Apollo Global Management LLC
Form S-1/A
February 01, 2010
Table of Contents

As filed with the Securities and Exchange Commission on February 1, 2010

Registration No. 333-150141

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 3

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. ¨

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 February 1, 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 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 35 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 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

	Page
Valuation and Related Data	ii
Terms Used in this Prospectus	ii
Prospectus Summary	1
Apollo	1
Our Businesses	4
Private Equity	5
Capital Markets	6
Strategic Investment Vehicles	8
Real Estate	9
Competitive Strengths	10
Growth Strategy	12
Performance Results	12
The Offering Transactions and the Strategic Investors Transaction	13
Structure and Formation of the Company	14
Deconsolidation of Apollo Funds	22
Tax Considerations	23
Distribution to Our Managing Partners Prior to the Offering Transactions	23
Distributions to Our Managing Partners and Contributing Partners Related to the Reorganization	24
The Historical Investment Performance of Our Funds	25
Recent Developments	26
Investment Risks	26
Our Corporate Information	26
The Offering	27
Summary Historical and Other Data	31
Risk Factors	35
Risks Related to Taxation	35
Risks Related to Our Organization and Structure	39
Risks Related to Our Businesses	45
Risks Related to This Offering	71
Special Note Regarding Forward-Looking Statements	74
Market and Industry Data and Forecasts	75
Our Structure	76
Reorganization	81
Strategic Investors Transaction	89
Tax Considerations	90
Offering Transactions	91
Use of Proceeds	93
Cash Dividend Policy	94
Dividend Policy for Class A Shares	94
Distributions to Our Managing Partners and Contributing Partners	96
Capitalization	97
Selected Financial Data	98
Management s Discussion and Analysis of Financial Condition and Results of Operations	101

General	101
Managing Business Performance	104
Operating Metrics	106

Table of Contents

	Page
Market Considerations	111
Overview of Results of Operations	113
Investment Platform and Cost Trends	117
Results of Operations	118
Segment Analysis	137
Liquidity and Capital Resources	169
Critical Accounting Policies	179
Fair Value Measurements	185
Quantitative and Qualitative Disclosures About Market Risk	187
Sensitivity	189
Recent Accounting Pronouncements	192
Off-Balance Sheet Arrangements	192
Contractual Obligations, Commitments and Contingencies	192
Industry	194
Asset Management	194
Business	199
Overview	199
Our Businesses	202
Private Equity	203
Capital Markets	207
Strategic Investment Vehicles	213
Real Estate	216
Competitive Strengths	217
Growth Strategy	221
Performance Results	222
Fundraising and Investor Relations	223
Investment Process	224
The Historical Investment Performance of Our Funds	225
Fees, Carried Interest, Redemption and Termination	230
General Partner and Professionals Investments and Co-Investments	237
Regulatory and Compliance Matters	238
Competition	240
Legal Proceedings	241
Properties	241
Employees	241
Management	243
Our Manager	243
Directors and Executive Officers	243
Management Approach	246
Limited Powers of Our Board of Directors	246
Committees of the Board of Directors	246
Lack of Compensation Committee Interlocks and Insider Participation	247
Executive Compensation	247
Summary Compensation Table	252
Grants of Plan-Based Awards	253
Outstanding Equity at Fiscal Year-End	254
Option Exercises and Stock Vested	254
Potential Payments upon Termination or Change in Control	255
Director Compensation	256
2007 Omnibus Equity Incentive Plan	256

Apollo Management Companies AAA Unit Plan 259

Table of Contents

	Page
Indemnification	260
Certain Relationships and Related Party Transactions	261
Agreement Among Managing Partners	261
Managing Partner Shareholders Agreement	262
Fee Waiver Program	264
Roll-Up Agreements	264
Exchange Agreement	265
Tax Receivable Agreement	265
Strategic Investors Transaction	267
Lenders Rights Agreement	267
Private Placement Shareholders Agreement	268
Our Operating Agreement and Apollo Operating Group Limited Partnership Agreements	268
Employment Agreements	268
Statement of Policy Regarding Transactions with Related Persons	269
Principal Shareholders	270
Selling Shareholders	272
Conflicts of Interest and Fiduciary Responsibilities	273
Conflicts of Interest	273
Fiduciary Duties	276
Description of Indebtedness	279
AMH Credit Facility	279
Description of Shares	281
Shares	281
Listing	283
Transfer Agent and Registrar	283
Operating Agreement	283
Shareholders Agreement	290
Lenders Rights Agreement	290
Shares Eligible for Future Sale	291
General	291
Registration Rights	291
Lock-Up Arrangements	291
Rule 144	292
Registration Rights	293
Material Tax Considerations	294
Material U.S. Federal Tax Considerations	294
Material Argentine Tax Considerations	307
Material Brazilian Tax Considerations	310
Material French Tax Considerations	311
Material German Tax Considerations	312
Material Hong Kong Tax Considerations	314
Material Luxembourg Tax Considerations	314
Material Mexican Tax Considerations	316
Material Singapore Tax Considerations	319
Material Spanish Tax Considerations	322
Material Swiss Tax Considerations	326
Material United Kingdom Tax Considerations	328
Material Venezuelan Tax Considerations	330
Plan of Distribution	332

Table of Contents

	Page
Legal Matters	335
Experts	335
Where You Can Find More Information	335
Index to Consolidated and Combined Financial Statements	F-1
Report of Independent Registered Public Accounting Firm	F-47
Appendix A Amended and Restated Limited Liability Company Agreement of Apollo Global Management, LLC	A-1

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;

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

Apollo funds and our funds refer to the private funds and alternative asset companies 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 value of 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.

As of September 30, 2009, the company refined its definition of AUM to reflect leveraged products that had not been identified in our previous AUM definition. Periods prior to September 30, 2009 have been recalculated utilizing the above definition.

Fee generating AUM consists of assets that we manage and earn management fees or monitoring fees pursuant to management agreements on a basis that varies from Apollo fund to Apollo fund (e.g., any of net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, invested capital or capital contributions, each as defined in the applicable management agreement, may form the basis for a management fee calculation).

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.

We earn management fees from the funds that we manage pursuant to management agreements on a basis that varies from Apollo fund to Apollo fund (e.g., any of net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, invested capital or capital contributions, each as defined in the applicable management agreement, may form the basis for a management fee calculation).

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, collectively, who own approximately 9.1% of the 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 September 30, 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;

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;

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 September 30, 2009. The calculated returns are geometrically linked based on capital contributions, distributions and dividend reinvestments, as applicable;

net return year-to-date 2009 represents the calculated return that is based on month-to-month change in net assets from January 1, 2009 through September 30, 2009 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 and 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 September 30, 2009, we had Assets Under Management, or AUM, of $51.8 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 September 30, 2009. A number of our capital markets funds have also performed well since their inception through September 30, 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 395 employees, including 133 investment professionals, as of September 30, 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 and Mumbai. We operate our businesses, including private equity, capital markets and real estate, in an integrated manner, which we believe distinguishes us from other alternative asset managers. Our investment professionals frequently collaborate and share information across disciplines including market insight, management, banking and consultant contacts as well as potential investment opportunities, which contributes to our library of industry knowledge, and we believe enables us to invest successfully 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 gross IRR of 47% and a net IRR of 37% on a compound annual basis since inception through September 30, 2009, were initiated during the economic downturn of 1990 through 1993 and Fund V, which generated a gross IRR of 63% and a net IRR of 46% on a compound annual basis since inception through September 30, 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 ten 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. Our contrarian nature is reflected in many of the businesses in which we choose to invest, which are often 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 in

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 having substantial business, regulatory or legal complexity. We have successfully applied this investment philosophy over our 19-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. From the beginning of the second quarter of 2008 and through September 30, 2009, we have invested approximately $9 billion of equity across our private equity and capital markets funds focused on control distressed and buyout investments, levered loan portfolios and mezzanine, non-control distressed and non-performing loans. For example, funds managed by Apollo have purchased over $24 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. As a result of the terms and credit quality of the underlying investments, we believe these debt portfolios have the ability to generate attractive returns with senior debt risk. For the year-to-date through September 30, 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 46%, and the performance of our leveraged loan investments has exceeded this benchmark during this period.

During the current economic downturn, Apollo has also been relying on its distressed investing expertise to acquire over $8 billion in face value of distressed debt at discounts to par value across the firm s private equity and capital markets businesses. 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 19 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. For example, as of September 30, 2009 our private equity Fund VI and its underlying portfolio companies purchased or retired over $16.8 billion in face value of debt and captured over $8.3 billion of discount to par value of debt in portfolio companies such as CEVA, Harrah s, Realogy and Momentive. In certain situations, such as CEVA, 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 $2.5 billion of cost savings programs on an aggregate basis from the date we acquired them through September 30, 2009, which we believe will positively impact their operating profitability.

Table of Contents

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 and Mumbai. Since 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 with a combined AUM of $30.3 billion as of September 30, 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. We recently formed ACREFI Management, LLC, which serves as the manager of a newly organized commercial real estate finance company that seeks 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. 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 $51.8 billion as of September 30, 2009 consisting of $33.5 billion in our private equity business, $18.1 billion in our capital markets business, and $0.2 billion in our real estate business. See Risk Factors Risks Related to Our Businesses We may not be successful in raising new private equity or capital markets funds or in raising more capital for our capital markets funds. We have grown our total AUM at a 37.8% compound annual growth rate, or CAGR, from December 31, 2004 to September 30, 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 September 30, 2009, approximately 91% of our AUM was in funds with a contractual life at inception of seven years or more, and 13% 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 private equity or capital markets funds or in raising more capital for our capital markets funds.

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 Apollo-sponsored entities, funds, private equity transactions 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 September 30, 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 $1.46 as of September 30, 2009.
(3) Includes proceeds from ARI s initial public offering and concurrent private placement, which closed on September 29, 2009; proceeds 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. In addition, in order to comply with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to fair value measurements, our funds fair value all of their investments at the end of each quarter, and the impact of any quarterly changes in fair value are often unrealized which may or may not yet reflect the impact of operational or strategic improvements that are being implemented and which we believe will lead to long-term value creation. These fair values are also dependent upon current market conditions, which may or may not be reflective of the true long-term value of the investments in our funds. As a result, we monitor our short-term results and quarterly fluctuations in the unrealized fair value of the holdings in our funds to manage our business, and we emphasize our long-term growth and profitability.

Table of Contents

Private Equity

Our private equity business had total and fee-generating AUM of $33.5 billion and $29.1 billion as of September 30, 2009, respectively. Our private equity business grew total and fee-generating AUM by a 29.7% and 50.6% CAGR, respectively, from December 31, 2004 through September 30, 2009. From our inception in 1990 through September 30, 2009, our private equity business invested approximately $29.9 billion of equity capital. As of September 30, 2009, our private equity funds had $13.4 billion of uncalled capital commitments, providing us with a significant source of capital for future investment activities. Since inception through September 30, 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 September 30, 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 24 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 ultimately generated a gross IRR of 63% and a net IRR of 46% on a compound annual basis as of September 30, 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 September 30, 2009.

Private Equity Investments by Type

Private Equity Investments by Industry

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 $18.1 billion and $13.4 billion, respectively, as of September 30, 2009 and grew its total and fee-generating AUM by a 67.6% and 57.8% CAGR, respectively, from December 31, 2004 through September 30, 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

6

fixed income investments. An example of our value-oriented fixed income investments includes Athene Asset Management LLC (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. (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 September 30, 2009, Athene Asset Management had over $600 million of AUM.

As of September 30, 2009, our capital markets funds included six global distressed and hedge funds with total AUM of $2.2 billion, three mezzanine funds with total AUM of $4.4 billion, four credit opportunity funds with total AUM of $8.8 billion, and a European non-performing loan fund with total AUM of $1.5 billion. Our capital markets funds also include one separately managed account and Athene Asset Management.

Global Distressed and Hedge Funds

We currently manage six global distressed and hedge funds with total AUM of $2.2 billion as of September 30, 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 are 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 September 30, 2009, we managed one U.S. and two European-based mezzanine funds and related investment vehicles with total AUM of $4.4 billion as of September 30, 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 for tax purposes AIC has elected to be treated 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 over $1.6 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 $8.8 billion as of September 30, 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 September 30, 2009 we have deployed over $21 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. As of September 30, 2009, the fund had closed on approximately 1.0 billion ($1.5 billion) of commitments and is targeting a final close of up to 1.3 billion ($1.8 billion) during the fourth quarter of 2009.

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 (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, effective October 13, 2009, the revolving credit facility was permanently reduced to $675.0 million. 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.

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 September 30, 2009, AAA Investments had total investments of approximately $1.5 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 September 30, 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 September 30, 2009, Palmetto had committed over $250 million for investments primarily in our European non-performing loan and private equity funds.

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 six investment professionals as of September 30, 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) (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 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.

Competitive Strengths

Over our 19-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 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.

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, 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 Flexible Approach to Investing Across Market Cycles. 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. Our expertise in capital markets, focus on core industry sectors and investment experience allow us to respond quickly to changing environments. 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 $13.2 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 $16.7 billion through September 30, 2009, the majority of which was in distressed buyouts and debt investments when the debt securities of quality companies traded at deep discounts to par value.

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

Table of Contents

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 Collaboration with Portfolio Company Management Teams. We possess almost 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 September 30, 2009, Fund VI and its underlying portfolio companies purchased or retired over $16.8 billion of debt and captured over $8.3 billion of discount to par value of debt. In addition, from the date of acquisition through September 30, 2009, Fund VI portfolio companies have implemented over $2.5 billion of cost savings programs on an aggregate basis, which we believe will positively impact their operating profitability.

Our Investment Edge Creates Proprietary Investment Opportunities. We seek to create an investment edge, which allows us to deploy the capital of our funds up and down the balance sheet of franchise businesses, make investments at attractive valuations and maximize returns. 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. Since our inception through September 30, 2009, we believe over 79% of the private equity buyouts completed by our funds have been proprietary in nature, and our funds have been the sole financial sponsor in 16 of their last 17 private equity portfolio company transactions. We believe these competitive advantages often result in our funds buyouts being effected at a lower multiple of adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA, than many of our peers.

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.

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 133 investment professionals as of September 30, 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. Fundamental to our business model is the alignment of interests of our professionals with those of the investors in our funds. From our inception through September 30, 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 serves to incentivize those employees to generate superior investment returns. We believe that this alignment of interests with our fund investors helps us to raise new funds and continue to execute our growth strategy.

Long-Term Capital Base. A significant portion of our $51.8 billion of AUM as of September 30, 2009 was long-term in nature. As of September 30, 2009, approximately 91% of our AUM was in funds with a contractual life at inception of seven years or more, including 13% 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.

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 19 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.

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 private equity or capital markets funds or in raising more capital for 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) and gross invested capital or fund net asset value (in the case of the rest of our capital markets funds), (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 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 nine months ended September 30, 2009, management fees, transaction and advisory fees, and carried interest income represented 57%, 7% and 36%, respectively, of our $512.1 million of revenues. See our condensed consolidated 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 advisory 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 advisory 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 Summary Historical and Other Data , which includes our statement of operations information and our supplemental performance measure, ENI, for our management and advisory business, as well as further reconciliation of ENI to Adjusted ENI to identify non-recurring or unusual items for the three and nine months ended September 30, 2009 and 2008, respectively, and for the years ended December 31, 2008, 2007 and 2006.

The 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 (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) to 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 the Private Placement, pursuant to which we undertook to register under the Securities Act the Class A shares sold in the Private Placement. A portion of the Class A shares offered by this prospectus are the shares sold in the Private Placement. 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 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 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 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, and 28.5% of the limited partner interests of the Apollo Operating Group entities, in each case held through intermediate holding companies. The remaining 71.5% limited partner interests of the Apollo Operating Group entities are owned directly by Holdings, an entity 100% owned, directly or indirectly, by our managing partners and contributing partners, and represent its economic interest 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 Apollo Management Holdings, L.P. (AMH) credit facility and the related distribution to our managing partners described below under Distribution to Our Managing Partners Prior to the 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 (see Our Structure for a more detailed diagram).

(1) Investors in the Rule 144A Offering hold 29.4% of the Class A shares, the CS Investor holds 7.8% of the Class A shares, and the Strategic Investors hold 62.8% of the Class A shares. The Class A shares held by investors in the Rule 144A Offering represent 10.2% of the total voting power of our shares entitled to vote and 8.4% of the economic interests in the Apollo Operating Group. Class A shares held by the CS Investor represent 2.7% of the total voting power of our shares entitled to vote and 2.2% of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights and represent 17.9% 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.

(2) Our managing partners own BRH, which in turn holds our only outstanding Class B share. The Class B share initially represents 87.1% 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 71.5% of the limited partner interests in the Apollo Operating Group.

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

(4) Represents 71.5% 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, own 62.4% of the Apollo Operating Group units. Our contributing partners, through their ownership interests in Holdings, own 9.1% of the Apollo Operating Group units.

(5) 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.

(6) Represents 28.5% 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) owns 28.5% of the economic interests of, and operates and controls all of the businesses and affairs of, the Apollo Operating Group and its subsidiaries. Holdings owns the remaining 71.5% of the economic interests in the Apollo Operating Group. 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 AMH (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 Apollo Management Holdings, L.P. holds the management companies for our private equity funds (including AAA) and our capital markets 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

Table of Contents

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 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.

Table of Contents

Our Assets

Prior to the 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 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 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 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 Offering Transactions within the proposed offering price range per Class A share of Apollo, 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 Offering Transactions and Strategic Investors Transaction. This aggregate amount of Apollo Operating Group units were 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 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 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 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, own 62.4% of the Apollo Operating Group units and, through their ownership of BRH, the Class B share that we have issued to BRH. 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 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, own 9.1% of the Apollo Operating Group units. 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.

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

Table of Contents

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.

As a listed vehicle, AAA is able to access the public markets to raise additional capital. As a result, Apollo has not granted voting rights to the AAA limited partners to allow them to liquidate this entity, and therefore Apollo, for accounting purposes, will continue to control this entity.

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.

Various legislation has been introduced in Congress in recent years, including this year, that would, if enacted, cause Apollo Global Management, LLC to become taxable as a corporation, and could change the character of portions of our income to ordinary income, either of which would substantially reduce our net income or increase our net loss, as applicable, or cause other significant adverse tax consequences for us and/or the holders of 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 and Risk Factors Risks Related to Our Organization and Structure Members of the U.S. Congress have introduced legislation this year 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. See also Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Distribution to Our Managing Partners Prior to The 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

Table of Contents

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 September 30, 2009 and December 31, 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 $507.4 million, $516.6 million and $520.3 million that was payable to our managing partners and contributing partners in connection with the Tax Receivable Agreement as of September 30, 2009, December 31, 2008 and December 31, 2007, 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 (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. The definitive sales contract for which such payment was accrued at December 31, 2007 was terminated during the fourth quarter of 2008 and as a result, no amounts were accrued at September 30, 2009 and December 31, 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 its historical results.

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 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 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;

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

25

in 2006 and the first half of 2007, there was 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 September 30, 2009, while Fund V has generated a 63% gross IRR and 46% net IRR since inception through September 30, 2009. 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 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

In December 2009, we launched AGRE CMBS Fund L.P., a real estate investment vehicle formed to invest principally in legacy commercial mortgage-backed securities, or CMBS, and leverage those investments by borrowing from the Federal Reserve Bank of New York s term asset-backed securities loan facility program.

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.

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	35,624,540 Class A shares
Shares Outstanding:	
Class A Shares	95,624,541 Class A shares
Class B Shares	1 Class B share
Shares Held by Our Managing Partners:	
Class A Shares	None
Class B Share	Our managing partners indirectly hold the single Class B share that we have issued to BRH, representing 87.1% of the total voting power of our shares entitled to vote.
Apollo Operating Group Units Held:	
By Us	95,624,541 or 28.5% of the total Apollo Operating Group units
Indirectly By Our Managing Partners and Contributing Partners	240,000,000 or 71.5% 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, hold 87.1% of the total combined voting power of our shares entitled to vote 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.

27

Table of Contents

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;

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 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.

Trading	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 35 for a discussion of some of the factors you should carefully consider before deciding to invest in our Class A shares.

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 (RSUs) (net of forfeited awards), that were granted in 2007 subject to vesting, to certain employees and consultants;
  - an additional 10,181,229 RSUs (net of forfeited awards) that were granted in 2008 subject to vesting, to certain employees and consultants;
  - 1,285,575 RSUs (net of forfeited awards) were granted during the nine months ended September 30, 2009, subject to vesting, to certain employees; and
  - effective as of January 1, 2009, 78,706,931 interests in respect of 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 September 30, 2009, 46,763,026 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, 2008, 2007 and 2006 and the summary historical consolidated and combined statements of financial condition data as of December 31, 2008 and 2007 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, 2006 from our audited consolidated and combined financial statements which are not included in this prospectus.

We derived the summary historical condensed consolidated statement of operations of Apollo Global Management, LLC for the three and nine months ended September 30, 2009 and 2008 and the summary historical condensed consolidated statement of financial condition data as of September 30, 2009 from our unaudited condensed consolidated financial statements, which are included elsewhere in this prospectus. The unaudited condensed consolidated financial statements of Apollo Global Management, LLC have been prepared in accordance with U.S. GAAP for interim financial information and Rule 10-01 of Regulation S-X under the Exchange Act. Management believes it has made all necessary adjustments (consisting of normal recurring items) so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing Apollo Global Management, LLC s condensed consolidated financial statements are reasonable and prudent.

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

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007[e]	Year Ended December 31, 2006[e]
	(in thousands)						
Statement of Operations Data							
Revenues:							
Advisory and transaction fees from affiliates	$ 21,582	$ 9,372	$ 37,480	$ 144,808	$ 145,181	$ 150,191	$ 147,051
Management fees from affiliates	103,680	96,547	293,218	282,266	384,247	192,934	101,921
Carried interest income (loss) from affiliates	88,423	(416,230)	181,421	(714,476)	(796,133)	294,725	97,508
Total Revenues	213,685	(310,311)	512,119	(287,402)	(266,705)	637,850	346,480
Expenses:							
Compensation and benefits	348,303	58,584	1,032,519	572,748	843,600	1,450,330	266,772
Interest expense	12,272	15,499	38,377	47,262	62,622	105,968	8,839
Interest expense beneficial conversion feature						240,000	
Professional fees	8,626	4,147	23,009	56,072	76,450	81,824	31,738
Litigation settlement[a]		200,000		200,000	200,000		
General, administrative and other	20,797	20,535	43,585	51,243	71,789	36,618	38,782
Placement fees	631	8,310	4,396	50,690	51,379	27,253	
Occupancy	7,837	4,495	21,207	15,243	20,830	12,865	7,646
Depreciation and amortization	6,071	5,275	18,169	16,484	22,099	7,869	3,288
Total Expenses	404,537	316,845	1,181,262	1,009,742	1,348,769	1,962,727	357,065
Other Income (Loss):							
Net gains (losses) from investment activities	336,066	(413,018)	449,134	(527,480)	(1,269,100)	2,279,263	1,620,554
Gain from repurchase of debt[b]			36,193				
Dividend income from affiliates						238,609	140,569
Interest income	329	4,898	1,030	15,900	19,368	52,500	38,423
Income (loss) from equity method investments	30,033	(14,489)	53,167	(14,893)	(57,353)	1,722	1,362
Other income (loss)	541	(3,340)	39,692	(2,949)	(4,609)	(36)	3,154
Total Other Income (Loss)	366,969	(425,949)	579,216	(529,422)	(1,311,694)	2,572,058	1,804,062
(Loss) Income Before Income Tax (Provision) Benefit	176,117	(1,053,105)	(89,927)	(1,826,566)	(2,927,168)	1,247,181	1,793,477
Income tax (provision) benefit	(18,017)	4,670	(25,133)	12,005	36,995	(6,726)	(6,476)
Net (Loss) Income	158,100	(1,048,435)	(115,060)	(1,814,561)	(2,890,173)	1,240,455	1,787,001
Net (income) loss attributable to Non-Controlling Interests in consolidated entities[c]	(280,361)	395,329	(397,522)	500,872	1,176,116	(2,088,655)	(1,414,022)
Net loss attributable to Non-Controlling Interests in Apollo Operating Group[d]	75,590	171,309	352,357	646,631	801,799	278,549	
Net (Loss) Income attributable to Apollo Global Management, LLC	$ (46,671)	$ (481,797)	$ (160,225)	$ (667,058)	$ (912,258)	$ (569,651)	$ 372,979
Dividends Declared per Class A share	$	$ 0.23	$ 0.05	$ 0.56	$ 0.56	N/A	N/A

	As of September 30, 2009	As of December 31, 2008	As of December 31, 2007	As of December 31, 2006
	(in thousands)			
Statement of Financial Condition Data				
Total Assets	$ 3,075,727	$ 2,474,532	$ 5,115,642	$ 11,179,921
Total Debt Obligations	934,063	1,026,005	1,057,761	93,738

Total Shareholders Equity	1,004,853	325,785	2,408,329	10,331,990
Non-Controlling Interests	1,403,932	822,843	2,312,286	9,847,069
Operating Metrics (non-U.S. GAAP):				
Assets Under Management (in millions):				
Private Equity	$ 33,539	$ 29,094	$ 30,237	$ 20,186
Capital Markets	18,101	15,108	10,533	4,392
Real Estate	208			
Total AUM	$ 51,848	$ 44,202	$ 40,770	$ 24,578

	Three Months Ended September 30,		**Nine Months Ended September 30,**		**Year Ended December 31,**		
	2009	**2008**	**2009**	**2008**	**2008**	**2007**	**2006**
Economic Net Income (Loss)[f]	$ 173,314	$ (370,234)	$ 340,410	$ (469,809)	$ (610,950)	$ 152,846	$ 376,600
Adjusted Economic Net Income (Loss)[f]	184,229	(155,895)	294,031	(197,238)	(332,794)	486,681	376,600
Private equity dollars invested[g]	577,100	637,331	2,468,300	5,403,025	8,079,099	3,638,326	2,916,915

32

(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 in the condensed consolidated 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 changes in the 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.

(f) Economic Net Income (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 (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) Income attributable to Apollo Global Management, LLC for the three and nine months ended September 30, 2009 and 2008 and the years ended December 31, 2008 through 2006 to ENI and ENI to Adjusted ENI for such periods:

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2009	2008	2008	2007	2006
				(in thousands)			
Net (Loss) Income attributable to Apollo Global Management, LLC:	$ (46,671)	$ (481,797)	$ (160,225)	$ (667,058)	$ (912,258)	$ (569,651)	$ 372,979
(i) Adjusted for the impact of non-cash charges related to equity-based compensation	275,122	284,175	824,630	844,317	1,125,184	989,849	
(ii) Income tax provision (benefit)	18,017	(4,670)	25,133	(12,005)	(36,995)	6,726	6,476
(iii) Non-Controlling Interests in consolidated entities	2,397	3,367	3,918	11,568	14,918	4,471	(2,855)
(iv) Non-Controlling Interests in Apollo Operating Group	(75,590)	(171,309)	(352,357)	(646,631)	(801,799)	(278,549)	
(v) Metals Trading Fund	39		(689)				
Economic Net Income (Loss)	$ 173,314	$ (370,234)	$ 340,410	$ (469,809)	$ (610,950)	$ 152,846	$ 376,600
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		200,000	200,000		
Insurance proceeds[5]			(30,000)				
Gain from debt repurchase[6]			(36,193)				
Placement fees[7]	631	8,310	4,396	50,690	51,379	27,253	
Public offering costs[8]	200	1,000	600	2,500	2,500		
Real estate investment trust offering costs[9]	8,000		8,000				
Non-recurring professional fees[8][9]	2,084	5,029	6,818	19,381	24,277	16,188	
Adjusted Economic Net Income (Loss)	$ 184,229	$ (155,895)	$ 294,031	$ (197,238)	$ (332,794)	$ 486,681	$ 376,600
Less: Advisory Business Adjusted Economic Net Income (Loss)	139,622	(168,114)	198,321	(320,315)	(462,688)	427,903	227,016
Management Business Adjusted Economic Net Income (Loss)	$ 44,607	$ 12,219	$ 95,710	$ 123,077	$ 129,894	$ 58,778	$ 149,584

(*) 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 condensed consolidated 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.

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 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 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 April 3, 2009, legislation was introduced in the House of Representatives that 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 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 our taxable year beginning January 1, 2020. Additionally, President Obama endorsed legislation to tax carried interest as ordinary income in the 2010 budget blueprint. Legislation similar to the April 3, 2009 proposed bill, 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 entered into law. 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.** Any such changes in tax law would cause us to be taxable as a corporation, thereby substantially increasing our tax liability and reducing the value of Class A shares. Furthermore, it is possible that the U.S. Federal income tax law could be changed so as to adversely affect the anticipated tax consequences for us and/or the holders of Class A shares as described under Material Tax Considerations Material U.S. Federal Tax Considerations, including possible changes that would adversely affect the taxation of tax-exempt and/or non-U.S. holders of Class A shares. It is unclear whether any such 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 also is 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. Changes to the U.S. Federal income tax laws and interpretations thereof could make it more difficult or impossible to meet the qualifying income exception for us to be treated as a partnership for U.S. Federal income tax purposes that is not taxable as a corporation, affect or cause us to change our investments and commitments, affect the tax considerations of an investment in us, change the character or treatment of portions of our income (including, for instance, the treatment of carried interest as ordinary income rather than capital gain) or otherwise adversely affect an investment in our Class A shares. 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 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 (a PFIC) or a controlled foreign corporation (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 Code.

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 III, L.P. Apollo Principal Holdings V, L.P., Apollo Principal Holdings II, L.P., Apollo

Principal Holdings IV, L.P., Apollo Principal Holdings VIII, L.P., Apollo Principal Holdings VII, 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 transferee 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 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 April 3, 2009, legislation was introduced in the House of Representatives that 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 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 our taxable year beginning January 1, 2020. Additionally, President Obama endorsed legislation to tax carried interest as ordinary income in the 2010 budget blueprint. Legislation similar to the April 3, 2009 proposed bill, 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 entered into law. If the proposed legislation were to be enacted into law in its proposed form, we would incur a substantial increase in our tax liability when such legislation begins to apply to us. If Apollo Global Management, LLC were taxed as a corporation, our effective tax rate would increase substantially. The U.S. Federal statutory rate for corporations is currently 35%, and the state and local tax rates, net of the Federal benefit, would aggregate approximately 5%. If any of this proposed legislation or any other change in the tax laws, rules, regulations or interpretations preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules, this would substantially increase our tax liability and it could well result in a reduction in the value of our Class A shares.

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.

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.

41

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 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 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, 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 taxable transaction. These taxable exchanges, as well as our acquisitions of units from our managing partners or

Table of Contents

contributing partners, 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. 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. The 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.

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.

Table of Contents

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 Executive Compensation Employment, Non-Competition and Non-Solicitation Agreements with Managing Partners for a more detailed description of the terms of the agreements. 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, on March 3, 2009, the U.S. Department of the Treasury and the Federal Reserve announced the launch of the Term Asset-Backed Securities Loan Facility, or TALF, which provides up to $200 billion (which may be increased to up to $1 trillion) of financing to certain U.S. entities to purchase qualifying AAA-rated asset-backed securities. Such financing is subject to various conditions, has a term of three years and accrues interest at specified rates. In March 2009, the U.S. Department of Treasury announced plans for the Public Private Investment Partnership Program (or PPIP) for legacy assets, which is intended to generate purchasing power to help facilitate the purchase of various loans and securities held by financial institutions. As part of the PPIP, the U.S. Department of Treasury accepted applications from investment managers to become pre-qualified to manage assets of to-be-formed investment funds that would invest in legacy securities on behalf of the government and private investors. While the details of the TALF, PPIP and other initiatives by the U.S. government are subject to change, it is unclear whether we and/or our funds will be eligible to participate directly in these programs (whether as an investment manager, as a recipient of financing or otherwise) and, therefore, these initiatives may not directly benefit us. If any of our competitors are able to benefit from these programs, they may gain a competitive advantage over us. In addition, the government may decide to implement these programs in unanticipated ways that have a more direct impact on our funds or our businesses. For example, the government may decide that it will not purchase or finance certain types of loans or securities, which may adversely affect the price of those securities. If we own such securities in our funds, such price impacts may have an adverse impact on the liquidity and/or performance of such funds.

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 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

49

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 private equity or capital markets funds or in raising more capital for our capital markets 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. 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.

Table of Contents

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 will not be consolidated in our financial statements for periods after 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 Business 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, (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 (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.

Legislative proposals have been introduced in Denmark and Germany that would significantly limit the tax deductibility of interest expense incurred by companies in those countries. If adopted, these measures would adversely affect Danish and German companies in which our funds have investments and limit the benefits to them of additional investments in those countries. 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 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.

Table of Contents

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;
- 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 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 also is 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 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

Table of Contents

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 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.

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.

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 (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 (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

Table of Contents

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 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

Table of Contents

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 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 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.

Table of Contents

Risks Related To This Offering

There may not be an active market for our Class A shares, which may cause our Class A shares to trade at a discount price and make it difficult to sell the Class A shares you purchase.

Although the initial purchasers have made a market in the Class A shares through the GSTrUE OTC market, prior to this offering there has been no public trading market for our Class A shares. It is possible that an active market will not develop, which would make it difficult for you to sell your Class A shares at an attractive price or at all. As no current holders of our Class A shares are obligated to sell any shares, volume of trading in our shares may be very limited.

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;
- 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 currently have 95,624,541 Class A shares outstanding, not including approximately 31.9 million Class A shares or share units granted to certain employees and consultants under our equity incentive plan, of which approximately 10.0 million were vested as of September 30, 2009 and approximately 21.9 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 September 30, 2009, 46,763,026 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, currently own an aggregate of 71.5% of the Apollo Operating Group units. 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. Holdings, our executive officers and directors, certain employees and consultants who received Class A shares in connection with the Offering Transactions 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 180 days after the shelf effectiveness date, except with the prior written consent of the representatives of the initial purchasers. After the expiration of this 180-day 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 180-day lock-up period may be extended.

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.

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 represents 87.1% of the total combined voting power of our shares entitled to vote. 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 Offering Transactions and conducting our businesses as a publicly held entity. Apollo Global Management, LLC is a holding company whose primary assets are 28.5% of the limited partner interests of the Apollo Operating Group entities, in each case held through intermediate holding companies. The remaining 71.5% limited partner interests of the Apollo Operating Group entities are owned directly by Holdings, an entity 100% owned, directly and indirectly, by our managing partners and contributing partners, and represent its economic interest 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.

Table of Contents

(1) Investors in the Rule 144A Offering hold 29.4% of the Class A shares, the CS Investor holds 7.8% of the Class A shares, and the Strategic Investors hold 62.8% of the Class A shares. The Class A shares held by investors in the Rule 144A Offering represent 10.2% of the total voting power of our shares entitled to vote and 8.4% of the economic interests in the Apollo Operating Group. Class A shares held by the CS Investor represent 2.7% of the total voting power of our shares entitled to vote and 2.2% of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights and represent 17.9% 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.

(2) Our managing partners own BRH, which in turn holds our only outstanding Class B share. The Class B share represents 87.1% 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 71.5% of the limited partner interests in the Apollo Operating Group.

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

(4) Represents 71.5% 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, own 62.4% of the Apollo Operating Group units. Our contributing partners, through their ownership interests in Holdings, own 9.1% of the Apollo Operating Group units.

(5) 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.

(6) Represents 28.5% 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.

(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) 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. It 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 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. Apollo Principal Holdings II, L.P. also holds between 65% 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.

(4) 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. Apollo Principal Holdings VII, L.P. 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.

(5) 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 65% 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.

(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. Apollo Principal Holdings VI, L.P. 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 Our Structure 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 one 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.

80

(12) 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.

(13) 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.

(14) 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.

(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) owns 28.5% of the economic interests of, and operate and controls all of the businesses and affairs of, the Apollo Operating Group and its subsidiaries. Holdings owns the remaining 71.5% of the economic interests in the Apollo Operating Group. 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 AMH (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 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 Apollo Management Holdings, L.P. holds the management companies for each of our private equity funds (including AAA), our capital markets funds and our commercial real estate finance company.

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.

Table of Contents

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 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 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 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 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 Offering Transactions within the proposed offering price range per Class A share of Apollo, 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 Offering Transactions and Strategic Investors Transaction. This aggregate amount of Apollo Operating Group units were 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 Offering Transactions and Strategic Investors Transaction.

84

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 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.

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 (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 Holdings, own 62.4% of the Apollo Operating Group units and, through their ownership of BRH, the Class B share that we have issued to BRH. 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, own 9.1% of the Apollo Operating Group units. 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 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.

As a listed vehicle, AAA is able to access the public markets to raise additional capital. Through its relationship with AAA, Apollo has been able to access AAA s capital to seed new strategies in advance of a lengthy third party fundraising process. As a result, Apollo has not granted voting rights to the AAA limited partners to allow them to liquidate this entity, and therefore Apollo, for accounting purposes, will continue to control this entity.

Distribution to Our Managing Partners Prior to the 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 September 30, 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 September 30, 2009 and December 31, 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 $507.4 million, $516.6 million and $520.3 million that was payable to our managing partners and contributing partners in connection with the Tax Receivable Agreement as of September 30, 2009 and December 31, 2008 and December 31, 2007, 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 have accrued an estimated payment of approximately $387.0 million at December 31, 2007. The definitive sales contract for which such payment was accrued at December 31, 2007 was terminated during the fourth quarter of 2008 and as a result, no amounts were accrued at September 30, 2009 and December 31, 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 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 Offering Transactions, the securities sold to the Strategic Investors converted into non-voting Class A shares, which currently represents 62.8% of our issued and outstanding Class A shares and 17.9% of the economic interest in the Apollo Operating Group. 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 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 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 Offering Transactions shall be treated as having been earned prior to the date of the 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.

Legislation was introduced in Congress in 2009 that would, if enacted in its present form, cause Apollo Global Management, LLC to become taxable as a corporation, which would substantially reduce our net income or increase our net loss, as applicable, or cause other significant adverse tax consequences for us and/or the holders of Class A shares. The current proposed 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 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

Table of Contents

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.

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 7.8% of the total number of our Class A shares currently outstanding.

Apollo Global Management, LLC contributed the net proceeds it received in the 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 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. 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 Offering Transactions:

- Apollo Global Management, LLC, through its wholly-owned subsidiaries, currently holds 28.5% of the outstanding Apollo Operating Group units;
- our managing partners, through Holdings, currently hold 62.4% of the outstanding Apollo Operating Group units;
- our contributing partners, through Holdings, currently hold 9.1% of the outstanding Apollo Operating Group units;
- the Strategic Investors own 60,000,001 of our non-voting Class A shares currently representing 62.8% of our Class A shares outstanding, which represent 17.9% of the economic interests in the Apollo Operating Group units;
- the investors in the Rule 144A Offering and the CS Investor currently hold 35,624,540 Class A shares, representing 37.3% of our Class A shares outstanding, which represent 10.6% 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) currently collectively have 12.9% of the voting power of, and our Class B shareholder currently have 87.1% of the voting power of, Apollo Global Management, LLC;

91

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 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 28.5% indirectly to us, approximately 62.4% indirectly to our managing partners and approximately 9.1% indirectly to our contributing partners.

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.

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 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. 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 September 30, 2009, 95,624,541 Class A shares were entitled to receive dividends. In addition, as of September 30, 2009, approximately 12.5 million RSUs granted to Apollo employees (net of forfeited awards) were entitled to distribution equivalents, to be paid in the form of cash compensation.

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 September 30, 2009 and December 31, 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 $507.4 million, $516.6 million and $520.3 million that was payable to our managing partners and contributing partners in connection with the Tax Receivable Agreement as of September 30, 2009, December 31, 2008 and December 31, 2007, 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 have accrued an estimated payment of approximately $387.0 million at December 31, 2007. The definitive sales contract for which such payment was accrued at December 31, 2007 was terminated during the fourth quarter of 2008 and as a result, no amounts were accrued at September 30, 2009 and December 31, 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 September 30, 2009.

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 September 30, 2009 (in thousands)
Cash and cash equivalents	$ 404,737
Total Debt	$ 934,063
Shareholders Equity	1,004,853
Total Capitalization	$ 1,938,916

97

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, 2008, 2007 and 2006 and the selected historical consolidated and combined statements of financial condition data as of December 31, 2008 and 2007 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, 2004 and the consolidated and combined statements of financial condition data as of December 31, 2005 and 2004 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.

We derived the selected historical condensed consolidated and combined statement of operations of Apollo Global Management, LLC for the three and nine months ended September 30, 2009 and 2008 and the selected historical consolidated statement of financial condition data as of September 30, 2009 from our condensed consolidated financial statements, which are included elsewhere in this prospectus. The condensed consolidated financial statements of Apollo Global Management, LLC have been prepared in accordance with U.S. GAAP for interim financial information and Rule 10-01 of Regulation S-X under the Exchange Act. Management believes it has made all necessary adjustments (consisting of normal recurring items) so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing Apollo Global Management, LLC s condensed consolidated financial statements are reasonable and prudent.

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.

Table of Contents

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,				
	2009	2008	2009	2008	2008	2007[e]	2006[e]	2005	2004
					(in thousands)				
Statement of Operations Data									
Revenues:									
Advisory and transaction fees from affiliates	$ 21,582	$ 9,372	$ 37,480	$ 144,808	$ 145,181	$ 150,191	$ 147,051	$ 80,926	$ 67,503
Management fees from affiliates	103,680	96,547	293,218	282,266	384,247	192,934	101,921	33,492	26,391
Carried interest income (loss) from affiliates	88,423	(416,230)	181,421	(714,476)	(796,133)	294,725	97,508	69,347	67,370
Total Revenues	213,685	(310,311)	512,119	(287,402)	(266,705)	637,850	346,480	183,765	161,264
Expenses:									
Compensation and benefits	348,303	58,584	1,032,519	572,748	843,600	1,450,330	266,772	309,235	473,691
Interest expense	12,272	15,499	38,377	47,262	62,622	105,968	8,839	1,405	2,143
Interest expense beneficial conversion feature						240,000			
Professional fees	8,626	4,147	23,009	56,072	76,450	81,824	31,738	45,687	39,652
Litigation settlement[a]		200,000		200,000	200,000				
General, administrative and other	20,797	20,535	43,585	51,243	71,789	36,618	38,782	25,955	19,506
Placement fees	631	8,310	4,396	50,690	51,379	27,253		47,028	171
Occupancy	7,837	4,495	21,207	15,243	20,830	12,865	7,646	5,993	5,089
Depreciation and amortization	6,071	5,275	18,169	16,484	22,099	7,869	3,288	2,304	2,210
Total Expenses	404,537	316,845	1,181,262	1,009,742	1,348,769	1,962,727	357,065	437,607	542,462
Other Income (Loss):									
Net gains (losses) from investment activities	336,066	(413,018)	449,134	(527,480)	(1,269,100)	2,279,263	1,620,554	1,970,770	2,826,300
Gain from repurchase of debt[b]			36,193						
Dividend income from affiliates						238,609	140,569	25,979	178,620
Interest income	329	4,898	1,030	15,900	19,368	52,500	38,423	33,578	41,745
Income (loss) from equity method investments	30,033	(14,489)	53,167	(14,893)	(57,353)	1,722	1,362	412	1,010
Other income (loss)	541	(3,340)	39,692	(2,949)	(4,609)	(36)	3,154	2,832	3,098
Total Other Income (Loss)	366,969	(425,949)	579,216	(529,422)	(1,311,694)	2,572,058	1,804,062	2,033,571	3,050,773
(Loss) Income Before Income Tax (Provision) Benefit	176,117	(1,053,105)	(89,927)	(1,826,566)	(2,927,168)	1,247,181	1,793,477	1,779,729	2,669,575
Income tax (provision) benefit	(18,017)	4,670	(25,133)	12,005	36,995	(6,726)	(6,476)	(1,026)	(2,800)
Net (Loss) Income	158,100	(1,048,435)	(115,060)	(1,814,561)	(2,890,173)	1,240,455	1,787,001	1,778,703	2,666,775

Net (income) loss attributable to Non-Controlling Interests in consolidated entities[c]	(280,361)	395,329	(397,522)	500,872	1,176,116	(2,088,655)	(1,414,022)	(1,577,459)	(2,191,420)
Net loss attributable to Non-Controlling Interests in Apollo Operating Group[d]	75,590	171,309	352,357	646,631	801,799	278,549			
Net (Loss) Income attributable to Apollo Global Management, LLC	$ (46,671)	$ (481,797)	$ (160,225)	$ (667,058)	$ (912,258)	$ (569,651)	$ 372,979	$ 201,244	$ 475,355
Dividends Declared per Class A share	$	$ 0.23	$ 0.05	$ 0.56	$ 0.56	N/A	N/A	N/A	N/A

	As of September 30, 2009	As of December 31, 2008	2007	2006	2005	2004
	(in thousands)					
Statement of Financial Condition Data						
Total Assets	$ 3,075,727	$ 2,474,532	$ 5,115,642	$ 11,179,921	$ 7,571,249	$ 7,798,333
Total Debt Obligations	934,063	1,026,005	1,057,761	93,738	20,519	22,262
Total Shareholders Equity	1,004,853	325,785	2,408,329	10,331,990	6,895,246	7,249,748
Non-Controlling Interests	1,403,932	822,843	2,312,286	9,847,069	6,556,622	6,843,076

(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 in the condensed consolidated 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 condensed consolidated 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.

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 the Apollo Global Management, LLC condensed consolidated financial statements and the related notes as of September 30, 2009 and for the three and nine months ended September 30, 2009 and 2008 and the consolidated and combined financial statements and the related notes as of December 31, 2008 and 2007 and for the years ended 2008, 2007 and 2006. 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 period.

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 investment 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 investments;

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

(iii) ***Real estate*** we recently organized a commercial real estate finance company, and may seek to sponsor a series of real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions.

The performance of these business segments are 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 excludes the effects of consolidation of any of the affiliated funds. Management further evaluates the segments based on our management and advisory business within each segment.

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 the vital 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 borrow. Global economic growth has slowed in both developed and emerging nations and in most regions is in a recession.

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 a reduction in value. Declining market prices also 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 has had an impact on several of our investment businesses. Government intervention in the U.S., Europe and Asia has been 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 are intended to return confidence and stability 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 brokerage 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. 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 duration of current economic and market conditions is unknown.

As a result of our contrarian, value-oriented approach, 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. 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 $13.2 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 $16.1 billion through September 30, 2009, the majority of which 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 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 Offering Transactions, we completed a reorganization as of the close of business on July 13, 2007 whereby, except for 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 the 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 gains and losses on their principal investments in the funds.

We currently own, 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) 28.5% of the economic interests of, and we operate and control all of the businesses and affairs of, the Apollo Operating Group. Holdings is the entity through which the managing partners and contributing partners hold Apollo Operating Group units currently representing 71.5% of the economic interests in the Apollo Operating Group. 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 (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 partnership 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 exempt offering transactions (the 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.

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 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.

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.

As a listed vehicle, AAA is able to access the public markets to raise additional capital. Through its relationship with AAA, Apollo has been able to access AAA s capital to seed new strategies in advance of a lengthy third party fundraising process. As a result, Apollo has not granted voting rights to the AAA limited partners to allow them to liquidate this entity, and therefore Apollo, for accounting purposes, will continue to control this entity.

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.

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)

Economic Net Income (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

Table of Contents

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 needed 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 and

RDUs 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. Additionally, income taxes at the segment level are not material as 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 income (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 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, 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; and

(iii) the gross asset value of the structured portfolio vehicle investments included within the funds we manage, which includes the leverage used by such structured portfolio companies;

(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.

As of September 30, 2009, the company refined its definition of AUM to reflect leveraged products that had not been identified in our previous AUM definition. Periods prior to September 30, 2009 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 September 30, 2009 and 2008, December 31, 2008, 2007 and 2006 are set forth below:

	September 30,		December 31,		
	2009	2008	2008	2007	2006
			(in millions)		
AUM:					
Private equity	$ 33,539	$ 33,440	$ 29,094	$ 30,237	$ 20,186
Capital markets	18,101	17,742	15,108	10,533	4,392
Real Estate	208				
Total	$ 51,848	$ 51,182	$ 44,202	$ 40,770	$ 24,578

The following table summarizes changes in total AUM and AUM for each of our segments for the nine months ended September 30, 2009 and 2008 and for the years ended December 31, 2008, 2007 and 2006.

	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
			(in millions)		
Change in AUM:					
Beginning of period	$ 44,202	$ 40,770	$ 40,770	$ 24,578	$ 21,197
Income (loss)	6,596	(5,403)	(11,630)	2,426	1,461
Subscriptions	1,314	8,853	9,871	14,235	2,276
Distributions / redemptions	(666)	(2,311)	(2,600)	(884)	(356)
Change in leverage	402	9,273	7,791	415	
End of period	$ 51,848	$ 51,182	$ 44,202	$ 40,770	$ 24,578

	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
			(in millions)		
Private Equity AUM Rollforward:					
Beginning of period	$ 29,094	$ 30,237	$ 30,237	$ 20,186	$ 18,733
Income (loss)	4,706	(4,527)	(8,386)	1,188	703
Subscriptions		4,832	5,223	9,459	1,085
Distributions / redemptions	(55)	(1,991)	(1,991)	(596)	(335)
Change in leverage	(206)	4,889	4,011		
End of period	$ 33,539	$ 33,440	$ 29,094	$ 30,237	$ 20,186
Capital Markets AUM Rollforward:					
Beginning of period	$ 15,108	$ 10,533	$ 10,533	$ 4,392	$ 2,464
Income (loss)	1,892	(876)	(3,244)	1,238	758
Subscriptions	1,104	4,021	4,648	4,776	1,191
Distributions / redemptions	(611)	(320)	(609)	(288)	(21)
Change in leverage	608	4,384	3,780	415	
End of period	$ 18,101	$ 17,742	$ 15,108	$ 10,533	$ 4,392
Real Estate AUM Rollforward:					
Beginning of period	$	$	$	$	$
Loss	(2)				
Subscriptions	210				
Distributions / redemptions					
Change in leverage					
End of period	$ 208	$	$	$	$

During the nine-months ended September 30, 2009, the AUM in our private equity segment increased by $4.4 billion. This increase was primarily attributable to $3.2 billion of improved investment valuations in Fund VI. See Management Discussion and Analysis of Financial Condition and Results of Operations Segment Analysis , which includes detailed discussions of our revenues by segment and the impact that significant changes in our private equity, capital markets and real estate funds had thereon.

During the year-ended December 31, 2008, the AUM in our private equity segment decreased by $1.1 billion. There was $5.2 billion in capital commitments raised for Fund VII and $4.0 billion of additional leverage provided by LeverageSource, L.P. (LeverageSource), a special-purpose vehicle entity that invests in numerous portfolio companies that in turn invest in debt securities and derivative instruments. These AUM increases were offset by sales of Fund V portfolio investments along with declines in the valuations of Fund VI and Fund V portfolio investments, which were primarily due to the economic crisis that expanded during 2008.

The $10.1 billion 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.

Table of Contents

During the nine-months ended September 30, 2009, AUM in our capital markets segment increased by $3.0 billion. This increase was primarily attributable to improved valuations in our senior credit funds and global distressed and hedge funds. The overall $3.0 billion AUM gain in our capital markets segment was also positively impacted by additional subscriptions to Palmetto and EPF.

During the year ended December 31, 2008, AUM in our capital markets segment increased by $4.6 billion, which was affected by $4.6 billion in additional subscriptions and $3.8 billion of leverage added during this period, which were both primarily attributable to COF I and COF II. Offsetting these increases were $3.2 billion of losses in several of our capital markets funds.

During the year ended December 31, 2007, AUM in our capital markets segment increased by $6.1 billion, which was primarily comprised of $4.8 billion in subscriptions in SOMA, ACLF, AIC, AIE I, AAOF and EPF, as well as a $1.2 billion increase that was related to improved investment valuations in AIE I and AIC.

Assets Under Management Fee Generating/Non-Fee Generating

Fee generating AUM consists of assets that we manage and earn management fees or monitoring fees pursuant to management agreements on a basis that varies from Apollo fund to Apollo fund (e.g., any of net asset value , gross assets , adjusted cost of all unrealized portfolio investments , capital commitments , adjusted assets , invested capital or capital contributions , each as defined in the applicable management agreement, may form the basis for a management fee calculation).

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 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.

The table below displays fee generating and non-fee generating AUM by segment as of September 30, 2009 and 2008 and December 31, 2008, 2007 and 2006.

	As of September 30,		As of December 31,		
	2009	2008	2008	2007	2006
			(in millions)		
Private equity	$ 33,539	$ 33,440	$ 29,094	$ 30,237	$ 20,186
Fee generating	29,081	28,676	28,314	14,039	13,502
Non-fee generating	4,458	4,764	780	16,198	6,684
Capital markets	18,101	17,742	15,108	10,533	4,392
Fee generating	13,445	14,814	12,629	8,502	3,941
Non-fee generating	4,656	2,928	2,479	2,031	451
Real estate	208				
Fee generating	208				
Non-fee generating					
Total Assets Under Management	51,848	51,182	44,202	40,770	24,578
Fee generating	42,734	43,490	40,943	22,541	17,443
Non-fee generating	9,114	7,692	3,259	18,229	7,135

During the nine months ended September 30, 2009, our non-fee generating AUM changed primarily as a result of the increases in fair values of investments in our private equity funds. In the years ended 2008, 2007 and 2006 we achieved growth in our fee-generating AUM as a result of our private equity fundraising. 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 $5 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.

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 capital. However, the management fee would still be computed on the invested capital for such funds. 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 Business The Historical Investment Performance of Our Funds Investment Record for additional discussion of our funds investment performance.

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 made 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 a key operating metric 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:

	Nine months ended September 30,		For the year ended December 31,		
	2009	2008	2008	2007	2006
			(in thousands)		
Private equity dollars invested	$ 2,468,300	$ 5,403,025	$ 8,079,099	$ 3,638,326	$ 2,916,915

Table of Contents

The table below summarizes the uncalled private equity commitments as of September 30, 2009 and December 31, 2008 and 2007:

	As of September 30, 2009	As of December 31, 2008	2007
		(in thousands)	
Uncalled private equity commitments	$ 13,434,900	$ 13,554,800	$ 16,406,200

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.

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, a 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 a portion of its 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 other capital markets 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.

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, or invested capital, each as defined in 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; and

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

Table of Contents

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 adverse 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 conditions 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.

Beginning in July 2007, the financial markets encountered a series of negative events starting with the sub-prime fall-out which led to a global liquidity and broader economic crisis. Based on the performance of many of our portfolio companies and capital markets funds over the last several quarters, the impact to date of these events on our private equity and capital markets funds has resulted in volatility in our revenue. We do not currently know the full extent to which this recent disruption will affect us or the markets in which we operate. If the disruption 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 can 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.

Table of Contents

Uncertainty remains regarding Apollo s future taxation levels. Members of the United States Congress have introduced and Congress has considered (but not enacted) 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. 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 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 our funds raising additional capital in our private equity and credit-oriented capital markets businesses, growing AUM where applicable through appreciation and by expanding our businesses using new strategies and geographies. As noted, our growth in our AUM was a result of Fund VII, which had its final closing on December 17, 2008, with 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. 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.

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. 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. This management fee offset is calculated for each fund as follows:

- 65% for Fund V gross advisory and transaction fees;
- 68% for Funds VI and VII gross advisory and transaction fees;
- 68% for COF II gross advisory and transaction fees;
- 68% for COF I gross transaction fees;
- 80% for COF I gross advisory fees;
- 100% for CLF and ACLF Co-Invest gross advisory and transaction fees; and
- 65% for EPF 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 fund (and certain capital markets funds) transactions that are not consummated (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 offset.

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 or capital contributions, 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 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. 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 September 30, 2009, the general partners of our Value Funds, SOMA and the metals trading fund are accruing carried interest 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.

Carried interest income in both 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.

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 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.

Our total compensation and benefits expense is dependent to a certain extent on fund performance. For the year ended December 31, 2008, the decrease in compensation and benefits expense was primarily the result of a reversal of previously recognized profit sharing expense during the year compared to profit sharing expense for the years ended December 31, 2007 and 2006, respectively. 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. For the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008 the compensation and benefits were higher mainly due to increased profit sharing expense due to the change in carried interest income during 2009. Profit sharing amounts are normally distributed to employees after the corresponding investment gains have been realized. Therefore, changes in our unrealized gains (losses) for investments has seen 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 due back to the funds. This general partner obligation due to the funds would arise 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 also received RDUs, or incentive units that provide the right to receive RDUs, which both represent common units of AAA and generally vest over three years for employees and fully vest for managing partners and contributing partners on 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 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. Our litigation settlement was a result of our agreement of December 2008

Table of Contents

with Huntsman Corporation (Huntsman) to settle certain actions related to the Hexion Specialty Chemicals, Inc. (Hexion) now-terminated acquisition of Huntsman as discussed in note 14 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 (losses) gains from investment activities. The performance of the consolidated Apollo funds has impacted our (loss) gain from investments. (Losses) gains 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 (losses) gains of AAA and other consolidated funds.

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.

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.

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 condensed consolidated

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 September 30, 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 (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 condensed consolidated statements of financial condition, (2) Net Loss was adjusted to include the net loss attributed to the Non-Controlling Interests on the company s condensed consolidated statements of operations, (3) the primary components of Non-Controlling Interests are now separately presented in the company s condensed consolidated 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 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 391 employees as of December 31, 2008. As of September 30, 2009, we had 395 employees. 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:

- in maintaining adequate financial, regulatory and business controls;
- implementing new or updated information and financial systems, process and procedures; and
- in training, managing, 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

Following is a discussion of our condensed consolidated results of operations for the three and nine months ended September 30, 2009 and 2008 and the consolidated and combined financial statements for the years ended December 31, 2008, 2007 and 2006. For additional analysis of the factors that affected our results at the segment level, refer to the Segment Analysis following the analysis of the three and nine months ended September 30, 2009 and 2008 and the years ended December 31, 2008, 2007 and 2006.

Three Months Ended September 30, 2009 Compared to Three Months Ended September 30, 2008

Revenues

	Three Months Ended September 30,		Amount	Percentage
	2009	2008	Change	Change
	(in thousands)			
Advisory and transaction fees from affiliates	$ 21,582	$ 9,372	$ 12,210	130.3%
Management fees from affiliates	103,680	96,547	7,133	7.4
Carried interest income (loss) from affiliates	88,423	(416,230)	504,653	121.2
Total Revenues	$ 213,685	$ (310,311)	$ 523,996	168.9%

Our revenues 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, increased $12.2 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Advisory and transaction fees are also reported net of management fee offsets as calculated under the terms of the respective limited partnership agreements. Net transaction fees were $11.7 million and $12.6 million during the three months ended September 30, 2009 and 2008, respectively. The $11.7 million was primarily driven by one transaction in Fund VII. The $12.6 million was primarily comprised of four transactions within LeverageSource that generated $10.6 million in net transaction fees. Net advisory fees were $10.0 million and $12.8 million during the three months ended September 30, 2009 and 2008, respectively. During the three months ended September 30, 2008, there were $16.0 million in additional special fee credits, which offset advisory and transaction fees and was primarily attributable to broken deal activity in Fund VII.

Management fees from affiliates increased $7.1 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to increases of management fees earned by private equity and capital markets funds of $3.2 million and $3.9 million, respectively, during the three months ended September 30, 2009 as compared to the same period during 2008 driven by an increase in net assets managed during the period.

Carried interest income (loss) from affiliates changed by $504.7 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Carried interest income (loss) is related to unrealized and realized investment gains and losses of unconsolidated affiliates. This change was primarily attributable to an increase of $479.5 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 three months ended September 30, 2009 as compared to the same period during 2008, along with an increase of $25.2 million in net realized gains resulting from tax distributions related to interest income which are not subject to the general partner obligation to return previously distributed carried interest income from portfolio investments held by certain of our private equity and capital markets funds.

Table of Contents

Expenses

	Three Months Ended September 30, 2009	2008	Amount Change	Percentage Change
	(in thousands)			
Compensation and benefits	$ 348,303	$ 58,584	$ 289,719	494.5%
Interest expense	12,272	15,499	(3,227)	(20.8)
Professional fees	8,626	4,147	4,479	108.0
Litigation settlement		200,000	(200,000)	(100.0)
General, administrative and other	20,797	20,535	262	1.3
Placement fees	631	8,310	(7,679)	(92.4)
Occupancy	7,837	4,495	3,342	74.3
Depreciation and amortization	6,071	5,275	796	15.1
Total Expenses	$ 404,537	$ 316,845	$ 87,692	27.7%

Compensation and benefits increased $289.7 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 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 $292.9 million, which was driven by the change in carried interest income earned from our private equity funds. In addition, salary, bonus and benefits expense increased by $5.9 million, partially offset by a decrease in non-cash compensation of $9.1 million during the period. The change in salary, bonus and benefits expense was driven by an $7.6 million increase in incentive compensation, partially offset by a $1.7 million decrease in salary, bonus and benefit expense. The change in non-cash compensation was driven by decreases in non-cash compensation related to RSUs, RDUs and amortization of Apollo Operating Group units as discussed in note 10 to our condensed consolidated financial statements included elsewhere in this prospectus.

Interest expense decreased $3.2 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 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 variable LIBOR and ABR interest rates during the three months ended September 30, 2009 as compared to the same period in 2008.

Professional fees increased $4.5 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to higher reimbursed broken deal costs during 2008, partially offset by lower external accounting, tax, audit, legal and consulting fees incurred during the three months ended September 30, 2009 as compared to the same period during 2008.

A litigation settlement expense of $200.0 million was incurred during 2008 in connection with our agreement with Huntsman to settle certain actions related to Hexion s now-terminated merger agreement with Huntsman.

General, administrative and other expenses for the three months ended September 30, 2009 increased $0.3 million as compared to the three months ended September 30, 2009. There were approximately $8.0 million of offering costs that were expensed during the three months ended September 30, 2009, which related to the launching of a commercial real estate finance company during the third quarter of 2009. Additionally, our cost management program across the company resulted in additional savings.

Placement fees decreased $7.7 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Placement fees are incurred in connection with the raising of committed capital for new funds. The fees are normally payable to placement agents, who are independent third parties that assist in identifying limited partners and negotiating the timing of the commitment payments. This change was primarily attributable to decreased fundraising resulting in lower placement fees incurred for our private equity and capital markets funds of $2.0 million and $5.7 million, respectively, during the three months ended September 30, 2009 as compared to the three months ended September 30, 2008.

Table of Contents

Occupancy expense increased $3.3 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to a loss incurred on a sublease totaling $2.0 million during the three months ended September 30, 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)

	Three Months Ended September 30,		Amount	Percentage
	2009	2008	Change	Change
	(in thousands)			
Net gains (losses) from investment activities	$ 336,066	$ (413,018)	$ 749,084	181.4%
Interest income	329	4,898	(4,569)	(93.3)
Income (loss) from equity method investments	30,033	(14,489)	44,522	307.3
Other income (loss)	541	(3,340)	3,881	116.2
Total Other Income (Loss)	$ 366,969	$ (425,949)	$ 792,918	186.2%

Net gains from investment activities increased $749.1 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to an increase in net unrealized gains of $700.7 million related to changes in the fair values of AAA s portfolio investments along with $48.2 million related to the change in the fair value of Artus, where we as the general partner are guaranteeing the negative equity of the fund.

Interest income decreased $4.6 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 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 three months ended September 30, 2009 as compared to the same period during 2008.

Income (loss) from equity method investments changed by $44.5 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This increase was driven primarily by changes in the fair values of certain of our private equity and capital markets funds of $17.0 million and $27.5 million, respectively, during the three months ended September 30, 2009 as compared to the same period during 2008.

Other income increased $3.9 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the three months ended September 30, 2009 as compared to the same period during 2008.

Income Tax (Provision) Benefit

The income tax (provision) benefit was $(18.0) million for the three months ended September 30, 2009 compared to $4.7 million for the three months ended September 30, 2008, an increase of $22.7 million. As discussed in note 7 to our condensed consolidated financial statements included elsewhere in this prospectus, the earnings allocated to APO Corp. are subject to federal, state, local and foreign taxes. The increase of $22.7 million was primarily attributable to increases in federal and state taxes of $23.4 million, partially offset by minimal decreases in New York City Unincorporated Business Tax (NYC UBT) and foreign taxes during the three months ended September 30, 2009 as compared to the same period during 2008. The increase in federal and state taxes was attributable to fluctuations in our effective tax rate from period to period due to changes in our forecasted taxable income period over period.

Table of Contents

Non-Controlling Interests

Non-Controlling Interests in consolidated entities consisted of the following:

	Three Months Ended September 30,	
	2009	2008
	(in thousands)	
AAA[1]	$ (278,133)	$ 398,696
Former Employees[2]	(2,228)	(3,367)
Total Non-Controlling Interests in consolidated entities	$ (280,361)	$ 395,329

(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.

Non-Controlling Interests in the Apollo Operating Group is computed as follows:

	Three Months Ended September 30,	
	2009	2008
	(in thousands)	
Net Income (Loss)	$ 158,100	$ (1,048,435)
Net (Income) Loss Attributable to Non-Controlling Interests in consolidated entities	(280,361)	395,329
Net Loss after Non-Controlling Interests in consolidated entities	(122,261)	(653,106)
Adjustments:		
Income tax provision (benefit)[1]	18,017	(4,670)
NYC UBT and foreign tax provision[2]	(2,484)	(4,093)
Net Loss in non-Apollo Operating Group entities	1,008	
Total Adjustments	16,541	(8,763)
Net Loss after Adjustments	(105,720)	(661,869)
Ownership Percentage of Apollo Operating Group	71.50%	71.15%
Net Loss attributable to Apollo Operating Group before basis adjustment[3]	(75,590)	(470,920)
Other adjustments:		
Losses in Excess of Basis[4]		299,611
Net Loss Attributable to Non-Controlling Interests in Apollo Operating Group	$ (75,590)	$ (171,309)

(1) Reflects all taxes recorded in our condensed consolidated 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 its operations in the US 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) 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 an income tax provision and after allocations to the Non-Controlling Interests in consolidated entities.

(4) 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) income attributable to Apollo Global Management, LLC in the condensed consolidated statements of operations.

Nine Months Ended September 30, 2009 Compared to Nine Months Ended September 30, 2008

Revenues

	Nine Months Ended September 30,		Amount	Percentage
	2009	2008	Change	Change
	(in thousands)			
Advisory and transaction fees from affiliates	$ 37,480	$ 144,808	$ (107,328)	(74.1)%
Management fees from affiliates	293,218	282,266	10,952	3.9
Carried interest income (loss) from affiliates	181,421	(714,476)	895,897	125.4
Total Revenues	$ 512,119	$ (287,402)	$ 799,521	278.2%

Our revenues 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 $107.3 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. Advisory and transaction fees are also reported net of management fee offsets as calculated under the terms of the respective limited partnership agreements. Net transaction fees were $11.7 million and $119.2 million during the nine months ended September 30, 2009 and 2008, respectively. The $11.7 million was primarily driven by one transaction in Fund VII. The $119.2 million was primarily comprised of nine transactions with LeverageSource that generated $44.9 million in net transaction fees and five transactions in Fund VI that generated $49.7 million in net transaction fees. Net advisory fees were $28.6 million and $27.5 million during the nine months ended September 30, 2009 and 2008, respectively.

Management fees from affiliates increased $11.0 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily due to an increase of $16.2 million in management fees earned from our private equity funds, partially offset by a decrease of $5.2 million in management fees earned from our capital markets funds during the nine months ended September 30, 2009 as compared to the same period during 2008.

Carried interest income (loss) from affiliates changed by $895.9 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. Carried interest income (loss) is related to unrealized and realized investment gains and losses of unconsolidated affiliates. This change was primarily attributable to an increase of $1,199.1 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 nine months ended September 30, 2009 as compared to the same period during 2008, partially offset by a decrease of $303.2 million in realized gains resulting from the disposition of portfolio investments held by certain of our private equity and capital markets funds.

Table of Contents

Expenses

	Nine Months Ended September 30, 2009	2008	Amount Change	Percentage Change
		(in thousands)		
Compensation and benefits	$ 1,032,519	$ 572,748	$ 459,771	80.3%
Interest expense	38,377	47,262	(8,885)	(18.8)
Professional fees	23,009	56,072	(33,063)	(59.0)
Litigation settlement		200,000	(200,000)	(100.0)
General, administrative and other	43,585	51,243	(7,658)	(14.9)
Placement fees	4,396	50,690	(46,294)	(91.3)
Occupancy	21,207	15,243	5,964	39.1
Depreciation and amortization	18,169	16,484	1,685	10.2
Total Expenses	$ 1,181,262	$ 1,009,742	$ 171,520	17.0%

Compensation and benefits increased $459.8 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 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 $486.3 million, which was driven by the change in carried interest income earned from our private equity funds, partially offset by decreases in non-cash compensation and salary, bonus and benefits expense of $19.7 million and $6.8 million, respectively. The change in non-cash compensation was driven by decreases in non-cash compensation related to RSUs, RDUs and amortization of Apollo Operating Group units as discussed in note 10 to our condensed consolidated financial statements included elsewhere in this prospectus.

Interest expense decreased $8.9 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 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 variable LIBOR and ABR interest rates during the nine months ended September 30, 2009 as compared to the same period in 2008.

Professional fees decreased $33.1 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to lower external accounting, tax, audit, legal and consulting fees incurred during the nine months ended September 30, 2009 as compared to the same period during 2008.

A litigation settlement expense of $200.0 million was incurred during 2008 in connection with our agreement with Huntsman to settle certain actions related to Hexion s now-terminated merger agreement with Huntsman.

General, administrative and other expenses decreased $7.7 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to decreases in various expenses such as travel, information technology and other general expenses incurred during the nine months ended September 30, 2009 as compared to the same period during 2008. There were approximately $8.0 million of offering costs that were expensed during the nine months ended September 30, 2009, which related to the launching of a commercial real estate finance company during the third quarter of 2009. The additional change resulted from our cost management program across the company.

Placement fees decreased $46.3 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. Placement fees are incurred in connection with the raising of committed capital for new funds. The fees are normally payable to placement agents, who are independent third parties that

Table of Contents

assist in identifying limited partners and negotiating the timing of the commitment payments. This change was primarily attributable to decreased fundraising resulting in lower placement fees incurred for our private equity and capital markets funds of $28.1 million and $18.2 million, respectively, during the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008.

Occupancy expense increased $6.0 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily 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 $1.7 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to increased depreciation expense associated with additional assets placed in service during the period totaling $2.9 million, partially offset by decreased amortization expense of $1.2 million incurred during the nine months ended September 30, 2009 relating to the intangible assets recognized from the acquisition of the Contributing Partners Interest at the date of Reorganization.

Other Income (Loss)

	Nine Months Ended September 30,		Amount	Percentage
	2009	2008	Change	Change
	(in thousands)			
Net gains (losses) from investment activities	$ 449,134	$ (527,480)	$ 976,614	185.1%
Gain from repurchase of debt	36,193		36,193	NM[1]
Interest income	1,030	15,900	(14,870)	(93.5)
Income (loss) from equity method investments	53,167	(14,893)	68,060	457.0
Other income (loss)	39,692	(2,949)	42,641	NM
Total Other Income (Loss)	$ 579,216	$ (529,422)	$ 1,108,638	209.4%

(1) NM : non-meaningful.

Net gains (losses) from investment activities changed by $976.6 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to an increase in net unrealized gains of $936.9 million related to changes in the fair values of AAA s portfolio investments along with $38.4 million related to the change in the fair value of Artus, where we as the general partner are guaranteeing the negative equity of the fund.

Gain from repurchase of debt was $36.2 million during the nine months ended September 30, 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 8 to our condensed consolidated financial statements included elsewhere in this prospectus, the debt purchase was accounted for as if it 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 $14.9 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 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 nine months ended September 30, 2009 as compared to the same period during 2008

Income (loss) from equity method investments changed by $68.1 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This increase was driven

primarily by changes in the fair values of certain of our private equity and capital markets funds of $22.9 million and $45.2 million, respectively, during the nine months ended September 30, 2009 as compared to the same period during 2008.

Other income increased $42.6 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to a $30.0 million insurance reimbursement received during 2009 towards the $200.0 million litigation settlement incurred during 2008. In addition, $12.6 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 nine months ended September 30, 2009 as compared to the same period during 2008.

Income Tax (Provision) Benefit

The income tax (provision) benefit was $(25.1) million for the nine months ended September 30, 2009 compared to $12.0 million for the nine months ended September 30, 2008, an increase of $37.1 million. As discussed in note 7 to our condensed consolidated financial statements included elsewhere in this prospectus, the earnings allocated to APO Corp. are subject to federal, state, local and foreign taxes. The increase of $37.1 million was primarily attributable to increases in federal and state taxes of $37.2 million, partially offset by minimal decreases in NYC UBT and foreign taxes during the nine months ended September 30, 2009 as compared to the same period during 2008. The increase in federal and state taxes was attributable to fluctuations in our effective tax rate from period to period due to changes in our forecasted taxable income period over period.

Non-Controlling Interests

Non-Controlling Interests in consolidated entities consisted of the following:

	Nine Months Ended September 30,	
	2009	**2008**
	(in thousands)	
AAA[(1)]	$ (392,254)	$ 512,440
Former Employees[(2)]	(5,268)	(11,568)
Total Non-Controlling Interests in consolidated entities	$ (397,522)	$ 500,872

(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 is computed as follows:

	Nine Months Ended September 30, 2009	2008
	(in thousands)	
Net Loss	$ (115,060)	$ (1,814,561)
Net (Income) Loss attributable to Non-Controlling Interests in consolidated entities	(397,522)	500,872
Net Loss after Non-Controlling Interests in consolidated entities	(512,582)	(1,313,689)
Adjustments:		
Income Tax provision (benefit)[1]	25,133	(12,005)
NYC UBT and foreign tax provision[2]	(6,449)	(4,092)
Net loss in non-Apollo Operating Group entities	1,091	(139)
Total Adjustments	19,775	(16,236)
Net Loss after Adjustments	(492,807)	(1,329,925)
Ownership Percentage of Apollo Operating Group	71.50%	71.15%
Net Loss attributable to Apollo Operating Group before basis adjustment[3]	(352,357)	(946,242)
Other adjustments:		
Losses in Excess of Basis[4]		299,611
Net Loss attributable to Non-Controlling Interests in Apollo Operating Group	$ (352,357)	$ (646,631)

(1) Reflects all taxes recorded in our condensed consolidated 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 its operations in the US 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) 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 an income tax provision and after allocations to the Non-Controlling Interests in consolidated entities.

(4) 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) income attributable to Apollo Global Management, LLC in the condensed consolidated 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)	(370.1)
Total Revenues	$ (266,705)	$ 637,850	$ (904,555)	(141.8)%

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 or 141.8%. 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. The remaining change was primarily attributable to the funding of certain private equity and capital markets acquisitions, as well as advisory fees associated with newly acquired portfolio companies. Net advisory and transaction fees earned for the private equity and capital markets segments increased by $30.4 million and $24.2 million, respectively. There was a $33.2 million increase in net private equity advisory and transaction fees that related to portfolio company acquisitions that took place during 2008. The increase in net advisory and transaction fees from capital markets funds was driven by $21.6 million in fees generated from new credit opportunity funds that were created in 2008. Advisory and transaction fees, including directors fees, are reported net of management fee offsets and reimbursed broken deal costs in the amount of $265.3 million and $117.1 million for the years ended December 31, 2008 and 2007, respectively.

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 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.

Table of Contents

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 or 370.1%. 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 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	Year Ended December 31, 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 our December 2008 agreement with Huntsman to settle certain actions related to Hexion s now-terminated merger agreement with Huntsman, 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 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 limited partners. 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.

Table of Contents

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)	(155.7)%
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)	(151.0)%

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 or 151.0%. 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 or 155.7%. 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 s 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 for the same period 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 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 provision[(2)]	2,317	(4,854)
Net loss before private placement[(3)]		455,419
Net (income) loss 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 its operations in the US 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 income (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) income attributable to Apollo Global Management, LLC in the consolidated and combined statements of operations.

Table of Contents

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Revenues

	Year Ended December 31,		Amount	Percentage
	2007	2006	Change	Change
	(in thousands)			
Advisory and transaction fees from affiliates	$ 150,191	$ 147,051	$ 3,140	2.1%
Management fees from affiliates	192,934	101,921	91,013	89.3
Carried interest income from affiliates	294,725	97,508	197,217	202.3
Total Revenues	$ 637,850	$ 346,480	$ 291,370	84.1%

Our revenues include fixed components that result from measures of capital and asset levels, and variable components that result from realized and unrealized investment performance and the value of successfully completed transactions.

Total revenues were $637.9 million for the year ended December 31, 2007 compared to $346.5 million for the year ended December 31, 2006, an increase of $291.4 million or 84.1%. This change was primarily attributable to increased carried interest income from affiliates due to the commencement of operations of our new private equity fund, Fund VI, and favorable performance of our existing private equity funds. Additionally, management fees from affiliates increased as a result of the increase in the net asset values of our existing capital markets funds.

Advisory and transaction fees from affiliates, including management fee offsets and reimbursed broken deal costs, were $150.2 million for the year ended December 31, 2007 compared to $147.1 million for the year ended December 31, 2006, an increase of $3.1 million or 2.1%. 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 approximately $9.2 million was attributable to management fee offsets previously eliminated in consolidation. This decrease was partially offset by an increase in advisory and transaction fees of $12.3 million which was attributable to transaction fees from the funding of certain private equity acquisitions as well as the advisory fees associated with newly acquired portfolio companies. Transaction and advisory fees are reported net of management fee offsets calculated at 65% and 68% for Fund V and Fund VI totaling $130.1 million and $108.0 million for the years ended December 31, 2007 and 2006, respectively.

Management fees from affiliates were $192.9 million for the year ended December 31, 2007 compared to $101.9 million for the year ended December 31, 2006, an increase of $91.0 million or 89.3%. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, approximately $45.6 million of this increase was attributable to the management fees previously eliminated in consolidation. Of the remaining increase, $44.1 million was due to an increase in the net asset values of our existing funds and $2.9 million was attributable to the commencement of three new capital markets funds during 2007. This increase was partially offset by a decrease in private equity management fees of $1.6 million principally due to the winding down of private equity Fund III.

Carried interest income represents revenue related to investment gains and losses of unconsolidated affiliates. Carried interest income from affiliates was $294.7 million for the year ended December 31, 2007 compared to $97.5 million for the year ended December 31, 2006, an increase of $197.2 million or 202.3%. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, a decrease of $125.0 million was attributable to carried interest income previously eliminated in consolidation. The remaining change was primarily attributable to the increase in unrealized gains related to the investments held by our private equity funds of $334.2 million, mostly in Fund VI, partially offset by a decrease in realized gains of $23.0 million from dispositions of private equity investments. In addition, carried interest income earned from capital markets funds increased by $11.0 million, which was primarily driven by unrealized gains on the fair values of investments held by our new and existing capital markets funds.

Table of Contents

Expenses

	Year Ended December 31,		Amount	Percentage
	2007	2006	Change	Change
	(in thousands)			
Compensation and benefits	$ 1,450,330	$ 266,772	$ 1,183,558	443.7%
Interest expense	105,968	8,839	97,129	NM
Interest expense beneficial conversion feature	240,000		240,000	NM
Professional fees	81,824	31,738	50,086	157.8
General, administrative and other	36,618	38,782	(2,164)	(5.6)
Placement fees	27,253		27,253	NM
Occupancy	12,865	7,646	5,219	68.3
Depreciation and amortization	7,869	3,288	4,581	139.3
Total Expenses	$ 1,962,727	$ 357,065	$ 1,605,662	449.7%

Total expenses were $1,962.7 million for the year ended December 31, 2007 compared to $357.1 million for the year ended December 31, 2006, an increase of $1,605.7 million or 449.7%. This change was primarily attributable to increased non-cash compensation and profit sharing expense, as well as an increase in interest expense associated with the amortization of the BCF of the convertible debt.

Compensation and benefits were $1,450.3 million for the year ended December 31, 2007 compared to $266.8 million for the year ended December 31, 2006, an increase of $1,183.6 million or 443.7%. A portion of this increase was attributable to the amortization of the Apollo Operating Group units granted to the managing partners and contributing partners at the time of the Reorganization of $980.7 million as discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, combined with the amortization associated with the RSUs and AAA RDUs of $5.3 million and $3.9 million, respectively, as discussed in note 12 to our consolidated and combined financial statements included elsewhere in this prospectus. In addition, profit sharing expense increased by $122.7 million, primarily due to the full year activity of Apollo Advisors VI, L.P. and AAA in 2007. The remaining increase of $71.0 million was due to the growth in overall headcount to support increased investment activity and compensation to existing personnel.

Interest expense was $106.0 million for the year ended December 31, 2007 compared to $8.8 million for the year ended December 31, 2006, an increase of $97.1 million. This increase 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. The remaining increase was primarily attributable to additional interest expense incurred during the year ended December 31, 2007, primarily attributable to the AMH credit facility that was entered into during April 2007. The increase was partially offset by a decrease of $2.2 million related to Apollo Funds that were previously consolidated.

As discussed in note 10 to our consolidated and combined financial statements included elsewhere in this prospectus, interest expense increased by approximately $240 million due to 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.

Table of Contents

Professional fees were $81.8 million for the year ended December 31, 2007 compared to $31.7 million for the year ended December 31, 2006, an increase of $50.1 million or 157.8%. This change was primarily attributable to increased external accounting, audit, consulting and legal fees associated with new funds that were established and commenced operations during 2007, as well as various one time projects.

General, administrative and other expenses were $36.6 million for the year ended December 31, 2007 compared to $38.8 million for the year ended December 31, 2006, a decrease of $2.2 million or 5.6%. This change was partially attributable to a decrease of $6.1 million in expenses of Apollo funds previously consolidated as discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus. This decrease was partially offset by an increase of $3.9 million attributable to increased travel, information technology and other expenses incurred as a result of expanding our global platform and increased headcount during 2007.

Placement fees were $27.3 million for the year ended December 31, 2007. These expenses were incurred in relation to the raising of committed capital for new funds that commenced operations during 2007.

Occupancy expense was $12.9 million for the year ended December 31, 2007 compared to $7.6 million for the year ended December 31, 2006, an increase of $5.2 million or 68.3%. This change was primarily attributable to the addition of three new leased properties as a result of the increase in our overall headcount, as well as increased rents and maintenance fees due to the expansion of existing spaces leased.

Depreciation and amortization expense was $7.9 million for the year ended December 31, 2007 compared to $3.3 million for the year ended December 31, 2006, an increase of $4.6 million or 139.3%. This increase was primarily related to the amortization expense of $4.7 million associated with the intangible assets recognized from the acquisition of the contributing partners interests as discussed in note 3 to our consolidated and combined financial statements included elsewhere in this prospectus. This increase was partially offset by a decrease of depreciation expense due to the distribution of the Gulfstream G-IV during July 2007.

Other Income

	Year Ended December 31,		Amount	Percentage
	2007	2006	Change	Change
	(in thousands)			
Net gains from investment activities	$ 2,279,263	$ 1,620,554	$ 658,709	40.6%
Dividend income from affiliates	238,609	140,569	98,040	69.7
Interest income	52,500	38,423	14,077	36.6
Income from equity method investments	1,722	1,362	360	26.4
Other (loss) income	(36)	3,154	(3,190)	(101.1)
Total other income	$ 2,572,058	$ 1,804,062	$ 767,996	42.6%

Total other income was $2,572.1 million for the year ended December 31, 2007 compared to $1,804.1 million for the year ended December 31, 2006, an increase of $768.0 million or 42.6%. This change was primarily attributable to the increases in the fair values of our private equity fund investments, as well as increased dividend income from affiliates earned from fund portfolio investments.

Net gains from investment activities were $2,279.3 million for the year ended December 31, 2007 compared to $1,620.6 million for the year ended December 31, 2006, an increase of $658.7 million or 40.6%. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, this change was primarily attributable to the increase in unrealized and realized gains of $515.8 million and $1.8 million, respectively, related to the private equity and capital markets funds which were previously consolidated. The increase in unrealized gains was primarily driven by the increase in fair values of investments within Funds

Table of Contents

V and VI. The increase in realized gains was primarily driven by dispositions of investments within Fund III, Fund IV and VIF. Of these amounts, a decrease in unrealized gains of $306.1 million and an increase in realized gains of $138.4 million are attributed to investments of Funds I, II and III which were excluded from Apollo Global Management, LLC subsequent to the Reorganization. The remaining increase of $141.1 million was attributable to the increase in the fair value of AAA s portfolio investments during the year ended December 31, 2007 as compared with 2006.

Dividend income from affiliates was $238.6 million for the year ended December 31, 2007 compared to $140.6 million for the year ended December 31, 2006, an increase of $98.0 million or 69.7%. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, this change was primarily attributable to the increase in dividend income of $97.5 million included within private equity funds previously consolidated. This change was primarily attributable to increased liquidating dividends earned from existing portfolio companies in Fund V of $156.4 million and new portfolio companies in Fund VI of $60.6 million during 2007, partially offset by a decrease in liquidating dividends from existing portfolio companies in Funds IV and V of $112.1 million. The remaining change was attributable to a $7.4 million decrease in recurring dividends earned from existing portfolio companies during 2007.

Interest income was $52.5 million for the year ended December 31, 2007 compared to $38.4 million for the year ended December 31, 2006, an increase of $14.1 million or 36.6%. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, this change was partially attributable to a decrease of $2.0 million in interest income included in private equity funds previously consolidated. In addition, as discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, interest income of $14.7 million was earned on the net undistributed proceeds raised during the third quarter of 2007 related to the Rule 144A Offering. The remaining increase of $1.4 million was attributable to interest earned on higher cash balances during 2007.

Income Tax Provision

The income tax provision was $6.7 million for the year ended December 31, 2007 compared to $6.5 million for the year ended December 31, 2006, an increase of $0.2 million or 3.9%. The increase of the income tax provision is primarily due to the Reorganization of Apollo during 2007 and the creation of two intermediate holding companies, APO Corp. and APO Asset Co., LLC. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, the earnings of APO Corp. are taxed at a 41% marginal rate which includes federal, state, local and foreign taxes in comparison to only being subject to NYC unincorporated business taxes in 2006. This resulted in incremental corporate taxes of $1.9 million. Additionally, foreign income tax expense increased by $2.1 million due to an increase in European operations. These increases were partially offset by a decrease in the NYC UBT tax expense of $3.8 million.

Non-Controlling Interests

Non-Controlling Interests in consolidated entities consisted of the following:

	Year Ended December 31,	
	2007	2006
	(in thousands)	
AAA[1]	$ (226,569)	$ (91,727)
Private equity and capital markets funds consolidated prior to Reorganization[2]	(1,857,615)	(1,325,072)
Former Employees[3]	(6,081)	
Other	1,610	2,777
Total Non-Controlling Interests in consolidated entities	$ (2,088,655)	$ (1,414,022)

(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. The Non-Controlling Interests percentage is approximately 97% of AAA.

Table of Contents

(2) Reflects the Non-Controlling Interests in the net income (loss) 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 the carried interest income.

(3) Reflects the remaining interest held by certain former employees and contributing partners in the net income (loss) of our capital markets management companies.

Non-Controlling Interests in the Apollo Operating Group is computed as follows:

	Year Ended December 31,	
	2007	2006[5]
	(in thousands)	
Net Income	$1,240,455	$
Net (income) attributable to Non-Controlling Interests in consolidated entities	(2,088,655)	
Net Loss after Non-Controlling Interests in consolidated entities	(848,200)	
Adjustments:		
Income tax provision[1]	6,726	
NYC UBT and foreign tax provision	(4,854)	
Net loss before private placement[2]	455,419	
Total Adjustments	457,291	
Net Loss after Adjustments[3]	(390,909)	
Ownership Percentage of Apollo Operating Group	71.75%/71.15%	
Net Loss Attributable to Non-Controlling Interests in Apollo Operating Group[4]	$(278,549)	$

(1) Reflects all taxes recorded in our consolidated and combined statements of operations. Prior to 2008, the calculation of Non-Controlling Interest applicable to the Apollo Operating Group excluded any tax effect. Because Net Income (Loss) after Non-Controlling Interest in consolidated entities represents a post-tax figure, the total provision for income taxes needed to be added back for the 2007 period before computing the Net Income (Loss) attributable to the Apollo Operating Group.

(2) 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.

(3) Of the $(390,909) Net Loss incurred during the period ending 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.

(4) 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% for the period from September 1, 2007 to December 31, 2007 to the consolidated net income (loss) of the Apollo Operating Group before corporate income tax provision and after allocations to the Non-Controlling Interests in consolidated entities.

(5) Note there was no Non-Controlling Interest prior to July 13, 2007, the date of Reorganization.

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.

137

Summary Combined Segments

Management further evaluates our segments based on our management and advisory business within each segment. The following tables combine our statement of operations information and our supplemental performance measure, ENI, for our management and advisory business for the three and nine months ended September 30, 2009 and 2008, 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 exclusive of profit sharing, which we believe are more stable in nature. The financial performance of our advisory 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. Our advisory business also includes the carried interest income and profit sharing associated with our general partner interests in Apollo s funds.

	Three Months Ended September 30,		Nine Months Ended September 30,		Year ended December 31,		
	2009(1)	2008(2)	2009(1)(3)	2008(2)	2008(2)	2007(4)(5)	2006
			(in thousands)				
Management Business							
Revenues:							
Advisory and transaction fees from affiliates	$ 21,582	$ 9,372	$ 37,480	$ 144,808	$ 145,181	$ 90,602	$ 78,335
Management fees from affiliates	103,690	96,547	293,228	282,266	384,247	249,424	203,953
Carried interest income from affiliates	13,079		37,864				
Total Revenues	138,351	105,919	368,572	427,074	529,428	340,026	282,288
Expenses:							
Compensation and benefits	50,113	51,859	157,184	156,697	192,075	139,283	71,456
Interest expense	12,272	15,499	38,377	47,262	62,622	103,226	3,893
Interest expense beneficial conversion feature						240,000	
Professional fees(6)	8,431	3,934	22,175	52,886	72,907	71,583	24,216
Litigation settlement		200,000		200,000	200,000		
General, administrative and other	20,170	20,225	41,877	50,257	70,537	32,867	28,910
Placement fees	631	8,310	4,396	50,690	51,379	27,253	
Occupancy	7,837	4,495	21,207	15,243	20,830	12,865	7,646
Depreciation and amortization	6,071	5,275	18,169	16,484	22,099	7,869	3,288
Total Expenses	105,525	309,597	303,385	589,519	692,449	634,946	139,409
Other Income (Loss):							
Net losses from investment activities						(73)	
Dividend income						551	
Gain from debt repurchase			36,193				
Interest income	322	4,898	1,013	15,900	19,368	19,421	3,321
Other income (loss)	544	(3,340)	39,696	(2,949)	(4,609)	(36)	3,384
Total Other Income	866	1,558	76,902	12,951	14,759	19,863	6,705
Economic Net Income (Loss)	$ 33,692	$ (202,120)	$ 142,089	$ (149,494)	$ (148,262)	$ (275,057)	$ 149,584

(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 $200 million of Hexion litigation settlement expense.

(3) Includes $30 million of insurance proceeds related to the Hexion settlement included in other income referred to in note (2).

(4) Includes $240 million of interest expense associated with the beneficial conversion feature.

(5) Includes $44 million of 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, and $6 million of 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 mentioned in note (4).

(6) Includes professional fees related to one time projects considered as non-recurring as follows:

Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
2009	2008	2009	2008	2008	2007	2006
$ 2,284	$ 6,029	$ 7,418	$ 21,881	$ 26,777	$ 16,188	$

	Three Months Ended September 30,		Nine Months Ended September 30,		Year ended December 31,		
	2009	2008	2009	2008	2008	2007	2006
			(in thousands)				
Advisory Business							
Revenues:							
Carried interest income (loss) from affiliates:							
Unrealized gains (losses)	$ 62,231	$ (417,249)	$ 97,607	$ (1,101,462)	$ (1,211,300)	$ 393,122	$ 53,717
Interest income		10,210		40,551	53,686	74,970	69,159
Realized gains (losses)	13,113	(9,191)	45,950	346,435	361,481	268,995	291,985
Total Revenues	75,344	(416,230)	143,557	(714,476)	(796,133)	737,087	414,861
Expenses:							
Compensation and benefits:							
Realized profit sharing expense	7,084	(189,094)	18,755	7,621	173,349	157,587	166,621
Unrealized profit sharing expense	15,983	(88,356)	31,950	(435,887)	(647,008)	163,611	28,695
Total Expenses	23,067	(277,450)	50,705	(428,266)	(473,659)	321,198	195,316
Other Income (Loss):							
Net gains (losses) from investment activities	48,194		38,459		(38,444)		
Income (loss) from equity method investments	39,151	(29,334)	67,010	(34,105)	(101,770)	12,014	7,471
Total Other Income (Loss)	87,345	(29,334)	105,469	(34,105)	(140,214)	12,014	7,471
Economic Net Income (Loss)	$ 139,622	$ (168,114)	$ 198,321	$ (320,315)	$ (462,688)	$ 427,903	$ 227,016

Table of Contents

Private Equity

Three Months Ended September 30, 2009 Compared to Three Months Ended September 30, 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 three months ended September 30, 2009 and 2008, respectively.

	Three Months Ended September 30, 2009			Three Months Ended September 30, 2008		
		Private Equity			Private Equity	
	Management	Advisory	Total	Management	Advisory	Total
			(in thousands)			
Revenues:						
Advisory and transaction fees from affiliates	$ 18,052	$	$ 18,052	$ (954)	$	$ (954)
Management fees from affiliates	67,335		67,335	64,165		64,165
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)		5,226	5,226		(385,901)	(385,901)
Realized gains (losses)		13,113	13,113		(9,191)	(9,191)
Total Revenues	85,387	18,339	103,726	63,211	(395,092)	(331,881)
Expenses:						
Compensation and benefits	22,289	7,350	29,639	28,897	(271,719)	(242,822)
Interest expense	7,107		7,107	8,342		8,342
Professional fees	4,948		4,948	(8,405)		(8,405)
Litigation settlement				200,000		200,000
General, administration and other	6,586		6,586	9,281		9,281
Placement fees	38		38	2,013		2,013
Occupancy	2,967		2,967	933		933
Depreciation and amortization	4,067		4,067	3,252		3,252
Total Expenses	48,002	7,350	55,352	244,313	(271,719)	(27,406)
Other Income (Loss):						
Net gains from investment activities		11	11			
Interest income	171		171	3,127		3,127
Income (loss) from equity method investments		21,351	21,351		(21,653)	(21,653)
Other income (loss)	1,897		1,897	(3,563)		(3,563)
Total Other Income (Loss)	2,068	21,362	23,430	(436)	(21,653)	(22,089)
Economic Net Income (Loss)	$ 39,453	$ 32,351	$ 71,804	$ (181,538)	$ (145,026)	$ (326,564)

Revenues

	Three Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
	(in thousands)			
Advisory and transaction fees from affiliates	$ 18,052	$ (954)	$ 19,006	NM
Management fees from affiliates	67,335	64,165	3,170	4.9%
Carried interest income (loss) from affiliates:				
Unrealized gains (losses)	5,226	(385,901)	391,127	101.4
Realized gains (losses)	13,113	(9,191)	22,304	242.7

Total carried interest income (losses) from affiliates	18,339	(395,092)	413,431	104.6
Total Revenues	$ 103,726	$ (331,881)	$ 435,607	131.3%

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, increased $19.0 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was attributable to new acquisitions and divestitures during the period along with an increase in reimbursed broken deal costs. Gross advisory and transaction fees were $51.3 million and

Table of Contents

$38.8 million for the three months ended September 30, 2009 and 2008, respectively, an increase of $12.5 million that primarily related to a portfolio investment transaction in Fund VII. Advisory and transaction fees, including directors fees, are reported net of management fee offsets calculated at 65% for Fund V and 68% for Fund VI and Fund VII, totaling $34.0 million and $29.2 million for the three months ended September 30, 2009 and 2008, respectively, an increase of $4.8 million. In addition, reimbursed broken deal costs associated with these advisory and transaction fees were $0.8 million and $(10.5) million for the three months ended September 30, 2009 and 2008, respectively, an increase of $11.3 million.

Management fees from affiliates increased $3.2 million for the three months ended September 30, 2009 compared to the three months ended September 30, 2008. This change was primarily attributable to increased management fees earned from Fund VI of $3.8 million as a result of increased invested capital during this period.

Total carried interest income (loss) from affiliates changed by $413.4 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to modest improvements in the fair values of the underlying portfolio investments held by Fund V during the three months ended September 30, 2009, compared to significant decreases in the fair values of Fund IV and Fund V, which led to large reversals of unrealized carried interest income during the three months ended September 30, 2008. The significant decreases in the fair values occurred across all industries and portfolio investments held by Fund IV and Fund V, which took place during the same period that global credit markets were experiencing substantial disruption and liquidity shortages. See Business Our Business for a description of each fund s investments and overall investment strategy. The favorable changes in the fair values of the Fund V portfolio investments during the three months ended September 30, 2009 were a direct result of the improving economic environment during the same period. There was also an increase of $22.3 million in net realized gains primarily resulting from tax distributions related to interest income from portfolio investments held primarily by Fund VI and Fund VII, which are not subject to the general partner obligation to return previously distributed carried interest income.

Expenses

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Amount Change	Percentage Change
	(in thousands)			
Compensation and benefits	$ 29,639	$ (242,822)	$ 272,461	112.2%
Interest expense	7,107	8,342	(1,235)	(14.8)
Professional fees	4,948	(8,405)	13,353	158.9
Litigation settlement		200,000	(200,000)	(100.0)
General, administrative and other	6,586	9,281	(2,695)	(29.0)
Placement fees	38	2,013	(1,975)	(98.1)
Occupancy	2,967	933	2,034	218.0
Depreciation and amortization	4,067	3,252	815	25.1
Total Expenses	$ 55,352	$ (27,406)	$ 82,758	302.0%

Compensation and benefits increased $272.5 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to a $279.1

Table of Contents

million change in profit sharing expense which was driven by the change in carried interest income earned from our private equity funds. This increase was partially offset by a decrease in salary, bonus and benefits expense of $6.6 million during the three months ended September 30, 2009 as compared to the same period during 2008.

Interest expense decreased $1.2 million during the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to lower interest incurred during 2009 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 three months ended September 30, 2009 as compared to the same period in 2008.

Professional fees increased $13.4 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to higher reimbursed broken deal costs during 2008, partially offset by lower external accounting, tax, audit, legal and consulting fees incurred during the three months ended September 30, 2009 as compared to the same period during 2008.

A litigation settlement expense of $200.0 million was incurred during 2008 in connection with our agreement with Huntsman to settle certain actions related to Hexion s now-terminated merger agreement with Huntsman.

General, administrative and other expense decreased $2.7 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to our cost management initiatives and decreases in various expenses such as travel, information technology and other general expenses incurred during the three months ended September 30, 2009 as compared to the same period during 2008.

Placement fees decreased $2.0 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to decreased fundraising resulting in lower placement fees incurred for our private equity funds during the three months ended September 30, 2009, primarily related to Fund VII.

Occupancy expense increased $2.0 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily 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)

	Three Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
		(in thousands)		
Net gains from investment activities	$ 11	$	$ 11	NM
Interest income	171	3,127	(2,956)	(94.5)%
Income (loss) from equity method investments	21,351	(21,653)	43,004	198.6
Other income (loss)	1,897	(3,563)	5,460	153.2
Total Other Income (Loss)	$ 23,430	$ (22,089)	$ 45,519	206.1%

Interest income decreased $3.0 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 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 three months ended September 30, 2009 as compared to the same period during 2008.

Table of Contents

Income (loss) from equity method investments changed by $43.0 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This increase was driven by changes in the fair values of our private equity funds, primarily AAA and Fund VII by $24.1 million and $13.3 million, respectively, during the three months ended September 30, 2009 as compared to the same period during 2008.

Other income increased $5.5 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the three months ended September 30, 2009 as compared to the same period during 2008.

Nine Months Ended September 30, 2009 Compared to Nine Months Ended September 30, 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 nine months ended September 30, 2009 and 2008, respectively.

	Nine Months Ended September 30, 2009			Nine Months Ended September 30, 2008		
	Management	Private Equity Advisory	Total	Management	Private Equity Advisory	Total
			(in thousands)			
Revenues:						
Advisory and transaction fees from affiliates	$ 31,806	$	$ 31,806	$ 116,181	$	$ 116,181
Management fees from affiliates	194,663		194,663	178,415		178,415
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)		39,855	39,855		(1,096,357)	(1,096,357)
Realized gains		45,950	45,950		346,435	346,435
Total Revenues	226,469	85,805	312,274	294,596	(749,922)	(455,326)
Expenses:						
Compensation and benefits	86,054	34,988	121,042	91,092	(437,512)	(346,420)
Interest expense	21,877		21,877	25,784		25,784
Professional fees	13,108		13,108	26,279		26,279
Litigation settlement				200,000		200,000
General, administration and other	18,831		18,831	28,596		28,596
Placement fees	2,136		2,136	30,251		30,251
Occupancy	10,439		10,439	6,644		6,644
Depreciation and amortization	12,350		12,350	12,642		12,642
Total Expenses	164,795	34,988	199,783	421,288	(437,512)	(16,224)
Other Income (Loss):						
Net gains from investment activities		15	15			
Gain from repurchase of debt	20,548		20,548			
Interest income	443		443	10,517		10,517
Income (loss) from equity method investments		31,851	31,851		(23,555)	(23,555)
Other income (loss)	36,718		36,718	(3,284)		(3,284)
Total Other Income (Loss)	57,709	31,866	89,575	7,233	(23,555)	(16,322)
Economic Net Income (Loss)	$ 119,383	$ 82,683	$ 202,066	$ (119,459)	$ (335,965)	$ (455,424)

Table of Contents

Revenues

	Nine Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
	(in thousands)			
Advisory and transaction fees from affiliates	$ 31,806	$ 116,181	$ (84,375)	(72.6)%
Management fees from affiliates	194,663	178,415	16,248	9.1
Carried interest income (loss) from affiliates:				
Unrealized gains (losses)	39,855	(1,096,357)	1,136,212	103.6
Realized gains	45,950	346,435	(300,485)	(86.7)
Total carried interest income (loss) from affiliates	85,805	(749,922)	835,727	111.4
Total Revenues	$ 312,274	$ (455,326)	$ 767,600	168.6%

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, decreased $84.4 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily driven by new deal activity related to LeverageSource during the nine months ended September 30, 2008. Fund VI, Fund VII and AAA each made investments in LeverageSource, which generated the majority of transaction fees earned during this period. Gross advisory and transaction fees were $93.6 million and $299.6 million for the nine months ended September 30, 2009 and 2008, respectively, a decrease of $206.0 million. Advisory and transaction fees, including directors fees, are reported net of management fee rebates calculated at 65% for Fund V and 68% for Fund VI and Fund VII, totaling $62.8 million and $186.4 million for the nine months ended September 30, 2009 and 2008, respectively, a decrease of $123.6 million. In addition, reimbursed broken deal costs associated with these advisory and transaction fees were $1.0 million and $3.0 million for the nine months ended September 30, 2009 and 2008, respectively, a decrease of $2.0 million.

Management fees from affiliates increased $16.2 million for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008. This change was primarily attributable to increased management fees earned from Fund VI and Fund VII totaling $22.3 million, partially offset by decreases on our other existing private equity funds of $6.1 million driven by a decrease in net assets managed during the period. Management fees earned from Fund VI increased by $19.3 million as a result of increased invested capital during the period. Management fees earned from Fund VII increased by $3.0 million as a result of increased committed capital during the period.

Total carried interest income (loss) from affiliates changed by $835.7 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to modest improvements in the fair value of the underlying portfolio investments held by Fund V during the nine months ended September 30, 2009, compared to significant decreases in the fair values of Fund IV, Fund V and Fund VI, which then led to large reversals of unrealized carried interest income during the nine months ended September 30, 2008. The significant decreases in the fair values occurred across all industries and portfolio investments held by Fund IV, Fund V and Fund VI, which took place during the same period that global credit markets were experiencing substantial disruption and liquidity shortages. The $835.7 million change was partially offset by decreases in net realized gains of $300.5 million primarily resulting from dispositions of portfolio investments of Fund VI and Fund VII in the 2008 period that did not recur in 2009, partially offset by 2009 tax distributions related to interest income from portfolio investments held by Fund VI and Fund VII, which are not subject to the general partner obligation to return previously distributed carried interest income.

Expenses

	Nine Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
	(in thousands)			
Compensation and benefits	$ 121,042	$ (346,420)	$ 467,462	134.9%
Interest expense	21,877	25,784	(3,907)	(15.2)
Professional fees	13,108	26,279	(13,171)	(50.1)
Litigation settlement		200,000	(200,000)	(100.0)
General, administrative and other	18,831	28,596	(9,765)	(34.1)
Placement fees	2,136	30,251	(28,115)	(92.9)
Occupancy	10,439	6,644	3,795	57.1
Depreciation and amortization	12,350	12,642	(292)	(2.3)
Total Expenses	$ 199,783	$ (16,224)	$ 216,007	NM

Compensation and benefits increased $467.5 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to a $472.5 million change in profit sharing expense which was driven by the change in carried interest income earned from our private equity funds. This increase was partially offset by a decrease in salary, bonus and benefits expense of $5.0 million during the nine months ended September 30, 2009 as compared to the same period during 2008.

Interest expense decreased $3.9 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to lower interest incurred during 2009 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 nine months ended September 30, 2009 as compared to the same period in 2008.

Professional fees decreased $13.2 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to lower external accounting, tax, audit, legal and consulting fees incurred during the nine months ended September 30, 2009 as compared to the same period during 2008.

A litigation settlement expense of $200.0 million was incurred during 2008 in connection with our agreement with Huntsman to settle certain actions related to Hexion s now-terminated merger agreement with Huntsman.

General, administrative and other expense decreased $9.8 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to decreases in various expenses such as travel, information technology and other general expenses incurred during the nine months ended September 30, 2009 as compared to the same period during 2008.

Placement fees decreased $28.1 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to decreased fundraising resulting in lower placement fees incurred for our private equity funds during the nine months ended September 30, 2009 as compared to the same period during 2008, primarily related to Fund VII.

Occupancy expense increased $3.8 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to a loss incurred on a sublease totaling $2.0 million during the three months ended September 30, 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.

Table of Contents

Other Income (Loss)

	Nine Months Ended September 30, 2009	2008	Amount Change	Percentage Change
		(in thousands)		
Net gains from investment activities	$ 15	$	$ 15	NM
Gain from repurchase of debt	20,548		20,548	NM
Interest income	443	10,517	(10,074)	(95.8)%
Income (loss) from equity method investments	31,851	(23,555)	55,406	235.2
Other income (loss)	36,718	(3,284)	40,002	NM
Total Other Income (Loss)	$ 89,575	$ (16,322)	$ 105,897	NM

Gain from repurchase of debt was $20.5 million during the nine months ended September 30, 2009. This was attributable to the purchase of debt related to the AMH credit facility. As discussed in note 8 to our condensed consolidated financial statements included elsewhere in this prospectus, the debt purchase resulted in the recognition of a gain as the purchase price was below the amortized cost.

Interest income decreased $10.1 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 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 nine months ended September 30, 2009 as compared to the same period during 2008.

Income (loss) from equity method investments changed by $55.4 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This increase was driven by changes in the fair values of our private equity funds, primarily AAA and Fund VII by $32.5 million and $20.4 million, respectively, during the nine months ended September 30, 2009 as compared to the same period during 2008.

Other income increased $40.0 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to a $30.0 million insurance reimbursement received during 2009 towards the $200.0 million litigation settlement incurred during 2008. In addition, $10.0 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 nine months ended September 30, 2009 as compared to the same period during 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 Advisory	Total	Management	Private Equity Advisory	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, administration 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)	(410.9)
Realized gains	361,481	268,995	92,486	34.4
Total carried interest (loss) income from affiliates	(844,579)	656,901	(1,501,480)	(228.6)
Total Revenues	$ (479,298)	$ 896,489	$ (1,375,787)	(153.5)%

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 or 153.5%. 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 primarily driven by new deal activity related to LeverageSource during the year ended December 31, 2008. Fund VI, Fund VII and AAA each made investments in LeverageSource, which generated the majority of transaction fees earned in 2008. Gross advisory and transaction fees were $329.8 million and $207.5 million for the years ended December 31, 2008 and 2007, respectively, an increase of $122.3 million or 58.9%. Advisory and transaction fees, including directors fees, are reported net of management fee offsets calculated at 65% for Fund V and 68% for Fund VI and Fund VII, totaling $212.5 million and $130.1 million for the years ended December 31, 2008 and 2007, respectively, an increase of $82.4 million or 63.3%. In addition, reimbursed broken deal costs associated with these advisory and transaction fees were $3.5 million and $13.0 million for the years ended December 31, 2008 and 2007, respectively, a decrease of $9.5 million or 73.1%.

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 or 228.6%. 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. The remaining change was attributable to an increase in realized gains of $92.5 million from our fund 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)	(196.3)%
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 our December 2008 agreement with Huntsman to settle certain actions related to Hexion s now-terminated merger agreement with Huntsman, 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 or 196.3%. 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 the same period during 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 our December 2008 agreement with Huntsman to settle certain actions related to Hexion s now-terminated merger agreement with Huntsman.

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 a higher amount of fee generating commitments during 2008, primarily related to our new private equity fund.

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,		Amount	Percentage
	2008	2007	Change	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)	(325.3)%

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 or 325.3%. 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 the same period during 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 units, along with declines in value from new private equity investments in Fund VII and portfolio investments in VC Holdings, L.P., a

Table of Contents

Delaware 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 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. The remaining decrease of $1.6 million was attributable to declines in value within existing private equity investments.

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.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

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, 2007 and 2006:

	Year Ended December 31, 2007			Year Ended December 31, 2006		
	Management	Private Equity Advisory	Total	Management	Private Equity Advisory	Total
			(in thousands)			
Revenues:						
Advisory and transaction fees from affiliates	$ 90,408	$	$ 90,408	$ 78,335	$	$ 78,335
Management fees from affiliates	149,180		149,180	150,731		150,731
Carried interest income from affiliates:						
Unrealized gains		387,906	387,906		53,717	53,717
Realized gains		268,995	268,995		291,985	291,985
Total Revenues	239,588	656,901	896,489	229,066	345,702	574,768
Expenses:						
Compensation and benefits	70,226	307,739	377,965	57,396	185,007	242,403
Interest expense	56,647		56,647	3,893		3,893
Interest expense beneficial conversion feature	126,720		126,720			
Professional fees	59,119		59,119	20,300		20,300
General, administration and other	22,695		22,695	26,733		26,733
Placement fees	22,753		22,753			
Occupancy	8,551		8,551	6,340		6,340
Depreciation and amortization	5,467		5,467	3,193		3,193
Total Expenses	372,178	307,739	679,917	117,855	185,007	302,862
Other Income:						
Net losses from investment activities	(73)		(73)			
Dividend income from affiliates	551		551			
Interest income	16,394		16,394	3,031		3,031
Income from equity method investments		10,664	10,664		5,989	5,989
Other (loss) income	(36)		(36)	3,384		3,384
Total Other Income	16,836	10,664	27,500	6,415	5,989	12,404
Economic Net (Loss) Income	$ (115,754)	$ 359,826	$ 244,072	$ 117,626	$ 166,684	$ 284,310

Table of Contents

Revenues

	Year Ended December 31,		Amount Change	Percentage Change
	2007	2006		
	(in thousands)			
Advisory and transaction fees from affiliates	$ 90,408	$ 78,335	$ 12,073	15.4%
Management fees from affiliates	149,180	150,731	(1,551)	(1.0)
Carried interest income from affiliates:				
Unrealized gains	387,906	53,717	334,189	NM
Realized gains	268,995	291,985	(22,990)	(7.9)
Total carried interest income from affiliates	656,901	345,702	311,199	90.0
Total Revenues	$ 896,489	$ 574,768	$ 321,721	56.0%

Total revenues were $896.5 million for the year ended December 31, 2007 compared to $574.8 million for the year ended December 31, 2006, an increase of $321.7 million or 56.0%. This increase was primarily attributable to increased carried interest income from affiliates due to the commencement of Fund VI and an increase in the fair values of our portfolio investments in our existing funds.

Advisory and transaction fees from affiliates, including management fee offsets and reimbursed broken deal costs, were $90.4 million for the year ended December 31, 2007 compared to $78.3 million for the year ended December 31, 2006, an increase of $12.1 million or 15.4%. This increase was primarily driven by an increase in the number of portfolio company acquisition and disposition transactions to 14 in 2007 from 12 in 2006, resulting in an increase in net transaction fees of $5.6 million. In addition, net advisory fees increased by $4.5 million primarily due to advisory fees from newly acquired portfolio companies. Transaction and advisory fees are reported net of management fee offsets calculated at 65% and 68% for Funds V and VI totaling $130.1 million and $108.0 million for the years ended December 31, 2007 and 2006, respectively. In addition, reimbursed broken deal costs included with these fees were $13.0 million and $11.0 million in 2007 and 2006, respectively, an increase of $2.0 million.

Management fees from affiliates were $149.2 million for the year ended December 31, 2007 compared to $150.7 million for the year ended December 31, 2006, a decrease of $1.6 million or 1.0%. This decrease was primarily attributable to the winding down of Fund III resulting in a decrease of $7.5 million, partially offset by an increase of $5.9 million associated with the full year activity of AAA.

Carried interest income from affiliates was $656.9 million for the year ended December 31, 2007 compared to $345.7 million for the year ended December 31, 2006, an increase of $311.2 million or 90.0%. This change was primarily attributable to an increase of $334.2 million in unrealized gains on the market values of portfolio investments held by our private equity funds to $387.9 million from $53.7 million at December 31, 2007 and 2006, respectively, primarily driven by our new private equity funds, Fund VI and AAA. This increase was partially offset by a decrease of realized gains of $23.0 million to $269.0 million from $292.0 million at December 31, 2007 and 2006, respectively from the disposition of private equity investments, primarily in Fund V.

Table of Contents

Expenses

	Year Ended December 31,		Amount	Percentage
	2007	2006	Change	Change
	(in thousands)			
Compensation and benefits	$ 377,965	$ 242,403	$ 135,562	55.9%
Interest expense	56,647	3,893	52,754	NM
Interest expense beneficial conversion feature	126,720		126,720	NM
Professional fees	59,119	20,300	38,819	191.2
General, administrative and other	22,695	26,733	(4,038)	(15.1)
Placement fees	22,753		22,753	NM
Occupancy	8,551	6,340	2,211	34.9
Depreciation and amortization	5,467	3,193	2,274	71.2
Total Expenses	$ 679,917	$ 302,862	$ 377,055	124.5%

Total expenses were $679.9 million for the year ended December 31, 2007 compared to $302.9 million for the year ended December 31, 2006, an increase of $377.1 million or 124.5%. This change was primarily attributable to increased profit sharing expense, as well as an increase of interest expense associated with the accelerated amortization of the BCF.

Compensation and benefits were $378.0 million for the year ended December 31, 2007 compared to $242.4 million for the year ended December 31, 2006, an increase of $135.6 million or 55.9%. This change was primarily attributable to an increase in profit sharing expense of $122.7 million as a result of increased carried interest income earned from Fund VI and AAA, as well as, increased compensation and benefits of $12.9 million to existing and new personnel.

Interest expense was $56.6 million for the year ended December 31, 2007 compared to $3.9 million for the year ended December 31, 2006, an increase of $52.8 million. This increase 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. There was also $25.3 million of interest expense that was incurred on the AMH credit facility, which 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 increased by $126.7 million due to 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 interest expense to this segment was based on the fair value of the entities in this segment on July 13, 2007.

Professional fees were $59.1 million for the year ended December 31, 2007 compared to $20.3 million for the year ended December 31, 2006, an increase of $38.8 million or 191.2%. This change was attributable to increased external accounting, audit, legal and consulting fees associated with new funds that were established and commenced operations during 2007, as well as various one-time projects.

General, administrative and other expenses were $22.7 million for the year ended December 31, 2007 compared to $26.7 million for the year ended December 31, 2006, a decrease of $4.0 million or 15.1%. This change was primarily attributable to additional travel expenses incurred in 2006 related to Fund VI.

Placement fees were $22.8 million for the year ended December 31, 2007. These expenses were incurred in relation to the raising of committed capital for our new private equity fund.

Table of Contents

Occupancy expense was $8.6 million for the year ended December 31, 2007 compared to $6.3 million for the year ended December 31, 2006, an increase of $2.2 million or 34.9%. This change was primarily the result of the addition of three new leased properties as a result of the increase in overall headcount, as well as increased rents and maintenance fees due to the expansion of existing spaces leased.

Depreciation and amortization expense was $5.5 million for the year ended December 31, 2007 compared to $3.2 million for the year ended December 31, 2006, an increase of $2.3 million or 71.2%. As discussed in note 3 to our consolidated and combined financial statements included elsewhere in this prospectus, amortization expense of $2.7 million was incurred related to the intangible assets associated with the acquisition of the contributing partners interest during 2007. This expense was partially offset by a decrease in depreciation expense during 2007 as compared to 2006 due to the distribution of the Gulfstream G-IV.

Other Income

	Year Ended December 31, 2007	Year Ended December 31, 2006	Amount Change	Percentage Change
	(in thousands)			
Net losses from investment activities	$ (73)	$	$ (73)	NM
Dividend income	551		551	NM
Interest income	16,394	3,031	13,363	440.9%
Income from equity method investments	10,664	5,989	4,675	78.1
Other (loss) income	(36)	3,384	(3,420)	(101.1)
Total Other Income	$ 27,500	$ 12,404	$ 15,096	121.7%

Total other income was $27.5 million for the year ended December 31, 2007 compared to $12.4 million for the year ended December 31, 2006, an increase of $15.1 million or 121.7%. This change was primarily attributable to increased interest income on the net undistributed proceeds related to the Rule 144A Offering, Reorganization of the company, as well as investment gains in the values of equity method investments.

Interest income was $16.4 million for the year ended December 31, 2007 compared to $3.0 million for the year ended December 31, 2006, an increase of $13.4 million or 440.9%. As discussed in note 1 to our consolidated and combined financial statements included elsewhere in this prospectus, this increase was primarily attributable to interest earned on the net undistributed proceeds related to the Rule 144A Offering.

Income from equity method investments was $10.7 million for the year ended December 31, 2007 compared to $6.0 million for the year ended December 31, 2006, an increase of $4.7 million or 78.1%. This change was primarily attributable to the increase in fair value of our equity method investments.

Table of Contents

Capital Markets

Three Months Ended September 30, 2009 Compared to Three Months Ended September 30, 2008

The following table sets forth segment statement of operations information and ENI, for our capital markets segment for the three months ended September 30, 2009 and 2008, respectively.

	Three Months Ended September 30, 2009			Three Months Ended September 30, 2008		
		Capital Markets			Capital Markets	
	Management	Advisory	Total	Management	Advisory	Total
	(in thousands)					
Revenues:						
Advisory and transaction fees from affiliates	$ 3,530	$	$ 3,530	$ 10,326	$	$ 10,326
Management fees from affiliates	36,355		36,355	32,382		32,382
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)		57,005	57,005		(31,348)	(31,348)
Interest income (loss)	13,079		13,079		10,210	10,210
Total Revenues	52,964	57,005	109,969	42,708	(21,138)	21,570
Expenses:						
Compensation and benefits	24,872	15,717	40,589	20,883	(5,731)	15,152
Interest expense	4,845		4,845	7,157		7,157
Professional fees	2,908		2,908	12,320		12,320
General, administration and other	5,223		5,223	9,735		9,735
Placement fees	593		593	6,297		6,297
Occupancy	4,619		4,619	3,562		3,562
Depreciation and amortization	1,965		1,965	2,023		2,023
Total Expenses	45,025	15,717	60,742	61,977	(5,731)	56,246
Other (Loss) Income:						
Net gains from investment activities		48,183	48,183			
Interest income	150		150	1,771		1,771
Income (loss) from equity method investments		17,800	17,800		(7,681)	(7,681)
Other (loss) income	(1,175)		(1,175)	223		223
Total Other (Loss) Income	(1,025)	65,983	64,958	1,994	(7,681)	(5,687)
Economic Net Income (Loss)	$ 6,914	$ 107,271	$ 114,185	$ (17,275)	$ (23,088)	$ (40,363)

Revenues

	Three Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
	(in thousands)			
Advisory and transaction fees from affiliates	$ 3,530	$ 10,326	$ (6,796)	(65.8)%
Management fees from affiliates	36,355	32,382	3,973	12.3
Carried interest income (loss) from affiliates:				
Unrealized gains (losses)	57,005	(31,348)	88,353	281.8
Realized interest income	13,079	10,210	2,869	28.1

Total carried interest income (loss) from affiliates	70,084	(21,138)	91,222	431.6
Total Revenues	$ 109,969	$ 21,570	$ 88,399	409.8%

Table of Contents

Advisory and transaction fees from affiliates, including directors fees, decreased $6.8 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to fewer acquisitions and divestitures during the period, primarily by COF I, COF II and ACLF totaling $6.7 million. Gross advisory and transaction fees were $11.4 million and $20.8 million for the three months ended September 30, 2009 and 2008, respectively, a decrease of $9.4 million. Advisory and transaction fees are reported net of management fee offsets calculated at 68% for COF I gross transaction fees, 68% for COF II gross advisory and transaction fees, 80% for COF I gross advisory fees, 100% for ACLF and ACLF Co-Invest gross advisory and transaction fees and 65% for EPF special fees, totaling $7.9 million for the three months ended September 30, 2009 as compared to $10.5 million for the three months ended September 30, 2008, a decrease of $2.6 million.

Management fees from affiliates increased $4.0 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to an increase in net assets managed by certain capital markets funds, specifically EPF, COF I, COF II and ACLF, resulting in increased management fees of $8.0 million during the three months ended September 30, 2009 as compared to the same period during 2008. The increase was also attributable to a $6.2 million improvement in AIE I management fee revenues during the three months ended September 30, 2009 compared to the same period in 2008. The improvement was affected by the waiver of $10.4 million in AIE I management fees during the three months ended September 30, 2008. There was no waiver during the three months ended September 30, 2009. The management fee from affiliates increase was offset by decreases in the net assets of other capital markets funds, specifically AIC, SVF, AAOF, VIF and AIE II, which resulted in decreased management fees of $10.2 million during the three months ended September 30, 2009 as compared to the same period in 2008.

Total carried interest income from affiliates increased $91.2 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was attributable to an increase in net unrealized gains of $88.4 million primarily driven by changes in the fair values of investments held by certain of our capital markets funds, specifically COF I, VIF, SVF, SOMA and ASIA. The remaining change was attributable to an increase in net realized gains of $2.9 million primarily from the disposition of fund portfolio investments.

Expenses

	Three Months Ended September 30,		Amount	Percentage
	2009	2008	Change	Change
	(in thousands)			
Compensation and benefits	$ 40,589	$ 15,152	$ 25,437	167.9%
Interest expense	4,845	7,157	(2,312)	(32.3)
Professional fees	2,908	12,320	(9,412)	(76.4)
General, administrative and other	5,223	9,735	(4,512)	(46.3)
Placement fees	593	6,297	(5,704)	(90.6)
Occupancy	4,619	3,562	1,057	29.7
Depreciation and amortization	1,965	2,023	(58)	(2.9)
Total Expenses	$ 60,742	$ 56,246	$ 4,496	8.0%

Compensation and benefits increased $25.4 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to profit sharing expense of $13.8 million during the three months ended September 30, 2009 relating to COF I. In addition, incentive-based compensation expense increased $7.6 million which was driven by the change in carried interest income earned from affiliates along with an increase in salary bonus and benefits expense of $4.0 million during the period.

Interest expense decreased $2.3 million during the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to lower interest incurred during 2009 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 three months ended September 30, 2009 as compared to the same period in 2008.

Professional fees decreased $9.4 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to lower external accounting, tax, audit, legal and consulting fees incurred during the three months ended September 30, 2009 as compared to the same period during 2008.

General, administrative and other expense decreased $4.5 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to lower expenses resulting from our cost management initiatives in various expenses such as travel, information technology and other general expenses incurred during the three months ended September 30, 2009 as compared to the same period during 2008.

Placement fees decreased $5.7 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to decreased fundraising resulting in lower placement fees incurred for our capital markets funds during 2009, primarily related to COF I and COF II which were new funds during 2008 and were actively raising additional committed capital during that time.

Occupancy expense increased $1.1 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily 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)

	Three Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
	(in thousands)			
Net gains from investment activities	$ 48,183	$	$ 48,183	NM
Interest income	150	1,771	(1,621)	(91.5)%
Income (loss) from equity method investments	17,800	(7,681)	25,481	331.7
Other (loss) income	(1,175)	223	(1,398)	NM
Total Other Income (Loss)	$ 64,958	$ (5,687)	$ 70,645	NM

Net gains from investment activities were $48.2 million for the three months ended September 30, 2009, which were attributable to Artus, where we as the general partner are guaranteeing the negative equity of the fund. During the three months ended September 30, 2009, the fair value of Artus increased, which resulted in a reversal of a previously recognized obligation.

Income (loss) from equity method investments changed by $25.5 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This increase was driven by changes in the fair values of our capital markets funds, primarily COF I, COF II, ACLF and Artus totaling $22.7 million during the three months ended September 30, 2009 as compared to the same period during 2008.

Other income decreased $1.4 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This change was primarily attributable to losses resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the three months ended September 30, 2009 as compared to the same period during 2008.

Table of Contents

Nine Months Ended September 30, 2009 Compared to Nine Months Ended September 30, 2008

The following table sets forth segment statement of operations information and ENI, for our capital markets segment for the nine months ended September 30, 2009 and 2008, respectively.

	Nine Months Ended September 30, 2009 Capital Markets			Nine Months Ended September 30, 2008 Capital Markets		
	Management	Advisory	Total	Management	Advisory	Total
			(in thousands)			
Revenues:						
Advisory and transaction fees from affiliates	$ 5,674	$	$ 5,674	$ 28,627	$	$ 28,627
Management fees from affiliates	98,565		98,565	103,851		103,851
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)		57,752	57,752		(5,105)	(5,105)
Interest income	37,864		37,864		40,551	40,551
Total Revenues	142,103	57,752	199,855	132,478	35,446	167,924
Expenses:						
Compensation and benefits	62,450	15,717	78,167	63,526	9,246	72,772
Interest expense	15,512		15,512	21,478		21,478
Professional fees	7,654		7,654	26,588		26,588
General, administration and other	14,161		14,161	20,452		20,452
Placement fees	2,260		2,260	20,439		20,439
Occupancy	10,208		10,208	8,599		8,599
Depreciation and amortization	5,715		5,715	3,842		3,842
Total Expenses	117,960	15,717	133,677	164,924	9,246	174,170
Other Income (Loss):						
Net gains from investment activities		38,444	38,444			
Gain from repurchase of debt	14,704		14,704			
Interest income	569		569	5,383		5,383
Income (loss) from equity method investments		35,159	35,159		(10,550)	(10,550)
Other income	2,947		2,947	335		335
Total Other Income (Loss)	18,220	73,603	91,823	5,718	(10,550)	(4,832)
Economic Net Income (Loss)	$ 42,363	$ 115,638	$ 158,001	$ (26,728)	$ 15,650	$ (11,078)

Revenues

	Nine Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
		(in thousands)		
Advisory and transaction fees from affiliates	$ 5,674	$ 28,627	$ (22,953)	(80.2)%
Management fees from affiliates	98,565	103,851	(5,286)	(5.1)
Carried interest income from affiliates:				
Unrealized gains (losses)	57,752	(5,105)	62,857	NM
Realized interest income	37,864	40,551	(2,687)	(6.6)

Total carried interest income from affiliates	95,616	35,446	60,170	169.8
Total Revenues	$ 199,855	$ 167,924	$ 31,931	19.0%

Table of Contents

Advisory and transaction fees from affiliates, including directors fees, decreased $23.0 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was attributable to fewer acquisitions and divestitures during the period, primarily by COF I, COF II and ACLF totaling $22.0 million. Gross advisory and transaction fees were $21.3 million and $69.9 million for the nine months ended September 30, 2009 and 2008, respectively, a decrease of $48.6 million. Advisory and transaction fees are reported net of management fee offsets calculated at 68% for COF I gross transaction fees, 68% for COF II gross advisory and transaction fees, 80% for COF I gross advisory fees, 100% for ACLF and ACLF Co-Invest gross advisory and transaction fees and 65% for EPF special fees, totaling $15.6 million and $41.3 million for the nine months ended September 30, 2009 and 2008, respectively, a decrease of $25.7 million.

Management fees from affiliates decreased $5.3 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to decreases in net assets managed by certain capital markets funds, specifically SVF, AIC, VIF and AAOF which resulted in decreased management fees earned of $25.1 million during the nine months ended September 30, 2009 as compared to the same period during 2008. AIE I recorded $0.7 million in management fees during the nine months ended September 30, 2009, which was net of a $2.0 million waiver that was established in connection with AIE I s monetization plan. By contrast, AIE I recorded $5.5 million in management fees during the nine months ended September 30, 2008, which was net of a $10.4 million waiver of management fees in connection with the same monetization plan. The remaining change was attributable to increases of net assets managed by other capital markets funds, specifically EPF, COF I, COF II, ACLF and AIE II, which resulted in increased management fees earned of $24.6 million during the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008.

Total carried interest income from affiliates increased $60.2 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was attributable to an increase in net unrealized gains of $62.9 million primarily driven by changes in the fair values of investments held by certain of our capital markets funds, specifically COF I, VIF and SVF. The remaining change was attributable to a decrease in net realized gains of $2.7 million primarily from the disposition of fund portfolio investments.

Expenses

	Nine Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
	(in thousands)			
Compensation and benefits	$ 78,167	$ 72,772	$ 5,395	7.4%
Interest expense	15,512	21,478	(5,966)	(27.8)
Professional fees	7,654	26,588	(18,934)	(71.2)
General, administrative and other	14,161	20,452	(6,291)	(30.8)
Placement fees	2,260	20,439	(18,179)	(88.9)
Occupancy	10,208	8,599	1,609	18.7
Depreciation and amortization	5,715	3,842	1,873	48.8
Total Expenses	$ 133,677	$ 174,170	$ (40,493)	(23.2)%

Compensation and benefits increased $5.4 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to profit sharing expense of $13.8 million during the nine months ended September 30, 2009 relating to COF I. The remaining decrease was primarily attributable to lower incentive fee compensation and salary, bonus and benefits expenses during the nine months ended September 30, 2009 as compared to the same period during 2008.

Interest expense decreased $6.0 million during the nine months ended September 30, 2009 as compared to the nine months ended September 30, 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 nine months ended September 30, 2009 as compared to the same period in 2008.

Professional fees decreased $18.9 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to lower external accounting, tax, audit, legal and consulting fees incurred during the nine months ended September 30, 2009 as compared to the same period during 2008.

General, administrative and other expense decreased $6.3 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to lower expenses from our cost management initiatives in various expenses such as travel, information technology and other general expenses incurred during the nine months ended September 30, 2009 as compared to the same period during 2008.

Placement fees decreased $18.2 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to decreased fundraising resulting in lower placement fees incurred for our capital markets funds during 2009, primarily related to COF I and COF II which were new funds during 2008 and were actively raising additional committed capital during that time.

Occupancy expense increased $1.6 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily 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 $1.9 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to increased depreciation expense associated with additional assets placed in service during the period.

Other Income (Loss)

	Nine Months Ended September 30,		Amount Change	Percentage Change
	2009	2008		
	(in thousands)			
Net gains from investment activities	$ 38,444	$	$ 38,444	NM
Gain from repurchase of debt	14,704		14,704	NM
Interest income	569	5,383	(4,814)	(89.4)%
Income (loss) from equity method investments	35,159	(10,550)	45,709	433.3
Other income	2,947	335	2,612	NM
Total Other Income (Loss)	$ 91,823	$ (4,832)	$ 96,655	NM

Net gains from investment activities were $38.4 million for the nine months ended September 30, 2009, which were attributable to Artus, where we as the general partner are guaranteeing the negative equity of the fund. During the nine months ended September 30, 2009, the fair value of Artus increased, which resulted in a reversal of a previously recognized obligation.

Gain from repurchase of debt was $14.7 million during the nine months ended September 30, 2009. This was attributable to the purchase of debt related to the AMH credit facility. As discussed in note 8 to our condensed consolidated financial statements included elsewhere in this prospectus, the debt purchase resulted in the recognition of a gain as the purchase price was below the amortized cost.

Table of Contents

Interest income decreased $4.8 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 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 nine months ended September 30, 2009 as compared to the same period during 2008.

Income (loss) from equity method investments changed by $45.7 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This increase was driven by changes in the fair values of certain of our capital markets funds, primarily COF I, COF II, ACLF and Artus totaling $37.8 million during the nine months ended September 30, 2009 as compared to the same period during 2008.

Other income increased $2.6 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This change was primarily attributable to gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the nine months ended September 30, 2009 as compared to the same period during 2008.

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	Advisory	Total	Management	Advisory	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		53,686	53,686		74,970	74,970
Total Revenues	164,147	48,446	212,593	100,438	80,186	180,624
Expenses:						
Compensation and benefits	68,507	9,023	77,530	69,057	13,459	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, administration 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	190,724	9,023	199,747	262,768	13,459	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 (Loss) Income	$ (16,899)	$ (33,739)	$ (50,638)	$ (159,303)	$ 68,077	$ (91,226)

161

Revenues

	Year Ended December 31,		Amount	Percentage
	2008	2007	Change	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)	(200.5)
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 calculated at 68% for COF I gross transaction fees, 68% for COF II gross advisory and transaction fees, 80% for COF I gross advisory fees and 100% for CLF and ACLF Co-Invest gross advisory and transaction fees, 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

Table of Contents

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, ASIA 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 $4.4 million driven by decreased carried interest income earned from affiliates.

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.

Table of Contents

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 late 2007 and 2008.

Other (Loss) Income

	Year Ended December 31,		Amount	Percentage
	2008	2007	Change	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 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

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

The following table sets forth segment statement of operations information and ENI, for our capital markets segment for the year ended December 31, 2007 and 2006:

	Year Ended December 31, 2007			Year Ended December 31, 2006		
		Capital Markets			Capital Markets	
	Management	Advisory	Total	Management	Advisory	Total
			(in thousands)			
Revenues:						
Advisory and transaction from affiliates	$ 194	$	$ 194	$	$	$
Management fees from affiliates	100,244		100,244	53,222		53,222
Carried interest income from affiliates:						
Unrealized gains		5,216	5,216			
Interest income		74,970	74,970		69,159	69,159
Total Revenues	100,438	80,186	180,624	53,222	69,159	122,381
Expense:						
Compensation and benefits	69,057	13,459	82,516	14,060	10,309	24,369
Interest expense	46,579		46,579			
Interest expense beneficial conversion feature	113,280		113,280			
Professional fees	12,464		12,464	3,916		3,916
General, administration and other	10,172		10,172	2,177		2,177
Placement fees	4,500		4,500			
Occupancy	4,314		4,314	1,306		1,306
Depreciation and amortization	2,402		2,402	95		95
Total Expenses	262,768	13,459	276,227	21,554	10,309	31,863
Other Income:						
Interest income	3,027		3,027	290		290
Income from equity method investments		1,350	1,350		1,482	1,482
Total Other Income	3,027	1,350	4,377	290	1,482	1,772
Economic Net (Loss) Income	$ (159,303)	$ 68,077	$ (91,226)	$ 31,958	$ 60,332	$ 92,290

Revenues

	Year Ended December 31,		Amount	Percentage
	2007	2006	Change	Change
		(in thousands)		
Advisory and transaction fees from affiliates	$ 194	$	$ 194	NM
Management fees from affiliates	100,244	53,222	47,022	88.4%
Carried interest income from affiliates:				
Unrealized gains	5,216		5,216	NM
Realized interest income	74,970	69,159	5,811	8.4
Total carried interest income from affiliates	80,186	69,159	11,027	15.9

Total Revenues	$ 180,624	$ 122,381	$ 58,243	47.6%

Total revenues for the capital markets segment were $180.6 million for the year ended December 31, 2007 compared to $122.4 million for the year ended December 31, 2006, an increase of $58.2 million or 47.6%. This change was primarily attributable to an increase in the net asset values of our existing funds combined with the commencement of three new funds during 2007.

Advisory and transaction fees from affiliates were $0.2 million for the year ended December 31, 2007 attributable to a new capital markets fund, Artus, that commenced operations during late 2007.

Management fees from affiliates were $100.2 million for the year ended December 31, 2007 compared to $53.2 million for the year ended December 31, 2006, an increase of $47.0 million or 88.4%. Of this change, $44.1 million was due to an increase in the net asset values and gross assets of our existing funds including AIC, SVF and AIE I. An additional increase of $2.9 million was due to the commencement of three new capital markets funds, specifically AAOF, EPF and ACLF.

Carried interest income from affiliates was $80.2 million for the year ended December 31, 2007 compared to $69.2 million for the year ended December 31, 2006, an increase of $11.0 million or 15.9%. This change was primarily attributable to the increase in net realized gains of $5.8 million. This increase was comprised of realized gains of $31.7 million primarily due to the dispositions of investments in AIC, AIE I and AAOF, partially offset by a decrease in realized gains in VIF and SVF totaling $25.9 million. The remaining change was due to an increase in unrealized gains by $5.2 million driven by the increase in fair values of investments held by VIF and SVF.

Expenses

	Year Ended December 31, 2007	2006	Amount Change	Percentage Change
	(in thousands)			
Compensation and benefits	$ 82,516	$ 24,369	$ 58,147	238.6%
Interest expense	46,579		46,579	NM
Interest expense beneficial conversion feature				