to no longer pursue the transaction. In accordance with the related fund agreements, in the event the deal is broken, all of the costs are reimbursed by the funds and considered in the calculation of the Management Fee Offset. These offsets are included in Advisory and Transaction Fees from Affiliates in the Company s consolidated and combined statements of operations. If a deal is successfully completed, Apollo is reimbursed by the fund or a fund s portfolio company for all costs incurred.

Fixed Assets Fixed Assets consist primarily of ownership interests in aircraft, leasehold improvements, furniture, fixtures and equipment, computer hardware and software and are recorded at cost, net of accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the assets estimated useful lives. Aircraft engine overhauls are capitalized and depreciated until the next expected overhaul. Expenditures for repairs and maintenance are charged to expense when incurred. The Company evaluates long-lived assets for impairment periodically and whenever events or changes in circumstances indicate the carrying amounts of the assets may be impaired.

Business Combinations The Company accounts for acquisitions using the purchase method of accounting in accordance with U.S. GAAP. The purchase price of the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. The consolidated and combined financial statements of the Company for the periods presented do not reflect any business combinations. However, the acquisitions of Non-Controlling Interests described in Notes 1 and 3 are accounted for using the purchase method of accounting.

Goodwill and Intangible Assets U.S. GAAP does not permit the amortization of goodwill and indefinite-life intangible assets. Goodwill and indefinite-life intangible assets must be reviewed annually for impairment or more frequently if circumstances indicate impairment may have occurred. Identifiable finite-life intangible assets, by contrast, are amortized over their estimated useful lives, which are periodically re-evaluated for impairment or when circumstances indicate impairment may have occurred in. Apollo amortizes its identifiable finite-life intangible assets using the straight-line method. At June 30, 2009, the Company performed its annual impairment testing and determined there was no impairment at such time.

Profit Sharing Payable Profit sharing payable represents the amounts payable to employees and former employees who are entitled to a proportionate share of carried interest income in one or more funds. The liability is calculated based upon the changes to realized and unrealized carried interest and is therefore not payable until the carried interest itself is realized.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Debt Issuance Costs Debt issuance costs consist of costs incurred in obtaining financing and are amortized over the term of the financing using the effective interest method. These costs are included in Other Assets on the consolidated and combined statements of financial condition.

Foreign Currency Foreign currency denominated assets and liabilities are sometimes held. Such assets and liabilities are translated using the exchange rates prevailing at the end of each reporting period. The functional currency of the Company s international subsidiaries is the U.S. Dollar, as their operations are considered an extension of U.S. parent operations. Non-monetary assets and liabilities of the Company s international subsidiaries are remeasured into the functional currency using historical exchange rates specific to each asset and liability. The results of the Company s foreign operations are normally remeasured using an average exchange rate for the respective reporting period. All currency remeasurement adjustments are included within other income (loss) in the consolidated and combined statements of operations. Gains and losses on the settlement of foreign currency transactions are also included within other income (loss) in the consolidated and combined statements of operations.

Compensation and Benefits Compensation and benefits includes salaries, bonuses, severance and employee benefits, but excludes payments made to the Managing Partners prior to the Reorganization of the Company. Individuals who owned direct equity interests and participated in the governing process are considered partners. As a result, the distributions made to these individuals prior to July 13, 2007 are considered equity distributions that are presented within the consolidated and combined statement of changes in shareholders equity and partners capital within the captions of Cash distributions to Managing Partners and Non-cash distributions to Managing Partners.

Bonuses are accrued over the service period. From time to time, the Company may distribute profit interests received in lieu of management fees. Profits interests in funds received as a result of waived management fees, which are considered compensation, are granted to the investment professionals. Additionally, certain employees have arrangements whereby they are entitled to receive a percentage of carried interest income based on the fund s performance. To the extent that individuals are entitled to a percentage of the carried interest income, and such entitlement is subject to potential forfeiture at inception, such arrangements are accounted for as profit sharing plans, and compensation expense is recognized as the related carried interest income is recognized. Profit sharing expense can be reversed during periods when there is a decline in carried interest income that was previously recognized.

The Company sponsors a 401(k) Savings Plan whereby U.S. based employees are entitled to participate in the plan based upon certain eligibility requirements. The Company may provide discretionary contributions from time to time. No contributions relating to this plan were made by the Company for the years ended December 31, 2009, 2008 and 2007, respectively.

Equity-based Compensation Equity-based compensation is accounted for in accordance with U.S. GAAP, which requires that the cost of employee services received in exchange for an award of equity instruments generally be measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are expensed over the relevant service period. The Company estimates forfeitures for equity-based awards that are not expected to vest.

Comprehensive Income (Loss) U.S. GAAP guidance establishes standards for reporting comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

statements. U.S. GAAP requires that the Company classify items of OCI by their nature in the financial statements and display the accumulated balance of OCI separately in the shareholders equity section of the Company s consolidated and combined statements of financial condition. Comprehensive income (loss) consists of net income (loss) and OCI. Apollo s OCI is primarily comprised of the effective portion of changes in the fair value of the interest rate swap agreements discussed above. If, at any time, any of the Company s subsidiaries functional currency becomes non-U.S. dollar denominated, the Company will record foreign currency cumulative translation adjustments in OCI.

Income Taxes Apollo has historically operated as partnerships for U.S. Federal income tax purposes, and primarily corporate entities in non-U.S. jurisdictions. As a result, prior to the Reorganization, income was not subject to U.S. Federal and state income taxes. Taxes related to income earned by these entities represent obligations of the individual partners and members and have not been reflected in the historical consolidated and combined financial statements. Income taxes shown on the historical consolidated and combined statements of operations are attributable to the New York City unincorporated business tax and income taxes on certain entities located in non-U.S. jurisdictions.

Following the Reorganization, the Apollo Operating Group and its subsidiaries continue to operate in the U.S. as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases continue to be subject to New York City unincorporated business tax, or in the case of non-U.S. entities, to non-U.S. corporate income taxes. In addition, APO Corp., a wholly-owned subsidiary of the Company, is subject to U.S. corporate Federal income tax, and the Company s provision for income taxes is accounted for in accordance with U.S. GAAP.

As significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties, we recognize the tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. The tax benefit is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained then no benefits of the position are to be recognized. We review and evaluate the Company s tax positions quarterly and determine whether or not we have uncertain tax positions that require financial statement recognition.

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated and combined statements of financial condition. These temporary differences result in taxable or deductible amounts in future years.

Net Loss Per Class A Share The Company computes net loss per Class A share under the two class method in accordance with U.S. GAAP. Basic net loss per Class A share is computed by dividing net loss available to Class A shareholders by the weighted average number of shares outstanding for the period. Diluted net income per Class A share reflects the assumed conversion of all dilutive securities, if any. Prior to the Reorganization, Apollo s business was conducted through a large number of entities as to which there was no single holding entity but which were separately owned by its then existing partners. There was no single capital structure upon which to calculate historical earnings per share information. Accordingly, earnings per share information is not presented for historical periods prior to the Reorganization. The Class B share has no net loss per share as it does not participate in Apollo s earnings or distributions.

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Recent Accounting Pronouncements

In June 2009, the FASB issued new guidance for accounting for transfers of financial assets, which amends the derecognition guidance and eliminates the exemption from consolidation for qualifying special-purpose entities (QSPEs). Consequently, a transferor will need to evaluate all existing QSPEs to determine whether they must now be consolidated in accordance with the new guidance on consolidations (see below). This new guidance is effective for financial asset transfers occurring after January 1, 2010 and early adoption is prohibited. The adoption of this guidance is not expected to have a material impact on the Company s consolidated and combined financial statements.

In June 2009, the FASB amended the consolidation guidance applicable to VIEs. The amended guidance will significantly affect the overall consolidation analysis as it modifies the approach for identifying which entities are VIEs and for determining which party is the primary beneficiary of a VIE. In particular, the amended guidance requires continuous assessment of the reporting entity s involvement with VIEs and identifies the primary beneficiary as the party that has: (1) the power to direct the activities of a VIE that most significantly impact the entity s economic performance, and (2) the obligation to absorb the losses that could potentially be significant to the entity or the right to receive benefits from the entity that could potentially be significant to the entity. The amended guidance also enhances the disclosure requirements for a reporting entity s involvement with VIEs, irrespective of whether they qualify for deferral, as noted below. This amended guidance will be effective as of the beginning of the first annual period that begins after November 15, 2009, and for interim periods within that first annual reporting period. In February 2010, the FASB issued further guidance which provided a limited scope deferral for a reporting entity s interest in an entity that met all of the following conditions: (a) the entity has all the attributes of an investment company or for which it is industry practice to apply measurement principles for financial reporting purposes that are consistent with those followed by investment companies, (b) the reporting entity does not have explicit or implicit obligations to fund any losses of the entity that could potentially be significant to the entity, and (c) the entity is not a securitization entity, asset-backed financing entity or an entity that was formerly considered a qualifying special-purpose entity. The reporting entity is required to perform a consolidation analysis for entities that qualify for the deferral in accordance with previously issued guidance on VIEs. The effective date of the deferral guidance coincides with the effective date of the amended consolidation guidance. The Company is currently in the process of evaluating the impact that this guidance might have on its consolidated and combined financial statements.

In September 2009, the FASB issued guidance on fair value measurements and disclosures relating to investments in certain entities that calculate net asset value (NAV) per share (or its equivalent). The guidance permits, as a practical expedient, an entity holding investments in certain entities that either are investment companies or have attributes similar to an investment company, and calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment. The guidance also requires disclosure of the attributes of investments within the scope of the guidance by major category of investment. Such disclosures include but are not limited to the nature of any restrictions on an investor s ability to redeem its investments at the measurement date and the investment strategies of the investee. Additional guidance is provided on the classification of investments for which NAV is used to measure fair value within the fair value hierarchy. If an entity has the ability to redeem its investment at net asset value at the measurement date or within the near term, the fair value measurement of the investment shall be categorized as a Level II fair value measurement. If an entity does not know when it will have the ability to redeem its investment or cannot do so in the near term, the fair value measurement of the investment shall be categorized as a Level III fair value measurement. The

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

guidance is effective for interim and annual periods ending after December 15, 2009. The Company adopted this guidance with additional disclosure requirements presented in note 4 of its consolidated and combined financial statements. The adoption of this guidance did not have a material impact on the Company s consolidated and combined financial statements.

In September 2009, the FASB issued additional implementation guidance on accounting for uncertain tax positions for pass-through entities and tax-exempt not-for-profit entities. In particular, this guidance pertains to determining whether income tax paid by an entity is attributable to the entity or its owners, determining what constitutes a tax position for a pass-through or tax-exempt not-for-profit entity, and determining how to apply accounting for uncertainty in income taxes when a group of related entities comprise both taxable and nontaxable entities. Additionally, the guidance eliminates certain disclosure requirements for non-public entities. This guidance is effective for periods ending after September 15, 2009. The adoption of this guidance did not have a material impact on the Company s consolidated and combined financial statements.

In January 2010, the FASB issued new guidance applicable to disclosures about fair value measurements. This guidance adds new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. This guidance is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The adoption of this guidance is not expected to have a material impact on the Company s consolidated and combined financial statements.

In February 2010, the FASB amended its guidance on subsequent events to remove the requirement for SEC filers to disclose the date through which an entity has evaluated subsequent events. This change alleviates potential conflicts with current SEC guidance. The amended guidance also clarifies that an entity that is a conduit bond obligor for conduit debt securities that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets) must evaluate subsequent events through the date of issuance of its financial statements and must disclose such date. There is no change to the guidance for all other entities, who will continue to be required to evaluate subsequent events through the date the financial statements are available to be issued, and must disclose such date. For entities, other than conduit bond obligors, the provisions of this guidance are effective upon issuance. The adoption of this guidance did not have a material impact on the Company s consolidated and combined financial statements.

3. ACQUISITION OF NON-CONTROLLING INTERESTS

Pursuant to the Reorganization and the Private Placement described in note 1, the Company acquired interests in the predecessor businesses from the Predecessor Owners. These interests were acquired, in part, through an exchange of Holdings units (Units) and, in part, through the payment of cash.

This Reorganization has been accounted for partially as a transfer of interests under common control and, as an acquisition of Non-Controlling Interests in accordance with U.S. GAAP. The cash paid for the interests acquired from members of the Control Group has been charged to equity. Cash payments related to the acquisition of interests outside of the Control Group have been accounted for using the purchase method of accounting.

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

The total consideration paid to the Contributing Partners including contingent consideration of $7.8 million paid in January and April 2008, aggregated to $164.2 million. The excess of the purchase price paid over the fair value of the tangible assets acquired approximates $148.2 million and has been included in the captions Goodwill and Intangible Assets, Net in the consolidated and combined statements of financial condition as of December 31, 2009 and 2008.

The finite-life intangible assets related to (i) trade names, (ii) the contractual right to receive future fee income from management and advisory services and (iii) the contractual right to earn future carried interest income from the private equity and capital markets funds. These finite-life intangible assets were estimated to be $100.3 million. The residual amount representing the purchase price in excess of fair value of the tangible and intangible assets is $47.9 million and has been recorded as Goodwill.

The Company has performed an analysis and an evaluation of the excess of the cost over the net tangible assets acquired and liabilities assumed. The Company has determined the following estimated fair values for the acquired assets and liabilities assumed as of the date of acquisition.

Purchase price	$ 164,246
Net assets acquired, at fair value	$ 16,049
Trade names/contractual rights	100,300
Total	116,349
Goodwill	47,897
Purchase price allocation	$ 164,246

The estimated useful lives of the finite-life intangibles range between 2 and 20 years. The Company is amortizing these finite-life intangibles over their estimated useful lives using the straight-line method. The average useful life of the finite-life intangibles is approximately 10 years.

	Useful Life in Years	December 31, 2009	December 31, 2008
Trade names	20	$ 400	$ 400
Existing contractual relationships Capital Markets	14	42,700	42,700
Existing contractual relationships Private Equity	2 15	57,200	57,200
Total identifiable intangible asset fair values		100,300	100,300
Less: Accumulated amortization of intangibles		(31,249)	(18,572)
Total		$ 69,051	$ 81,728

Amortization expense related to the intangible assets was $12.7 million, $13.9 million and $4.7 million for the years ended December 31, 2009, 2008, and 2007, respectively. Expected amortization of intangible assets for each of the next 5 years and thereafter is as follows:

	2010	2011	2012	2013	2014	There-after	Total
Amortization of intangible assets	$ 12,345	$ 11,516	$ 10,167	$ 6,604	$ 3,677	$ 24,742	$ 69,051

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

4. INVESTMENTS

The following table represents Apollo s investments:

	December 31, 2009	December 31, 2008
Investments, at fair value	$ 1,364,973	$ 854,442
Other investments	189,182	104,203
Total investments	$ 1,554,155	$ 958,645

Investments at Fair Value

Investments, at fair value, consist primarily of financial instruments held by AAA and Apollo Commodities Trading Fund, L.P. (Commodities Trading Fund). As of December 31, 2009 and 2008, the net assets of the consolidated funds were $1,364.6 million and $850.8 million, respectively. The following investments are presented as a percentage of net assets of the consolidated funds:

	December 31, 2009				December 31, 2008		
	Fair Value Private Equity	Fair Value Capital Markets	Cost	% of Net Assets of Consolidated Funds	Fair Value Private Equity	Cost	% of Net Assets of Consolidated Fund
Investments, at fair value							
AAA	$ 1,324,939	$	$ 1,753,985	97.1%	$ 854,442	$ 1,755,361	100.4%
Commodities Trading Fund		40,034	40,000	2.9%			
Total investments	$ 1,324,939	$ 40,034	$ 1,793,985		$ 854,442	$ 1,755,361	

F-24

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Securities

At December 31, 2009 and 2008, the sole investment of AAA was its investment in AAA Investments, L.P. (AAA Investments). The following tables represents each investment of AAA Investments constituting more than 5% of the net assets of the consolidated funds:

	December 31, 2009			
	Instrument Type	Cost	Fair Value	% of Net Assets of Consolidated Funds
Apollo Strategic Value Offshore Fund, Ltd.	Investment Fund	$ 144,111	$ 184,575	13.5%
Apollo Asia Opportunity Offshore Fund, Ltd.	Investment Fund	164,813	158,597	11.6
AP Investment Europe Limited	Investment Fund	339,488	135,473	9.9
Harrah s Entertainment, Inc.	Equity	165,625	126,000	9.2
Apollo European Principal Finance Fund, L.P.	Investment Fund	103,081	111,152	8.1
Apollo Life Re Ltd.	Equity	98,002	87,900	6.4
AP Charter Holdings, L.P.	Equity	45,107	82,955	6.1
Rexnord Corporation	Equity	37,461	82,700	6.1

In addition to AAA Investments private equity co-investment in Harrah s Entertainment, Inc. (Harrahs), as shown in the table above, AAA Investments has an ownership interest in LeverageSource, L.P., which owns Harrahs debt. AAA Investments combined share of these debt and equity investments is valued at $129.4 million at December 31, 2009. AAA Investments also owns equity, as a private equity co-investment, and debt, through its investment in Autumnleaf, L.P. and Apollo Fund VI BC, L.P. in CEVA Logistics. AAA Investments combined share of these debt and equity investments is greater than 5% of net assets of consolidated funds and is valued at $97.8 million at December 31, 2009.

	December 31, 2008			
	Instrument Type	Cost	Fair Value	% of Net Assets of Consolidated Fund
Apollo Strategic Value Offshore Fund, Ltd.	Investment Fund	$ 321,244	$ 270,251	31.8%
Apollo Asia Opportunity Offshore Fund, Ltd.	Investment Fund	218,000	182,101	21.4
Apollo European Principal Finance Fund, L.P.	Investment Fund	104,994	94,982	11.2
LeverageSource, L.P.	Equity	177,974	90,656	10.7
Rexnord Corporation	Equity	37,461	90,400	10.6
AP Investment Europe Limited	Investment Fund	339,488	74,289	8.7
Prestige Cruise Holdings	Equity	100,019	72,045	8.5
Harrah s Entertainment, Inc.	Equity	165,625	56,900	6.7
CEVA Logistics	Equity	17,174	53,367	6.3
NCL Corporation	Equity	98,906	50,400	5.9
Smart and Final, Inc	Equity	32,750	49,800	5.9

The Apollo Strategic Value Offshore Fund, Ltd. primarily invests in the securities of leveraged companies in North America and Europe through three core strategies: distressed investments, value-driven investments and special opportunities. In connection with the redemptions requested by AAA Investments of its investment in Apollo Strategic Value Offshore Fund, Ltd. the remainder of the AAA Investments investment in the

Apollo

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Strategic Value Offshore Fund, Ltd. was converted into liquidating shares issued by the Apollo Strategic Value Offshore Fund, Ltd. The liquidating shares are generally allocated a pro rata portion of each of the Apollo Strategic Value Offshore Fund, Ltd. s existing investments and liabilities as of the date of issuance. As those investments are sold, the liquidating shares proportionate share of the net proceeds from such disposition, less its proportionate share of any expenses incurred by the Apollo Strategic Value Offshore Fund, Ltd. and applicable management fees and performance allocation, is distributed to the holders of such liquidating shares rather than being reinvested in the fund.

AP Investment Europe Limited (Apollo Investment Europe) invests in mezzanine, debt and equity investments of both public and private companies primarily located in Europe. The fund generates current income and capital appreciation through its flexible investment strategy which is intended to capture opportunities across the capital structure. Due to market conditions in 2008 and early 2009, Apollo Investment Europe s investment performance was adversely impacted, and on July 10, 2009, the company s shareholders approved a monetization plan, the primary objective of which is to maximize shareholder recovery value by (i) opportunistically selling Apollo Investment Europe s assets over a three-year period beginning in July 2009 to July 2012 (subject to a one-year extension with the consent of a majority of Apollo Investment Europe s shareholders) and (ii) reducing the overall costs of the fund. Subject to compliance with the applicable law and maintaining adequate liquidity, available cash received from the sale of assets will be returned to shareholders on a quarterly basis once all leverage in the fund is repaid. Substantially all of Apollo Investment Europe s leverage was repaid during 2009.

The Apollo Asia Opportunity Fund, Ltd. (Asia Opportunity Fund) is an investment vehicle that seeks to generate attractive risk-adjusted returns across market cycles by capitalizing on investment opportunities created by the increasing demand for capital in the rapidly expanding Asian markets. In connection with a redemption requested by the AAA Investments of its investment in Asia Opportunity Fund, a portion of AAA Investments investment was converted into liquidating shares issued by the Asia Opportunity Fund. The liquidating shares are generally allocated a pro rata portion of each of the Asia Opportunity Fund s existing investments and liabilities as of the date of issuance. As those investments are sold the liquidating shares proportionate share of the net proceeds from such disposition, less its proportionate share of any expenses incurred or reserves set by the Asia Opportunity Fund and applicable management fees and performance allocation, is distributed to the holders of such liquidating shares rather than being reinvested in the fund. At December 31, 2009, the liquidating shares had a fair value of $49.9 million. As part of the reorganization of the Asia Opportunity Fund, AAA Investments agreed to make a matching one year lock-up election for every dollar of capital owned by other investors that elect the additional one year lock-up. As a result, $5.0 million of AAA Investments investment in Asia Opportunity Fund is subject to an additional one year lock-up that expires March 31, 2010.

The Apollo European Principal Finance Fund, L.P. invests primarily in European non-performing loans, or NPLs. Apollo European Principal Finance Fund, L.P. seeks to capitalize on the inefficiencies of financial institutions in managing and restructuring their non-performing loans. The investment in the Apollo European Principal Finance Fund, L.P. has a life of five years plus two one-year extensions from December 22, 2009, the final closing of the fund. Distributed capital can be recalled for an 18-month recycle period. As of December 31, 2009, AAA Investments had an unfunded commitment to Apollo European Principal Finance Fund, L.P. of $210.7 million.

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Net Gains (Losses) from Investment Activities

Net gains (losses) from Investment Activities on the consolidated and combined statements of operations includes net realized gains from sales of investments, and the net change in net unrealized gains (losses) resulting from changes in fair value of the consolidated investments and realization of previously unrealized gains (losses). The following table presents Apollo s net gains (losses) from investment activities:

	Year Ended December 31, 2009		
	Private Equity	Capital Markets	Total
Realized gains on sales of investments	$ 584	$	$ 584
Change in net unrealized gains due to changes in fair value	471,873	38,478	510,351
Net gains from investment activities	$ 472,457	$ 38,478	$ 510,935

	Year Ended December 31, 2008		
	Private Equity	Capital Markets	Total
Change in unrealized losses due to changes in fair value	$ (1,230,656)	$ (38,444)	$ (1,269,100)
Net losses from investment activities	$ (1,230,656)	$ (38,444)	$ (1,269,100)

	Year Ended December 31, 2007		
	Private Equity	Capital Markets	Total
Net realized gains on sales of investments	$ 948,856	$ 64,364	$ 1,013,220
Change in net unrealized gains from realization due to sale of investments	(996,666)	(32,859)	(1,029,525)
Change in net unrealized gains due to changes in fair value	2,290,782	4,786	2,295,568
Net gains from investment activities	$ 2,242,972	$ 36,291	$ 2,279,263

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Other Investments

Other Investments consists of investments in equity method investees. Apollo s share of operating income (loss) generated by these investments is recorded as other income (loss) in the consolidated and combined statements of operations.

Income (loss) from equity method investments for the years ended December 31, 2009, 2008 and 2007 consisted of the following:

	For the Years Ended December 31,		
	2009	2008	2007
Investments:			
Private Equity Funds:			
AAA Investments	$ 261	$ (683)	$ 157
Apollo Investment Fund IV, L.P. (Fund IV)	17	(68)	40
Apollo Investment Fund V, L.P. (Fund V)	44	(293)	224
Apollo Investment Fund VI, L.P. (Fund VI)	1,335	(187)	(3)
Apollo Investment Fund VII, L.P. (Fund VII)	31,527	(14,806)	
Capital Markets Funds:			
Apollo Value Investment Offshore Fund, Ltd.			1,181
Apollo Special Opportunities Managed Account, L.P. (SOMA)	1,961	(1,343)	40
Apollo Value Investment Fund, L.P. (VIF)	57	(32)	87
Apollo Strategic Value Fund, L.P. (SVF)	57	(31)	(4)
Apollo Credit Liquidity Fund, L.P (ACLF).	13,768	(11,028)	
Apollo/Artus Investors 2007-I, L.P. (Artus)	2,249	(6,560)	
Apollo Credit Opportunity Fund I, L.P. (COF I)	16,473	(7,096)	
Apollo Credit Opportunity Fund II, L.P. (COF II)	8,294	(5,130)	
Apollo European Principal Finance Fund, L.P. (EPF)	330	(1,973)	
Apollo Investment Europe II, L.P. (AIE II)	2,937	(1,525)	
Apollo Palmetto Strategic Partnership, L.P. (Palmetto)	258		
Real Estate:			
Apollo Commercial Real Estate Finance, Inc.	(743)		
Other Equity Method Investments:			
VC Holdings, L.P. Series A (Vantium A)	(3,770)	(5,560)	
VC Holdings, L.P. Series C (Vantium C)	8,072	(1,038)	
VC Holdings, L.P. Series D (Vantium D)	(14)		
Total income (loss) from equity method investments	$ 83,113	$ (57,353)	$ 1,722

Table of Contents

APOLLO GLOBAL MANAGEMENT, LLC

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(dollars in thousands, except share data)

(continued)

Other investments as of December 31, 2009 and 2008 consisted of the following:

	Equity held as of December 31,			
	2009	% of ownership	2008	% of ownership
Investments:				
Private Equity Funds:				
AAA Investments	$ 746	0.056%	$ 488	0.057%
Apollo Investment Fund IV, L.P.	30	0.006	34	0.006
Apollo Investment Fund V, L.P.	308	0.012	263	0.012
Apollo Investment Fund VI, L.P.	4,948	0.055	584	0.004
Apollo Investment Fund VII, L.P.	61,245	1.389	24,364	1.242
Capital Markets Funds:				
Apollo Special Opportunities Managed Account, L.P.	4,773	0.513	2,812	0.490
Apollo Value Investment Fund, L.P.	124	0.065	67	0.052
Apollo Strategic Value Fund, L.P.	123	0.058	66	0.083
Apollo Credit Liquidity Fund, L.P.	19,618	2.440	11,108	2.440
Apollo/Artus Investors 2007-I, L.P.	2,249	6.160		
SOMA/Artus Guarantor, LLC			1,545	5.152
Apollo Credit Opportunity Fund I, L.P.	26,402	2.007	23,924	2.415
Apollo Credit Opportunity Fund II, L.P.	20,223	1.455	9,992	1.499
Apollo European Principal Finance Fund, L.P.	7,116	1.360	7,422	2.080
Apollo Investment Europe II, L.P.	6,069	1.971	3,132	1.959
Apollo Palmetto Strategic Partnership, L.P.	2,918	1.186		
Real Estate:				
Apollo Commercial Real Estate Finance, Inc.	10,260	5.180		
Other Equity Method Investments:				
VC Holdings, L.P. Series A	3,170	14.158	6,940	41.349